

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-240 (2 of 3)

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): 07/22/2016 Filing Description: Initial Listing of Three (3) European Refined Petroleum 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

Official Product Name: See filing.

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

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

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

Rule Numbers:

July 22, 2016

**VIA ELECTRONIC PORTAL**

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

**RE: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of  
Three (3) European Refined Petroleum Futures Contracts.  
NYMEX Submission No. 16-240 (2 of 3)**

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 three (3) European refined petroleum futures contracts (the “Contracts”) for trading on CME Globex and for submission for clearing via CME ClearPort, effective Sunday, August 7, 2016 for trade date Monday, August 8, 2016 as noted below.

|                                      |   |
|--------------------------------------|---|
| <b>Contract Title</b>                | Mini Naphtha (Freespec) Cargoes CIF NWE (Argus) Futures   |
| <b>Commodity Code</b>                | NCF   |
| <b>Rulebook Chapter</b>              | 1201  |
| <b>Trading and Clearing Venues</b>   | CME Globex and CME ClearPort  |
| <b>Settlement method</b>             | Financial   |
| <b>Contract Size</b>                 | 100 metric tons   |
| <b>Listing Schedule</b>              | Monthly contracts shall be listed for the current year plus three consecutive years. Monthly contracts for a new calendar year will be added following the termination of trading in the December contract of the current year. |
| <b>Minimum Price Fluctuation</b>     | \$0.001 per metric ton  |
| <b>Value per tick</b>                | \$0.10  |
| <b>First Listed Contract</b>         | September 2016  |
| <b>Block Trade Minimum Threshold</b> | 5 contracts   |
| <b>Termination of Trading</b>        | Last business day of the contract month   |
| <b>CME Globex Match Algorithm</b>    | First In, First Out (FIFO)  |

|                                    |   |
|------------------------------------|---|
| <b>Contract Title</b>              | Mini Naphtha (Freespec) Barges CIF ARA (Argus) Futures  |
| <b>Commodity Code</b>              | NBF   |
| <b>Rulebook Chapter</b>            | 1202  |
| <b>Trading and Clearing Venues</b> | CME Globex and CME ClearPort  |
| <b>Settlement method</b>           | Financial   |
| <b>Contract Size</b>               | 100 metric tons   |
| <b>Listing Schedule</b>            | Monthly contracts shall be listed for the current year plus three consecutive years. Monthly contracts for a new calendar year will be added following the termination of trading in the December contract of the current year. |

|                                      |   |
|--------------------------------------|---|
| <b>Minimum Price Fluctuation</b>     | \$0.001 per metric ton                  |
| <b>Value per tick</b>                | \$0.10                                  |
| <b>First Listed Contract</b>         | September 2016                          |
| <b>Block Trade Minimum Threshold</b> | 5 contracts                             |
| <b>Termination of Trading</b>        | Last business day of the contract month |
| <b>CME Globex Match Algorithm</b>    | First In, First Out (FIFO)              |

|                                      |   |
|--------------------------------------|---|
| <b>Contract Title</b>                | Mini Naphtha (Freespec) Cargoes CIF NWE (Argus) Crack Spread (100mt) Futures  |
| <b>Commodity Code</b>                | NCC   |
| <b>Rulebook Chapter</b>              | 1203  |
| <b>Trading and Clearing Venues</b>   | CME Globex and CME ClearPort  |
| <b>Settlement method</b>             | Financial   |
| <b>Contract Size</b>                 | 890 barrels (100 metric tons)   |
| <b>Listing Schedule</b>              | Monthly contracts shall be listed for the current year plus three consecutive years. Monthly contracts for a new calendar year will be added following the termination of trading in the December contract of the current year. |
| <b>Minimum Price Fluctuation</b>     | \$0.001 per barrel  |
| <b>Value per tick</b>                | \$0.89  |
| <b>First Listed Contract</b>         | September 2016  |
| <b>Block Trade Minimum Threshold</b> | 5 contracts   |
| <b>Termination of Trading</b>        | Last business day of the contract month   |
| <b>CME Globex Match Algorithm</b>    | First In, First Out (FIFO)  |

**Trading and Clearing Hours:**

|  |   |
|--|---|
| <b>Trading Hours:<br/>CME Globex and CME ClearPort</b> | Sunday – Friday 6:00 p.m. – 5:00 p.m. (5:00 p.m. – 4:00 p.m. CT) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT). |
|--|---|

**Exchange Fees:**

| <b>Exchange Fees</b>         | <b>Member Day</b> | <b>Member</b> | <b>Cross-Division</b> | <b>Non-Member</b> | <b>International Incentive Programs (IIP/IVIP)</b> |
|------------------------------|-------------------|---------------|-----------------------|-------------------|--|
| CME Globex                   | \$0.80            | \$0.80        | \$0.90                | \$1.00            | \$0.90   |
| AFP                          |                   | \$0.80        |                       | \$1.00            |  |
| Block                        |                   | \$0.80        |                       | \$1.00            |  |
| EFR/EOO                      |                   | \$0.80        |                       | \$1.00            |  |
| Agency Cross                 |                   | \$0.80        |                       | \$1.00            |  |
| <b>Processing Fees</b>       |                   |               | <b>Member</b>         | <b>Non-Member</b> |  |
| Cash Settlement              |                   |               | \$0.10                | \$0.10            |  |
| <b>Other Fees</b>            |                   |               |                       |                   |  |
| Facilitation Fee             |                   |               |                       | \$0.40            |  |
| Give-Up Surcharge            |                   |               |                       | \$0.05            |  |
| Position Adjustment/Transfer |                   |               |                       | \$0.10            |  |

Also effective at this time, the Exchange is also notifying the Commission, pursuant to Regulation 40.6(a), that it is self-certifying increasing the spot month position limit for the European Naphtha Cargoes CIF NWE (Platts) Futures (the "Parent Contract") from 150 contracts to 500 contracts. Position limits in the three (3) Argus based Naphtha Futures contracts will aggregate into the Parent Contract. The deliverable supply, which we have provided in Appendix D, supports the increase in the spot month limits with the higher 500 lot limit representing 12.5% of the total deliverable supply and remaining below the 25% threshold (Please see NYMEX Submission No. 16-279 also dated July 22, 2016).

