

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-161 (1 of 2)

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): 07/11/18 **Filing Description:** Initial Listing of Two (2) Financially-Settled Propane Spread Futures Contracts

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:

July 11, 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, D.C. 20581

Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of Two (2) Financially-Settled Propane Spread Futures Contracts. NYMEX Submission No. 18-161 (1 of 2)

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 two (2) financially-settled propane spread futures contracts (the “Contracts”) for trading on the CME Globex electronic platform and for submission for clearing via CME ClearPort effective on Sunday, July 29, 2018 for trade date Monday, July 30, 2018 as set forth below.

Contract Title	Mont Belvieu LDH Propane (OPIS) vs. Argus Propane Far East Index Futures	Mont Belvieu Non-LDH Propane (OPIS) vs. Argus Propane Far East Index Futures
Rulebook Chapter	362	363
Commodity Code	PMF	PNF
Listing Schedule	Monthly contracts listed for 48 consecutive months	Monthly contracts listed for 48 consecutive months
Contract Size	1,000 Metric Tons	1,000 Metric Tons
Settlement Method	Financial	Financial
Minimum Price Fluctuation	0.001	0.001
Value per Tick	\$1.00	\$1.00
First Listed Contract	August 2018	August 2018
CME Globex Match Algorithm	First-In, First-Out (FIFO)	First-In, First-Out (FIFO)

Block Trade Minimum Threshold	2 contracts	2 contracts
Termination of Trading	Trading shall cease on the last business day of the contract month	Trading shall cease on the last business day of the contract month

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. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)
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Exchange Fees

Exchange Fees	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	\$7.00	\$9.00	\$8.00
EFP	\$7.00	\$9.00	
Block	\$7.00	\$9.00	
EFR/EOO	\$7.00	\$9.00	

Processing Fees	Member	Non-Member
Cash Settlement	\$1.00	\$1.00
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 Limits, 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

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relation to the listing of the new Contracts. 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 Contracts. Please see Exhibit B, attached under separate cover.

NYMEX is also notifying the CFTC that it is self-certifying block trading on the Contracts with a minimum block threshold level of two (2) contracts. These block levels align with the Exchange's other and similar spread 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 Contracts may have some bearing on the following Core Principles:

Compliance with Rules: Trading in the Contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these Contracts will be subject to the full panoply 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 the new products 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 Contracts are 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 Argus Media, and Oil Price Information Service (OPIS) an IHS Markit company and sub-licensed to the Exchange.

Prevention of Market Disruption: Trading in the Contracts will be subject to Rulebook Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive 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 Contracts' specifications on its website, together with daily trading volume, open interest and price information.

Daily Publication of Trading Information: The Exchange will publish information on the Contracts' specifications on its website, together with daily trading volume, open interest and price information.

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 required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the CME Clearing House, which is a registered Derivatives Clearing Organization (DCO) with the Commission, and is subject to all Commission 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 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 the Contracts 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 of the Contracts complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contracts.

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: Exhibit A: NYMEX Rulebook Chapters 362, 363
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

Chapter 362

Mont Belvieu LDH Propane (OPIS) vs. Argus Propane Far East Index Futures

362100. SCOPE OF CHAPTER

The provisions of these Rules shall apply to all futures 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.

362101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the OPIS Mt. Belvieu Propane (LDH) minus the arithmetic average of the high and low quotations from Argus Media for the Far East Index for each business day that it is determined during the contract month (using Non-common pricing).

For purposes of determining the Floating Price, the OPIS Mt. Belvieu Propane (LDH) price will be converted each day to U.S. dollars and cents per metric ton, rounded to the nearest cent. The conversion factor will be 521 gallons per metric ton.

362102. TRADING SPECIFICATIONS

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

362102.A. Trading Schedule

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

362102.B. Trading Unit

The contract quantity shall be one thousand (1,000) metric tons.

362102.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.

362102.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.

362102.E. Termination of Trading

Trading terminates on the last business day of the contract month.

362103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement following the termination of trading for a contract month will be based on the Floating Price.

