

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-128

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/02/2020 Filing Description: Amendments to the Freight Route TD25 (Baltic) Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Product Terms and Conditions (product related Rules and Rule Amendments)

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|-------------------------------------|---------------------------------------------------------|----------------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected: see filing

Rule Numbers: see filing

March 2, 2020

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Future Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to the
Freight Route TD25 (Baltic) Futures Contract.
NYMEX Submission No. 20-128**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it self-certifying amendments to the Freight Route TD25 (Baltic) Futures contract (Rulebook Chapter 676; Commodity Code AEB) to align the Contract with forthcoming changes to the route description by the Baltic Exchange effective on Sunday, March 22, 2020 for trade date Monday March 23, 2020 and commencing with the April 2020 contract month and beyond.

Specifically, following a market consultation conducted by The Baltic Exchange, effective March 23, 2020, The Baltic Exchange will change the delivery port for its TD25 Mediterranean Route from Houston-Trieste to Houston-Rotterdam. All other trading terms of the route will remain unchanged such as a volume of crude oil and the forward delivery period reflected by the index. The Baltic Exchange’s notifications regarding this matter may be viewed [here](#) and [here](#). The Exchange will implement amendments to Rule 676101. (“Contract Specifications”) of the Contract to align with the aforementioned amendments being implemented by The Baltic Exchange.

In addition, effective immediately, Monday March 2, 2020 and until the effective date of this initiative, the Exchange will suspend trading and clearing of the Contract. There is currently no open interest in the Contract. Also at this time, the Exchange will implement administrative amendments to Rule 676101. to further align language contained therein with other Baltic freight futures contracts (collectively, the “Rule Amendments”). The Rule Amendments are provided in Exhibit A in blackline format.

The Exchange has also undertaken a review of the deliverable supply for the amended contract to be based on crude exports from the U.S. Gulf Coast to Rotterdam – see Exhibit B below. The Exchange will also change the aggregation into the USGC to UK Continent (Platts) Dirty Freight Futures contract (commodity code USE and rulebook 678) as both contracts reflect the same route description.

The Exchange based its analysis of the deliverable supply on U.S. crude oil exports to northwest Europe on data provided by the U.S. Energy Information Administration. The amended spot month position limit set at 200 lots (1,000 metric ton contract) is a reduction from the current limit of 300 lots which is calculated off the revised analysis of deliverable supply data.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA”) and staff identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with Rules:** Trading in the Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in this product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation because of its structural attributes, underlying market and reliance on a well administered index. The Contract final settles against an index based on market assessments published by the Baltic Exchange and sub-licensed to the Exchange.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to Rules of NYMEX, which include prohibitions on manipulation, price distortion and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission's guidance.
- **Availability of General Information:** The Exchange will publish on its website information regarding the Contracts' specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.
- **Daily Publication of Trading Information:** The Exchange will publish the Contract's trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex electronic trading and for clearing through the CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in the product are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to

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submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter 676 (blackline format)
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 ("Trading Qualifications and Practices") of the NYMEX Rulebook (attached under separate cover)
Exhibit C: Cash Market Overview and Analysis of Deliverable Supply

EXHIBIT A

NYMEX Rulebook

**Chapter 676
Freight Route TD25 (Baltic) Futures**

(additions underscored; deletions struck through)

676100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

676101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the rates for each business day that the TD25 Tanker Route (for 70,000 metric tons for US Gulf Coast to ~~Med~~ ARA) is published by the Baltic Exchange over the contract month, converted to a US dollar per metric ton valuation at the prevailing Worldscale rate as published by Worldscale Association. ~~If for any reason the Baltic Exchange cannot provide any rate required for establishing the Floating Price, then the Forward Freight Agreement Brokers Association (FFABA) may be instructed by either party to form a panel to establish any rate which will be binding on both parties.~~

676102. TRADING SPECIFICATIONS

Contracts shall be listed for a range of calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

676102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

676102.B. Trading Unit

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

676102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.0001 per metric ton.

676102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5. A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion. Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

676102.E. Settlement Period

January to November Contract Months: The Settlement Period shall be the full calendar month.
December Contract Month: The Settlement Period shall be the period from and including the 1st calendar day of the month through to, and including the 24th calendar day of the month.