There are a number of contracts which aggregate into the Parent Contract (the "Child Contracts"). The limits for the Child Contracts are also being adjusted due to the adjustment of the limits at the Parent Contract level. The Exchange is also notifying the Commission that it is self-certifying the insertion of the terms and conditions for the new futures 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 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 contract. Please see Appendix B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook, which is attached under separate cover.

NYMEX is self-certifying block trading on the Contracts with a minimum block threshold of five (5) contracts. The block level is consistent with the Exchange's existing products.

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:

**Compliance with Rules:** Trading in the Contracts will be subject to all NYMEX Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in NYMEX Rule Chapter 4, the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the NYMEX Rulebook, and the dispute resolution and arbitration procedures of NYMEX Rule Chapter 6. As with all products listed for trading on one of CME Group's designated contract markets, trading activity in the Contracts will be subject to monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

**Contract 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 futures market and the settlement index.

**Prevention of Market Disruption:** Trading in the Contracts will be subject to the rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the 3 futures contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

**Position Limitations or Accountability:** The Exchange has a detailed calculation methodology for the position limits in the Contracts.

**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. The Exchange will issue a Special Executive Report ("SER") regarding the launch of the Contracts. In addition, the Exchange will issue a Market Surveillance Notice ("MSN") regarding the amendments to the position limits. The MSN and SER will be posted on the CME Group website.

**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 platform and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for the novation of transactions that are competitively executed by brokers.

**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 Contract:** 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:** NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.

**Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the 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 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.

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

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 (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

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

## Appendix A

### **NYMEX RULEBOOK Chapter 1201**

#### **Mini Naphtha (Freespec) Cargoes CIF NWE (Argus) Futures**

**1201100. 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.

**1201101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Argus Media European Products report under the heading Northwest Europe Light Products "cif" for Naphtha 65 Para for each business day during the contract month.

**1201102. TRADING SPECIFICATIONS**

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

**1201102.A. Trading Schedule**

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

**1201102.B. Trading Unit**

The contract quantity shall be 100 metric tons. Each contract shall be valued as the contract quantity (100) multiplied by the settlement price.

**1201102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton. There shall be no maximum price fluctuation.

**1201102.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.

**1201102.E. Termination of Trading**

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

**1201103. FINAL SETTLEMENT**

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

**1201104. DISCLAIMER**

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

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## Chapter 1202

### Mini Naphtha (Freespec) Barges CIF ARA (Argus) Futures

#### 1202100. 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.

#### 1202101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Argus Media European Products report under the heading Northwest Europe Light Products "barge" for Naphtha 65 Para (cif) for each business day during the contract month.

#### 1202102. TRADING SPECIFICATIONS

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

##### 1202102.A. Trading Schedule

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

##### 1202102.B. Trading Unit

The contract quantity shall be 100 metric tons. Each contract shall be valued as the contract quantity (100) multiplied by the settlement price.

##### 1202102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton. There shall be no maximum price fluctuation.

##### 1202102.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.

##### 1202102.E. Termination of Trading

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

#### 1202103. FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

#### 1202104. DISCLAIMER

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

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## Chapter 1203

### Mini Naphtha (Freespec) Cargoes CIF NWE (Argus) Crack Spread (100mt) Futures

#### 1203100. 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.

#### 1203101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Argus Media European Products report under the heading Northwest Europe Light Products "cif" for "Naphtha 65 Para" minus the ICE Brent Crude Oil Futures first nearby contract settlement price for each business day during the contract month. For the purpose of determining the Floating Price, the Argus Naphtha price assessment will be converted each day to U.S. dollars and cents per barrel rounded to the nearest cent using the conversion factor of 8.9 barrels per metric ton. The settlement price of the first nearby Brent Crude Oil Futures contract month will be used except on the last day of trading for the expiring Brent Crude Oil Futures contract when the settlement price of the second nearby contract month will be used.

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

#### 1203102. TRADING SPECIFICATIONS

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

##### 1203102.A. Trading Schedule

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

##### 1203102.B. Trading Unit

The contract quantity shall be 890 U.S barrels (100 metric tons). Each contract shall be valued as the contract quantity (890) multiplied by the settlement price.

##### 1203102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

##### 1203102.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.

##### 1203102.E. Termination of Trading

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

**1203103. FINAL SETTLEMENT**

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

**1203104. DISCLAIMER**

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**Appendix B**

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

(attached under separate cover)

## Appendix C

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

(additions are underscored)

| Instrument  | Globex code | Non-Reviewable Range (NRR) in Globex format | NRR including Unit of Measure |
|---|-------------|---|-------------------------------|
| <u>Mini Naphtha (Freespec)</u><br><u>Cargoes CIF NWE</u><br><u>(Argus) Futures</u>                                | <u>NCF</u>  | <u>2000</u>                                 | <u>\$2.00 per metric ton</u>  |
| <u>Mini Naphtha (Freespec)</u><br><u>Barges CIF ARA (Argus)</u><br><u>Futures</u>                                 | <u>NBF</u>  | <u>2000</u>                                 | <u>\$2.00 per metric ton</u>  |
| <u>Mini Naphtha (Freespec)</u><br><u>Cargoes CIF NWE</u><br><u>(Argus) Crack Spread</u><br><u>(100mt) Futures</u> | <u>NCC</u>  | <u>2000</u>                                 | <u>\$2.00 per barrel</u>      |

## Appendix D

### Cash Market Overview and Analysis of the Deliverable Supply

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is self-certifying the listing of three new European Refined Product Futures (collectively “the Contracts”) for trading on CME Globex and for submission into clearing via CME ClearPort.

| Contract name   | Commodity code | Rulebook Chapter | Proposed Spot month limit | Venues                       |
|---|----------------|------------------|---------------------------|------------------------------|
| Mini* Naphtha (Freespec) Cargoes CIF NWE (Argus) Futures                      | NCF            | 1201             | 500                       | CME Globex and CME ClearPort |
| Mini* Naphtha (Freespec) Barges CIF ARA (Argus) Futures                       | NBF            | 1202             | 500                       | CME Globex and CME ClearPort |
| Mini* Naphtha (Freespec) Cargoes CIF NWE (Argus) Crack Spread (100mt) Futures | NCC            | 1203             | 500/4000                  | CME Globex and CME ClearPort |

\*The Argus Naphtha Cargo and Barge contracts are 100 metric tons and will aggregate into the Naphtha cif NWE Futures (Platts) Futures (for the Naphtha legs)

The Argus Naphtha for cif ARA or cif NWE contracts will aggregate into the European Naphtha CIF NWE (Platts) Futures (commodity code UN). The Argus Naphtha mini contracts have a contract size of 100 metric tons so the ratio for the purpose of determining the position limits will be 10:1 compared with the larger 1000 metric ton contract.

