SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 16-171

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

Filing as a: [x] **DCM** [ ] **SEF** [ ] **DCO** [ ] **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/17/2016 Filing Description: Initial Listing of the Gulf Coast ULSD (S&P Global Platts) Average Price Option

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.**

- [x] 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 Names: See filing.

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
Legal Department

May 17, 2016

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 40.2(a) Certification. Notification Regarding the Initial Listing of the Gulf Coast ULSD (S&P Global Platts) Average Price Option Contract.
NYMEX Submission No. 16-171

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 the Gulf Coast ULSD (S&P Global Platts) Average Price Option contract (the "Contract") for trading on CME Globex and the NYMEX trading floor, and for submission for clearing via CME ClearPort, effective on Sunday, June 5, 2016 for trade date Monday, June 6, 2016, as set forth below.

The Contract specifications are as follows:

Contract Title	Gulf Coast ULSD (S&P Global Platts) Average Price Option
Rulebook Chapter	535
Commodity Code	GUL
Underlying Futures Contract Title	Gulf Coast ULSD (Platts) Futures
Underlying Futures Commodity Code	LY
Listing Schedule	Monthly contracts listed for the current year and next 3 consecutive calendar years. Monthly contracts for a new calendar year will be added following the termination of trading in the December contract of the current year.
Contract Size	42,000 Gallons
Option Type	European
Settlement Method	Financial
Minimum Price Fluctuation	$0.0001
Value per Tick	$4.20
First Listed Contract	July 2016
Block Trade Minimum Threshold	10 contracts
Termination of Trading	Last business day of the underlying contract month

1 North End Avenue New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

TRADING AND CLEARING HOURS

CME Globex and CME ClearPort	Sunday - Friday 6:00 p.m. - 5:00 p.m. (5:00 p.m. - 4:00 p.m. Chicago Time/CT) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT)
NYMEX trading floor	Monday - Friday 9:00 a.m. - 2:30 p.m. (8:00 a.m. to 1:30 p.m. CT)

Exchange Fees	Member Day	Member	Cross-Division	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	$0.45	$0.70	$0.95	$1.45	$0.95
Open Outcry	$0.45	$0.70	$0.95	$1.45	
Block		$0.70		$1.45	
EFR/EOO		$0.70		$1.45	

Processing Fees	Member	Non-Member
Cash Settlement	$0.90	$1.15
Other Fees		
Facilitation Fee	$0.40	
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 new option contract 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 new contract. These 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 Appendix B, attached under separate cover.

NYMEX is also notifying the CFTC that it is self-certifying block trading on the Contract with a minimum block threshold level of ten (10) contracts. This block level aligns with the Exchange's other ULSD contracts.

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

<u>Compliance with Rules</u>: Trading in the Contract 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 Contract 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.

<u>Contracts Not Readily Subject to Manipulation</u>: The Contract is not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying cash and futures market and the settlement index. Pursuant to the Exchange's obligations under this core principle, the final settlement indices are published by S&P Global Platts and sub-licensed to the Exchange. The indices are based on the volume weighted-average price of transactions done during the entire trading day.

<u>Prevention of Market Disruption:</u> Trading in the Contract 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 futures contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

<u>Position Limitations or Accountability</u>: The Exchange has a detailed calculation methodology for the position limits in the Contract.

<u>Availability of General Information</u>: The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contract.

<u>Daily Publication of Trading Information</u>: The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.

<u>Execution of Transactions</u>: The Contract will be listed for trading on the CME Globex electronic trading platform and New York Trading Floor, and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers.

<u>Trade Information</u>: All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

<u>Financial Integrity of Contracts</u>: The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the Commodity Futures Trading Commission and subject to all CFTC regulations related thereto.

<u>Protection of Market Participants</u>: CME Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.

<u>Disciplinary Procedures</u>: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in this contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.

<u>Dispute Resolution</u>: Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the listing of the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contract.