676102.F. Termination of Trading

January to November Contract Months: Trading shall terminate on the last business day of the calendar month. December Contract Month: Trading shall terminate on the 24th calendar day of the month, or if this is not a business day, the first preceding business day.

676103. Final Settlement

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

676104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

EXHIBIT B

NYMEX Rulebook

Chapter 5

("Trading Qualifications and Practices")

Position Limit, Position Accountability, and Reportable Level Table

(under separate cover)

EXHIBIT C

Cash Market Overview and Analysis of Deliverable Supply

The Exchange has undertaken a review of the deliverable supply for the TD25 freight route as published by The Baltic Exchange following an announcement that the index was changing the destination from Trieste to Rotterdam. The change was being made based on customer feedback that a northwest European discharge location would better reflect the crude oil export trade from the U.S. on this route.

As a result of this change, the Exchange will amend the basis of the contract to reflect a Rotterdam discharge and will update the spot month position limit to account for the change. This change results in a reduction of the spot month limit from 300 to 200 lots based on the analysis of the market data.

The Exchange will change the aggregation into the USGC to UK Continent (Platts) Dirty Freight Futures contract (commodity code USE and rulebook 678) as both contracts reflect the same route description. The analysis of the crude oil flows between the U.S. and Northwest Europe shows that the existing spot month position limit of 200 lots will be around 19.9% of the total monthly deliverable supply.

Data Sources:

The Exchange based its analysis of deliverable supply on data provided by the Review of Maritime Transport¹, British Petroleum's Statistical Review of World Energy, the US Energy Information Administration (EIA). The Review of Maritime Transport data are compiled by UNCTAD, a permanent inter-governmental body established by the United Nations General Assembly in 1964. The Review of Maritime Transport is one of UNCTAD's flagship publications, published since 1968. The Review provides analyses of structural and cyclical changes affecting seaborne trade, ports and shipping, as well as an extensive collection of statistical information. Its data is published in its Review of Maritime Transport annually; and is a reliable source for those looking to get the most complete and accurate data on the shipping transportation.

We have referred to UNCTAD data in our analyses of global seaborne trade of crude oil and refined products. British Petroleum (BP) is a global energy business operating in more than 70 countries worldwide. It finds and produces oil and gas on land and offshore and moves energy around the globe. The BP Statistical Review of World Energy provides high-quality objective and globally consistent data on world energy markets. The review is published annually using robust global data; and provides an objective overview of what happened to energy markets. We have referred to the BP data to supplement the UNCTAD data in our analyses of global seaborne trade of crude oil, and the BP data provides further granularity to enable the volumes transported along the specific freight routes to be estimated.

The Joint Oil Data Initiative (JODI), which was launched in April 2001 by six international organizations (Asia Pacific Economic Cooperation (APEC), Statistical Office of the European Communities (Eurostat), International Energy Agency (IEA), Latin American Energy Organization (OLADE), Organization of the Petroleum Exporting Countries (OPEC), United Nations Statistics Division (UNSD), provides a reliable, freely accessible and comprehensive database of energy statistics. JODI's data is dependent upon what each country reports and in what timeframe. Participating countries complete a standard data table in JODI Oil Questionnaire and/or JODI-Gas Questionnaire every month for the two most recent months (M-1 and M-2) and submit it to the JODI partner organization(s) of which it is a member. The respective organization compiles the data and forwards it to the IEF which is responsible for the JODI World Databases.

¹ United Nations Conference on Trade and Development (UNCTAD) Review of Maritime Transport series [https://unctad.org/en/Pages/Publications/Review-of-Maritime-Transport-\(Series\).aspx](https://unctad.org/en/Pages/Publications/Review-of-Maritime-Transport-(Series).aspx)

The final settlement price for TD25 is based on The Baltic Exchange assessment for TD25 reflecting a crude oil export route from Houston to Rotterdam. NYMEX has a license agreement in place with The Baltic Exchange to use its price assessments. The Baltic Exchange appoints “panel reporting companies”, whose core obligations are to assess and report a professional judgment of the prevailing open market level for routes defined by The Baltic Exchange. In order to become a panel reporting company, the firm has to meet a set of criteria established by The Baltic Exchange. One key criterion is that the firm’s main business is shipbroking. Principals are excluded, as are brokers who are exclusive representatives of charterers who are particularly influential in relevant trades. The Baltic Exchange uses reporting panels because there is no independently verifiable ‘right’ or ‘wrong’ rate. Whilst care is taken to ensure the daily route assessments provide a fair valuation of the current market, levels at any particular time are ultimately a matter of judgment.

