

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-260 (1 of 4)

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): 07/19/24 Filing Description: Initial Listing of the D3 Cellulosic RINs (OPIS) Futures and Average Price Option Contracts and the D4 Biodiesel and D6 Ethanol RINs (OPIS) BALMO Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name: See filing.

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

- | | | |
|--------------------------|---------------------------------------------------------|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

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

Rule Numbers:

July 19, 2024

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the D3 Cellulosic RINs (OPIS) Futures and Average Price Option Contracts and the D4 Biodiesel and D6 Ethanol RINs (OPIS) BALMO Futures Contracts.
NYMEX Submission No. 24-260 (1 of 4)**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the D3 Cellulosic RINs (OPIS) Futures and Average Price Option contracts and the D4 Biodiesel and D6 Ethanol RINs (OPIS) BALMO Futures contracts (the “Contracts”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective Sunday, August 4, 2024, for trade date Monday, August 5, 2024.

| Contract Title | D3 Cellulosic RINs (OPIS) Futures | D4 Biodiesel RINs (OPIS) BALMO Futures | D6 Ethanol RINs (OPIS) BALMO Futures | D3 Cellulosic RINs (OPIS) Average Price Option |
|--------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| CME Globex and CME ClearPort Code | RN3 | R4B | R6B | RO3 |
| Rulebook Chapter | 1307 | 1306 | 1300 | 1308 |
| Price Quotation | U.S. dollars and cents per RIN | | | |
| Contract Size | 50,000 RINs | | | |
| Minimum Price Fluctuation | \$0.0001 | | | |
| Value per Tick | \$5.00 | | | |
| Settlement Type | Financial | | | |
| CME Globex Matching Algorithm | F-FIFO | | | |
| Listing Schedule | Monthly contracts listed for 36 consecutive months | Monthly BALMO contracts listed for 3 consecutive months | Monthly BALMO contracts listed for 3 consecutive months | Monthly contracts listed for 36 consecutive months |
| Initial Listing | September 2024 - August 2027 | September 2024 - November 2024 | | September 2024 - August 2027 |
| Termination of Trading | Trading terminates on the last business day of the contract month. | | | |
| Strike Price Listing Schedule | | | | Minimum 20 strikes at 0.0010 per RIN increment above and below the at-the-money strike for 12 months. Minimum at-the- |

| | | |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| | | money strike at 0.0010 per RIN increment for months 13+. Dynamic strike for all months at 0.0001 per RIN increment. |
| Underlying Futures Contract / Commodity Code | | D3 Cellulosic RINs (OPIS) Futures / RN3 |
| Option Exercise Style | | European |
| Block Trade Minimum Threshold / Reporting Window | 5 contracts / subject to a 15-minute reporting window | |
| Trading and Clearing Hours | CME Globex Pre-open: Sunday 4:00 p.m. – 5:00 p.m. Central Time/CT Monday – Thursday 4:45 p.m. – 5:00 p.m. CT | |
| | CME Globex: Sunday 5:00 p.m. – Friday 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. – 5:00 p.m. CT | |
| | CME ClearPort: Sunday 5:00 p.m. – Friday 4:00 p.m. CT with no reporting Monday – Thursday from 4:00 p.m. – 5:00 p.m. CT | |

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

- **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.
- **Contracts Not Readily Subject to Manipulation:** The Contracts are based on a cash price series that is reflective of the underlying cash market and is commonly relied on and used as a reference price by cash market brokers and commercial market participants.
- **Compliance with Rules:** Trading in the Contracts will be subject to Chapter 4 of the Exchange rules which includes prohibitions against fraudulent, non-competitive, unfair and abusive practices and will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department may use its investigatory and enforcement power where potential rule violations are identified during its regular surveillance reviews.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the 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 Contracts as demonstrated in this submission are consistent with the Commission’s guidance.
- **Financial Integrity of Contracts:** The Contracts will be cleared by the CME Clearing House which is a registered derivatives clearing organisation with the Commission and is subject to all Commission regulations related thereto.

- **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.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all Exchange's competitive venues and will be applicable to transactions in these Contracts.
- **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 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 Contracts 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 non-members 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 non-member 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.
- **Daily Publication of Trading Information:** The Exchange will publish information regarding trading volume, open interest and price information daily on its website and through quote vendors for the Contracts.

