SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): 17-094

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): 03/10/17 Filing Description: Decreasing the Position Limits for the Canadian Light Sweet Oil (Net Energy) Index Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☐	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers:

New Product **Please note only ONE product per Submission.**

☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

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

☒	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

March 10, 2017

VIA ELECTRONIC PORTAL

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

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Decreasing the Position Limits of the Canadian Light Sweet Oil (Net Energy) Index Futures Contract. NYMEX Submission No. 17-094

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to the spot month position limits for the Canadian Light Sweet Oil (Net Energy) Index Futures contract as noted in the table below. Specifically, the Exchange is reducing the spot month position limits of the contract listed below based on an updated analysis of deliverable supply for Canadian Light Sweet Oil (Net Energy) Index Futures contract (the "CIL Contract") (see Appendix B) effective on trade date Monday, March 27, 2017 and commencing with the May 2017 contract month and beyond.

The contract affected is listed in the table below:

Contract Title	Rulebook Chapter	Clearing Code
Canadian Light Sweet Oil (Net Energy) Index Futures	1211	CIL

Pursuant to Submission No. 17-093 also dated March 10, 2017, the Exchange is self-certifying the initial listing of three (3) petroleum futures contracts (the "New Contracts") for trading on CME Globex and for submission for clearing via CME ClearPort, effective concurrent with this submission on trade date Sunday, March 26, 2017 for trade date Monday, March 27, 2017 as noted in the table below. For position limit purposes, the CIL Contract shall aggregate into the newly-listed Light Sweet Oil (Net Energy) Monthly Index Futures contract (commodity code: LSW; rulebook chapter 983). Appendix B regarding the updated analysis of deliverable supply for the CIL Contract also includes analysis for the New Contracts pursuant to Submission No. 17-093.

Contract Title	Western Canadian Select Oil (Net Energy) Monthly Index Futures	Light Sweet Oil (Net Energy) Monthly Index Futures	Synthetic Sweet Oil (Net Energy) Monthly Index Futures
Rulebook Chapter	982	983	984
Commodity Code	WCW	LSW	SSW

The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook is being amended to reflect the changes in the position limits and accountability levels for the CIL Contract as well as the listing of the New Contracts. (See Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover.))

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act" or "CEA") and identified that the rule amendments may have some bearing on the following Core Principles:

- Contract Not Readily Susceptible to Manipulation: Due to the liquidity and robustness in the underlying physical market, the contract is not readily susceptible to manipulation (See Appendix B: Cash Market Overview and Analysis of Deliverable Supply).

  Position Limitations or Accountability:

  The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.

- Availability of General Information: The information contained herein will be disseminated to the marketplace via Special Executive Report. The Exchange will publish information on the contract' specifications on its website, together with daily trading volume, open interest, and price information.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the attached 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 Exchanges' 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 via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Appendix B – Cash Market Overview and Analysis of Deliverable Supply

Appendix A

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook

(attached under separate cover)

Appendix B

Cash Market Overview and Analysis of Deliverable Supply

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of three (3) financially-settled crude oil contracts (the "Contracts") as noted in the table below. The Exchange conducted a review of the underlying cash market and deliverable supply of Western Canadian Select (WCS), light sweet, and synthetic sweet crude oil streams.

Contract Title	Commodity Code	Rulebook Chapter
Western Canadian Select Oil (Net Energy) Monthly Index Futures	WCW	982
Light Sweet Oil (Net Energy) Monthly Index Futures	LSW	983
Synthetic Sweet Oil (Net Energy) Monthly Index Futures	SSW	984

For the Western Canadian Select Oil (Net Energy) Monthly Index Futures Contract, the Exchange has determined to base its analysis of the deliverable supply on pipeline flow data provided by the Crude Oil Logistics Committee (COLC) for the hub in Hardisty, Alberta. For the Light Sweet Oil (Net Energy) Monthly Index Futures and Synthetic Sweet Oil (Net Energy) Monthly Index Futures, the Exchange has determined to base its analysis of the deliverable supply on the pipeline flow data provided by the COLC for the hub in Edmonton, Alberta.

In its analysis of deliverable supply, the Exchange did not include stocks data as the data tends to fluctuate. Additionally, the Exchange determined not to adjust the deliverable supply estimates for long-term contracts. With respect to long-term contracts, the majority of the three grades are typically sold in term agreements but with flexibility for re-trading in the spot market. Total supplies delivered daily, the portion of total supply that is delivered via pipeline, and spot market volumes collectively indicate that term contract holders, which include marketers, consistently and regularly re-sell supply in the spot markets. Accordingly, the Exchange has determined not to adjust the deliverable supply estimate because long-term contracts are not restrictive of spot market liquidity.

