SUBMISSION COVER SHEET

***IMPORTANT*: Check box if Confidential Treatment is requested** ☐

Registered Entity Identifier Code (optional): <u>18-027 (2 of 3)</u>

Organization: <u>New York Mercantile Exchange, Inc. ("NYMEX")</u>

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): <u>03/23/18</u> Filing Description: <u>Initial Listing of Three (3) Crude Oil BALMO Futures Contracts</u>

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

Official Product Name: <u>See filing.</u>

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:

Rule Numbers:

Christopher Bowen
Managing Director and Chief Regulatory Counsel

March 23, 2018

VIA ELECTRONIC PORTAL

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

RE: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of Three (3) Crude Oil BALMO Futures Contracts.
NYMEX Submission No. 18-027 (2 of 3)

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 the initial listing of three (3) crude oil BALMO futures contracts (collectively, the "Contracts") for trading on CME Globex and for submission into clearing via CME ClearPort, effective Sunday, April 8, 2018 for first trade date Monday, April 9, 2018 as noted in the tables below.

Contract Title	Urals Med (Platts) vs. Dated Brent (Platts) CFD BALMO Futures
Commodity Code	UMB
Rulebook Chapter	1214
Settlement method	Financial
Contract Size	1000 barrels
Listing Schedule	BALMO contracts shall be listed for three (3) consecutive months with the exception of BALMO contracts with a selected start date which begins during the final five (5) business days of each contract month.
Minimum Price Fluctuation	$0.01 per barrel for contracts traded on CME Globex $0.001 per barrel for contracts submitted for clearing via CME ClearPort, daily settlement prices and the final settlement price
Value per tick	$1.00, based on the minimum price fluctuation available via CME ClearPort
First Listed Contract	May 2018
Block Trade Minimum Threshold	10
Termination of Trading	Last business day of the contract month
CME Globex Match Algorithm	First-In, First-Out (FIFO)
Contract Title	Urals North (Platts) vs. Dated Brent (Platts) CFD BALMO Futures
Commodity Code	UNB
Rulebook Chapter	1215

Settlement method	Financial
Contract Size	1000 barrels
Listing Schedule	BALMO contracts shall be listed for three (3) consecutive months with the exception of BALMO contracts with a selected start date which begins during the final five (5) business days of each contract month.
Minimum Price Fluctuation	$0.01 per barrel for contracts traded on CME Globex $0.001 per barrel for contracts submitted for clearing via CME ClearPort, daily settlement prices and the final settlement price
Value per tick	$1.00, based on the minimum price fluctuation available via CME ClearPort
First Listed Contract	May 2018
Block Trade Minimum Threshold	10
Termination of Trading	Last business day of the contract month
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Contract Title	CPC Blend CIF Med Cargoes (Platts) vs. Dated Brent (Platts) BALMO Futures
Commodity Code	CCM
Rulebook Chapter	1216
Settlement method	Financial
Contract Size	1000 barrels
Listing Schedule	BALMO contracts shall be listed for three (3) consecutive months with the exception of BALMO contracts with a selected start date which begins during the final five (5) business days of each contract month.
Minimum Price Fluctuation	$0.01 per barrel for contracts traded on CME Globex $0.001 per barrel for contracts submitted for clearing via CME ClearPort, daily settlement prices and the final settlement price
Value per tick	$1.00, based on the minimum price fluctuation available via CME ClearPort
First Listed Contract	May 2018
Block Trade Minimum Threshold	10
Termination of Trading	Last business day of the contract month
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Trading and Clearing Hours:

CME Globex and CME ClearPort: Sunday – Friday 6:00 p.m. – 5:00 p.m. Eastern Time/ET (5:00 p.m. – 4:00 p.m. Chicago Time/CT) with an hour break each day beginning at 5:00 p.m. ET (4:00 p.m. CT).

Fees:

Exchange Fees	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	$0.85	$1.25	$1.05

EFP	$0.85	$1.25	
Block	$0.85	$1.25	
EFR/EOO	$0.85	$1.25	

Processing Fees	Member	Non-Member
Cash Settlement	$0.10	$0.10
Other Fees		
Facilitation Fee	$0.60	
Give-Up Surcharge	$0.05	
Position Adjustment/Transfer	$0.10	

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Contracts into 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 in relation to the listing of the Contracts. The terms and conditions establish the all month/any one-month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contract. Please see Exhibit B, attached under separate cover.

NYMEX is self-certifying block trading on these Contracts with a minimum block threshold of ten (10) contracts for the Contracts. The block levels are consistent with other Exchange BALMO products listed in units of 1,000 barrels such as the Brent Crude Oil vs, Dubai Crude Oil (Platts) BALMO Futures (commodity code BDB and rulebook chapter 1087) or the Dated Brent (Platts) to Frontline Brent BALMO Futures (commodity code FE and rulebook chapter 831).

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

- **Compliance with Rules:** Trading in the Contracts will be subject to all CME Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in CME Rule Chapter 4, the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook, and the dispute resolution and arbitration procedures of CME Rule Chapter 6. As with all products listed for trading on one of CME Group's designated contract markets, trading activity in the Contracts will be subject to 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 Contracts are based on a cash price series that are reflective of the underlying cash market are commonly relied on and used as a reference price by cash market brokers and commercial market participants.

- **Monitoring of Trading:** Trading in the Contracts will be subject to the rules of the Exchange, 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 3 futures 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 Contracts as demonstrated in this submission are consistent with the Commission's guidance.

- **Availability of General Information:** The Exchange will publish information on the contract's specifications on its website, together with daily trading volume, open interest and price information.

- **Daily Publication of Trading Information:** The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.

- **Execution of Transactions:** The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through 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 Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- **Financial Integrity of Contract:** All contracts traded on the Exchange will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- **Protection of Market Participants:** Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these products.

- **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 rules. Trading in these contracts 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 these products are identified.