362104. DISCLAIMER

Each of OPIS and Argus Media ("Argus") licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS and Argus price assessments in connection with the trading of the contract.

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NEITHER NYMEX AND ITS AFFILIATES NOR OPIS OR ARGUS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

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Chapter 363

Mont Belvieu Non-LDH Propane (OPIS) vs. Argus Propane Far East Index Futures

363100. SCOPE OF CHAPTER

The provisions of these Rules shall apply to all futures 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.

363101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the OPIS Mt. Belvieu Propane (Non-LDH) minus arithmetic average of the high and low quotations from Argus Media for the Far East Index for each business day that it is determined during the contract month (using Non-common pricing).

For purposes of determining the Floating Price, the OPIS Mt. Belvieu Propane (Non-LDH) price will be converted each day to U.S. dollars and cents per metric ton, rounded to the nearest cent. The conversion factor will be 521 gallons per metric ton.

363102. TRADING SPECIFICATIONS

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

363102.A. Trading Schedule

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

363102.B. Trading Unit

The contract quantity shall be one thousand (1,000) metric tons.

363102.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.

363102.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.

363102.E. Termination of Trading

Trading terminates on the last business day of the contract month.

363103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement following the termination of trading for a contract month will be based on the Floating Price.

363104. DISCLAIMER

Each of OPIS and Argus Media ("Argus") licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS and Argus price assessments in connection with the trading of the contract.

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Exhibit B

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

(attached under separate cover)

Exhibit C
NYMEX Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
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>Mont Belvieu LDH Propane (OPIS) vs. Argus Propane Far East Index Futures</u>	<u>PMF</u>	<u>\$2.00 per metric ton</u>	<u>200</u>	<u>200</u>	<u>N/A</u>	<u>N/A</u>
<u>Mont Belvieu Non-LDH Propane (OPIS) vs. Argus Propane Far East Index Futures</u>	<u>PNF</u>	<u>\$2.00 per metric ton</u>	<u>200</u>	<u>200</u>	<u>N/A</u>	<u>N/A</u>

Exhibit D

CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is self-certifying the listing of two (2) financially settled propane spread futures contracts (the “Contracts”). Exchange staff 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 readily available for delivery.

Listed in the table below, the *Mont Belvieu LDH Propane (OPIS) vs. Argus Propane Far East Index Futures* contract is based on the differential between the *Mont Belvieu LDH Propane (OPIS) Futures* contract and the *Argus Propane Far East Index Futures* contract; and the *Mont Belvieu Non-LDH Propane (OPIS) vs. Argus Propane Far East Index Futures* contract is based on the differential between the *Mont Belvieu Non-LDH Propane (OPIS) Futures* contract and the *Argus Propane Far East Index Futures* contract. The Contracts will be listed for trading on CME Globex, and for submission for clearing through CME ClearPort.

Contract Title	Commodity Code	Rulebook Chapter
Mont Belvieu LDH Propane (OPIS) vs. Argus Propane Far East Index Futures	PMF	362
Mont Belvieu Non-LDH Propane (OPIS) vs. Argus Propane Far East Index Futures	PNF	363

METHODOLOGY & DATA SOURCES

For the Mont Belvieu (TX) leg of the spread futures contract the Exchange considered two components in evaluating deliverable supply:

- A. Natural gas plant processing and refinery/blender production data;
- B. Stock data;

The Exchange determined to use data collected by the U.S. Department of Energy’s Energy Information Administration (EIA) for its analysis and evaluation of deliverable supply estimates for natural gas liquids (NGLs) in Mont Belvieu (TX). EIA publishes monthly and annual statistics on NGLs on a regional basis, and in determining deliverable supply, the Exchange used production data for Texas (Inland and Gulf Coast regions) and stock data from the Petroleum Administration Defense District (PADD 3) region because of the extensive pipeline connectivity to production facilities from those regions to the Mont Belvieu (TX) hub.