Data Sources

The Canadian Association of Petroleum Producers (CAPP) is a trade association whose member companies produce more than 90% of Canada's natural gas and crude oil. CAPP maintains a variety of publications and statistics on the oil and natural gas industry thanks to its expansive list of membership. CAPP represents 130 upstream oil and gas companies.

The Exchange based its analysis of deliverable supply of Western Canadian Select, light sweet oil, and synthetic sweet oil on actual pipeline flow data provided by the COLC. The COLC website provides detailed information on actual pipeline flows by pipeline in Canada as well as pipeline capacity information. The COLC is an organization created as a decision making body for effective and efficient management of western Canadian crude oil and segregated condensate logistical systems. The main objective of the COLC is to collect and analyze crude oil and condensate receipt and disposition statistics in an effort to identify problems and recommend solutions. It is comprised of producers, shippers, pipelines, terminals, industry associations, government regulators and departments.

The final settlement price for the Western Canadian Select Oil (Net Energy) Monthly Index Futures, Light Sweet Oil (Net Energy) Monthly Index Futures, and Synthetic Sweet Oil (Net Energy) Monthly Index Futures contracts are based on the assessment of the underlying Canadian WCS, Canadian Light Sweet and Canadian Synthetic Sweet physical markets as assessed and published by Net Energy, which is one of the price reporting agencies that are used in the over-the-counter market for pricing contracts. In April of 2016, Net Energy was granted approval from the Alberta Securities Commission for recognition as an Exchange.

Canadian crude oil is priced in US Dollars and cents per barrel, and typically traded at a differential to the Calendar Month Average (CMA) of the NYMEX Light Sweet Crude Oil Futures (CL) contract. Prices are primarily dependent on the US Midwest market, adjusted for quality and transportation costs from the Edmonton hub in Alberta.
The Net Energy price assessment for Western Canadian Select oil at Hardisty, Alberta is quoted in U.S. dollars and cents per barrel. The index is assessed based on the WCS stream. The Western Canadian Select specifications[1] at Hardisty is composed of a blend of conventional and oil sands production which is managed by Canadian Natural Resources, Cenovus Energy, Suncor Energy, and Talisman Energy. WCS has a gravity specification of 20-22 API gravity and density of 920-929%.

The Net Energy price assessment for Light Sweet crude oil at Edmonton, Alberta is quoted in U.S. dollars and cents per barrel. The index is assessed based on light sweet crude oil streams[2] that are delivered on the following pipelines: 1) the Plains Rainbow; 2) the Pembina Peace; 3) the Pembina Drayton; 4) the Pembina Swan Hills; 5) the Plains Rangeland at Edmonton, Alberta. The pipelines that deliver Light Sweet crude oil into Edmonton are all fungible streams for quality purposes. Net Energy also provides crude oil assessments for other fungible, light sweet crude oil markets at different trading locations (i.e Kerrobert and Cromer).

The Net Energy price assessment for Canadian Synthetic Sweet oil at Edmonton, Alberta is quoted in U.S. dollars and cents per barrel. The index is assessed based on the Synthetic Sweet Premium stream which is a light synthetic crude produced from the Syncrude Canada Project located north of Fort McMurray, Alberta which includes mines and upgrader operations. Synthetic Sweet Premium has a gravity specification of 31-38 and density of 835-868.

The financially-settled Western Canadian Select Oil (Net Energy) Monthly Index Futures, Light Sweet Oil (Net Energy) Monthly Index Futures, and Synthetic Sweet Oil (Net Energy) Monthly Index Futures contracts are expressed as a differential to the Calendar Month Average (CMA) of the NYMEX Light Sweet Crude Oil futures settlement price.

CME Group (parent company of New York Mercantile Exchange, Inc.) is a party to license agreements with Net Energy to utilize their pricing data.

Western Canadian Select Crude Oil

Western Canadian Select (WCS) is a heavy crude oil stream that is a blend of heavy oil sands production (called bitumen – a heavy tar-like type of crude oil), blended with Canadian heavy conventional crude oil and condensate diluents. It has an API gravity of 20-22, and density of 930-936. It is produced and traded at the Husky terminal in Hardisty, Alberta, which is the main hub for WCS in Canada. The main producers of WCS crude oil are: Cenovus Energy, Canadian Natural Resources, Suncor Energy, Talisman Energy, and Repsol.