Exhibit A provides the NYMEX Rulebook chapters. Exhibit B provides the Position Limit, Position Accountability and Reportable Level Table (under separate cover). Exhibit C provides the Exchange fees. Exhibit D provides the NYMEX Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table. Exhibit E provides the Cash Market Overview and Analysis of Deliverable Supply.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange certifies that the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
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: Exchange Fees
Exhibit D: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A

NYMEX Rulebook

Chapter 1307 D3 Cellulosic RINs (OPIS) Futures

1307100. 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.

1307101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from OPIS for current year "U.S. Cellulosic RINs" for each business day that it is determined during the contract month.

1307102. TRADING SPECIFICATIONS

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

1307102.A. Trading Schedule

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

1307102.B. Trading Unit

The contract quantity shall be 50,000 RINs. Each contract shall be valued as the contract quantity (50,000) multiplied by the settlement price.

1307102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per RIN. The minimum price fluctuation shall be \$0.0001 per RIN.

1307102.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.

1307102.E. Termination of Trading

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

1307103. 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.

1307104. DISCLAIMER

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

Chapter 1306 D4 Biodiesel RINs (OPIS) BALMO Futures

1306100. 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.

1306101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the high and low quotations from OPIS for current year "U.S. Biodiesel RINs" price for each business day during the contract month, starting from the selected start date through the end of the month.

1306102. TRADING SPECIFICATIONS

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

1306102.A. Trading Schedule

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

1306102.B. Trading Unit

The contract quantity shall be 50,000 RINs. Each contract shall be valued as the contract quantity (50,000) multiplied by the settlement price.

1306102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per RIN. The minimum price fluctuation shall be \$0.0001 per RIN.

1306102.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.

1306102.E. Termination of Trading

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

1306103. 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.

1306104. DISCLAIMER

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

Chapter 1300 D6 Ethanol RINs (OPIS) BALMO Futures

1300100. 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.

1300101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the high and low quotations from OPIS for current year "U.S. Ethanol RINs" price for each business day during the contract month, starting from the selected start date through the end of the month.

1300102. TRADING SPECIFICATIONS

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

1300102.A. Trading Schedule

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

1300102.B. Trading Unit

The contract quantity shall be 50,000 RINs. Each contract shall be valued as the contract quantity (50,000) multiplied by the settlement price.

1300102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per RIN. The minimum price fluctuation shall be \$0.0001 per RIN.

1300102.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.

1300102.E. Termination of Trading

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

1300103. 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.

1300104. DISCLAIMER

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

Chapter 1308

D3 Cellulosic RINs (OPIS) Average Price Option

1308100. SCOPE OF CHAPTER

This chapter is limited in application to put and call average price options on the D3 Cellulosic RINs (OPIS) Futures contract. In addition to the rules of this chapter, transactions in options on D3 Cellulosic RINs (OPIS) Futures shall be subject to the general rules of the Exchange insofar as applicable.

1308101. OPTION CHARACTERISTICS

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

1308101.A. Trading Schedule

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

1308101.B. Trading Units

A D3 Cellulosic RINs (OPIS) Average Price put option traded on the Exchange represents the cash difference between the exercise price and the settlement price of the D3 Cellulosic RINs (OPIS) Futures multiplied by 50,000, or zero, whichever is greater. A D3 Cellulosic RINs (OPIS) Average Price call option traded on the Exchange represents the cash difference between the settlement price of the D3 Cellulosic RINs (OPIS) Futures and the exercise price multiplied by 50,000, or zero, whichever is greater.

1308101.C. Price Increments

Prices shall be quoted in U.S. dollar and cents per RIN. The minimum price fluctuation shall be \$0.0001 per RIN.

1308101D. 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.

1308101.E. Termination of Trading

A D3 Cellulosic RINs (OPIS) Average Price Option contract shall expire on the last business day of the contract month.

1308101.F. Type of Option

The option is a European-style option cash settled on expiration day. The option cannot be exercised prior to expiration.

1308102. EXERCISE PRICES AND CHARACTERISTICS

Transactions shall be conducted for option contracts as set forth in Rule 300.20.