Freight Market Overview

The products referenced in this submission relate to the international seaborne tanker freight market i.e. the market for providing shipping for crude oil and refined products. UNCTAD estimates that the world crude oil trade in 2017 was 1.87 billion tons, up 2.4% from 2016², supported by increasing exports from the United States and rising global refining activity in Asia. Export volumes originating in the Atlantic Basin have been destined for Asia-Pacific, most notably China. See the table below.

	2016	2017	Percentage change 2016–2017
Crude oil	1 831.4	1 874.9	2.4
Other tanker trade	1 223.7	1 271.2	3.9
<i>of which</i>			
Liquefied natural gas	268.1	293.8	9.6
Liquefied petroleum gas	87.5	89.3	2.0
Total tanker trade	3 055.1	3 146.1	3.0

The UNCTAD report notes the important role that China plays in the Global Oil market and its rise to become the leading importer of crude oil. Declining shipments from OPEC member countries to Western Asia (following the 2016 production cuts) have been offset by growing shipments from the United States.

The chartering of seaborne freight is a privately negotiated activity between the ship owner and the charterer, with each transaction having unique features. However, standards have been established for the marketplace by trade associations, most notably The Baltic Exchange³ based in London.

The size of a vessel is measured by its deadweight tonnage (‘DWT’), which is a measure of the weight in metric tonnes a vessel can safely carry, including cargo, fuel, water etc. Oil tankers are loosely categorized into a range of vessel sizes.

² UNCTAD Report 2018 – published October 3rd 2018 Page 9 (Developments in International Seaborne Trade) https://unctad.org/en/PublicationsLibrary/rmt2018_en.pdf

³ The Baltic Exchange <https://www.balticexchange.com/>

According to the UNCTAD a **Very Large Crude Carrier** is the term given to vessels with 200,000 deadweight tons (dwt) and above. These vessels typically carry crude oil on long sea-going voyages from regions like the USGC to Asia. **Suezmax** vessels are smaller in size than VLCCs, typically between 120,000 and 200,000 dwt, and are so named as they represent the largest tankers that can transit, the Suez Canal. **Aframax** vessels are typically between 80,000 and 119,999 dwt and **Panamax** crude tankers range from 60,000 to 79,999 dwt and are the smallest of the crude oil tankers.

There are two main types of vessel charter arrangement. Voyage charters involve the charterer hiring the vessel to carry a cargo between two specified ports. The freight payment for a voyage charter is assessed in terms of dollars per ton of cargo carried. Time charters involve the charterer hiring the vessel for defined time-period during which the charterer can direct the movement of the vessel, although typically the vessel will follow a route between two ports. The freight payment for a time charter is assessed in terms of dollars per day of charter. Tanker charters are typically voyage charter arrangements. The pricing of the transaction is expressed as percentage of the Worldscale flat rate (officially known as the “New Worldwide Tanker Nominal Freight Scale”), assessed and published by the Worldscale Association which is set on an annual basis. This flat rate represents a fixed value in dollars per metric ton for a specific route. In some cases, market convention is to quote current tanker freight prices as a percentage of this flat rate figure (quoted in Worldscale points), rather than an explicit dollar value for each transaction. For example, if the flat rate is \$10 per ton for a specific route and the worldscale rate is WS120 then the USD 12/mt (when converted).

The Baltic Exchange has defined load and discharge ports for the freight routes and made this public via an Exchange circular. The Baltic Exchange uses a panel of freight brokers who are active in the market to provide an assessment of each freight route. Other Price Reporting Agencies such as Platts and Argus Media also collate and publish market price data. The Baltic Exchange, now owned by the Singapore Exchange also publishes price reference data for certain tanker routes and more specifically in the Dry Cargo markets where it has widely become the industry benchmark.