There are two major kinds of oil production methods in Canada: conventional and unconventional, or oil sands. As conventional crude oil fields have matured and output declined, crude production from oil sands has surpassed that of conventional sources to meet demand.

Oil sands production employs two main technologies to recover oil; mining and in-situ, or “in-place.” Mining is an open pit operation that is effective in extracting oil sand deposits near the surface. After extraction, deposits are loaded into trucks and transported to a cleaning facility where bitumen is separated from the mixture with hot water.

[1] Western Canadian Select Specifications Hardisty, http://www.crudemonitor.ca/crudes/index.php?acr=WCS
[2] Light Sweet Crude Oil Streams, http://www.crudemonitor.ca/home.php

The second method, in-situ, can reach the deeper sand deposits, which involves the use of steam to heat and separate bitumen from the surrounding sands, causing it to pool closer to the surface. The bitumen is then pumped from these pools using horizontal drain wells. Oil sands producers must add lighter hydrocarbons, such as natural gasoline or condensate, to the bitumen, once extracted, to allow it to flow through pipelines.

The Canadian Association of Petroleum Producers (CAPP) provides data on crude oil production. According to CAPP, total oil sands production averaged approximately 2.1 million barrels per day or approximately 58% of the total Canadian oil production over the 2013– 2015 period. In addition, in 2015, more than 3.6 million barrels per day of crude oil were produced in Western Canada alone. Production data is illustrated in Table 1 below.

Table 1 - Canadian Crude Oil Production[3]

(thousand barrels per day)

	2013	2014	2015	Average
Total Oil Sands Production	1,942	2,155	2,365	2,154
Total Production, Western Canada	3,241	3,522	3,676	3,480
Total Production, Eastern Canada	232	220	176	210
Total Canadian Oil production	3,473	3,743	3,852	3,689
Share, oil sands vs. Total Canadian	56%	58%	61%	58%

WCS is blended from different crude oil streams and crude-related components. According to pipeline flow data provided by the COLC, there are approximately 373,000 barrels per day of WCS delivered at the Husky terminal in Hardisty. Table 2 below provides the COLC pipeline delivery data for WCS for the past three years. The Exchange believes that the COLC data provides the most accurate estimate of WCS that is available for delivery at the Husky terminal in Hardisty, and therefore the COLC data will be used as the basis of the Exchange's deliverable supply estimate.

Table 2 – Pipeline Flows of Western Canadian Select Oil (Source: COLC)[4]

(thousand barrels per day)

	2014	2015	2016	Average
Pipeline Flows of WCS	324	374	423	373

Canadian Light Sweet Crude Oil

Crude oil is categorized by reference to its density and sulfur content. Approximately 30% of all oil production in Canada is light crude oil.[5] Canadian crude oil is chiefly sourced from Western Provinces, Northwest Territories and Atlantic Canada. Notably, Alberta in western Canada accounts for more than 96% of the country's oil reserves.

Western Canadian crude oil production can be divided between conventional and oil sands production. Oil sands production essentially only occurs in the province of Alberta, while conventional resources underlie Alberta, northeast British Columbia, Saskatchewan and parts of Manitoba and the Northwest Territories. Most of the conventional production comes from Alberta and Saskatchewan and is primarily light crude oil.

[3] Canadian Crude Oil Production, http://www.capp.ca/publications-and-statistics/publications/282894

[4] Pipeline Flows, http://colcomm.com/secure/reports.aspx

[5] Excluding synthetic crude oil which is also a light grade.

Sweet crude oil is shipped by underground pipelines to refineries to be further processed into petroleum products across North America. The logistics network required to supply petroleum products from the refineries to end-users is a complex system of pipelines, ships, railways and trucks. Several methods of transportation are used to move petroleum products from the refineries, ports and large terminals. The United States is the primary market for Western Canadian crude oil.

There is an active trading center based in Edmonton, Alberta, which is a major hub for refining, storage and pipelines with direct connectivity to upstream and downstream operations to Canadian and U.S. markets. Edmonton is connected to inland North American markets via the Enbridge Pipeline and to the West Coast of Canada and offshore markets via the Trans Mountain Pipeline. Kinder Morgan Canada is the operator of both Trans Mountain Pipeline and the Edmonton terminals. There are three refineries that can take delivery of light sweet crude oil by pipeline from Edmonton: 1) Imperial; 2) Shell; 3) Suncor. The combined crude oil capacity of these refiners is approximately 422,000 barrels per day. The proportion of sweet crude oil to sour crude oil that is typically run in these refineries is not publicly disclosed.

