

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-128

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

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

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/07/2019 **Filing Description:** Initial Listing of the Singapore Fuel Oil Bunker 380 cst (Argus) Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

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

Rule Numbers:

New Product

Please note only ONE product per Submission.

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

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

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

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

Rule Numbers:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

August 7, 2019

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of the Singapore Fuel Oil Bunker 380 cst (Argus) Futures Contract.
NYMEX Submission No. 19-128**

Dear Mr. Kirkpatrick:

The 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 Singapore Fuel Oil Bunker 380 cst (Argus) Futures Contract (the “Contract”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective Sunday, August 25, 2019 for trade date Monday, August 26, 2019.

Contract Title	Singapore Fuel Oil Bunker 380 cst (Argus) Futures Contract
Commodity Code	ABF
Rulebook Chapter	750
Settlement Method	Financially settled
Contract Size	100 metric tons
Listing Schedule	Monthly contracts listed for 12 consecutive months. List new contract months as the nearby contract month expires.
First Listed Month	September 2019
Minimum Price Fluctuation	\$0.001 U.S dollars per metric ton
Value per Tick	\$0.1
Block Trade Minimum Threshold	5 contracts
Termination of Trading	Trading terminates on the last Singapore business day of the contract month, unless such day is not also an Exchange business day, in which case trading shall terminate on the immediately preceding Exchange business day.
CME Globex Matching 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. (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)
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Exchange Fees:

	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	\$0.80	\$1.00	\$0.90
EFP	\$0.80	\$1.00	
Block	\$0.80	\$1.00	
EFR/EOO	\$0.80	\$1.00	

Processing Fees	Fee
Cash Settlement	\$0.10
Facilitation Fee	\$0.60
Give-Up Surcharge	\$0.05
Position Adjustment/Position 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 futures 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 Exhibit B, attached under separate cover.

In addition, NYMEX is self-certifying block trading on the Contract with a minimum block threshold of five (5) contracts, which represents 500 metric tons of fuel oil bunker.

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:

- **Compliance with Rules:** Trading in the Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in this product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation because of its structural attributes, underlying market and reliance on a well administered index. The Contract final settles against an index based on market assessments published by Argus and sub-licensed to the Exchange.

- **Prevention of Market Disruption:** Trading in the Contract will be subject to Rules of NYMEX, which include prohibitions on manipulation, price distortion and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contract proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission's guidance.
- **Availability of General Information:** The Exchange will publish on its website information regarding the Contract's specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.
- **Daily Publication of Trading Information:** The Exchange will publish the Contract's trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex electronic trading and for clearing through the CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in the product are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to 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 listing the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to 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 e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter
Exhibit B: Position Limit, 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

Exhibit A
NYMEX Rulebook
Chapter 750
Singapore Fuel Oil Bunker 380 cst (Argus) Futures

750101. 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. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

750102. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average all available price assessments published for "Fuel Oil Bunker 380 cst Singapore" by Argus Media during the contract month.

750103. TRADING SPECIFICATIONS

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

750103.A. Trading Schedule

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

750103.B. Trading Unit

The contract quantity shall be one hundred (100) metric tons.

750103.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric. The minimum price fluctuation shall be \$0.001 per metric ton.

750103.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.

750103.E. Termination of Trading

Trading terminates on the last Singapore business day of the contract month, unless such day is not also an Exchange business day, in which case trading shall terminate on the immediate preceding Exchange business day.

750104. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. The final settlement price will be the Floating Price calculated for each contract month.

750105. DISCLAIMER

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

Exhibit B

NYMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Position Limit, Position Accountability, and Reportable Level Table

(Attached under separate cover.)

Exhibit C

NYMEX Rulebook Chapter 5 ("Trading Qualifications and Practices")

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

(Additions are underscored.)

Outright					Spreads	
Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>Singapore Fuel Oil Bunker 380 cst (Argus) Futures</u>	<u>ABF</u>	<u>\$2.00 per metric ton</u>	<u>2000</u>	<u>2000</u>	<u>N/A</u>	<u>N/A</u>

Exhibit D

Cash Market Overview and Analysis of Deliverable Supply

Introduction

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) conducted a review of the underlying cash markets and deliverable supply of fuel oil bunker in Singapore to determine the position limits for the for the Singapore Fuel Oil Fuel Oil Bunker 380 cst (Argus) Futures contract.

Data Source

The Exchange based its analysis of deliverable supply of Singapore fuel oil bunker on data provided by the Maritime and Port Authority of Singapore (MPA).