The proposed Naphtha crack spread is being listed basis 100 metric tons and the conversion from metric tons to barrels for Naphtha is 1 metric ton = 8.9 barrels. In the case of the crack spread, the position limits will aggregate into the European Naphtha CIF NWE (Platts) Futures (commodity code UN) and the Brent Crude Oil Penultimate Financial Futures (commodity code BB).

Exchange staff conducted a review of the underlying cash market and deliverable supply of Naphtha in Northwest Europe. Based on the analysis presented herein, the Exchange determined to increase the spot month limit for its **European Naphtha Cargoes CIF NWE (Platts) Futures (commodity code: UN)** and its associated contracts. A comprehensive list of the impacted contracts can be found in **Appendix B**.

### **Data sources:**

The **Eurostat**<sup>1</sup> data is compiled by the statistical office of the European Union and aims to provide the EU with accurate statistics that enable comparisons between countries and regions. The statistical authorities in each individual member state are responsible for collecting the data. After verification and analysis, the individual authorities send the data to Eurostat who consolidate such data. In addition, Eurostat ensures that all parties are employing the same methodology in collecting and reporting data. The Exchange determined to use Eurostat data for sulfur content of Naphtha in Northwest Europe because of the highly specialized statistical categories collected by Eurostat.

The final settlement price for each of European Naphtha Cargoes CIF NWE (Argus) Futures and Naphtha Barges CIF ARA (Argus) Futures including the Balmo Futures for each market are based on the assessment of the respective underlying physical market as assessed and published by **Argus**. Argus is a well-respected price reporting agency in the Refined Products market and the Exchange is a party to licence agreements with Argus to utilize their pricing data.

The second leg of the Mini European Naphtha (Free-Spec) Cargoes CIF NWE (Argus) Crack Spread (100mt) Futures is based on the Brent crude oil futures first nearby contract settlement as made public by **ICE Futures Europe** which is regulated by the U.K Financial Conduct Authority (FCA). The guidance issued by the FCA is broadly similar to that of the CFTC and therefore we believe that this should be sufficient to satisfy the requirements set out by the CFTC in terms of the Futures contract and the underlying cash markets. According to ICE, the average trading activity in ICE Brent Crude Oil Futures is about 700,000 contracts per day.

### **The Northwest European Naphtha market**

Naphtha<sup>2</sup> is a refined product that is classified as one of the light ends. There are two formal uses for Naphtha, firstly into the Petrochemical sector as a feedstock for products such as plastics or resins and secondly as a blendstock into the Gasoline pool. The Naphtha market is a large physical market and volumes are generated by both domestic production and imports from the key producing regions such as the Middle East. The Amsterdam-Rotterdam-Antwerp (“ARA”) region is a major European import hub for Naphtha (and Gasoline).

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<sup>1</sup> <http://ec.europa.eu/eurostat>

<sup>2</sup> US Energy Information Administration Glossary (Naphtha) - <http://www.eia.gov/tools/glossary/index.cfm?id=N>

## **Production and Import statistics**

The Naphtha market in Northwest Europe, specifically the ARA region represents the largest hub in Europe for petroleum products, with extensive storage and refining capacity. Northwest Europe is classified as Belgium, France, Germany and the Netherlands. The Eurostat data for France does not split the volumes out between the two different regions France is included in (Northwest Europe and the Mediterranean) so the Exchange has determined, in consultation with market participants, that a conservative accounting of activity located in Northern France shall be to only account for 50% of total activity in France. The data tables account for the volume split.

The ARA market is a vibrant import and supply centre for Naphtha, with more than 1.69 million tons per month (15.04 million barrels per month) supplied from the refineries in the Netherlands, Belgium, Germany and France. The conversion factor for Naphtha we have used is 8.9 barrels per metric ton, which is consistent with the market. Naphtha imports into Northwest Europe also accounted for about 2.3 million metric tons per month (20.47 million barrels per month using an 8.9 barrel per metric ton conversion). We have excluded exports from our basis of deliverable supply but according to Eurostat, exports accounted for about 1.2 million metric tons per month (10.68 million barrels per month). The details of the Eurostat monthly production and import data are all included in **Appendix A**.

## **Brent Crude Oil (BFOE)**

The North Sea market is comprised of the oil fields in the UK and Norwegian North oil sectors. There is a series of smaller oil fields which connect into larger streams. The most important streams in the North Sea are Brent, Forties, Oseberg and Ekofisk and each stream has a principle operator that is responsible for the day to day control of the operations including the scheduling of the cargoes based on the production from each of the smaller producing fields. The Brent, Forties, Oseberg and Ekofisk fields are known as BFOE and they underpin the Brent complex and are the key grades of oil that make up the trading of Dated Brent – the international crude oil physical benchmark price. The four BFOE fields lie in the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk and Oseberg are in the Norwegian sector.

The core of the Brent market is the cash market. The Brent forward market consists of the trading of cargoes of any of the Brent, Forties, Oseberg and Ekofisk streams for delivery beyond month ahead, with no specific dates assigned for loading. The cargoes are 600,000 barrels and, in the forward market, the precise loading dates are not provided, only the delivery month i.e. December BFOE Cargo. However the commercial contracts, which are standardized, underlying the forward market to specify the minimum timing the seller must provide the buyer to notify them as to the specific cargo loading date – currently 10 days to month ahead. After the seller of a BFOE forward cargo notifies the buyer as to the loading date and which stream is being loaded, the contract is now considered to have moved from the forward market to the Dated Brent market, historically this moment is referred to as the cargo going “wet” i.e. it has loading dates attached to it and can therefore be sold as a Dated Brent cargo.