- **Dispute Resolution:** Disputes with respect to trading in these contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all nonmembers to 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 the rules in 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 Regulations 40.2(a), the Exchange hereby certifies that listing the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group 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: Exhibit A: NYMEX Rulebook Chapters
Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Exhibit C: NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
Exhibit D: Cash Market Overview and Analysis of Deliverable Supply

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

<u>Exhibit A</u>

NYMEX Rulebook Chapters

Chapter 1214

Urals Med (Platts) vs. Dated Brent (Platts) CFD BALMO Futures

1214100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1214101' CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point between the high and low quotations from the Platts Crude Oil Marketwire, under the heading Russian Urals/ESPO spot assessment for "Urals RCMB (Recombined)" minus the arithmetic average of the mid-point between the high and low quotations from the Platts Crude Oil Marketwire under the heading Key Benchmarks for "Brent (Dated)" starting from the selected start date through the end of the contract month inclusive. The floating Price is calculated using non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1214102. TRADING SPECIFICATIONS

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

1214102.A. Trading Schedule

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

1214102.B. Trading Unit

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

1214102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel for contracts traded on CME Globex. The minimum price fluctuation shall be $0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement prices shall have a minimum price fluctuation of $0.001 per barrel. There shall be no maximum price fluctuation.

1214102.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.

1214102.E. Termination of Trading

Trading shall cease on the last business day of the contract month.

1214103. FINAL SETTLEMENT

Delivery 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.

1214104. DISCLAIMER

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Chapter 1215

Urals North (Platts) vs Dated Brent (Platts) CFD BALMO Futures

1215100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1215101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point between the high and low quotations from the Platts Crude Oil Marketwire, under the heading Russian Urals/ESPO spot assessment for "Urals Rotterdam" minus the arithmetic average of the mid-point between the high and low quotations from the Platts Crude Oil Marketwire under the heading Forward Dated Brent for "Mediterranean Dated Strip" starting from the selected start date through the end of the contract month inclusive. The floating price is calculated using non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1215102. TRADING SPECIFICATIONS

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

1215102.A. Trading Schedule

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

1215102.B. Trading Unit

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

1215102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel for contracts traded on CME Globex. The minimum price fluctuation shall be $0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement prices shall have a minimum price fluctuation of $0.001 per barrel. There shall be no maximum price fluctuation.

1215102.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.

1215102.E. Termination of Trading

Trading shall cease on the last business day of the contract month.

1215103. FINAL SETTLEMENT

Delivery 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.

1215104. DISCLAIMER

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Chapter 1216

CPC Blend CIF Med Cargoes (Platts) vs Dated Brent (Platts) BALMO Futures

1216100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1216101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point between the high and low quotations from the Platts Crude Oil Marketwire, under the heading Mediterranean spot crude assessments "CPC Blend CIF" minus the arithmetic average of the mid-point between the high and low quotations from the Platts Crude Oil Marketwire under the heading Forward Dated Brent for "Mediterranean Dated Strip" starting from the selected start date through the end of the contract month inclusive. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1216102. TRADING SPECIFICATIONS

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

1216102.A. Trading Schedule

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

1216102.B. Trading Unit

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

1216102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel for contracts traded on CME Globex. The minimum price fluctuation shall be $0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement prices shall have a minimum price fluctuation of $0.001 per barrel. There shall be no maximum price fluctuation.

1216102.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.

1216102.E. Termination of Trading

Trading shall cease on the last business day of the contract month.

1216103. FINAL SETTLEMENT

Delivery 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.

1216104. DISCLAIMER

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Exhibit B

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

(attached under separate cover)

Exhibit C

NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table

(additions are underscored)

Instrument	Non-Reviewable Range (NRR) in Globex format	NRR including Unit of Measure	NRR Ticks
Urals Med(Platts) vs. Dated Brent (Platts) CFD BALMO Futures	100	$1.00 per barrel	100
Urals North (Platts) vs. Dated Brent (Platts) CFD BALMO Futures	100	$1.00 per barrel	100
CPC Blend CIF Med Cargoes (Platts) vs. Dated Brent (Platts) BALMO Futures	100	$1.00 per barrel	100

Exhibit D

Cash Market Overview and Analysis of the Deliverable Supply

The Exchange reviewed the underlying cash market for Urals crude oil, Caspian crude and Brent in connection with three balance of month futures contracts that will be listed on the New York Mercantile Exchange ("NYMEX"). These contracts will be cash settled against prices that are published by Platts.

NYMEX has a licensing agreement with Platts to use the prices in the final settlement of these contracts.

S&P Global Platts ("Platts")

The final settlement for the **Urals Med (Platts) vs. Dated Brent (Platts) CFD BALMO Futures** is based on the monthly average of the differential between two underlying physical markets as assessed by Platts for Urals and Dated Brent. The Urals is referred to as the Urals RCMB or recombined assessment and reflects cargoes of 80,000 metric tons (578,000 barrels) and/or 140,000 metric tons (1-million barrels). For the Brent, the underlying assessment is Platts Dated Brent reflecting cargoes of 600,000 barrels loading 10 days to month ahead.

The final settlement for the **Urals North (Platts) vs. Dated Brent (Platts) CFD BALMO Futures** is based on the monthly average of the differential between two underlying physical markets as assessed by Platts for Urals and Dated Brent. The Urals is a Rotterdam based assessment for 100,000 metric ton cargoes (723,000 barrels) and the Brent is the Mediterranean Dated Brent strip which reflects 600,000 barrel cargoes loading 13 to 28-days ahead, aligning more closely to the delivery window for Urals.

The final settlement price for the **CPC Blend CIF Med Cargoes (Platts) vs. Dated Brent (Platts) Futures** is based on the monthly average of the differential between two underlying physical markets as assessed by Platts for CPC Blend CIF (Mediterranean) for 80,000 metric tons ((624,000 barrels) and/or 140,000 metric tons (1.1 million barrels) and Dated Brent. For the Brent, the reference is the Mediterranean Dated strip which reflects 600,000 cargoes for Brent crude loading 10-28 days ahead. The Brent loading window aligns more closely to the CPC crude oil to accommodate a more precise pricing period.

The Platts methodology for Urals, CPC Blend and Dated Brent is published on their website[1].

Data Sources

The Exchange has used publicly available data as the basis of its analysis of deliverable supply for Urals, CPC blend and Brent.

Data provided by the **US Energy Information Administration (EIA)**[2] was used as the basis of the analysis for CPC blend crude oil. The EIA is the principal agency of the US Federal Statistical System responsible for collecting, analysing and disseminating energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment. The EIA provides a wide range of information and data covering Energy Production, Consumption, Stocks, Demand, Imports, Exports and Prices and prepares ad-hoc special reports on topics of interest on a periodic basis.