Maritime and Port Authority of Singapore (MPA)

MPA was established on 2 February 1996, with the mission to develop Singapore as a premier global hub port and international maritime centre (IMC), and to advance and safeguard Singapore's strategic maritime interests. MPA is responsible for the overall development and growth of the port of Singapore. MPA partners the industry and other agencies to enhance safety, security and environmental protection in our port waters, facilitate port operations and growth, expand the cluster of maritime ancillary services, and promote maritime R&D and manpower development.

The final settlement prices for Singapore Fuel Oil Bunker Fuel Oil 380 cst (Argus) Futures is based on the price assessment of the respective underlying physical market as assessed and published by Argus Media (Argus). Argus is a leading global provider of energy, petrochemicals, metals and agriculture information, and a premier source of benchmark price assessments for those commodity markets. Argus' assessment methodologies for the Fuel Oil Bunker 380 cst Singapore¹ is available on its website.

CME Group Inc. (parent company of NYMEX) is a party to license agreements with Argus to utilize its pricing data.

¹ <https://www.argusmedia.com/-/media/Files/methodology/argus-marine-fuels.ashx>

Cash Market Overview
Singapore Fuel Oil Bunker Market

Bunker fuel, or marine fuel oil, refers to any fuel that is used aboard vessels to power its engine. There is a range of different specifications of bunker fuel oil but can be broadly grouped under two categories – distillate bunker oil and residual bunker oil. The most widely used type is the residual bunker oil accounting for about 75% of total bunker sales.

The quality of bunker fuels being supplied into the market looks set to changing with effect from January 2020 following the International Maritime Organisation ruling in 2016 stating that the sulphur content should be 0.5%. However, it is not clear what proportion of the market will become 0.5% versus the existing 3.5% as shipping firms can use scrubbing technology which reduces the emissions from a ship's exhaust. The extent to which 3.5% sulphur bunker fuel is consumed (with a scrubber) will depend on the spread between the two quality fuels. The cash market will continue to reflect the most prominent grade and further clarity on this will only emerge throughout 2020.

Singapore is the world largest bunkering port by volume, with 50 million tonnes of bunker sales per year. Bunkering is an important industry for Singapore and is well regulated by MPA. According to MPA, there are about 50 licensed bunker suppliers making the market very competitive. The port can handle up to 1,000 vessels at a time. Annually, more than 130,000 ships bunker in Singapore.

MPA publishes bunker sales data for Singapore. Annual bunker sales data is available from 2008, while monthly data is published for the current year and the previous year. Table 1 below contains selected annual and monthly bunker sales volume of marine fuel oil 380 cst by MPA for the most recent 3 years (2016 – April 2019). For the last 3 full-year period from 2016 to 2018, the average annual sales volume of fuel oil bunker 380 cst grade was 36,548.3 thousand metric tons. This equates to 3,045.7 thousand metric tons per month.

Table 1. Selected MFO 380 cst Bunker Sales in the Singapore Port²

Units: Thousand Metric Tons

Source: MPA

	MFO 380 cst bunker fuel
2016	36,107.9
2017	37,814.1
Jan-18	3,369.9
Feb-18	2,916.0
Mar-18	3,103.2
Apr-18	3,023.1
May-18	2,948.0
Jun-18	2,795.7
Jul-18	2,918.0
Aug-18	2,816.5
Sep-18	2,981.4
Oct-18	2,992.4
Nov-18	2,786.2
Dec-18	3,072.4
2018	35,722.8

² https://www.mpa.gov.sg/web/wcm/connect/www/8dbd15fc-c803-48f8-bf7c-553f83a3fc23/bunker-sales.xls?MOD=AJPERES&CONVERT_TO=url&CACHEID=8dbd15fc-c803-48f8-bf7c-553f83a3fc23

Jan-19	2,971.3
Feb-19	2,707.0
Mar-19	2,953.0
2016-2018 Annual Avg	36,548.3

Analysis of Deliverable Supply

Appendix C to part 38 of the Commission's regulations defines deliverable supply as "the quantity of the commodity meeting the 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."³

Argus assessment of "fuel oil bunker 380 cst Singapore" represents the value of 380 cst viscosity grade of fuel oil bunker delivered to vessels in Singapore. In our analysis of deliverable supply, the Exchange has determined deliverable supply as bunker fuel oil 380 cst supply in Singapore, as determined by the Port Authority data. Based on the port data, the deliverable supply of bunker fuel oil 380 cst in Singapore was 36.54 million tons per year or 3,045 tons per month, or 30,450 contract equivalents (contract size 100 mt). Therefore, a spot month limit of 3,000 contracts represents 9.8% of the monthly deliverable supply.

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