The Brent cash market is essentially a reseller market where buyers either: resell the oil to someone else; transport the cargo and resell it later; or transport the cargo to consume it. Most of the sales in the Brent market are conducted as spot-market transactions; in fact, Brent cargoes in the physical market are estimated to trade 10 or more times. Typically, there is a chronology of sales and purchases of crude oil in the Brent cash market that starts with a sale from the equity producer in a spot market transaction, and finishes with a purchase by an end-user to consume the crude oil. Equity producers typically utilize the robust spot market to sell their BFOE production at the cargo loading terminal, as a “Free on Board” (FOB) delivery. Traders play an active role in the Brent market as middlemen with the expressed responsibility of reselling the oil. Further, the refiners typically rely on the spot market to purchase Brent crude oil, because there is vibrant liquidity in the spot market, and hence, the refiners have developed a preference for short-term spot market purchases, rather than long-term contracts. This applies to refiners affiliated with equity producers as well as those not affiliated; this is the standard practice, established and institutionalized over the past 34 years.

Production of BFOE has been declining over the past few years due to the cost of drilling and the returns on investment compared to other regions in the world. These four North Sea grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the 25-Day BFOE cash market (“the forward market”). Quality adjustments ensure that all four grades can be delivered to a buyer under the standardized forward contract. Platts made an adjustment to the forward market mechanism with effect from the March 2015 contract month with the nomination period being extended from 10 to 25 days to 10 days to month ahead. Both ICE and NYMEX adjusted the expiry calendar (with effect from the March 2016 contract month) of the Futures to align more closely with the forward market. An earlier transition (for the futures) would have had a significant impact on the open interest holders hence the change was delayed due to this impact.

The process of moving from a forward to the physical market where a forward Brent cargo becomes a physical North Sea Dated Brent cargo happens as follows:

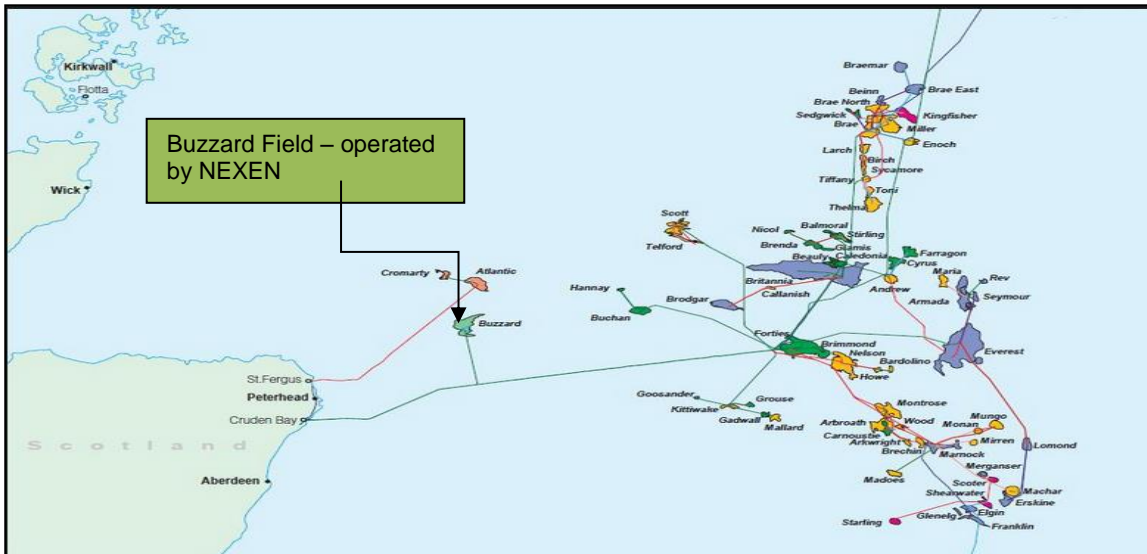
1. Refiners, producers and traders enter into a forward agreement for a particular month.
2. The Operator of each field being Shell for Brent; BP for Forties; ConocoPhillips for Oseberg and Statoil for Ekofisk will announce the loading programs for each contract month a few days prior to the beginning of the month (one month prior) to each loading month (i.e. cargoes in the delivery month start to load). For example, for a June 2016 contract month, the field operators will announce the loading schedules a few days prior to the beginning of April 2016. The equity producers will begin the chain of nominating cargoes to buyers (or they can decide to keep the cargo). A buyer benefiting from a nomination can keep the cargo or pass it to another player with whom it has another forward contract. Buyers trade the cash BFOE on the basis that they will accept any cargo as nominated provided that it is done so within the agreed notice period (10 days to month ahead) by 4pm London time. Any cargo not nominated by this time will

remain with the participant last notified. After 4pm London time, the cargo becomes wet physical with precise loading dates attached.

3. Cargoes that are wet physical will be sold as a Dated Brent cargo with cargo loading dates between 10 days and month ahead (forward).

Chart 1 shows the makeup of the fields in the Forties pipeline system (FPS) which is operated by BP. There are over 50 offshore fields that flow through within the FPS. The delivery point for Forties crude oil is Hound Point, which is on the East coast of Scotland a short distance from the UK oil capital Aberdeen. Forties is a blended crude oil from all of the fields that feed into it.

**Chart 1: Example of the Forties Pipeline system**



The blend changed at the beginning of 2007 when crude oil from the Buzzard field began to flow into it. Crucially Buzzard is now the largest field within the FPS. Buzzard crude oil is a medium gravity, sour crude oil with an API of 32.6 and a sulphur content of 1.44% therefore the yield is very similar to that of Urals crude oil (from Russia). The FPS produces a forward forecast of the anticipated percentage of Buzzard crude in Forties Blend. The overall quality of Forties crude oil varies depending on the percentage of Buzzard as a proportion of the overall blend.