1308103. DISCLAIMER

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

Exhibit B

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

Position Limits, Position Accountability and Reportable Level Table

(attached under separate cover)

Exhibit C

Exchange Fees

| | Member | Non-Member |
|---------------------------------------|---------------|-------------------|
| CME Globex | \$0.85 | \$1.35 |
| EFP | \$0.85 | \$1.35 |
| Block | \$0.85 | \$1.35 |
| EFR/EOO | \$0.85 | \$1.35 |
| Processing Fees | Member | Non-Member |
| Cash Settlement | \$0.50 | \$0.50 |
| Facilitation Fee | \$0.60 | |
| Give-Up Surcharge | \$0.05 | |
| Position Adjustment/Position Transfer | \$0.10 | |

Exhibit D

NYMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

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

(additions underscored)

| Instrument | Globex Symbol | Outrights | | | Spreads | |
|-------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|------------------------------------------|-----------------------------|
| | | Globex Non-Reviewable Ranges (NRR) | NRR: Globex Format | NRR: Minimum Ticks | NRR: Globex Format | NRR: Outright Minimum Ticks |
| <u>D3 Cellulosic RINs (OPIS) Futures</u> | <u>RN3</u> | <u>\$0.02 per RIN</u> | <u>200</u> | <u>200</u> | <u>Each leg evaluated as an outright</u> | |
| <u>D4 Biodiesel RINs (OPIS) BALMO Futures</u> | <u>R4B</u> | <u>\$0.02 per RIN</u> | <u>200</u> | <u>200</u> | <u>Each leg evaluated as an outright</u> | |
| <u>D6 Ethanol RINs (OPIS) BALMO Futures</u> | <u>R6B</u> | <u>\$0.02 per RIN</u> | <u>200</u> | <u>200</u> | <u>Each leg evaluated as an outright</u> | |
| <u>D3 Cellulosic RINs (OPIS) Average Price Option</u> | <u>RO3</u> | <u>The greater of the following:</u> <ul style="list-style-type: none"> <u>•Delta multiplied by the underlying futures non-reviewable range</u> <u>•20% of premium up to ¼ of the underlying futures non-reviewable range</u> <u>•5 ticks</u> | | | | |

Exhibit E

Cash Market Overview and Analysis of Deliverable Supply

CASH MARKET OVERVIEW

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of four (4) Renewable Identification Numbers (RINs) futures and options contracts noted below based on OPIS assessments (collectively, the “Contracts”). The Contracts will include RINs generated from three (3) types of renewable fuel: D3 Cellulosic RINs, D4 Biodiesel RINs, and D6 Ethanol RINs.

| Contract Title | Commodity Code | Rulebook Chapter |
|------------------------------------------------|-----------------------|-------------------------|
| D3 Cellulosic RINs (OPIS) Futures | RN3 | 1307 |
| D3 Cellulosic RINs (OPIS) Average Price Option | RO3 | 1308 |
| D4 Biodiesel RINs (OPIS) BALMO Futures | R4B | 1306 |
| D6 Ethanol RINs (OPIS) BALMO Futures | R6B | 1300 |

Data Sources:

The Exchange determined to use data collected by the Environmental Protection Agency (“EPA”) for its analysis and evaluation of deliverable supply estimates for RINs. The EPA provides detailed data on the key components of deliverable supply. The EPA provides such data on a monthly and annual basis.

Oil Price Information Service (OPIS),¹ a Dow Jones Company is a price reporting service for energy, refined products, natural gas liquids, petrochemicals, and a premier source of benchmark price assessments for those commodity markets. OPIS assesses closing values with the greatest weight in its daily assessment process to confirmed deals, followed by bids and offers. OPIS methodology is compliant with all international standards for price reporting agencies set forth by the International Organization of Securities Commissions (“IOSCO”).² The methodology for the assessments can be found at the following website:

<https://www.opisnet.com/about/methodology/#rin-credit>

The final settlement price for the Contracts is based on price assessments of the respective underlying physical markets as assessed and published by OPIS.

¹ <https://www.opisnet.com/>

² <https://www.opisnet.com/about/methodology/>

The EPA is responsible for developing and implementing regulations to ensure that transportation and heating fuel sold in the United States contains a minimum volume of renewable fuel. The Renewable Fuel Standard (“RFS”)³ program was created pursuant to the requirements of Clean Air Act (“CAA”) section 211(o),⁴ which were added through the Energy Policy Act (“EPAct”) of 2005.⁵ The program, which was developed in collaboration with refiners, renewable fuel producers and other stakeholders established the first renewable fuel volume mandate in the United States.

The original RFS program that began in 2006 is known as RFS1 and required 7.5 billion gallons (bgal) of renewable fuel to be blended into gasoline by 2012, with at least 250 million gallons of cellulosic biofuels starting in 2013. The statutory requirements for the RFS program were subsequently modified, resulting in the promulgation of major revisions to the regulatory requirements on March 26, 2010.⁶ The Energy Independence and Security Act (“EISA”) of 2007 established RFS2, which included diesel in addition to gasoline.

