

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-130

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): 04/8/16 Filing Description: Notification Regarding Amendments to the Brent Futures-Style Margin Option 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     |

**Official Product Name:**

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

- |                                     |   |                      |
|-------------------------------------|---|----------------------|
| <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: **Brent Crude Oil Futures-Style Margin Option**

Rule Numbers: NYMEX Rulebook Chapter 504

April 8, 2016

**VIA ELECTRONIC PORTAL**

Mr. Christopher 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 Amendments to the  
Brent Crude Oil Futures-Style Margin Option Contract.  
NYMEX Submission No. 16-130**

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 Brent Crude Oil Futures-Style Margin Option contract (the “Contract”) (Rulebook Chapter: 504; commodity code: BZO) effective Sunday April 24, 2016 for trade date Monday, April 25, 2016.

Currently, upon expiration of the Contract, long positions have until 3:30 p.m. (Central Time) to issue “contrary instructions” (i.e. abandoning in-the-money or exercising out-of-the-money options).

The amendments provide that the submission time deadline for the notice of exercise instructions on expiration date for the Contract will be amended to 2:30 p.m. (Central Time) from 3:30 p.m. (Central Time). The purpose of the amendments is to better align the exercise time with market practice.

The Contract is listed for trading on CME Globex and for submission for clearing through CME ClearPort. Amendments to Chapter 504, in its entirety, are provided in Appendix A below.

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 to NYMEX Rulebook Chapter 504 may have some bearing on the following Core Principles:

- **Availability of General Information:** The Exchange will amend the NYMEX rulebook accordingly on the effective date, which is publically available on the CME Group website, to reflect the changes that will be made to the rules pertaining to option exercise. In addition, the Exchange will publish a Special Executive Report (“SER”) for each asset class represented by these contracts to inform the marketplace of these amendments. These SERs will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), NYMEX hereby certifies that the amendments to NYMEX Rulebook Chapter 504 comply with the Act, including all regulations under the Act. There were no substantive opposing views to this proposal.

NYMEX 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 via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A: Amendments to NYMEX Chapter 504 (blackline format)

## **Appendix A**

### **NYMEX Rulebook**

(Additions are underscored.)

#### **Chapter 504**

#### **Brent Crude Oil Futures-Style Margin Option**

##### **504100. SCOPE OF CHAPTER**

This chapter is limited in application to put and call options on Brent Crude Oil Last Day Financial Futures (BZ) contract. In addition to the rules of this chapter, transactions in options on Brent Crude Oil Last Day Financial Futures shall be subject to the general rules of the Exchange insofar as applicable.

##### **504101. OPTION CHARACTERISTICS**

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

###### **504101.A. Trading Schedule**

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

###### **504101.B. Trading Unit**

A Brent Crude Oil Futures-Style Margin put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying Brent Crude Oil Last Day Financial Futures (BZ) contract traded on the Exchange.

###### **504101.C. Price Increments**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per contract.

###### **504101.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.

###### **504101.E. Termination of Trading**

A Brent Crude Oil Futures-Style Margin Option contract on the Exchange shall expire at the close of trading three business days prior to the expiration of the underlying Brent Crude Oil Last Day Financial Futures contract. The expiration date shall be announced prior to the listing of the option contract.

###### **504101.F. Type Option**

The option is an American-style option.

##### **504102. EXERCISE PRICES**

Trading shall be conducted for options with strike prices in increments as set forth below:

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Brent Crude Oil Last Day Financial Futures contract in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices, in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the ten fifty-cent increment strike prices which are ten increments higher than the strike price described in (i) of this Rule 376.05(A) and (iii) the ten fifty-cent increment strike prices which are ten increments lower than the strike price described in (i) of this Rule 376.05(A).

(B) Thereafter, on any business day prior to the expiration of the option: (i) new consecutive fifty-cent increment strike prices for both puts and calls will be added such that at all times there will be at least ten fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Brent Crude Oil Futures-Style Margin Option will be facilitated thereby,

the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent Crude Oil Futures-Style Margin Option contract in which no new strike prices may be introduced.

**504103. SETTLEMENT VARIATION AND OPTION VALUE**

Settlement variation rules for futures-style margin options conform to those set forth for non-options stipulated in NYMEX Rule 814. As such, when a clearing member or its customers is long or short any amount of any commodity for a settlement cycle, as indicated by Clearing House records, settlement for any outstanding exposure shall be made with the Clearing House based on the settlement price for that settlement cycle. For futures-style margin options, each clearing member and its customers shall pay to, or collect from, the Clearing House any loss or profit, as the case may be, represented by the difference between (x) the settlement price of the futures-style margin option for such settlement cycle and (y) the settlement price of the futures-style margin option for the prior settlement cycle (or, for the first settlement cycle after the purchase/sale of such option, the price at which the option was purchased or sold).

**504104. OPTION EXERCISE**

Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. Central Time on the expiration date. Notice of exercise shall be given to the Clearing House in such form and manner as the Clearing House shall prescribe.