Data provided by **Eurostat**[3] was used as the basis of the analysis for Urals crude oil in both Northwest Europe and the Mediterranean. Eurostat is compiled by the statistical office of the European Union and aims to provide the EU with accurate statistics that enable comparisons between countries and regions.

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[1] http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Crude-oil-methodology.pdf

[2] http://www.eia.gov/

[3] http://ec.europa.eu/eurostat

The statistical authorities in each individual member state are responsible for collecting the data. After verification and analysis, the individual authorities send the data to Eurostat who consolidate such data. In addition, Eurostat ensures that all parties are employing the same methodology in collecting and reporting data. The Exchange determined to use Eurostat data for sulphur content of fuel oil in Northwest Europe because of the highly specialized statistical categories collected by Eurostat.

Bloomberg data for the Brent was used as the basis of the analysis for both the Dated Brent and the Mediterranean Dated Brent (strip). They compile total loaded volumes of BFOE (Brent, Forties, Oseberg and Ekofisk) by calendar month and is displayed via the Bloomberg terminal. This was adjusted to reflect the addition of Troll crude oil last year. The total loaded volume figures, referred to as BFOET have been applied from January 2018 onwards.

Market overview

Urals crude oil

The Russian crude oil market has several grades including the main export grade which is referred to as Urals. Urals production is largely sour and is generally considered to have a high sulphur content and therefore will have a higher heavier refined product fuel yield. It is traded as a spread to Brent crude oil and the value of the spread will be driven in part by what is happening in the products market as well as the ability of refiners to process the heavier feedstocks. Urals is a major source of supply for the European Refiners in both Northwest Europe and the Mediterranean.

According to the Energy Information Administration (EIA) Russia is the largest producer of Oil ahead of Saudi Arabia and the United States. According to the EIA[4] Russia produced 10.8 million barrels per day of crude oil in 2016. There are several producing regions of Crude oil in Russia but around 80% of the production is concentrated in Western Siberia and the Urals-Volga regions. In 2016 around 6.3 million barrels per day was produced in Western Siberia and 2.5 million barrels per day was produced in the Urals-Volga region. The US EIA estimates total liquid fuel exports were 7 million barrels per day in 2016 including 5.3 million barrels per day of crude oil. Russia exported around 70% of crude to European countries including Germany, Netherlands, Belarus and Poland where extensive refining infrastructure is located at the ends of the Druzhba pipeline network. Increased flows of crude oil have been sent to Asia with China and Japan being the major recipients of the east-bound flows.

The Russian pipeline network is extensive largely owned and run by Transneft, a state-owned company. For European deliveries, Crude oil is transported from the producing oil fields in Western Siberia and the Urals region to export terminals such as Primorsk on the Baltic Sea and Novorossiysk in the Black Sea. There are a series of inter-connected pipelines connecting Russia directly to the European refining network. The most significant of these is the Druzhba pipeline that carries around 2 million barrels per day of crude oil via the so-called Northern Route to Belarus, Poland and Germany and via the Southern Route to Belarus, Ukraine, Slovakia, Czech Republic and Hungary.

For Urals North and Urals Med we have applied a conversion factor of 7.23 barrels per metric ton which is the same conversion factor that Platts reflect in their methodology guide. This is broadly in line with the view from the market with respect to the density for Urals crude oil. This Platts methodology[5] guide is made public on their website.

[4] US Energy Information Administration – March 12 2014 – Country Analysis Brief on Russia https://www.eia.gov/beta/international/analysis.cfm?iso=RUS

[5] Urals and Mediterranean Crude Oil assessments – Page 28 https://www.platts.com/im.platts.content/methodologyreferences/methodologyspecs/crude-oil-methodology.pdf

Caspian Crude oil

Kazakhstan is a significant oil producing country and is the second largest in terms of reserves and production of the Soviet republics after Russia. CPC Blend crude oil is a medium sweet crude oil with a sulphur quantity of around 0.5% and an API of 45° gravity. There is a second crude grade called Tengiz and both CPC and Tengiz blends are transported via the 1500 km CPC pipeline. The Tengiz blend makes up about 60% of the blend[6]. Both blends are very similar in terms of quality both from API and Sulphur content.

As a landlocked country, it is dependent on the key export routes to transport the oil to the International markets. One such major export route is the Caspian Pipeline Consortium (CPC) which transfers the oil from the major oil fields in Western Kazakhstan to the Black Sea. CPC Blend is transported from the Black Sea to refiners in and around the region in Suezmax (120,000 to 145,000 DWT) and Aframax (80,000 to 90,000 DWT) vessels.

The refining network is relatively simple with very little upgrading capacity which refines the heavier products into lighter streams. There are three oil refineries based in Kazakhstan and according to the Minister of Energy[7], around 16.5 million tons of crude were processed per year, which equates to 326,000 barrels per day. The refineries are located at Pavlodar in the Northern region, Atrayau in the Western Region and Shymkent in the Southern Region. There are plans to upgrade all refineries within Kazakhstan according to Kazmunaigas, the state oil company[8].

According to the US EIA, Kazakhstan's crude exports to Europe represented 76%[9] of the total export volume in 2016. From the remaining volumes 17% of the volume heading to Asia, 4% to the United States and 2% to other destinations which are not specified. We believe that the figure of 76% is representative of overall Kazakh exports into Europe given that this is the most local market with significant refinery demand. The US government reported that 2016 Kazakh exports to OECD Europe were around 76%[10] in 2016. The Atrayau and Shymkent refineries process Caspian crudes but the larger Pavlodar refinery with a capacity of 163,000 b/d processes only Russian Urals, due to its proximity to the Russian border.

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[6] Chevron Crude oil Marketing - http://crudemarketing.chevron.com/crude/central_asian/cpc_blend_tengiz.aspx

[7] Kazakh Energy Minster – refining processing https://en.trend.az/business/energy/2797383.html

[8] http://www.thkmg.kz/en/activity

[9] http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=5&aid=2&cid=KZ,&syid=2002&eyid=2014&unit=TBPD

[10] http://www.ieee.es/en/Galerias/fichero/OtrasPublicaciones/Internacional/2017/EIA_Country_Aanlysis_Kazakhstan_10may2017.pdf

For the CPC Blend CIF Med Cargoes, we have applied a conversion factor of 7.8 barrels per metric ton, which is also aligned to the Platts methodology as well as being consistent with the view from the market with respect to crude oil density.

