

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-200 (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): 07/13/2018 **Filing Description:** Initial Listing of Two (2) Asian Propane vs. Naphtha 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 13, 2018

VIA ELECTRONIC PORETAL

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 Two (2) Asian Propane vs. Naphtha Spread Futures Contracts. NYMEX Submission No. 18-200 (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) Asian Propane vs. Naphtha spread futures contracts (the “Contracts”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort, effective on Sunday, July 29, 2018 for trade date Monday, July 30, 2018 as noted in the table below.

Contract Title	Argus Propane Far East Index vs. Japan C&F Naphtha (Platts) Futures	Argus Propane Far East Index vs. Japan C&F Naphtha (Platts) BALMO Futures
Commodity Code	3NA	3NB
Rulebook Chapter	1291	1292
Settlement Method	Financially settled	Financially settled
Contract Size	1,000 metric tons	1,000 metric tons
Listing Schedule	Monthly contracts listed for the current year and the next two (2) years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.	Monthly contracts listed for three (3) consecutive months.
First Listed Month	August 2018	August 2018
Minimum Price Fluctuation	\$0.001 per metric ton	\$0.001 per metric ton
Value per Tick	\$1.000	\$1.000
Block Trade Minimum Threshold	2 contracts	2 contracts
Termination of Trading	Trading terminates on the last business day of the contract month	Trading terminates on the last business day of the contract month
CME Globex Matching Algorithm	First in First Out (FIFO)	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. Central 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	\$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 Processing Fees	Fee
Facilitation Fee	\$0.60
Give-Up Surcharge	\$0.05
Position Adjustments/Position Transfers	\$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 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 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.

Pursuant to Commission Regulation 40.6(a), NYMEX is also self-certifying block trading on the Contracts with a minimum block threshold level of two (2) contracts, which represents 2,000 metric tons of propane and naphtha. The block level threshold aligns with the Exchange’s Asian propane futures 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:

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 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 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 index is based on market assessments published by Argus and S&P Global Platts ("Platts"), and sub-licensed to the Exchange.

Prevention of Market Disruption: Trading in the Contracts will be subject to Rulebook Chapter 4, 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 Contracts 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.

Emergency Authority: As with all CME Group futures and options products, the Exchange shall have full authority to act appropriately and as necessary in emergency situations.

Availability of General Information: 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 Contracts.

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 electronic 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 Contracts: The Contracts 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.

Protection of Market Participants: 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 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 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 e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapters
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 1291

Argus Propane Far East Index vs. Japan C&F Naphtha (Platts) Futures

1291100. 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.

1291101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Argus Media for Propane Far East Index minus the arithmetic average of the high and low quotations from Platts Asia Pacific/Arab Gulf Marketscan for Naphtha under the heading "C&F Japan" for each business day that it is determined during the contract month.

The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated by 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.

1291102. TRADING SPECIFICATIONS

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

1291102.A. Trading Schedule

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

1291102.B. Trading Unit

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

1291102.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.

1291102.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.

1291102.E. Termination of Trading

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

1291103. 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.

1291104. DISCLAIMER

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Chapter 1292

Argus Propane Far East Index vs. Japan C&F Naphtha (Platts) BALMO Futures

1292100. 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.

1292101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month average of the mid-point of the high and low quotations from the Argus Media for Propane Far East Index minus the balance-of-month arithmetic average of the high and low quotations from Platts Asia Pacific/Arab Gulf Marketscan for Naphtha under the heading "C&F Japan" from the selected start date through the end of the contract month, inclusively.

The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the balance-of-month average for each component leg of the spread shall be calculated by using all trading days in the pricing period for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1292102. TRADING SPECIFICATIONS

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

1292102.A. Trading Schedule

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

1292102.B. Trading Unit

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

1292102.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.

1292102.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.

1292102.E. Termination of Trading

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

1292103. 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.

1292104. DISCLAIMER

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

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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")**

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

Instrument Name	Globex Symbol	Globex Non-Reviewable Range (NRR)	NRR: Globex Format	NRR: Ticks
<u>Argus Propane Far East Index vs. Japan C&F Naphtha (Platts) Futures</u>	<u>3NA</u>	<u>\$2.00 per metric ton</u>	<u>2000</u>	<u>2000</u>
<u>Argus Propane Far East Index vs. Japan C&F Naphtha (Platts) BALMO Futures</u>	<u>3NB</u>	<u>\$2.00 per metric ton</u>	<u>2000</u>	<u>2000</u>

Exhibit D **Cash Market Overview and Analysis of Deliverable Supply**

Introduction

Exchange staff conducted a review of the underlying cash markets and deliverable supply of Propane delivered in China, Japan and Korea, as well as Naphtha delivered in Japan and Korea to determine the position limits for the two (2) new Far East Index Propane vs. Japan C&F Naphtha Futures.