RFS2 expanded and significantly increased volume requirements, setting a target renewable fuel requirement of 36 billion gallons by 2022, with at least 16 billion gallons from cellulosic biofuels, and a cap of 15 billion gallons for conventional biofuel, mainly corn-starch ethanol. RFS volume mandates are not exclusive, and generally result in nested requirements. For example, any renewable fuel that meets the requirement for cellulosic biofuel or biomass-based diesel is also valid for meeting the advanced biofuel requirement. RFS2 also established four separate categories of renewable fuels, each with a separate, but nested, volume requirement, and included greenhouse gas (“GHG”) reduction levels in the definitions of each category. Table 1 illustrates the fuel pathways and associated GHG levels.

Table 1. Fuel Pathways and Target GHG Reduction⁷ Thresholds

| Fuel Pathway | Target GHG Reduction Threshold |
|----------------------|---------------------------------------|
| Renewable Fuel | 20% |
| Cellulosic Biofuel | 60% |
| Biomass-based Diesel | 50% |
| Advanced Biofuel | 50% |

For 2023 and beyond, the statute directs the EPA to determine the applicable volume targets in coordination with the United States Department of Energy (“DOE”) and the United States Department of Agriculture (“USDA”).⁸ On June 21, 2023, the EPA announced a final RFS Rule for 2023, 2024, 2025.⁹ The final rule established biofuel volume requirements and associated percentage standards for cellulosic biofuel, biomass-based diesel (“BBD”), advanced biofuel, and total renewable fuel for 2023–2025. Table 2 details EPA statutory mandates through 2025.

³ <https://www.epa.gov/renewable-fuel-standard-program>

⁴ <http://www.law.cornell.edu/uscode/text/42/7545>

⁵ <http://www.gpo.gov/fdsys/pkg/PLAW-109publ58/pdf/PLAW-109publ58.pdf>

⁶ <http://www.gpo.gov/fdsys/pkg/FR-2010-03-26/html/2010-3851.htm>

⁷ Percent reduction from a 2005 gasoline or diesel baseline; <https://www.epa.gov/renewable-fuel-standard-program/overview-renewable-fuel-standard>

⁸ <https://www.govinfo.gov/content/pkg/FR-2023-07-12/pdf/2023-13462.pdf>

⁹ <https://www.epa.gov/renewable-fuel-standard-program/final-renewable-fuels-standards-rule-2023-2024-and-2025>

Table 2. Renewable Fuel Volume Targets¹⁰

(billion RINs)*

| Renewable Fuel Volume Targets | 2023 | 2024 | 2025 |
|--------------------------------------|-------------|-------------|-------------|
| Cellulosic biofuel | 0.84 | 1.09 | 1.38 |
| Biomass-based diesel** | 2.82 | 3.04 | 3.35 |
| Advanced biofuel | 5.94 | 6.54 | 7.33 |
| Renewable fuel | 20.94 | 21.54 | 22.33 |
| Supplemental standard | 0.25 | n/a | n/a |

*One RIN is equivalent to one ethanol-equivalent gallon of renewable fuel.

** BBD is given in billion gallons.

In order to meet these volume targets, percentage standards established by the EPA are used to determine each individual company’s renewable volume obligation (“RVO”); or the volume of renewables of which an obligated party is required to prove ownership on a scheduled timeline. An obligated party may comply for all of its refineries in the aggregate, or for each refinery individually. RVOs are based on the CAA volume requirements and projections of gasoline and diesel production for the coming year.

Renewable Identification Numbers (“RINs”)

Under the RFS, producers and importers of renewable fuel generate 38-character RINs; a tracking system used by petroleum refiners and importers to demonstrate compliance with their renewable fuel obligations. In other words, RINs are the “currency”¹¹ of the RFS program used for compliance with renewable volume obligations. RINs are traded in D-Codes, which are EPA-designated fuel categories. Table 3 details EPA D-Code definitions.