Brent crude oil

The North Sea market is comprised of a series of smaller oil fields in the UK and Norwegian North oil sectors. Each of the "satellite fields" connect into the large production systems such as Brent, Forties, Oseberg or Ekofisk. Norwegian crude oil Troll was added to the basket of Brent deliverable streams from January 2018[11]

The most important streams in the North Sea are Brent, Forties, Oseberg and Ekofisk and Troll. Each stream has a principle operator that is responsible for the day to the day control of the operations including the scheduling of the cargoes based on the production from each of the smaller producing fields. The Brent, Forties, Oseberg, Ekofisk and Troll fields are known as BFOET and they underpin the Brent complex and are the key grades of oil that make up the trading of Dated Brent – the international crude oil physical benchmark price. The five BFOET fields lie in the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk, Oseberg and Troll are in the Norwegian sector.

The core of the Brent market is the cash market. The Brent forward market consists of the trading of cargoes of any of the BFOET streams for delivery beyond month ahead, with no specific dates assigned for loading. The cargoes are 600,000 barrels and, in the forward market, the precise loading dates are not provided, only the delivery month i.e. December BFOET Cargo. However, the commercial contracts, which are standardized, underlying the forward market to specify the minimum notification a seller must provide to a buyer is 10 days but the standard range is between 10 days and month ahead. After a holder of a BFOET forward notifies the buyer as to the loading date and which stream is being loaded, the contract is now considered to have moved from the forward market to the Dated Brent market, historically this moment is referred to as the cargo going "wet" i.e. it has loading dates attached to it and can therefore be sold as a Dated Brent cargo.

[11] Platts press release – Troll into Brent basket https://www.platts.com/pressreleases/2017/022017

The Brent cash market is essentially a reseller market where buyers either: resell the oil to someone else; transport the cargo and resell it later; or transport the cargo to consume it. Most of the sales in the Brent market are conducted as spot-market transactions; in fact, Brent cargoes in the physical market are estimated to trade 10 or more times. Typically, there is a chronology of sales and purchases of crude oil in the Brent cash market that starts with a sale from the equity producer in a spot market transaction, and finishes with a purchase by an end-user to consume the crude oil. Equity producers typically utilize the robust spot market to sell their BFOET production at the cargo loading terminal, as a "Free on Board" (FOB) delivery. Traders play an active role in the Brent market as middlemen with the expressed responsibility of reselling the oil. Further, the refiners typically rely on the spot market to purchase Brent crude oil, because there is vibrant liquidity in the spot market, and hence, the refiners have developed a preference for short-term spot market purchases, rather than long-term contracts. This applies to refiners affiliated with equity producers as well as those not affiliated; this is the standard practice, established and institutionalized over the past 34 years.

Production of BFOE has been declining over the past few years due to the cost of drilling and the returns on investment compared to other regions in the world. This was one of the main reasons why the Troll crude stream was added to the Brent basket. All of the Brent grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the BFOET cash market ("the forward market").

Quality adjustments ensure that all four grades can be delivered to a buyer under the standardized forward contract. The nomination period in the forward market was changed in March 2015 by Platts to 10 days to month ahead from 10 to 25 days and the futures expiry dates were aligned with this schedule in January 2016 (for the March 2016 delivery month). The process of moving from a forward to the physical market where a forward Brent cargo becomes a physical North Sea Dated Brent cargo happens as follows:

1. Refiners, producers and traders enter into a forward agreement for a specific month.

2. The Operator of each field being Shell for Brent; BP for Forties; ConocoPhillips for Oseberg and Statoil for Ekofisk and Troll will announce the loading programs for each contract month a few days prior to the beginning of the month (one month prior) to each loading month (i.e. cargoes in the delivery month start to load). For example, for a June 2018 contract month, the field operators will announce the loading schedules a few days prior to the beginning of April 2018. The equity producers will begin the chain of nominating cargoes to buyers (or they can decide to keep the cargo). A buyer benefiting from a nomination can keep the cargo or pass it to another player with whom it has another forward contract.

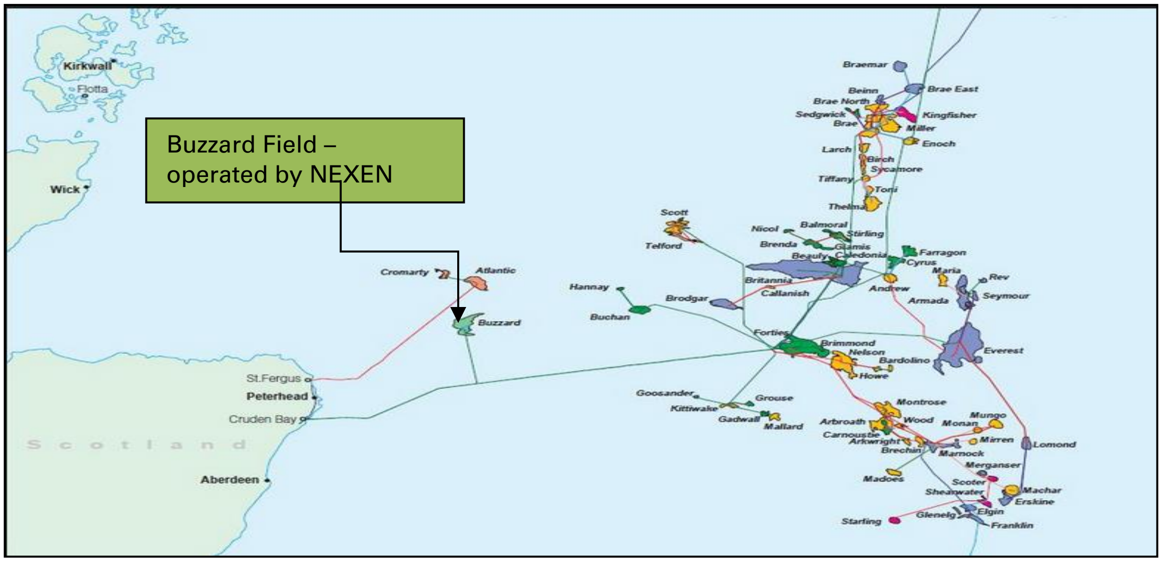
3. Buyers trade the cash BFOET on the basis that they will accept any cargo as nominated, provided it is done so within the agreed notice period (10 days to month ahead) by 4pm London time. Any cargo not nominated by this time will remain with the participant last notified. After 4pm London time, the cargo becomes wet physical with precise loading dates attached.