**Table 1: Percentage of Crude from Buzzard Field Estimates<sup>3</sup> (updated April 2016)**

| Month     | Buzzard % in Forties blend | Forties Blend production (kbd) |
|-----------|----------------------------|--------------------------------|
| May 2016  | 34.8%                      | 524.4                          |
| June 2016 | 39.2%                      | 474                            |
| July 2016 | 36.6%                      | 500.6                          |

<sup>3</sup> Forties Pipeline System – Forties Blend Assay [http://www.bp.com/en/global/forties-pipeline/about\\_fps/forties\\_blend\\_quality.html](http://www.bp.com/en/global/forties-pipeline/about_fps/forties_blend_quality.html)

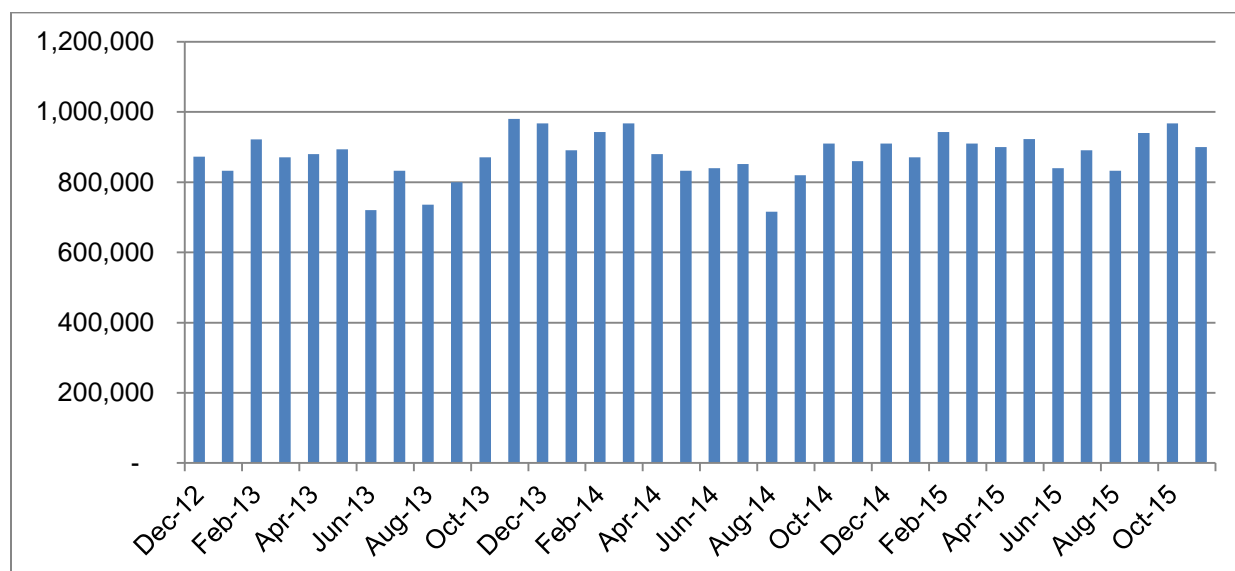
|             |       |       |
|-------------|-------|-------|
| August 2016 | 39.6% | 469.5 |
|-------------|-------|-------|

The start up of the Buzzard field feeding into the Forties pipeline system (refer to chart 1) has resulted in Forties being almost always the cheapest of the four grades to deliver as a dated Brent cargo due to the higher sulphur content of Buzzard compared to Forties and the fact that Buzzard comprises of between 35% and 40% of the total volume of the Forties blend.

Bloomberg LP (“Bloomberg”) provides details of the BFOE loading programs for the four grades that comprise the Brent market. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from December 2012 to November 2015), the total loadings of Brent (BFOE) crude oil was approximately 875,387 barrels per day, which is equivalent to approximately 26.26 million barrels per month (see table 2).

The Bloomberg data, in **Appendix A**, shows the volume of crude oil for Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE). Production volumes have stabilized at current levels but going forward, volumes are expected to decline, in part due to the low oil price environment that has impacted investment levels. Therefore future output from 2017 or 2018 onwards is expected to decline, according to well-respect fundamental analysts.

**Chart 2: Monthly Loadings of Brent, Forties, Oseberg, Ekofisk (BFOE)**



The Brent market is priced in USD and cents per barrel. There are two significant Futures contracts based on trading activity in the forward BFOE market; NYMEX and ICE Futures Europe offer trading of Brent Futures on their respective Exchanges. The cash market is traded in partials of 100,000 barrels or larger full size cargo transactions of 600,000 barrels. Physical convergence can occur through the partials market mechanism upon the trading of six parcels with the same counterparty in a single delivery month. If physical convergence does not occur then trades are booked out at the prevailing cash value on the last day of trading day of the cash market for the

specific delivery month (i.e. this is currently 25 days prior to the 1st loading date of the delivery month). Full sized physical cargo BFOE trades will be used by ICE in the establishment of the Brent Index which is the mechanism by which the futures open on expiry are cash settled<sup>4</sup>.

The Dated Brent or Dated BFOE, as it is sometimes referred, reflects the value of the cheapest of Brent, Forties, Oseberg and Ekofisk, of 600,000 barrels, loading 10 days to Month Ahead (prior to March 2015, the loading period reflected 10-25 days ahead). Dated Brent is estimated to price around 50% of the global crude oil supply<sup>5</sup>. Within the North Sea and beyond, grades are traded as a differential to Dated Brent or as a differential to cash Brent (BFOE). Each of the crude oil grades within BFOE are not the same quality, several adjustments have been made. In 2007 Platts included a sulphur de-escalator for Forties crude oil within its Dated Brent and Brent related instruments. The change was made in response to inclusion of sour crude Buzzard into the Forties pipeline system (see chart 1). The de-escalator of price is applied to deliveries above a minimum sulphur level of 0.6%. Every month, Platts establishes a USD and cents value de-escalator for every 0.1% of sulphur above the maximum level 0.6% (for Forties crude oil). The value of de-escalator is established by reviewing evidence of significant and sustained changes in the crude market, as affected by refined products (crack spread values of both heavy fuel oils and light ends) and other relevant factors that affect the economics of Forties crude.

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<sup>4</sup> [https://www.theice.com/publicdocs/futures/ICE\\_Futures\\_Europe\\_Brent\\_Index.pdf](https://www.theice.com/publicdocs/futures/ICE_Futures_Europe_Brent_Index.pdf)

<sup>5</sup> <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/03/Brent-Prices-Impact-of-PRA-methodology-on-price-formation.pdf>

## **Analysis of Deliverable Supply**

The Commission defined deliverable supply as “the quantity of the commodity meeting a derivative contract’s delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce.”<sup>6</sup>

The Exchange determined that the sum of refinery output (Transformation Output from Refineries) of Naphtha and imports of Naphtha into Northwest Europe best meets the definition of the supply of Naphtha readily available for delivery. We have excluded the level of exports and consumption for the purposes of determining the level of deliverable supply since both represent the usage of the product within a market and are therefore on the demand side. The Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon launch of products, we do not certify recommended position limits based on stock data.