Supply data is based on two main production processes: natural gas plant processing and petroleum refining production. Further, EIA breaks down production data by PADD region and by sub-regions. Production data reflects natural gas plant production plus refinery/blender production data in the sub-regions “Texas Gulf Coast” and “Texas Inland”.

For the Argus Far East Index leg of the spread futures contract the Exchange referenced the United Nations Commodity Trade Statistics database (UN Comtrade). UN Comtrade is a repository of official trade statistics reported by statistical authorities of close to 200 countries or areas. The database

provides free access to detailed global trade data. It contains annual trade statistics starting from 1962 and monthly trade statistics since 2010.

PRICE SOURCES¹

Argus

Argus Media (Argus) is a price reporting service utilized for one leg of the final settlement for the new spread futures contracts. Argus uses a market appropriate methodology to assess prices in the markets it covers. Argus consults with the range of participants involved in different markets and publishes methodologies for each price report on its website.² Each methodology is reviewed regularly to ensure that it always meets the needs of market participants and is in line with industry practice. Argus seeks to reflect the way markets are traded, rather than impose its own view.

OPIS

Oil Price Information Service (OPIS) by IHS Markit, is a price reporting service for the downstream refined products marketplace. OPIS data is collected by editors via telephone calls, e-mails, instant messaging and electronic transfer of back office deal sheets, and will be utilized for one leg of the final settlement for the new spread futures contracts. Market data is provided to OPIS Editors on the day the market is assessed or it will not be considered in the daily assessment. OPIS spot market coverage adheres closely to the IOSCO Principles for Oil Price Reporting Agencies.³

LOCATIONS

Far East Index

Japan, Korea and China are the most significant Asian importers of propane. Argus assesses its Far East Index, which is the underlying settlement basis for the Argus Propane Far East Index Futures contract, based on import data from these countries. We have focused exclusively on import/export data for Japan, Korea and China given their dominance in the Argus assessment.

Mont Belvieu, Texas

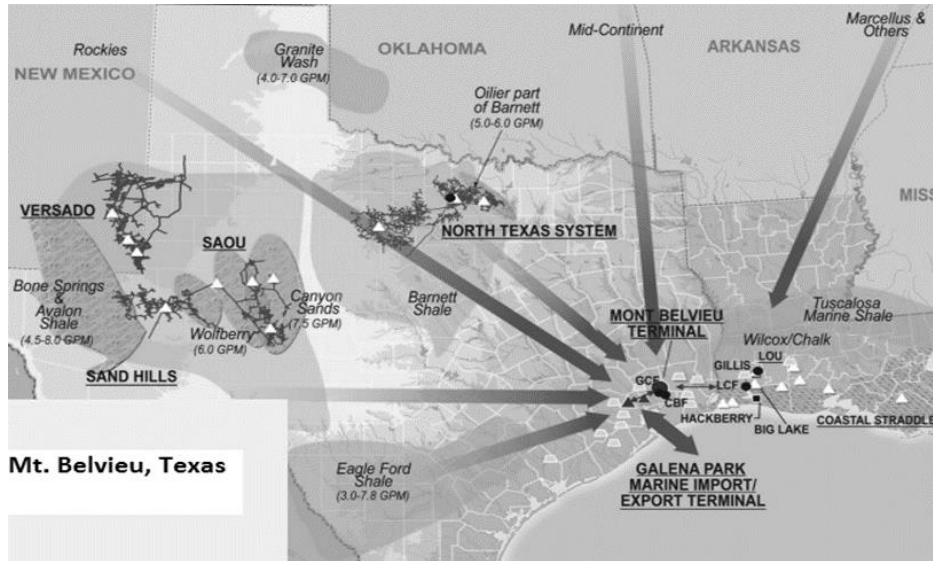
Mont Belvieu (TX) is the largest storage area for NGLs in the world, with storage capacity of more than 100 million barrels. The site is 30 miles east of Houston and above one of the world's largest salt dome formations.⁴ NGLs stored in underground salt caverns are directly linked to interstate pipelines, and are connected to primary production areas in the Gulf Coast. In addition, the interstate pipelines also provide connectivity to the large demand areas in the South, Northeast and Midwest markets. Mont Belvieu (TX) is utilized as the price reference point for NGL markets in North America. Roughly 70,000 miles of pipelines are committed to the movement of NGLs in the US market. In addition to pipeline delivery, NGLs are also transported via rail cars, highway transports, delivery trucks, barges, and ocean tankers propane index.