4. Cargoes that are wet physical will be sold as a Dated Brent cargo with cargo loading dates between 10 days and month ahead (forward).

Chart 1 shows the makeup of the fields in the Forties pipeline system (FPS) which is currently operated by INEOS following its sale, subject to regulatory approval, by BP to the company in April 2017[12]. The deal was finalized on November 1st 2017. There are over 50 offshore fields that flow through within the FPS. The delivery point for Forties crude oil is Hound Point, which is on the East coast of Scotland a short distance from the UK oil capital Aberdeen. Forties is a blended crude oil from all the fields that feed into it.

[12] BP Press Release – Forties Pipeline System sale to INEOS https://www.bp.com/en/global/corporate/media/press-releases/bp-to-sell-forties-pipeline-system-to-ineos.html

Chart 1: Example of the Forties Pipeline system



The blend changed at the beginning of 2007 when crude oil from the Buzzard field began to flow into it. Crucially Buzzard is now the largest field within the FPS. Buzzard crude oil is a medium gravity, sour crude oil with an API of 32.6° and a sulphur content of 1.44% therefore the yield is very similar to that of Urals crude oil (from Russia). The INEOS FPS produces a forward estimate, based on the field operators of the volume of crude oil to be available in the system as well as the % blend of Buzzard crude within the Forties blend as this will affect the outright price of Forties crude oil, due to the sourer nature of the Buzzard crude oil stream. Due to the inclusion of Buzzard, the value of Forties has generally always been the cheapest of the four grades to deliver into Dated Brent as a dated cargo.

Table 1: The volume of Buzzard crude in the Forties Blend Estimates[13] (updated January 2018)

Date	Buzzard percentage in Forties	Forties Blend unstabilised crude oil (kbd)
January 2018	31.8%	430.3
February 2018	30.1%	452.7
March 2018	30%	446.7
April 2018	30.7%	433.2

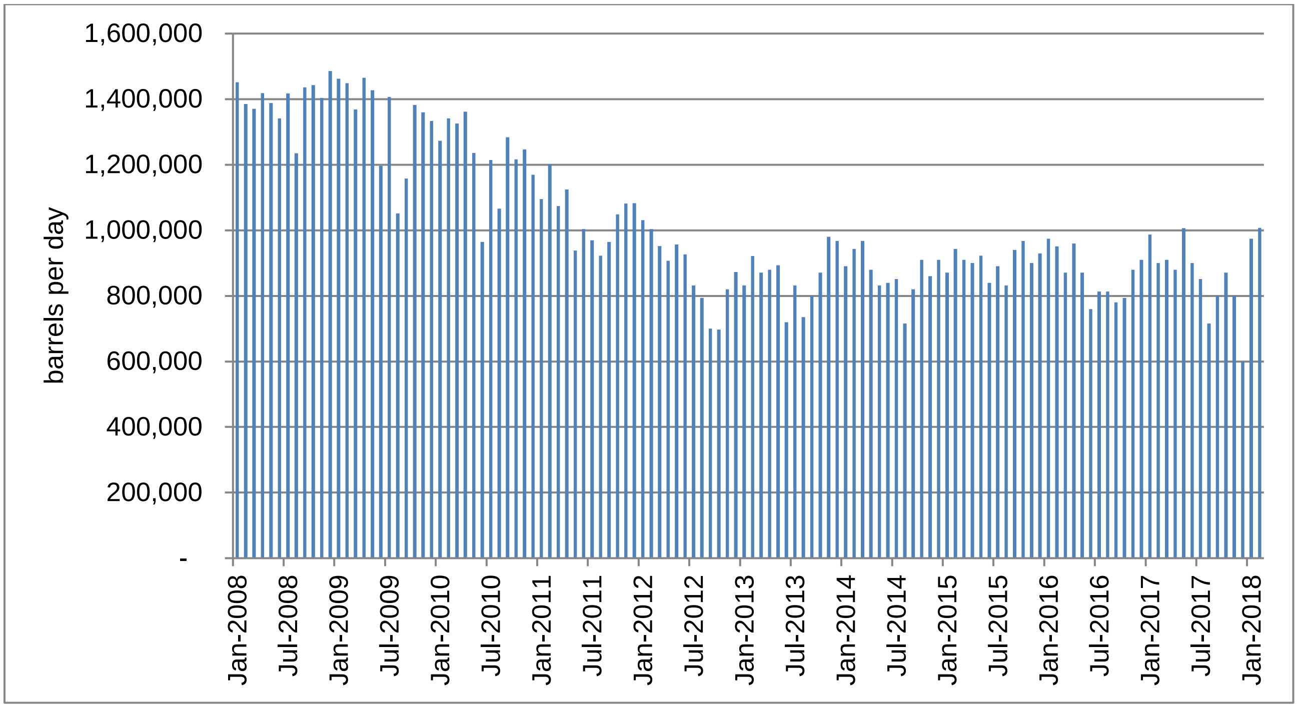
Bloomberg LP ("Bloomberg") provides details of the BFOE loading programs for the four grades that comprise the Brent market. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from March 2015 to February 2018). Bloomberg added in the Troll data and we have included this from January 2018 onwards reflecting the period by which Platts began including this in its Brent assessments. The nomenclature of the Brent system is now referred to as BFOET.

Based on the data, total loadings of Brent (BFOE) crude oil was approximately 878,089 barrels per day, which is equivalent to approximately 26.34 million barrels per month this included Troll loadings from January 2018. The Bloomberg data, in **Appendix 4**, shows the loaded volume of crude oil for Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE) and BFOET since January 2018.

[13] Ineos Forties Pipeline System – Forties Blend Assay https://www.ineos.com/businesses/ineos-fps/business/forties-blend-quality/

Output stabilized over the 2014-2016 period from the previous sharp declines in the three years prior. However as capital expenditures have been curtailed in 2015 and 2016, output is likely to fall sharply in the years following as operators continue to scale back their operations in the North Sea with the knock on effect on overall production levels.