Based on Eurostat data, the deliverable supply of Naphtha in Northwest Europe (Belgium, France (50%), Germany and the Netherlands) is approximately **3.98 million** metric tons per month (sum of production and imports) for the period January 2013 to January 2016 (the latest full set of data available). Open Spec and Free Spec Naphtha originate from the same supply source out of the refinery and via imported cargoes and are totally interchangeable. The only variance, to produce either free-spec or open spec results from the manufacturing or blending process with the main feedstock for both markets being the same. For these reasons, the Exchange has incorporated Free-Spec and Open-Spec Naphtha to be the same product and the Eurostat data reflects this. Similarly, we have not made any adjustments for Barge volumes or Cargo volumes since the available pool of deliverable supply material is the same material.

The basis of the analysis in the Brent market is BFOE loadings in the North Sea. The Exchange determined that the volume of loaded barrels of BFOE crude oil from Brent, Forties, Oseberg and Ekofisk best meets the definition of supply readily available for delivery. In addition, the Exchange has reduced the deliverable supply of Forties to account for the long term commitment for crude oil purchases by the Grangemouth refinery. The Grangemouth oil refinery is located close to the delivery point of the Forties pipeline and volumes from the outer fields are connected directly via a series of pipelines to the refinery<sup>7</sup>. Bloomberg LP (“Bloomberg”) provides details of the BFOE loading programs for the four grades that comprise the Brent market. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from May 2013 to April 2016), the total loadings of Brent (BFOE) crude oil was approximately 883,932 barrels per day, which is equivalent to approximately 26.51 million barrels per month (see table 2). The Bloomberg data, as shown in Appendix A shows the volume of crude oil for Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE), Whilst the volumes appear to have stabilized through April 2016 there are questions about the

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<sup>6</sup> Appendix to Part 38 of the CFTC’s Regulations

<sup>7</sup> [http://www.bp.com/en/global/forties-pipeline/about\\_fps/Technical/technical\\_information.html](http://www.bp.com/en/global/forties-pipeline/about_fps/Technical/technical_information.html) - BP Forties Pipeline system

future output of these grades in the future due to the low oil price and high cost environment for operators in the North Sea.

Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (December 2012 to November 2015), total loadings of Brent (BFOE) crude oil was approximately 883,932 barrels per day, which is equivalent to approximately 26.51 million barrels per month, or 26,510 contract equivalents (contract size: 1,000 barrels). Further, to account for the crude oil purchases by the Grangemouth refinery, the deliverable supply (using the three-year average BFOE figures) would be reduced by 3 million barrels (rounded down from 3.15 million barrels)<sup>8</sup> per month. For the Grangemouth refinery it is located at the end of the Forties Pipeline system and trading sources tell us that about half of the total capacity of the refinery is refining Forties crude oil. Therefore based on this we have assumed that 50% of the refining capacity is Forties crude oil (due to its proximity to the Forties Pipeline System) with the remaining supply being imported using other grades in the North Sea or outside it. According to the official figures, the refining capacity of Grangemouth is 210,000 b/d or 6.3-million barrels per month. The refinery, which included a Petrochemical complex, has an annual capacity of 10 million tons per year. The total deliverable supply of BFOE is approximately **23.51 million barrels per month** which is equivalent to 23,510 contracts.

Based on our analysis of deliverable supply of Naphtha in Northwest Europe and the robustness of the physical cash market for Naphtha in Northwest Europe, the Exchange determined to increase the spot month position limit for the **European Naphtha Cargoes CIF NWE (Platts) Futures (commodity code: UN)** to 500 contracts from 150 contracts (contract size: 1,000mt). The current spot month limit of 150 contracts (or 150,000mt basis 1,000 metric tons) represents 3.75% of the monthly deliverable supply. As provided in the cash market overview, the total volume of Naphtha Production + Imports for Northwest Europe is 3.98 million tons per month or 3,980 contract equivalents (contract size: 1,000 metric tons). Thus the proposed spot month limit of 500 contract equivalents or 500,000 metric tons equates to 12.5% of the monthly deliverable supply volume. The proposed increased spot month limits continue to be well below the 25% of deliverable supply threshold.

As the contract size of the parent has changed, this will impact all of the associated contracts, the details of which are shown in Appendix B.

Positions in the **Mini Naphtha (Freespec) Cargoes CIF NWE (Argus) Futures (Commodity Code NCE)** will aggregate into the European Naphtha Cargoes CIF NWE (Platts) Futures (commodity code: UN). As provided in the cash market overview, the total volume of Naphtha Production + Imports for Northwest Europe is 3.98 million tons per month, this equates to 39,800 contract equivalents basis 100 metric tons or 3,980 contract equivalents basis 1,000 metric tons. The proposed spot month limit of 500 contracts (basis 1,000mt) or 500,000 metric tons equates to 12.5% of the monthly

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<sup>8</sup> UKPia – Ineos Refining – Grangemouth Oil Refinery <http://www.bbc.co.uk/news/uk-scotland-scotland-business-24564397>

deliverable supply volume. The proposed increased spot month limits continue to be well below the 25% of deliverable supply threshold.

Positions in the **Mini Naphtha (Freespec) Barges CIF ARA (Argus) Futures (Commodity Code NBF)** will aggregate into the European Naphtha Cargoes CIF NWE (Platts) Futures (commodity code: UN). As provided in the cash market overview, the total volume of Naphtha Production + Imports for Northwest Europe is 3.98 million tons per month, this equates to 39,800 contract equivalents basis 100 metric tons or 3,980 contract equivalents basis 1,000 metric tons.. The proposed spot month limit of 500 contracts (basis 1,000mt) or 500,000 metric tons equates to 12.5% of the monthly deliverable supply volume. The proposed increased spot month limits continue to be well below the 25% of deliverable supply threshold.