US Crude Exports

The relevancy of US crude oil is growing in the International markets following the move by the US in December 2015 to reverse the long-standing ban on crude oil exports and since then the volume of US crude oil has continued to rise. Asia has been one of the largest beneficiaries of US crude exports along with European markets.

The US Energy Information Administration (EIA) publishes data on the volume of US crude oil exports by destination. According to the latest data, which is available up to November 2019, the volume of crude oil sold from the US to Northwest Europe (see table below) was 88.2 million barrels over the period from 2016 to 2019 (2019 data annualized through November 2019). For Northwest Europe we have defined this as Belgium, Denmark, France, Germany, Ireland, Netherlands, Norway, Poland and the United Kingdom. For France, we have reduced the volume by 50% to reflect delivered crude oil into northwest Europe rather than the Mediterranean with the remaining 50% being considered as Mediterranean volume. It is worth noting that Northwest crude imports of U.S crude increased sharply over the period reflecting the broader international demand for U.S crude oil.

US Crude oil exports by destination – 2016 to 2019.

Source: US Energy Information Administration

Thousand barrels	Northwest Europe	Thousand barrels per day
2016	6,961	19.07
2017	43,119	118.13
2018	92,072	252.25
2019	129,572	354.99

3-year average (2017 to 2019 annualised)	88,254	241.79
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Oil: Inter-area movements 2018

By way of comparison, we have also reviewed the BP Statistical Review of World Energy report for 2019⁴. Total U.S. crude exports to Europe were 29.2 million tons in 2018 or 214 million barrels (based on a conversion factor of 7.33 barrels per metric ton). The volumes for Europe show the broader European market beyond the northwest region and therefore the Exchange has excluded this data in the analysis of deliverable supply. Total exports from the U.S. in 2018 were 93.2 million tons therefore European volumes represent around 31% of the volumes.

Oil: Inter-area movements 2018

Crude (million tonnes)	To															Total
	Canada	Mexico	US	S. & Cent. America	Europe	Russia	Other CIS	Middle East	Africa	Australasia	China	India	Japan	Singapore	Other Asia Pacific	
Canada	-	-	184.0	0.6	4.5	-	-	†	†	†	1.2	0.5	-	-	0.3	190.9
Mexico	†	-	33.1	0.5	12.0	†	-	0.1	-	-	0.7	8.9	1.8	-	4.6	61.7
US	18.8	0.1	-	5.4	29.2	-	†	1.5	-	0.3	12.3	4.9	2.5	1.1	17.1	93.2
S. & Cent. America	0.3	†	56.9	-	10.2	†	-	-	0.3	†	62.0	22.9	1.9	0.2	1.9	156.7
Europe	1.4	-	5.9	0.8	-	†	†	6.1	0.4	†	8.6	1.5	†	†	6.5	31.2
Russia	0.2	-	3.6	3.6	153.3	-	18.5	1.4	†	0.3	71.6	2.2	7.0	1.7	12.3	275.9
Other CIS	1.1	-	1.8	0.1	63.2	0.5	-	6.6	0.3	0.1	2.8	1.6	1.5	0.4	5.8	85.9
Iraq	-	-	25.8	0.8	48.7	†	-	3.2	2.3	-	45.0	47.7	2.7	1.3	23.4	200.9
Kuwait	†	-	3.9	-	5.8	-	-	†	4.0	-	23.2	11.4	11.7	7.0	36.0	103.0
Saudi Arabia	5.6	-	43.3	3.4	41.3	-	-	13.7	9.6	0.5	56.7	39.3	57.4	10.7	85.9	367.4
UAE	†	-	0.3	†	0.7	†	-	†	0.8	6.0	12.2	16.0	37.3	10.6	41.9	125.9
Other Middle East	†	-	-	0.1	27.6	-	†	5.7	0.2	0.1	66.0	32.4	21.9	10.5	27.5	192.1
North Africa	0.5	-	7.9	2.1	58.3	-	0.1	1.4	†	2.0	11.3	4.0	0.2	1.2	6.8	95.6
West Africa	1.1	-	16.8	9.5	63.1	†	-	0.5	10.9	2.5	71.9	27.6	0.5	1.3	14.3	219.9
East & S. Africa	-	-	†	-	1.2	†	-	†	-	-	4.4	1.2	0.1	†	0.8	7.7
Australasia	†	-	0.1	†	†	-	-	0.2	†	-	1.3	0.3	0.5	1.3	7.2	10.9
China	†	-	-	†	†	-	-	†	†	-	-	-	1.5	†	1.2	2.7
India	-	-	-	†	-	-	-	†	†	†	†	-	-	†	†	0.1
Japan	-	-	-	-	†	-	-	†	†	†	-	-	-	†	†	†
Singapore	-	-	-	†	0.1	-	-	†	†	0.1	0.1	-	-	-	0.4	0.6
Other Asia Pacific	†	-	3.0	†	†	-	-	0.4	0.1	11.9	13.1	5.2	2.3	4.8	-	40.8
Total imports	29.1	0.1	386.3	27.0	519.2	0.5	18.6	40.8	29.2	23.6	464.5	227.5	150.8	52.2	293.8	2263.1