Chart 2: Monthly Loadings of Brent, Forties, Oseberg, Ekofisk



Source: Bloomberg (included Troll crude from January 2018)

The Brent market is priced in USD and cents per barrel. There are two significant Futures contracts based on trading activity in the forward BFOE market; NYMEX and ICE Futures Europe offer trading of Brent Futures on their respective Exchanges. The cash market is traded in partials of 100,000 barrels or larger full-size cargo transactions of 600,000 barrels. Physical convergence can occur through the partials market mechanism upon the trading of six parcels with the same counterparty in a single delivery month. If physical convergence does not occur then trades are booked out at the prevailing cash value on the last day of trading day of the cash market for the specific delivery month (i.e. this is currently month ahead prior to the 1st loading date of the delivery month). Full sized physical cargo BFOE trades will be used by ICE in the establishment of the Brent Index which is the mechanism by which the futures open on expiry are cash settled[14].

The Dated Brent or Dated BFOE, as it is sometimes referred, reflects the value of the cheapest of Brent, Forties, Oseberg and Ekofisk, of 600,000 barrels, loading 10 days to Month Ahead. Dated Brent is estimated to price around 50% of the global crude oil supply[15]. Within the North Sea and beyond, grades are traded as a differential to Dated Brent or as a differential to cash Brent (BFOE). Each of the crude oil grades within BFOE are not the same quality, several adjustments have been made. In 2007 Platts included a sulphur de-escalator for Forties crude oil within its Dated Brent and Brent related instruments. The change was made in response to inclusion of sour crude Buzzard into the Forties pipeline system (see chart 1). The de-escalator of price is applied to deliveries above a minimum sulphur level of 0.6%. Every month, Platts establishes a USD and cents value de-escalator for every 0.1% of sulphur above the maximum level

[14] https://www.theice.com/publicdocs/futures/ICE_Futures_Europe_Brent_Index.pdf

[15] http://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/03/Brent-Prices-Impact-of-PRA-methodology-on-price-formation.pdf

0.6% (for Forties crude oil). The value of de-escalator is established by reviewing evidence of significant and sustained changes in the crude market, as affected by refined products (crack spread values of both heavy fuel oils and light ends) and other relevant factors that affect the economics of Forties crude.

Analysis of deliverable supply

In estimating deliverable supply for the futures contract, the Exchange relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical production and supply stocks that could reasonably be considered to be readily available for delivery. In its guidance on estimating deliverable supply, the Commodity Futures Trading Commission ("CFTC" or "Commission") states:

> *In general, the term "deliverable supply" means 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. Typically, deliverable supply reflects the quantity of the commodity that potentially could be made available for sale on a spot basis at current prices at the contract's delivery points. For a non-financial physical-delivery commodity contract, this estimate might represent product which is in storage at the delivery point(s) specified in the futures contract or can be moved economically into or through such points consistent with the delivery procedures set forth in the contract and which is available for sale on a spot basis within the marketing channels that normally are tributary to the delivery point(s).*[16]

The Exchange has not made any adjustments for any long-term supply agreements as all supplied crude oil in this way can be re-traded and re-sold to other refiners or traders for onward trade within the market. There are no destination restrictions for North Sea crude oil and therefore no adjustments are required.

Crude oil markets are not considered seasonal and therefore we have excluded this as the basis of our analysis.

The basis of the analysis in the **Urals Northwest Europe** market is based on Russian crude oil imports delivered into Northwest Europe. We have classified Northwest Europe as Belgium, France, Germany and the Netherlands. As we have done previously, the volumes for France have been reduced by 50% to provide an estimated figure for imports directly into those French ports located in Northwest Europe. The remaining 50% of the volume for France is deemed to be classified as Mediterranean imports. Based on the most recent 3 years of Eurostat Russian crude import data for Northwest Europe imports, volumes were **6.07 million metric tons per month or 43.9 million barrels per month** based on a conversion factor of 7.23 barrels per metric ton. This is represented as 43,900 contract equivalents (contract size: 1,000 bbls). The data set is found in Appendix 1.

The basis of the analysis in the **Urals Mediterranean** market is based on Russian crude oil imports delivered into Spain, France and Italy. The volumes for Spain and France have been reduced by 50% to provide an estimated figure for imports directly into those ports located in the Mediterranean area. Based on the most recent 3 years of Eurostat Russian crude import data for the Mediterranean, volumes were

[16] http://www.ecfr.gov/cgi-bin/text-idx?SID=74959c3dbae469e2efe0a42b45b8dfae&mc=true&node=ap17.1.38_11201.c&rgn=div9

1.01 million metric tons per month or 7.33 million barrels per month based on a conversion factor of 7.23 barrels per month. This is represented as 7,330 contract equivalents (contract size: 1,000 bbls). The data set is found in Appendix 2.

The basis of the analysis for **CPC crude oil** is domestic production minus refinery demand. A further adjustment has been made for European exports. Based on our analysis we have applied a haircut of 114, b/d for refinery demand and from the total export figure of Kazakh exports we have made an adjustment to reflect the fact that only 76% of Kazakh exports are sold into Europe[17]. The net export volume of domestic Kazakh production destined for Europe is about 1.26 million barrels per day based on the three-year average period up to October 2017. The Exchange has included both CPC Blend and Tengiz in its deliverable supply volume due to the extremely close make-up of both crudes in terms of quality. The 165,000 b/d Pavlodar refinery[18] solely processes West Siberian crude oil and therefore has been excluded this analysis. Once European sales have been finalised, the remainder of the exports are sold into the US or Asia, according to the EIA. Based on these variables, we have calculated that the deliverable supply of CPC crude oil is around **1.26 million barrels per day or 37.8 million barrels per month** which equates to 37,800 monthly Futures lots equivalent (contract size 1,000 bbls). The full data set is shown in Appendix 3.

The basis of the analysis in the Brent market is BFOE loadings in the North Sea. The Exchange determined that the volume of loaded barrels of BFOE(T) crude oil from Brent, Forties, Oseberg and Ekofisk best meets the definition of supply readily available for delivery. The data from the Troll field has been added from January 2018. In addition, the Exchange has reduced the deliverable supply of Forties to account for the long-term commitment for crude oil purchases by the Grangemouth refinery. The Grangemouth oil refinery is located close to the delivery point of the Forties pipeline and volumes from the outer fields are connected directly via a series of pipelines to the refinery[19]. Based on the most recent 3-year average of the Bloomberg data on BFOE(T) loadings (March 2015 to February 2018), total loadings of Brent (BFOE) crude oil was approximately 878,684 barrels per day, which is equivalent to approximately 26.36 million barrels per month, or 26,360 contract equivalents (contract size: 1,000 barrels). Further, to account for the crude oil purchases by the Grangemouth refinery, the deliverable supply (using the three-year average North Sea loading figures from as reported by Bloomberg – BFOET) would be reduced by 3 million barrels[20] per month[21]. Therefore, the total deliverable supply of BFOE is approximately **23.36 million barrels per month** which is equivalent to 23,360 contracts. The full data set is shown in Appendix 4.