Positions in the **Mini Naphtha (Freespec) Cargoes CIF NWE (Argus) Crack Spread (100mt) Futures (Commodity Code NCC)** will aggregate into the European Naphtha Cargoes CIF NWE (Platts) Futures (commodity code: UN) and the Brent Crude Oil Penultimate Financial Futures (commodity code: BB). As provided in the cash market overview, the total volume of Naphtha Production + Imports for Northwest Europe is 3.98 million tons per month or 39,800 contract equivalents (contract size: 100 metric tons) or 3,980 contract equivalents (basis 1,000 metric tons) and the Brent Deliverable Supply is 23.5 million barrels per month or 23,500 contract equivalents (contract size: 1,000 barrels). The conversion factor for Naphtha from Metric tons to Barrels is 1 metric ton = 8.9 barrels. For the **Brent Crude Oil Penultimate Financial Futures (commodity code BB)** a spot month position limit of 4,000 contracts represents 17.01% of total monthly deliverable supply. In the case of the **Mini European Naphtha (Argus) (Freespec) Crack Spread (100mt) Futures**, the proposed spot month limit of 500 contract equivalents or 500,000 metric tons (basis 1,000 metric tons) equates to 12.5% of the monthly deliverable supply volume. The proposed increased spot month limits continue to be well below the 25% of deliverable supply threshold.

## Appendix A

The Eurostat data in Appendix A shows the monthly Naphtha production and import statistics for Northwest Europe. We have categorized Northwest Europe as Belgium, Germany, France and the Netherlands. In the case of France, the data has been reduced by 50% to take account of the fact that only around half of the production or imported volumes originate in or are exported into the Northwest European markets.

We have reviewed the data over the period January 2013 to January 2016 which is the last full data set available.

### Total Northwest European Naphtha production (Eurostat)

Units: Thousand Tons

|        | Belgium | Germany | France* | Netherlands | 3-year Average |
|--------|---------|---------|---------|-------------|----------------|
| Jan-13 | 284     | 633     | 214     | 1,654       |                |
| Feb-13 | 198     | 575     | 79      | 1,303       |                |
| Mar-13 | 259     | 607     | 66      | 1,524       |                |
| Apr-13 | 231     | 565     | 232     | 1,177       |                |
| May-13 | 70      | 629     | 134     | 1,338       |                |
| Jun-13 | 92      | 490     | 150     | 1,352       |                |
| Jul-13 | 329     | 556     | 171     | 1,108       |                |
| Aug-13 | 312     | 554     | 126     | 1,118       |                |
| Sep-13 | 385     | 474     | 210     | 1,324       |                |
| Oct-13 | 431     | 492     | 76      | 1,404       |                |
| Nov-13 | 358     | 509     | 139     | 1,403       |                |
| Dec-13 | 414     | 531     | 164     | 1,406       |                |
| Jan-14 | 496     | 686     | 193     | 1,361       |                |
| Feb-14 | 346     | 705     | 110     | 1,387       |                |
| Mar-14 | 364     | 586     | 95      | 1,355       |                |
| Apr-14 | 314     | 593     | 235     | 1,157       |                |
| May-14 | 266     | 642     | 216     | 1,513       |                |
| Jun-14 | 324     | 563     | 254     | 1,446       |                |
| Jul-14 | 347     | 850     | 275     | 1,179       |                |
| Aug-14 | 338     | 637     | 177     | 1,185       |                |
| Sep-14 | 318     | 502     | 151     | 1,148       |                |
| Oct-14 | 367     | 640     | 130     | 1,146       |                |
| Nov-14 | 389     | 714     | 166     | 1,064       |                |
| Dec-14 | 375     | 688     | 269     | 1,263       |                |
| Jan-15 | 370     | 787     | 179     | 1,378       |                |
| Feb-15 | 346     | 604     | 93      | 1,408       |                |
| Mar-15 | 372     | 648     | 178     | 1,296       |                |
| Apr-15 | 307     | 637     | 133     | 1,233       |                |
| May-15 | 410     | 370     | 158     | 1,126       |                |
| Jun-15 | 428     | 482     | 117     | 1,180       |                |



|              |            |            |           |              |              |
|--------------|------------|------------|-----------|--------------|--------------|
| Jul-15       | 254        | 528        | 173       | 1,151        |              |
| Aug-15       | 223        | 591        | 206       | 1,427        |              |
| Sep-15       | 315        | 501        | 285       | 1,320        |              |
| Oct-15       | 185        | 505        | 154       | 1,392        |              |
| Nov-15       | 313        | 560        | 141       | 1198         |              |
| Dec-15       | 334        | 547        | 146       | 1077         |              |
| Jan-16       | 286        | 756        | 158       | 1303         |              |
| <b>Total</b> | <b>318</b> | <b>593</b> | <b>83</b> | <b>1,292</b> | <b>2,286</b> |

\*France data reduced by 50% to reflect Northwest Europe

### Total Northwest European Naphtha Imports (Eurostat) Units: Thousand Tons

|        | Belgium | Germany | France* | Netherlands | 3-year Average |
|--------|---------|---------|---------|-------------|----------------|
| Jan-13 | 233     | 640     | 330     | 791         |                |
| Feb-13 | 191     | 583     | 397     | 529         |                |
| Mar-13 | 263     | 716     | 431     | 564         |                |
| Apr-13 | 174     | 524     | 432     | 606         |                |
| May-13 | 199     | 668     | 393     | 496         |                |
| Jun-13 | 212     | 658     | 408     | 706         |                |
| Jul-13 | 226     | 638     | 374     | 749         |                |
| Aug-13 | 209     | 676     | 371     | 628         |                |
| Sep-13 | 197     | 654     | 369     | 666         |                |
| Oct-13 | 51      | 647     | 282     | 556         |                |
| Nov-13 | 108     | 680     | 389     | 613         |                |
| Dec-13 | 239     | 726     | 359     | 742         |                |
| Jan-14 | 222     | 679     | 401     | 696         |                |
| Feb-14 | 215     | 615     | 381     | 591         |                |
| Mar-14 | 248     | 692     | 419     | 590         |                |
| Apr-14 | 242     | 706     | 407     | 653         |                |
| May-14 | 255     | 609     | 248     | 555         |                |
| Jun-14 | 233     | 577     | 316     | 524         |                |
| Jul-14 | 204     | 658     | 394     | 540         |                |
| Aug-14 | 217     | 708     | 434     | 592         |                |
| Sep-14 | 208     | 642     | 415     | 619         |                |
| Oct-14 | 191     | 630     | 440     | 568         |                |
| Nov-14 | 162     | 653     | 406     | 606         |                |
| Dec-14 | 170     | 682     | 435     | 605         |                |
| Jan-15 | 210     | 665     | 486     | 698         |                |
| Feb-15 | 193     | 632     | 453     | 589         |                |
| Mar-15 | 196     | 736     | 494     | 576         |                |
| Apr-15 | 205     | 727     | 348     | 504         |                |
| May-15 | 176     | 695     | 412     | 827         |                |