Source: BP Statistical review of World Energy 2019 (data period is 2018).

† - LESS THAN 0.05 – non-significant value

Analysis of Deliverable Supply

The Commission defines deliverable supply as the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce (see Appendix C to 17 CFR part 38).

To determine the deliverable supply, the US Energy Information Administration (EIA) data was the primary data source that was used as information was available for the previous 3 years on the volume of US crude oil exported by destination⁵. For 2019, the EIA has published data up to and including November 2019 therefore the Exchange has annualized the data for the full year 2019.

⁴ BP Statistical Review of World Energy – Oil Trade Movements (page 27)

<https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf>

⁵ US EIA – Crude Oil Exports by destination -

https://www.eia.gov/dnav/pet/pet_move_expc_a_EPC0_EEX_mdbl_m.htm

For US exports to Europe, the Exchange has reflected crude exports to northwest Europe which we have included as Belgium, Denmark, France, Germany, Ireland, Netherlands, Norway, Poland and the United Kingdom. For France, we have reduced the volume by 50% to reflect delivered crude oil into northwest Europe rather than the Mediterranean with the remaining 50% being considered as Mediterranean volume.

Supply and demand will tend to fluctuate based on refinery activity in the market. For example, when refineries go into maintenance there will be an adjustment to volume of crude oil that they typically purchase. In the freight markets, shipping fixtures are typically concluded “as and when” depending on regional requirements. Ships can be re-traded where market conditions change and for the oil itself, it can be transferred into storage or can be re-traded to other lifters. Therefore, the Exchange has not made any further adjustments to the deliverable supply to account for this.

For any Long-term crude supply agreements that exist between producers and refiners however, these typically afford a degree of flexibility and the volumes can be re-traded into the spot market therefore do not affect the determination of deliverable supply. The lot size for the Futures contracts are based on 1,000 metric tons therefore an adjustment to the crude oil exports has been made to convert the volumes from 1,000 barrels to 1,000 metric tons using a conversion factor of 7.33⁶ barrels per metric ton of crude oil.

Positions in the Freight Route TD25 (Baltic) Futures will be changed to aggregate into the **USGC to UK Continent (Platts) (Dirty) Freight Future as both contracts reflect the same route description**. The spot month position limit in this contract is 200 lots

For the Freight Route **Freight Route TD25 (Baltic) Futures**, the Exchange has determined that on average the volume of US crude oil exported over the period 2016 to 2019 to Northwest Europe was 88.2 million barrels which equates to around 1-million tons per month based on a conversion factor of 1 metric ton = 7.33 barrels. A further reduction of 50% to the French data has also been applied to reflect northwest European supply. Based on a Futures contract size of 1,000 metric tons this equates to 1,000 monthly Futures lots. The Exchange proposes a spot month position limit of 200 lots which equates to 19.9% of the monthly deliverable supply.

⁶ CME Group Conversion factor table – Crude Oil https://www.cmegroup.com/tools-information/calc_crude.html