Positions in the **Urals North (Platts) vs. Dated Brent (Platts) CFD Futures** will aggregate into two legs: Dated Brent (Platts) Financial Futures (commodity code: UB) and the Urals NWE (Platts) Futures (commodity code: UNS). The Exchange spot month position limit of the Dated Brent (Platts) Financial Futures is 4,000 contracts. Based on a deliverable supply for Brent of 23.36 million barrels per month, which is the equivalent of 23,360 Monthly Futures lots, the spot month limit equates to 17.1% of deliverable supply. The Exchange proposes a spot month of 4,000 contracts for the Urals NWE (Platts) market. For the Urals CIF NWE, the deliverable supply volume is 6.07 million metric tons per month or 43.9 million barrels or

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[17] http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=5&aid=2&cid=KZ,&syid=2002&eyid=2014&unit=TBPD

[18] Pavlodar Oil Chemistry Refinery LLP - http://www.pnhz.kz/en/?id=1

[19] http://www.bp.com/en/global/forties-pipeline/about_fps/Technical/technical_information.html - BP Forties Pipeline system

[20] UKPia – Petroineos Grangemouth Refinery capacity http://www.ukpia.com/industry_information/refining-and-uk-refineries/Petroineos-grangemouth-refinery.aspx

[21] Market suggests 50% of the processing capacity for Grangemouth is Forties therefore we have reduced the deliverable supply of Forties by 3-million barrels per month (the full capacity of the refinery is 6 million barrels per month).

43,900 contract equivalents (based on a conversion factor of 7.23 barrels per metric ton) therefore a position limit of 4,000 contracts equates to 9.1% of the deliverable supply. Both deliverable supply figures are below the 25% maximum threshold.

Positions in the **Urals Med (Platts) vs. Dated Brent (Platts) CFD Futures** will aggregate into two legs: Dated Brent (Platts) Financial Futures (commodity code: UB) and the Urals Mediterranean (Platts) Futures (commodity code: UMD). The Exchange spot month position limit of the Dated Brent (Platts) Financial Futures is 4,000 contracts. Based on a deliverable supply for Brent of 23.36 million barrels per month, which is the equivalent of 23,360 Monthly Futures lots, the spot month limit equates to 17.1% of deliverable supply. For the Urals CIF Mediterranean, the deliverable supply volume is 1.01 million metric tons per month or 7.33 million barrels or 7,330 contract equivalents therefore a position limit of 1,500 contracts equates to 20.4% of the deliverable supply. Both deliverable supply figures are below the 25% maximum threshold.

Positions in the **CPC Blend CIF Med Cargoes (Platts) vs Dated Brent (Platts) Futures** will aggregate into two legs: Dated Brent (Platts) Financial Futures (commodity code: UB) and the CPC Blend CIF Med Cargoes (Platts) Futures (commodity code: CPD). The Exchange spot month position limit of the Dated Brent (Platts) Financial Futures is 4,000 contracts. Based on a deliverable supply for Brent of 23.36 million barrels per month, which is the equivalent of 23,360 Monthly Futures lots, the spot month limit equates to 17.1% of deliverable supply. The Exchange proposes a spot month of 4,000 contracts for the CPC Blend (Platts) market For the CPC Blend, the deliverable supply volume is 1.26 million barrels per day or 37.8 million barrels per month which equates to 37,800 contract equivalents. Therefore, a proposed position limit of 4,000 contracts would equate to 10.5% of the monthly deliverable supply. Both deliverable supply figures are below the 25% maximum threshold. Data is enclosed in Appendix 3.

Appendix 1: Russian Crude oil imports for delivery into Northwest Europe (000'mt per month)
Source: Eurostat

	Belgium	Germany	France	Netherlands	Total NWE Imports adjusted
Oct-14	1,028	2,589	499	904	4,771
Nov-14	929	2,598	405	904	4,634
Dec-14	442	2,620	199	933	4,095
Jan-15	879	2,399	569	933	4,496
Feb-15	771	2,387	397	1,302	4,659
Mar-15	849	2,766	299	1,302	5,067
Apr-15	806	2,786	479	1,456	5,288
May-15	830	3,112	536	1,340	5,550
Jun-15	869	2,485	298	1,660	5,163
Jul-15	780	2,552	350	1,320	4,827
Aug-15	1,030	2,587	100	1,660	5,327
Sep-15	736	2,742	274	1,660	5,275
Oct-15	744	2,904	300	1,660	5,458
Nov-15	800	2,615	451	1,342	4,983
Dec-15	957	3,241	446	1,342	5,763
Jan-16	1,114	2,510	538	1,342	5,235
Feb-16	1,025	2,717	598	2,130	6,171
Mar-16	1,064	3,036	318	2,130	6,389
Apr-16	927	2,888	717	2,142	6,316
May-16	1,016	3,108	163	1,935	6,141
Jun-16	1,071	3,135	209	1,935	6,246
Jul-16	1,100	3,194	327	1,935	6,393
Aug-16	915	3,048	610	1,733	6,001
Sep-16	749	2,883	597	1,733	5,664
Oct-16	835	3,089	300	2,452	6,526
Nov-16	986	3,028	636	2,452	6,784
Dec-16	1,188	3,411	612	2,452	7,357
Jan-17	1,418	3,009	927	2,036	6,927
Feb-17	1,139	2,838	663	2,048	6,357
Mar-17	1,277	2,804	604	2,036	6,419
Apr-17	1,716	3,095	741	2,065	7,247
May-17	1,270	2,637	530	2,182	6,354
Jun-17	1,654	2,129	698	1,875	6,007
Jul-17	1,859	2,630	900	1,981	6,920
Aug-17	1,297	2,916	840	1,981	6,614
Sep-17	1,303	2,755	905		4,511
Total	37,373	101,243	18,035	60,293	207,927
3-year average (monthly)	1,038	2,812	501	1,723	6,074

Monthly volume - Thousand barrel equivalent	**7,506**	**20,333**	**3,622**	**12,455**	**43,916**

*The volume for France has been reduced by 50% to reflect the fact that about half of the volumes are imported into Northwest Europe with the remainder into the Mediterranean.