¹ The Exchange has license agreements with OPIS and Argus.

² <http://www.argusmedia.com/methodology-and-reference/#asiaproducts>

³ <https://www.opisnet.com/about/methodology/>

⁴ <http://www.ogj.com/articles/print/volume-112/issue-6/special-report-worldwide-gas-processing/what-s-at-mont-belvieu.html>



US PROPANE MARKET

Primarily used for home heating and as feedstock for the chemical market, propane demand comprises about 40% of the NGL market. Much of this product physically moves through the US Gulf Coast because of the proximity to major chemical/refinery complexes, liquids pipeline and storage hub, and major energy shipping ports. The Southwest US and Gulf of Mexico is a major North American natural gas producing region.

Propane is the largest and most liquidly traded market of the natural gas liquids. Most liquidity is due to physical and financial contracts tied to the TET pipeline. The TET pipeline is the largest single propane pipeline in the world and directly impacts propane pricing for the Southwest, Southeast, Ohio Valley, and Northeastern United States.

Production

According to the EIA, total propane production, which includes both “natural gas plant” and “refinery and blender” net production, averaged 575,333 barrels per day or 17.3 million barrels per month over the three-year period, 2015-2017.

Table 1. Propane Production⁵

Units: Barrels per day (B/D)

Propane Production (B/D)	2015	2016	2017	Average
Texas Inland				
Natural Gas Plant	426,000	419,000	439,000	428,000
Refinery and Blender	8,000	10,000	10,000	9,333
Texas Gulf Coast				
Natural Gas Plant	69,000	55,000	51,000	58,333

⁵ Propane Production, https://www.eia.gov/dnav/pet/pet_pnp_gp_a_EPLLPA_FPF_mbbldpd_a.htm, https://www.eia.gov/dnav/pet/pet_pnp_refp_dc_r3a_mbbldpd_a.htm, and https://www.eia.gov/dnav/pet/pet_pnp_refp_dc_r3b_mbbldpd_a.htm.

Refinery and Blender	80,000	81,000	78,000	79,667
Total	583,000	565,000	578,000	575,333

Stocks

Illustrated in Table 3 below are the storage capacities of the 3 main operators in Mont Belvieu (TX). Storage capacity accounts for approximately 72% of NGL storage in PADD 3, or 243.0 million of the total 334.1 million barrels. Table 2 below provides the annual averages of monthly EIA stock data for PADD 3. Propane averaged 50.5 million barrels over the three-year period, 2015-2017.

According to market participants, the Mont Belvieu (TX) storage hub accounts for more than 50% of total inventories reported in EIA's PADD 3 region. The Exchange will utilize 30% of the PADD 3 inventories as part of the estimate of deliverable supply for propane for the three-year period, 2015-2017. Subsequently, after calculating 30% of PADD 3 stocks, the storage component for propane is 15.1 million barrels. To be conservative, the Exchange has applied a 10% reduction to account for any potential operational minimum levels of storage, and a further 10% reduction for any potential impacts from long-term contracts, although no such impacts were observed.

Table 2. PADD 3 NGL Stocks⁶

Units: Thousand barrels per day (B/D)

NGL Stocks (thousand barrels)	2015	2016	2017	Average	-70%	-10%	-10%
Propane	61,178	53,008	37,561	50,582	15,174	13,657	12,291

Table 3. Mont Belvieu (TX) Storage Capacity⁷

NGL Storage Capacity	Millions of Barrels
Enterprise Product Partners	145.2
Targa Resources LP	47.6
Lone Star NGL	50.0
Total Storage Capacity	243.0