Table 3. D-Code Definitions

| Code | Definition | Fuel Examples |
|-------------|----------------------|---------------------------------------------------------------------------|
| D3 | Cellulosic Biofuel | Renewable fuel produced from cellulose, hemicellulose or lignin. |
| D4 | Biomass-based Diesel | Biodiesel, renewable diesel, jet fuel and heating oil. |
| D5 | Advance Biofuel | Made from any type of renewable biomass except corn starch ethanol. |
| D6 | Renewable Fuel | Ethanol derived from corn starch, or any other qualifying renewable fuel. |
| D7 | Cellulosic Biofuel | Cellulosic diesel |

¹⁰ <https://govinfo.gov/content/pkg/FR-2023-07-12/pdf/2023-13462.pdf>

¹¹ <https://www.epa.gov/renewable-fuel-standard-program/renewable-identification-numbers-rins-under-renewable-fuel-standard>

Assignment of the D code is based on the type of feedstock, fuel type produced, process used to produce the renewable, and GHG thresholds. Table 4 below shows the biodiesel and ethanol RIN percentages of each type of fuel within a D-Code using EPA data from 2023.¹²

Table 4. RIN Fuel Composition per D-Code 2023¹³

| D3 Cellulosic RIN | Percentage (%) |
|-------------------------------------|-----------------------|
| Cellulosic Ethanol (EV 1.0) | 0.2% |
| Renewable Compressed Natural Gas | 88.8% |
| Renewable Liquefied Natural Gas | 11.0% |
| D4 Biodiesel RIN | |
| Biodiesel (EV 1.5) | 40.88% |
| Non-ester Renewable Diesel (EV 1.6) | 11.16% |
| Non-ester Renewable Diesel (EV 1.7) | 47.45% |
| Renewable Heating Oil (EV 1.6) | 0.02% |
| Renewable Jet Fuel (EV 1.6) | 0.49% |
| D6 Ethanol RIN | |
| Biodiesel (EV 1.5) | 0.10% |
| Non-cellulosic Ethanol (EV 1.0) | 98.95% |
| Non-ester Renewable Diesel (EV 1.7) | 0.69% |
| Renewable Gasoline (EV 1.5) | 0.24% |
| Renewable Jet Fuel (EV 1.7) | 0.02% |

Each RIN generated uniquely identifies not only a specific batch of renewable fuel, but also every gallon assigned to that batch. Equivalence Values (“EV”) are used to calculate the number of RINs, or RIN-gallons, that can be claimed for compliance purposes for every physical gallon of renewable fuel. EV varies depending on the energy content of the fuel. The following equation is used to determine the RIN volume to be generated from a volume of fuel: Number of RINs = EV * Physical Volume in gallons.¹⁴

EPA Moderated Transaction System (“EMTS”)

As of July 1, 2010,¹⁵ the RFS2 regulations require all regulated parties to submit all RIN generation information and other RIN transactions to the EPA Moderated Transaction System (“EMTS”).¹⁶ Any party that owns RINs at any point during the year (including domestic and foreign producers, refiners, exporters, and importers of renewable fuels) must register with the EPA and follow RIN record-keeping and reporting guidelines.¹⁷ Using data generated from EMTS, EPA provides aggregated monthly data on RIN generation and renewable fuel volume production for specific fuel categories.

¹² <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions>

¹³ https://www.epa.gov/system/files/other-files/2024-01/fuelproduction_dec2023.csv

¹⁴ <https://www.law.cornell.edu/cfr/text/40/80.1426>

¹⁵ <https://www.federalregister.gov/documents/2010/05/10/2010-10851/regulation-of-fuels-and-fuel-additives-modifications-to-renewable-fuel-standard-program>

¹⁶ <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/reporting-rfs-rin-transactions-epa-moderated>

¹⁷ <http://www.fas.org/sgp/crs/misc/R40155.pdf>

EMTS allows for real-time recording of transactions involving RINs and provides a mechanism for screening and tracking RIN credits. The screening process checks that the information provided by the RIN generator is consistent with an existing registration. After RINs have entered EPA's EMTS system, parties may then trade them based on agreements outside of EMTS. The system simplifies trading by allowing RINs to be traded generically.

An underlying principle of RIN ownership is one of "buyer beware" and the EPA has no "good faith" provision to RIN ownership. RINs may be prohibited from use at any time if they are found to be invalid. Because of the "buyer beware" aspect, the EPA offers the option for a buyer to accept or reject RINs from specific RIN generators or from classes of RIN generators.¹⁸

RINs generated during the current year may be used to satisfy either the current year or the following year's volume requirement. If a fuel supplier has already met its mandated share and has supplied surplus biofuels for a particular biofuel category, it can sell the extra RINs to another supplier (who has not met its mandate for that same biofuel standard) or it can hold onto the RINs for future use. Deficit carryovers can be any amount but for any individual company, up to 20% of the current year's RVO may be met by RINs from the previous calendar year.¹⁹

A RIN assigned to a volume can be separated when the volume that the RIN is assigned to is blended with gasoline or diesel to produce a motor fuel or the volume is exported. Assignment of a RIN occurs when the producer or importer of the renewable fuel transfers a RIN to another party along with a volume of renewable fuel.²⁰

Production

RINs are generated for each gallon of qualified renewable fuel by the fuel manufacturer or importer at the time of production or import. Table 5 below provides data for the number of RINs generated for the time period of May 2021 through April 2024.