Appendix 2: Russian Crude oil exports into the Mediterranean (000'mt per month)
Source: Eurostat

	Spain	France	Italy	Total Med Imports adjusted
Oct-14	285	499	1,021	1,413
Nov-14	320	405	841	1,204
Dec-14	189	199	366	560
Jan-15	232	569	691	1,092
Feb-15	398	397	542	940
Mar-15	300	299	660	960
Apr-15	303	479	881	1,272
May-15	384	536	924	1,384
Jun-15	209	298	642	896
Jul-15	324	350	799	1,136
Aug-15	679	100	658	1,048
Sep-15	100	274	558	745
Oct-15	384	300	456	798
Nov-15	386	451	598	1,017
Dec-15	299	446	638	1,011
Jan-16	400	538	641	1,110
Feb-16	230	598	321	735
Mar-16	568	318	545	988
Apr-16	299	717	841	1,349
May-16	399	163	794	1,075
Jun-16	400	209	324	629
Jul-16	700	327	357	871
Aug-16	508	610	632	1,191
Sep-16	462	597	371	901
Oct-16	539	300	574	994
Nov-16	368	636	628	1,130
Dec-16	200	612	392	798
Jan-17	299	927	594	1,207
Feb-17	300	663	488	970
Mar-17	0	604	638	940
Apr-17	359	741	419	969
May-17	100	530	652	967
Jun-17	179	698	734	1,173
Jul-17	179	900	262	802
Aug-17	0	840	607	1,027
Sep-17	239	905	658	1,230
Total	11,520	18,035	21,747	36,525
3-year average (monthly)	320	501	604	1,015

Monthly volume - Thousand barrel equivalent	2,314	3,622	4,368	7,335

*The volume for France and Spain has been reduced by 50% to reflect the fact that about half of the volumes are imported into the Mediterranean with the remainder into the North

Appendix 3: Kazakhstan Crude Production, Refinery Demand and Net European Exports (000's b/d)

Source: US EIA Data[22]

	Crude Production	Refinery Demand*	Total available for export	Europe-bound exports**
Nov-14	1,801	114	1,687	1,282
Dec-14	1,858	114	1,744	1,325
Jan-15	1,784	114	1,670	1,269
Feb-15	1,784	114	1,670	1,269
Mar-15	1,831	114	1,717	1,305
Apr-15	1,754	114	1,640	1,246
May-15	1,802	114	1,688	1,283
Jun-15	1,698	114	1,584	1,204
Jul-15	1,754	114	1,640	1,246
Aug-15	1,702	114	1,588	1,207
Sep-15	1,621	114	1,507	1,145
Oct-15	1,637	114	1,523	1,157
Nov-15	1,798	114	1,684	1,280
Dec-15	1,814	114	1,700	1,292
Jan-16	1,758	114	1,644	1,249
Feb-16	1,762	114	1,648	1,252
Mar-16	1,750	114	1,636	1,243
Apr-16	1,614	114	1,500	1,140
May-16	1,567	114	1,453	1,104
Jun-16	1,703	114	1,589	1,208
Jul-16	1,699	114	1,585	1,205
Aug-16	1,375	114	1,261	958
Sep-16	1,633	114	1,519	1,154
Oct-16	1,791	114	1,677	1,275
Nov-16	1,840	114	1,726	1,312
Dec-16	1,855	114	1,741	1,323
Jan-17	1,841	114	1,727	1,313
Feb-17	1,867	114	1,753	1,332

[22] US EIA monthly data – Kazakhstan Oil Production and Exports https://www.eia.gov/beta/international/data/browser/#/?pa=000000000000000000000000000000008&f=M&c=00000000000000000000008&ct=0&tl_type=a&tl_id=1-M&vs=INTL.55-1-KAZ-TBPD.M&vo=0&v=H&start=199401&end=201710

Mar-17	1,905	114	1,791	1,361
Apr-17	1,880	114	1,766	1,342
May-17	1,851	114	1,737	1,320
Jun-17	1,874	114	1,760	1,338
Jul-17	1,894	114	1,780	1,353
Aug-17	1,808	114	1,694	1,287
Sep-17	1,859	114	1,745	1,326
Oct-17	1,827	114	1,713	1,302
3-year average	**1,766**	**114**	**1,652**	**1,256**

*** Atyrau and Shymkent refiners@ 70% capacity and**
**** Export volumes to Europe are 76% of total production**

Appendix 4:

North Sea crude oil loadings – Brent, Forties, Oseberg and Ekofisk*
Source: Bloomberg data - LOSDFOET Index

This data shows the total volume of BFOE crudes loaded by delivery month. The data set is based on data gathered by Bloomberg. Each field operator for Brent, Forties, Oseberg and Ekofisk releases the amount of crude oil that is scheduled for loading per month.

*Bloomberg data included the data from the Troll field operator and this data has been included from January 2018, aligning with the Platts change to its methodology to incorporate Troll deliveries into the Brent basket.

	Delivery Month	Barrels per day
2015	Mar-15	909,677
	Apr-15	900,000
	May-15	922,581
	Jun-15	840,000
	Jul-15	890,323
	Aug-15	832,258
	Sep-15	940,000
	Oct-15	967,742
	Nov-15	900,000
	Dec-15	929,032
2016	Jan-16	974,194
	Feb-16	950,690
	Mar-16	870,968
	Apr-16	960,000
	May-16	870,968
	Jun-16	760,000
	Jul-16	812,903
	Aug-16	812,903

	Sep-16	780,000
	Oct-16	793,548
	Nov-16	880,000
	Dec-16	909,677
2017	**Jan-17**	987,097
	Feb-17	900,000
	Mar-17	909,677
	Apr-17	880,000
	May-17	1,006,452
	Jun-17	900,000
	Jul-17	851,613
	Aug-17	716,129
	Sep-17	800,000
	Oct-17	870,968
	Nov-17	800,000
	Dec-17	600,000
2018	**Jan-18**	974,645
	Feb-18	1,028,571
3-year Average		878,684