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

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

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: NYMEX Rulebook Chapter
Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Appendix C: NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges")
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

APPENDIX A

NYMEX Rulebook

Chapter 535
Gulf Coast ULSD (S&P Global Platts) Average Price Option

535100. SCOPE of CHAPTER

This chapter is limited in application to put and call options on Gulf Coast ULSD (Platts) Futures (LY) contract. In addition to the rules of this chapter, transactions in options on Gulf Coast ULSD (Platts) Futures shall be subject to the general rules of the Exchange insofar as applicable.

535101. OPTION CHARACTERISTICS

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

535101.A. Trading Schedule

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

535101.B. Trading Unit

A Gulf Coast ULSD (S&P Global Platts) Average Price Option is a cash-settled option. On expiration of a call option, the value will be the difference between settlement price of the underlying Gulf Coast ULSD (Platts) Futures and the strike price multiplied by 42,000 gallons, or zero whichever is greater. On expiration of a put option, the difference between settlement price of the underlying Gulf Coast ULSD (Platts) Futures and the strike price multiplied by 42,000 gallons, or zero whichever is greater.

535101.C. Price Increments

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon.

535101.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.

535101.E. Termination of Trading

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

535101.F. Type Option

The option is a European-style option which can be exercised on the expiration day.

535102. 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 Gulf Coast ULSD (Platts) Futures contract in the corresponding delivery month rounded off to the nearest one-tenth cent increment strike price unless such settlement price is precisely midway between two one-tenth increment strike prices, in which case it shall be rounded off to the lower one-tenth increment strike price and (ii) the strike price which is ten one-tenth cent increments higher than the strike price described in subsection (A)(i) of this rule, and (iii) the strike prices which are ten one-cent increment lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, new consecutive one-tenth cent increment strike prices for both puts and calls will be added such that at all times there will be at least one one-tenth 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 the contract 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 the contract in which no new strike prices may be introduced.

535103. DISCLAIMER

NEITHER THE NEW YORK MERCANTILE EXCHANGE, INC. NOR S&P GLOBAL PLATTS, A DIVISION OF THE S&P GLOBAL, INC. ("PLATTS") GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE INDEX NOR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND S&P GLOBAL PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE INDEX, TRADING BASED ON THE INDEX, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACTS, OR, FOR ANY OTHER USE. NYMEX AND S&P GLOBAL PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR S&P GLOBAL PLATTS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

APPENDIX B

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

(attached under separate cover)

APPENDIX C

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

(additions are underscored)

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
Gulf Coast ULSD (S&P Global Platts) Average Price Option	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of $0.0125	20% of premium up to 1/4 of the underlying futures' non-reviewable range with a minimum of 1 tick

APPENDIX D

Cash Market Overview and Analysis of Deliverable Supply

Introduction

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of the financially-settled Gulf Coast ULSD (S&P Global Platts) Average Price Option contract (Rulebook Chapter: 535, commodity code: GUL). Exchange staff conducted a review of the underlying cash market and deliverable supply of Gulf Coast ULSD.

Based on this review, the Exchange has determined to base its analysis of the deliverable supply on production minus net exports of ULSD in the PADD III region. 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 based on the spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of supply and demand. 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 supply readily available for delivery.

Data Source

The Exchange based its analysis of deliverable supply of Gulf Coast ULSD on data provided by the US Department of Energy's Energy Information Administration (EIA). The EIA collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment.
The final settlement price for the Gulf Coast ULSD (S&P Global Platts) Average Price Option is based on the assessment of the underlying ULSD physical market as assessed and published by S&P Global Platts, which is one of the price reporting agencies that are used in the over-the-counter market for pricing contracts.

The S&P Global Platts price assessment for the ULSD USGC prompt pipeline is quoted in U.S. dollars and cents per gallon, with a minimum transaction size of 25,000 barrels (1.05 million gallons). The index is assessed based on ULSD delivery FOB Houston at the Colonial Pipeline terminal at Pasadena, Texas. Shipments on the Colonial Pipeline system are scheduled according to cycles. There are typically six cycles per month, for a total of 72 cycles per year. The cycle schedule is dictated by Colonial Pipeline, and is subject to change during the course of the year.

The Exchange is a party to license agreements with S&P Global Platts to utilize their pricing data.