According to the EPA and Table 5 below, the three (3)-year average for RINs generated over the annual period from May 2021 to April 2024 is 58,219,776 for D3 cellulosic RINs, 557,715,945 for D4 biodiesel RINs and, 1,225,950,606 for D6 ethanol RINs.

Table 5. Number of RINs Generated²¹

| Year | Month | D3 Cellulosic RIN | D4 Biodiesel RIN | D6 Ethanol RIN |
|------|-------|-------------------|------------------|----------------|
| 2021 | May | 44,837,452 | 396,612,961 | 1,263,222,985 |
| | Jun | 49,569,817 | 428,992,209 | 1,270,364,644 |
| | Jul | 45,903,998 | 358,703,699 | 1,274,688,496 |
| | Aug | 47,640,804 | 421,787,072 | 1,216,791,258 |
| | Sep | 49,928,977 | 385,397,733 | 1,162,769,175 |

¹⁸ <https://www.epa.gov/renewable-fuel-standard-program/quality-assurance-plans-under-renewable-fuel-standard-program#:~:text=RINs%20verified%20under%20a%20QAP,are%20valid%20for%20compliance%20purposes>

¹⁹ [https://www.epa.gov/fuels-registration-reporting-and-compliance-help/whom-does-20-limit-previous-year-rins-apply#:~:text=Under%20regulation%20Section%2080.1127\(a,show%20compliance%20with%20an%20RVO\).](https://www.epa.gov/fuels-registration-reporting-and-compliance-help/whom-does-20-limit-previous-year-rins-apply#:~:text=Under%20regulation%20Section%2080.1127(a,show%20compliance%20with%20an%20RVO).)

²⁰ <https://www.govinfo.gov/content/pkg/CFR-2018-title40-vol19/pdf/CFR-2018-title40-vol19-sec80-1129.pdf>

²¹ <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions>

| | | | | |
|------------------------|-----|-------------|-------------|---------------|
| | Oct | 49,483,460 | 431,410,685 | 1,204,115,975 |
| | Nov | 52,423,506 | 464,730,265 | 1,257,887,027 |
| | Dec | 100,840,685 | 585,022,536 | 1,299,993,145 |
| 2022 | Jan | 851,864 | 355,508,039 | 1,212,911,253 |
| | Feb | 49,301,226 | 395,541,068 | 1,073,062,725 |
| | Mar | 44,887,639 | 489,940,922 | 1,270,858,072 |
| | Apr | 51,044,773 | 498,679,065 | 1,136,521,605 |
| | May | 57,323,125 | 513,782,344 | 1,233,602,877 |
| | Jun | 54,328,565 | 491,326,034 | 1,291,871,250 |
| | Jul | 55,158,670 | 421,678,120 | 1,211,905,437 |
| | Aug | 61,558,864 | 474,214,491 | 1,270,303,849 |
| | Sep | 58,688,244 | 502,315,281 | 1,130,469,629 |
| | Oct | 59,694,272 | 477,230,813 | 1,237,924,280 |
| | Nov | 59,243,228 | 582,192,303 | 1,268,691,546 |
| | Dec | 116,540,282 | 584,830,424 | 1,212,942,183 |
| 2023 | Jan | 2,568,874 | 523,261,212 | 1,215,712,001 |
| | Feb | 61,022,115 | 518,374,085 | 1,130,182,700 |
| | Mar | 55,327,120 | 620,469,861 | 1,220,641,691 |
| | Apr | 64,013,973 | 603,539,499 | 1,156,345,972 |
| | May | 61,173,203 | 751,034,882 | 1,278,641,014 |
| | Jun | 70,785,593 | 679,598,303 | 1,286,200,406 |
| | Jul | 64,275,198 | 635,871,764 | 1,280,346,021 |
| | Aug | 67,077,480 | 703,285,636 | 1,279,668,174 |
| | Sep | 64,076,793 | 673,823,496 | 1,179,872,521 |
| | Oct | 63,558,723 | 734,494,602 | 1,302,645,051 |
| | Nov | 69,799,232 | 680,180,316 | 1,241,716,296 |
| | Dec | 131,053,204 | 842,020,718 | 1,261,829,551 |
| 2024 | Jan | 7,206,461 | 675,878,899 | 1,206,104,560 |
| | Feb | 69,565,939 | 743,154,436 | 1,210,466,670 |
| | Mar | 66,311,733 | 652,766,226 | 1,187,854,180 |
| | Apr | 68,846,858 | 780,124,023 | 1,195,097,580 |
| Three (3)-year average | | 58,219,776 | 557,715,945 | 1,225,950,606 |