ASIAN PROPANE MARKET

NGLs are generally known as Liquefied Petroleum Gas (LPG) outside the US market. LPG refers to propane, butane, ethane, ethylene, propylene, butylene, isobutene and isobutylene. In terms of import and export data, only propane and butane trade in significant quantity. LPG is typically shipped in

⁶ Propane Stock Data, https://www.eia.gov/dnav/pet/pet_stoc_typ_c_r30_EPLLPZ_mbbi_m.htm

⁷ Mont Belvieu Storage Capacity, <http://www.enterpriseproducts.com/operations/ngl-pipelines-services/ngl-storage>, <http://www.targaresources.com/operations/logistics-marketing/storage-terminaling/ngl-storage-facilities>, and http://www.energytransfer.com/ops_ngl_ts.aspx,

liquefied form in specially designed vessels that carry up to 22,000 metric tons. Shipments are either 100% propane, 100% butane, or mixed with propane and butane in separate compartments.

Arab Gulf nations including U.A.E., Saudi Arabia, Kuwait and Qatar are primary suppliers to major importers such as China, Japan and Korea. In the recent years, US exports to Asia have also increased significantly.

UN Comtrade publishes Chinese, Japanese and Korean import data for propane. The Exchange includes South Korea in the deliverable supply due to the ease by which cargoes destined for Japan and or South Korea can be re-routed. The South Korea/Japan market is considered a single import location due to their proximity. The data is current through 2016 for China and Korea, and through 2017 for Japan (see Table 4). Together the average total annual import of propane for the most recent three-year period, 2014-2016, is 20.6 million metric tons. We have excluded data for 2017 due to only a small selection of data being made available.

Table 4. Selected Asian Imports of LPG (source: UN Comtrade)⁸

Units: Metric Tons

Propane Imports	2014	2015	2016	2017	2014 – 2016 Average
China	4,716,262	8,549,150	11,601,713	N/A	8,289,042
Japan	9,180,028	8,944,812	8,885,813	10,131,760	9,003,551
Korea	2,609,599	2,943,913	4,562,362	N/A	3,371,958
Total	16,505,889	20,437,875	25,049,888	N/A	20,664,551

ANALYSIS OF DELIVERABLE SUPPLY

For the leg of the spread based on the *Mont Belvieu Non-LDH Propane (OPIS) Futures* contract, the Exchange based its estimate of deliverable supply on the sum of Texas Inland and Texas Gulf Coast production, plus 30% of stocks in PADD 3. As explained above, the sum of production is approximately 575,333 barrels per day, which is equivalent to 17.3 million barrels per month, or 17,260 contract equivalents (contract size: 1,000 bbls). In addition, the storage component for propane is 12.2 million barrels. Therefore, the total deliverable supply for propane is 29.5 million barrels per month, which is equivalent to 29,500 contracts. Consequently, the proposed spot month limit of 3,000 contracts represents 10.2% of the monthly deliverable supply.

For the leg of the spread based on the *Mont Belvieu LDH Propane (OPIS) Futures* contract, the Exchange based its estimate of deliverable supply on the sum of Texas Inland and Texas Gulf Coast production, plus 30% of stocks in PADD 3. As explained above, the sum of production is approximately 575,333 barrels per day, which is equivalent to 17.3 million barrels per month, or 17,260 contract equivalents (contract size: 1,000 bbls). In addition, the storage component for propane is 12.2 million barrels. Therefore, the total deliverable supply for propane is 29.5 million barrels per month, which is equivalent to 29,500 contracts. Consequently, the proposed spot month limit of 3,000 contracts represents 10.2% of the monthly deliverable supply.

Further, for the leg of the spread based on the *Argus Propane Far East Index Futures* contract, the Exchange will aggregate the spot month limit with the underlying contract's position limit of 400 contracts

⁸ <https://comtrade.un.org/data>

(contract size of 1,000 metric tons). Based on the UN Comtrade data (Table 4 above), the deliverable supply of propane is 20,664,551 metric tons per year. This equates to 1,722,046 metric tons per calendar month, or 1,722 contract equivalents. Consequently, the proposed spot limit of 400 contracts represents 23.2% of the monthly deliverable supply.