According to CAPP, total Canadian Light/Medium oil supply in Canada averaged 735 thousand barrels per day, or 268.3 million barrels per annum, for the 3-year period from January 2013 to December 2015. According to a CAPP analyst, light oil supply accounts for approximately 65% of total Canadian Light/Medium oil supply. Therefore, light oil supply in Canada averaged 478 thousand barrels per day, or 174.4 million barrels per annum over the same period. Supply data for Western Canada is illustrated in Table 3 below. Please note that supply data represent oil that has been injected into the pipe.

Table 3 – Blended Supply to Trunk Pipelines and Markets, Western Canadian Light/Medium Oil[6]

(thousand barrels per day)

	2013	2014	2015	Average
Supply, Western Canadian Light/Medium Oil	736	765	703	735
Supply, Western Canadian Light Oil	479	497	457	478

Edmonton, Alberta is a major hub for storage and trading of Canadian light sweet oil, with extensive pipeline connectivity. According to the COLC, there are five pipelines with inbound capacity of light sweet crude oil to the Edmonton hub: 1) Plains Rainbow; 2) Pembina Peace; 3) Pembina Drayton; 4) Pembina Swan Hills; 5) Plains Rangeland. In addition, the Gibson Edmonton terminal provides light sweet crude oil from local gathering pipelines. Based on the COLC data, the pipeline flows of light sweet crude oil averaged 315,000 barrels per day for the three-year period of 2014 through 2016. Table 4 below provides the annual averages for the past three years. The Exchange will utilize the COLC's pipeline flow data as the basis of its estimate of deliverable supply.

Table 4 – Pipeline Flow Data, Canadian Light Sweet Oil (Source: COLC)[7]

(thousand barrels per day)

	2014	2015	2016	Average
Pipeline Flows, Light Sweet Oil	332	332	282	315

[6] Supply, Western Canadian Light/Medium Oil, http://www.capp.ca/publications-and-statistics/publications/282894

[7] Pipeline Flows, http://colcomm.com/secure/reports.aspx

Canadian Synthetic Sweet Oil

Synthetic oil is a type of commercial oil produced by upgrading bitumen extracted from oil sands. Oil sands are a natural mixture of sand, water, clay and bitumen found in large quantities in Alberta, the country's largest oil producing region. Crude bitumen is a low gravity, extra heavy oil that does not flow to the surface in the same manner as conventional crude oil, and therefore must be mined or heated underground for extraction from oil sands. Surface or open-pit mining can be utilized to recover bitumen that is located near the surface, and the remainder of bitumen is extracted using "in-situ" methods, or assisted drilling that sends steam underground to pump bitumen to the surface. On average, about 1.12 barrels of bitumen is required to produce 1 barrel of synthetic oil.

The mined or steamed bitumen tends to contain undesirable quantities of nitrogen, sulfur and heavy metals, and is treated, or "upgraded". The quality of upgraded synthetic oil obtained from bitumen varies with the upgrading process used, but tends to be classified as medium to light and sweet oil with an API gravity grade range of 31-38 and a density level of 835-868.[8]

Following the upgrading process, the product becomes synthetic oil and is shipped by underground pipelines to refineries to be further processed into petroleum products across North America. The Edmonton hub in Alberta is a major refining, storage and transportation hub, well-connected to upstream and downstream operations. Edmonton is connected to inland North American markets via the Enbridge Pipeline and to the West Coast of Canada and offshore markets via the Trans Mountain Pipeline. Kinder Morgan Canada is the operator of both Trans Mountain Pipeline and the Edmonton terminals.

Canadian crude oil is chiefly sourced from Western Provinces, Northwest Territories and Atlantic Canada. Notably, Alberta in Western Canada accounts for more than 96% of the country's oil reserves. Canadian producers market a wide range of crude oils, ranging from heavy sour bitumen blends from oil sands to condensates.

According to CAPP, total supply, from upgraded light synthetic oil delivered to pipelines in Canada averaged 736 thousand barrels per day, or 268.6 million barrels per annum, for the 3-year period from January 2013 to December 2015. Supply data is illustrated in Table 5 below.

Table 5 - Blended Supply to Trunk Pipelines and Markets, Synthetic Oil[9]

(thousand barrels per day)

	2013	2014	2015	Average
Supply, Upgraded Light Synthetic Oil Delivered to Pipelines	719	756	754	736

Canada sends more than 99% of its oil exports to the United States, and the majority of it travels to Midwestern refineries through oil pipelines. The two major pipeline systems from Canada to the U.S. are Enbridge and Kinder Morgan pipelines. The Enbridge system is the largest crude oil pipeline in the world and is the main transporter of crude oil from Western Canada to the US Midwest, or PADD II.