Cash Market Overview

Ultra-Low Sulfur Diesel (ULSD) is a distillate fuel that has a dual-use as heating oil and as a transportation fuel. As of December 1, 2010, all on-highway diesel fuel consumed in the United States is ULSD as mandated by federal regulations. The Gulf Coast ULSD market in the U.S. is the largest of the physical distillate markets and also where 50% of the refining capacity is located.

There is an active distillate trading center based in Houston, Texas, which is a major hub for storage and pipelines with direct connectivity to the Midwest and the U.S. East Coast markets. The Colonial Pipeline is the main pipeline that connects the Houston refineries to the Eastern U.S. market and serves as the benchmark for refined products.

Weekly production, import, and export data for the PADD III region are provided in Table 1. below. According to the EIA, total ULSD production in PADD III, which is referenced as "Refiner and blender net production" was 2.4 million barrels per day or 72.8 million barrels per month over the 3-year period from January 2013 to December 2015. Over the same period, Gulf Coast ULSD exports averaged 791,000 barrels per day. Import levels from the PADD III region were negligible over the same 3 year period.

Table 1. – PADD III Refinery Production, Imports, and Exports

ULSD (<15 ppm Sulfur), Thousand b/d **(Annual Averages using Weekly Data, except for Exports which use Annual Data)**	**2013**	**2014**	**2015**	**Average**
Refinery and Blender Net Production[1]	2,333	2,415	2,536	2,428
Imports[2]	0	1	0	0
Exports[3]	725	761	888	791
Net Exports (Exports – Imports)	725	760	888	791
Total (Production - Net Exports)	**1,608**	**1,655**	**1,648**	**1,637**

Analysis of Deliverable Supply

In its November 18, 2011, final position limit rulemaking, the Commodity Futures Trading Commission defined 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."[4]

[1] https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WD0TP_R30_2&f=W

[2] https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WD0IM_R30-Z00_2&f=W

[3] https://www.eia.gov/dnav/pet/pet_move_exp_dc_R30-Z00_mbblpd_a.htm

[4] 17 CFR 1,150-51 (2011), http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-28809a.pdf

The Exchange determined that the sum of production of ULSD and net exports of ULSD from PADD III best represents the definition of the supply readily available for delivery. The main source of data for the cash market analysis is the US Energy Information Administration (EIA), which provides detailed data on the key components of deliverable supply. The EIA provides data on a weekly, monthly, and annual basis.

As the final settlement of the option shall be based on the S&P Global Platts price assessment for the ULSD USGC prompt pipeline, with a specification comprised of a maximum sulphur content of 11ppm, the Exchange determined not to discount the PADD III ULSD deliverable supply as reported by the EIA given that the EIA assessment for PADD III ULSD includes ULSD with sulfur content of less than 15ppm. After discussions with refinery customers that produce ULSD, it was explained that refiners produce ULSD at approximately 8ppm maximum sulfur content at the refinery level for sale in the wholesale market in order to be conservatively below the pipeline requirement of 11ppm maximum sulfur content. This is done in order to ensure compliance with the sulfur level at the retail level of 15ppm maximum. The Gulf Coast ULSD refinery production, which is produced at under 8ppm sulfur is recorded in the EIA statistics under the category of ULSD 15ppm maximum.

There are two key components that the Exchange took into account when determining the deliverable supply estimates of the New York Harbor ULSD Futures contract: *refinery production and net exports.*

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 certify recommended 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.

Positions in the Gulf Coast ULSD (S&P Global Platts) Average Price Option contract (contract size: 42,000 gallons) will aggregate into the Exchange's Gulf Coast ULSD (Platts) Futures (commodity code LY). The proposed spot month position limit of the Gulf Coast ULSD (S&P Global Platts) Average Price Option is 1,000 contracts. In the most recent three-year period ending December 2015, the PADD III ULSD deliverable supply equates to 1.6 million barrels per day, which is equivalent to 49.1 million barrels per month based on a 30-day month. Based on the Gulf Coast ULSD deliverable supply of 49.1 million barrels per month, 2 trillion gallon equivalents, or 49,110 contracts, the spot month limit of 1,000 contracts represents 2.0% of the monthly deliverable supply.