Data Sources

The Exchange based its analysis of deliverable supply on data provided by the United Nations Commodity Trade Statistics Database and Joint Oil Data Initiative (“JODI”)¹.

United Nations Commodity Trade Statistics database (“UN Comtrade”)

UN Comtrade² 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.

JODI

The Joint Oil Data Initiative (JODI), which was launched in April 2001 by six international organizations (Asia Pacific Economic Cooperation (APEC), Statistical Office of the European Communities (Eurostat), International Energy Agency (IEA), Latin American Energy Organization (OLADE), Organization of the Petroleum Exporting Countries (OPEC), United Nations Statistics Division (UNSD)), provides a reliable, freely accessible and comprehensive database of energy statistics. JODI’s data is dependent upon what each country reports and in what timeframe. Participating countries complete a standard data table in JODI-Oil Questionnaire and/or JODI-Gas Questionnaire every month for the two most recent months (M-1 and M-2) and submit it to the JODI partner organization(s) of which it is a member. The respective organization compiles the data and forwards it to the IEF which is responsible for the JODI World Databases.

The final settlement price of the Propane leg of the proposed new contracts is based on cash prices published by Argus Media. The final settlement price of the Naphtha leg of the proposed new contracts is based on cash prices published by Platts.

Argus

Argus is an independent media organization. Its main activities comprise publishing market reports containing price assessments, market commentary and news, and business intelligence reports that analyze market and industry trends. Argus is a leading provider of data on prices and fundamentals, news, analysis, consultancy services and conferences for the global crude, oil products, LPG, natural gas, electricity, coal, emissions, bioenergy, fertilizer, petrochemical, metals and transportation industries. Data provided by Argus are widely used for indexation of physical trade. Argus’ assessment methodologies for the Far East Index propane³ is available on Argus’ website⁴. CME is a party to license agreements with Argus to utilize their pricing data.

Platts

Platts, a division of S&P Global (“Platts”), is a leading global provider of energy, petrochemicals, metals and agriculture information, and a premier source of benchmark price assessments for those commodity markets. Since 1909, Platts has provided information and insights that help customers make sound trading and business decisions and enable the markets to perform with greater transparency and efficiency. CME

¹ <https://www.jodidata.org/about-jodi/jodi-world-databases.aspx>

² <https://comtrade.un.org/>

³ <https://www.argusmedia.com/-/media/Files/methodology/argus-international-lpg-methodology.ashx>

⁴ Argus IOSCO PRA Principles compliance

<https://www.argusmedia.com/en/press-releases/2017/argus-completes-sixth-assurance-review>

is a party to license agreements with Platts to utilize their pricing data. Platts' assessment methodologies for the Naphtha C+F Japan Cargo⁵ is available on Platts' website⁶. CME is a party to license agreements with Platts to utilize their pricing data.

Cash Market Overview

Liquefied Petroleum Gas (“LPG”) Market

Propane and Butane are two similar gases used for heating and other fuel applications as such feedstock for petrochemical production. Butane burns more cleanly and provides more energy, whilst propane is more appropriate in applications where temperatures may drop below freezing. Propane and butane are typically referred to together as liquefied petroleum gas (LPG) in Europe and Asia, and as natural gas liquids (NGLs) in the United States.

LPG is typically shipped in liquefied form in specially designed vessels that carry up to 22,000 metric tons. Each shipment will be either 100% propane, 100% butane, or mixed of propane and butane in separate compartments.

Arab Gulf nations including, for example, U.A.E., Saudi Arabia, Kuwait and Qatar are the main suppliers to Asia major importers like China, Japan and Korea. In the recent years, U.S. exports to Asia have also increased significantly as a consequence of growing domestic production of shale oil/gas.

UN Comtrade publishes China, Japan and Korea imports data of propane. The data are available through year 2016 for China and Korea imports. For Japan, the imports data were available through year 2017 (see Table 1). Together the average total annual import of propane for the most recent common three years (2014-2016), the three-year period of which data for all three countries are available, were 20,664,550 metric tons. We have excluded the data for 2017 due to only a small selection of data being made available.

Table 1. Selected China, Japan, and Korea Imports of Propane

Units: Metric Tons

Source: UN Comtrade⁷

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

Naphtha Market

Naphtha is an essential feedstock for the petrochemical industry, where it is used for producing olefins in steam crackers. Naphtha is also used as a feedstock for upgrading into gasoline via the catalytic reforming process. It is also used in the chemical industry for solvent (cleaning) applications. Naphtha is an oil refined product created from the crude distillation process.

In Asia, naphtha is typically shipped in 55,000 metric ton (Long Range 1 or LR1) and 75,000 metric ton (Long Range 2 or LR2) vessels. The most common shipping routes are from the Middle East to the refining

⁵ <https://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Asia-refined-oil-products-methodology.pdf>

⁶ Platts IOSCO PRA Principles compliance
<https://www.platts.com/regulatory-engagement>

⁷ <https://comtrade.un.org/data>

and petrochemical hubs of Japan and Singapore. South Korea is another major naphtha market in the region with about 24 million tons of imports per year.