Net Generation

Table 6 below illustrates the total net generation number of RINs which is the total number of RINs generated minus the number of invalid RINs generated. RIN generation error corrections are defined as RINs that have been retired in EMTS using any of the three (3) retirement reason codes: invalid RIN, import volume error correction, or volume error correction.

According to the EPA and Table 6 below, the three (3)-year average for RINs generated over the annual period from January 2021 to December 2023 is 666,562,423 for D3 cellulosic RINs, 6,198,952,213 for D4 biodiesel RINs and, 14,533,000,425 for D6 ethanol RINs, respectively.

Table 6. Number of RINs Generated²²

| RIN Year | Fuel (D Code) | Total RINs Generated | RIN Generation Error Corrections | Net RINs Generated | Net RINs Generated Three (3)-Year Average |
|----------|---------------|----------------------|----------------------------------|--------------------|-------------------------------------------|
| 2021 | D3 | 568,414,154 | 5,205,881 | 563,208,273 | 666,562,423 |
| 2022 | D3 | 668,620,752 | 5,286,255 | 663,334,497 | |
| 2023 | D3 | 774,731,508 | 1,587,010 | 773,144,498 | |
| 2021 | D4 | 4,873,636,560 | 4,097,597 | 4,869,538,963 | 6,198,952,213 |
| 2022 | D4 | 5,787,237,029 | 7,576,444 | 5,779,660,585 | |
| 2023 | D4 | 7,957,971,110 | 10,314,020 | 7,947,657,090 | |
| 2021 | D6 | 14,259,937,329 | 15,146,142 | 14,244,791,187 | 14,533,000,425 |
| 2022 | D6 | 14,550,939,851 | 13,628,002 | 14,537,311,849 | |
| 2023 | D6 | 14,825,051,530 | 8,153,291 | 14,816,898,239 | |

Retirement

In addition to the retirements from error corrections as outlined in Table 6, RINs are retired when used for compliance by obligated parties and exporters. Obligated parties typically only retire RINs after the end of the compliance year, not during the year in which they are generated. Exporters retire RINs within one month of the export event.²³

Table 7 below shows the percent of Net RINs generated that are retired *by the end of the calendar year* in which they are generated. From 2021 to 2023 0% of D3 RINs, 12% of D4 RINs, and 3% of D6 RINs were retired during the year in which they were generated.

Table 7. Number of Current Year RINs Retired during the Current Year²⁴

| RIN Year | Fuel (D Code) | Net RINs Generated | Other Current Year RIN Retirements | Retirement % of Net RINs Generated | Three (3)-Year Average |
|----------|---------------|--------------------|------------------------------------|------------------------------------|------------------------|
| 2021 | D3 | 563,208,273 | 180,960 | 0% | 0% |
| 2022 | D3 | 663,334,497 | 52,407 | 0% | |
| 2023 | D3 | 773,144,498 | 5,729,863 | 1% | |
| 2021 | D4 | 4,869,538,963 | 544,237,250 | 11% | 12% |

²² <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions>

²³ <https://www.epa.gov/renewable-fuel-standard-program/renewable-identification-numbers-rins-under-renewable-fuel-standard>

²⁴ Retirement volumes not including retirements from invalid RIN, import volume error correction, or volume error correction. These three (3) retirements are already deducted from Net RINs generated. https://www.epa.gov/system/files/other-files/2022-01/retiretransaction_dec2021.csv, https://www.epa.gov/system/files/other-files/2023-01/retiretransaction_Dec2022.csv, and https://www.epa.gov/system/files/other-files/2024-01/retiretransaction_dec2023.csv.