Edmonton, Alberta is a major hub for storage and trading of synthetic sweet oils, with extensive pipeline connectivity. At the Edmonton hub, synthetic sweet oil is delivered on one inbound pipeline: The Alberta Oil Sands Pipeline (AOSPL) pipeline. According to the COLC, the pipeline flow of synthetic sweet crude oil on the AOSPL pipeline averaged 221,000 barrels per day over the 3-year period from January 2014 to December 2016. Table 6 provides the annual average pipeline flow data for the period from 2014 through 2016. The Exchange will utilize the pipeline flow data from the COLC as the basis of its estimate of deliverable supply for synthetic sweet crude oil.

[8] http://www.crudemonitor.ca/home.php

[9] Synthetic Oil Production, http://www.capp.ca/publications-and-statistics/publications/282894

Table 6 – Pipeline Flow Data, Synthetic Sweet Oil (Source: COLC)[10]

(thousand barrels per day)

	2014	2015	2016	Average
Pipeline Flows, Synthetic Sweet Oil	236	221	207	221

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.

For Western Canadian Select Oil, light sweet crude oil, and synthetic sweet crude oil, the Exchange has determined to base its deliverable supply estimate on the pipeline flow data provided by the COLC. The Exchange believes that the COLC pipeline flow data provides the most accurate estimate of deliverable supply.

The data utilized to calculate the deliverable supply was derived from the COLC capability report which can be found under the "Reports" heading. Data from the reports for the following months were captured in each calculation for calendar years 2014-2016.

2014	June 2014	September 2014	December 2014	March 2015
2015	June 2015	September 2015	December 2015	March 2016
2016	June 2016	September 2016	December 2016	March 2017

In each of these reports, pipeline flows are published going back two previous quarters. For example, the March 2017 capability report will publish October, November, and December deliveries in 2016.
Within the capabilities report, the following three reports were utilized: Capabilities (Light) for the Light Sweet Oil (Net Energy) Monthly Index Futures; Capabilities (Syn) for the Synthetic Sweet Oil (Net Energy) Monthly Index Futures; Capabilities (Heavy) for the Western Canadian Select Oil (Net Energy) Monthly Index Futures.
For the Light Sweet Oil (Net Energy) Monthly Index Futures, the sum of pipeline flows was computed for light sweet crude oil. For the Synthetic Sweet Oil (Net Energy) Monthly Index Futures, Pembina Alberta Oil Sands pipeline flows was used for synthetic sweet oil. For the Western Canadian Select Oil (Net Energy) Monthly Index Futures, Husky Hardisty, Dilbit pipeline flows was used for Western Canadian Select Oil.
The data compiled was converted from cubic meters to barrels per day using a conversion factor of 6.2898. A yearly average was computed for calendar years: 2014 - 2016 from the monthly data, followed by computing a three-year average to calculate the deliverable supply estimate (pipeline flow tables: 2, 4, 6).

The Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon launch of products, we do not recommend position limits based on stock data.

Further, the Exchange has determined not to adjust the deliverable supply estimate based on spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, the spot trading is not restricted, in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of spot trading activity as it does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

[10] Pipeline Flows, http://colcomm.com/secure/reports.aspx

The proposed spot month position limit of Western Canadian Select Oil (Net Energy) Monthly Index Futures is 1,000 contracts. The deliverable supply estimate is based on the actual pipeline flows data to the Husky terminal at Hardisty, Alberta, which is approximately 373,000 barrels per day, or 11.1 million barrels per month, or 11,100 contract equivalents. Therefore, the spot month limit of 1,000 contracts represents 9.1% of the monthly deliverable supply.

The proposed spot month position limit for the Light Sweet Oil (Net Energy) Monthly Index Futures is 1,000 contracts. The deliverable supply estimate is based on the actual pipeline flows data to the hub at Edmonton, Alberta, which is approximately 315,000 barrels per day, or 9.4 million barrels per month, or 9,400 contract equivalents. Therefore, the spot month limit of 1,000 contracts represents 10.6% of the monthly deliverable supply.

The proposed spot month position limit for the Synthetic Sweet Oil (Net Energy) Monthly Index Futures is 1,000 contracts. The deliverable supply estimate is based on the actual pipeline flows data to the hub at Edmonton, Alberta, which is approximately 221,000 barrels per day, or 6.6 million barrels per month, or 6,600 contract equivalents. Therefore, the spot month limit of 1,000 contracts represents 15.2% of the monthly deliverable supply.