Japan is the main pricing point for naphtha and one of the world's largest naphtha import locations. The Japanese naphtha import market is highly diverse and is actively traded by refiners, traders, importers, and smaller distributors.

The traditional importance of the Japanese import market to the Asian naphtha trade ensures that the price of C&F Japan (naphtha imported into Japan) is the primary reference point or benchmark for naphtha across Asia. Most physical naphtha trades are priced directly as a differential to prices in Japan or else are linked to prices in Japan through the form of freight netback, where the price in Japan is adjusted by the cost of shipping between Japan and the respective location.

JODI publishes monthly imports of naphtha by each country. Japan and Korea imports of naphtha data are available through December 2017 (see Table 2). the average total monthly imports of naphtha for the most recent three years (2015-2017) were 3,628 thousand metric tons (3.6 million metric tons or 3,600 Futures lots equivalent, based on a 1,000mt lot size).

Table 2. Selected Japan and Korea imports of Naphtha

Units: Thousand Metric Tons (kmt)

Source: JODI⁸

Period	Japan	Korea	Total
January 2015	1,745	2,238	3,983
February 2015	1,475	2,028	3,503
March 2015	1,779	1,832	3,611
April 2015	1,841	1,802	3,643
May 2015	2,022	1,723	3,745
June 2015	1,610	1,738	3,348
July 2015	1,735	1,987	3,722
August 2015	1,700	1,854	3,554
September 2015	1,863	1,928	3,791
October 2015	1,694	1,868	3,562
November 2015	1,702	2,171	3,873
December 2015	1,897	2,126	4,023
January 2016	2,156	2,078	4,234
February 2016	1,556	1,597	3,153
March 2016	1,388	1,904	3,292
April 2016	1,518	1,653	3,171
May 2016	1,599	1,892	3,491
June 2016	1,179	1,758	2,937
July 2016	1,675	2,049	3,724
August 2016	1,796	2,082	3,878
September 2016	1,270	2,075	3,345
October 2016	1,391	1,931	3,322
November 2016	1,688	1,977	3,665
December 2016	1,604	2,021	3,625
January 2017	1,867	1,803	3,670
February 2017	1,677	1,866	3,543
March 2017	1,664	2,118	3,782
April 2017	1,951	1,776	3,727
May 2017	1,794	2,111	3,905
June 2017	1,557	2,122	3,679

⁸ <http://www.jodidb.org/TableViewer/tableView.aspx?ReportId=93905>

July 2017	1,679	1,995	3,674
August 2017	1,907	1,876	3,783
September 2017	1,326	2,242	3,568
October 2017	1,853	2,057	3,910
November 2017	1,787	1,918	3,705
December 2017	1,786	1,670	3,456
3-year average	1,687	1,941	3,628

Analysis of Deliverable Supply

The Exchange based its analysis of deliverable supply on Propane delivered in China, Japan and Korea, as well as Naphtha delivered in Japan and Korea⁹. 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 potential deliverable supply. (See Appendix C to 17 CFR part 38.)

Argus' Far East Index assessments measure Propane cargoes delivered in China and Japan. Additionally, the Exchange also considers South Korea imports as deliverable supply with South Korea and Japan considered as single import centre with cargoes delivered to either location and cargoes destined for one location or the other can easily be diverted.

For the Propane, we have used the latest full data available for the period 2014-2016. The data for 2017 is too sporadic to use and does not have the data from all countries available therefore we have excluded it from this analysis.

The basis of the Platts Naphtha Japan C+F Cargo assessment reflects the value of cargoes delivered into Japan. As with the Propane, the Exchange considers South Korea as the basis of 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 as a single import location due to their proximity to each other. For the Naphtha, we have used the latest full data available for the period 2015-2017.

Based on the UN Comtrade data (table 1 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 (contract size 1,000 mt). The Exchange's spot month limit for the existing **Argus Propane Far East Index Futures** (commodity code 7E), into which positions in the new proposed contracts will aggregate, is 400 lots. Based on the deliverable supply data, this is 23.2% of the monthly deliverable supply.

According to JODI's data in table 2 above, the deliverable supply of naphtha is approximately 3,628 thousand metric tons per month, which is 3,628 contract equivalents (contract size 1,000 mt). The Exchange's spot month limit for the **Japan C&F Naphtha (Platts) Futures** (commodity code JA), into which positions in the new proposed contracts will aggregate, is 500 lots. This is about 13.8% of the monthly deliverable supply of 3,628 contract equivalents.

⁹ Argus' Far East Index assessments measure Propane cargoes delivered in China and Japan. Platts Naphtha Japan C+F Cargo assessment reflects the value of cargoes delivered into Japan.