| | | | | | |
|------|----|----------------|-------------|-----|----|
| 2022 | D4 | 5,779,660,585 | 777,361,835 | 13% | 3% |
| 2023 | D4 | 7,947,657,090 | 998,079,536 | 13% | |
| 2021 | D6 | 14,244,791,187 | 414,474,380 | 3% | |
| 2022 | D6 | 14,537,311,849 | 476,312,848 | 3% | |
| 2023 | D6 | 14,816,898,239 | 636,652,991 | 4% | |

As noted above under “EPA Moderated Transaction System (EMTS),” RINs generated during the current year may be used to satisfy either the current year or the following year’s volume requirement. Some RIN generators may choose not to make their generated RINs available for sale and instead use them directly to meet their own obligations. The Annual RIN Sales Report²⁵ data shows RIN sales data by entity type, including RIN originators which are defined as “Domestic renewable fuel producer or renewable fuel importer.” This category groups together any company that generated any amount of RINs. Their Annual RIN Sales volume represents the amount of RINs they have sold into the market. Over the last three (3) years, RIN originators sold an average of 100% of their D3 generated RINs, 80% of their generated D4 RINs, and 91% of their D6 RINs as shown in Table 8.

Table 8. Generated RINs Made Available for Sale²⁶

| RIN Year | D3 RINs Sold by Originators | D4 RINs Sold by Originators | D6 RINs Sold by Originators | D3 RIN Sales as % of Net Generation | D4 RIN Sales as % of Net Generation | D6 RIN Sales as % of Net Generation |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 2021 | 506,883,522 | 4,070,411,154 | 12,887,423,613 | 90% | 84% | 90% |
| 2022 | 632,039,213 | 4,641,010,326 | 12,698,187,728 | 95% | 80% | 87% |
| 2023 | 888,236,163 | 6,111,174,272 | 14,012,314,476 | 115% | 77% | 95% |
| Three (3)-Year Average | | | | 100% | 80% | 91% |

²⁵ <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rin-trades-and-price-information>

ANALYSIS OF DELIVERABLE SUPPLY

The Commission defines 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. (See Appendix C to 17 CFR part 38.)

For purposes of calculating deliverable supply, the Exchange used net RIN generation data for the three (3)-year time period from January 2021 through December 2023. The Exchange calculated monthly averages by dividing annual numbers by twelve (12).

To account for the fact that a portion of Net RINs generated may not be readily available as deliverable supply either because they are retired as shown in Table 7 or because a generator may choose to hold them as shown in Table 8., the exchange will reduce the deliverable supply based on these factors. Table 9 demonstrates the calculation used to arrive at deliverable supply.

Table 9. Calculation of RIN Deliverable Supply

| Fuel (D Code) | Monthly Net RINs Generated | % of Generated RINs Made Available for Sale | Less Average Annual RIN Retirements ²⁶ | Net Monthly Deliverable Supply (RINs) | Net Monthly Deliverable Supply (Contracts) |
|---------------|----------------------------|---------------------------------------------|---------------------------------------------------|---------------------------------------|--------------------------------------------|
| D3 | 55,546,869 | 100% | 0% | 55,546,869 | 1111 |
| D4 | 516,579,351 | 80% | 12% | 363,671,863 | 7,273 |
| D6 | 1,211,083,369 | 91% | 3% | 1,069,023,290 | 21,380 |

The Exchange estimates the monthly deliverable supply of D3 current year cellulosic RINs to be approximately 55,546,869 RINs, which is equivalent to 1111 contracts per month (contract size 50,000 RINs). The proposed spot month position limit for the D3 Cellulosic RINs (OPIS) Futures and the D3 Cellulosic RINs (OPIS) Average Price Option is 200 contracts or 18.0% of the estimated monthly deliverable supply.

The Exchange estimates the monthly deliverable supply of D4 current year biodiesel RINs to be approximately 363,671,863 RINs, which is equivalent to 7,273 contracts per month (contract size 50,000 RINs). The proposed spot month position limit for the D4 Biodiesel RINs (OPIS) BALMO Futures is 1,500 contracts or 20.6% of the estimated monthly deliverable supply.

The Exchange estimates the monthly deliverable supply of current year D6 biodiesel RINs to be approximately 1,069,023,290 RINs, which is equivalent to 21,380 contracts per month (contract size 50,000 RINs). The proposed spot month position limit for the D6 Ethanol RINs (OPIS) BALMO Futures is 4,000 contracts or 18.7% of the estimated monthly deliverable supply.

²⁶Note this percentage represents RINs retired as of year end. Assuming ratable monthly retirements, this number overestimates the amount of RINs unavailable due to retirement during most of the calendar year, and thus is conservative.