|              |            |            |            |            |              |
|--------------|------------|------------|------------|------------|--------------|
| Jun-15       | 138        | 642        | 354        | 748        |              |
| Jul-15       | 209        | 672        | 322        | 814        |              |
| Aug-15       | 183        | 636        | 354        | 704        |              |
| Sep-15       | 149        | 626        | 380        | 719        |              |
| Oct-15       | 207        | 636        | 474        | 937        |              |
| Nov-15       | 196        | 628        | 429        | 797        |              |
| Dec-15       | 200        | 684        | 381        | 888        |              |
| Jan-16       | 227        | 772        | 420        | 957        |              |
| <b>Total</b> | <b>198</b> | <b>657</b> | <b>196</b> | <b>644</b> | <b>1,695</b> |

\*France data reduced by 50% to reflect Northwest Europe

### BFOE Loaded Volumes (as assessed by Bloomberg)

Unit: Barrels per Day

| Year | Month  | BFOE Volumes | 3-Year Average |
|------|--------|--------------|----------------|
| 2013 | Jan-13 | 832,258      |                |
|      | Feb-13 | 921,429      |                |
|      | Mar-13 | 870,968      |                |
|      | Apr-13 | 880,000      |                |
|      | May-13 | 893,548      |                |
|      | Jun-13 | 720,000      |                |
|      | Jul-13 | 832,258      |                |
|      | Aug-13 | 735,484      |                |
|      | Sep-13 | 800,000      |                |
|      | Oct-13 | 870,968      |                |
|      | Nov-13 | 980,000      |                |
|      | Dec-13 | 967,742      |                |
| 2014 | Jan-14 | 890,323      |                |
|      | Feb-14 | 942,857      |                |
|      | Mar-14 | 967,742      |                |
|      | Apr-14 | 880,000      |                |
|      | May-14 | 832,258      |                |
|      | Jun-14 | 840,000      |                |
|      | Jul-14 | 851,613      |                |
|      | Aug-14 | 716,129      |                |
|      | Sep-14 | 820,000      |                |
|      | Oct-14 | 909,677      |                |
|      | Nov-14 | 860,000      |                |
|      | Dec-14 | 909,677      |                |
| 2015 | Jan-15 | 870,968      |                |
|      | Feb-15 | 942,857      |                |

|             |        |         |         |
|-------------|--------|---------|---------|
|             | Mar-15 | 909,677 |         |
|             | Apr-15 | 900,000 |         |
|             | May-15 | 922,581 |         |
|             | Jun-15 | 840,000 |         |
|             | Jul-15 | 890,323 |         |
|             | Aug-15 | 832,258 |         |
|             | Sep-15 | 940,000 |         |
|             | Oct-15 | 967,742 |         |
|             | Nov-15 | 900,000 |         |
|             | Dec-15 | 929,032 |         |
| <b>2016</b> | Jan-16 | 974,194 |         |
|             | Feb-16 | 950,690 |         |
|             | Mar-16 | 870,968 |         |
|             | Apr-16 | 960,000 | 883,156 |

## Appendix B

The Exchange proposes to amend the spot month limit of the European Naphtha Cargoes CIF NWE (Platts) Futures contract (“the Parent contract”). The underlying contracts “child contracts” referred to in the table below will be impacted as a result of this change. Please note that the Exchange will not amend the single month or all month accountability levels for this contract or any of the associated child contracts. All of the existing aggregations will remain unchanged.

### **“Parent” Contracts**

| <b>Contract Title</b>                             | <b><u>Commodity Code</u></b> | <b><u>Rule Chapter</u></b> | <b><u>Spot-Month Limit (In Net Futures Equivalents)</u></b> |
|---|------------------------------|----------------------------|---|
| European Naphtha Cargoes CIF NWE (Platts) Futures | UN                           | 660                        | 450 <u>500</u>  |

### **Associated Contracts**

| <b>Contract Title</b>  | <b>Commodity code</b> | <b>Rule Chapter</b> | <b>Spot-Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)</b> |
|--|-----------------------|---------------------|--|
| Naphtha Cargoes CIF NWE (Platts) Crack Spread (1000mt) Futures       | NOB                   | 148                 | 450 <u>500</u> /4,000  |
| Naphtha Cargoes CIF NWE (Platts) Crack Spread (1000mt) BALMO Futures | NBB                   | 149                 | 450 <u>500</u> /4,000  |
| Mini European Naphtha CIF NWE (Platts) Futures                       | MNC                   | 230                 | 450 <u>500</u>   |
| Daily European Naphtha CIF NWE (Platts) Futures                      | NCP                   | 236                 | 450 <u>500</u>   |
| European Naphtha (Platts) BALMO Futures                              | KZ                    | 501                 | 450 <u>500</u>   |
| European Naphtha (Platts) Crack Spread BALMO Futures                 | 43                    | 636                 | 450 <u>500</u> /4,000  |
| European Naphtha (Platts) Crack Spread Futures                       | EN                    | 713                 | 450 <u>500</u> /4,000  |
| Mini European Naphtha (Platts) BALMO Futures                         | MEN                   | 1196                | 450 <u>500</u>   |
| European Naphtha Cargoes CIF NWE (Platts) Average Price Option       | NWE                   | 1213                | 450 <u>500</u>   |

|   |     |     |                            |
|---|-----|-----|----------------------------|
| East-West Naphtha: Japan C&F vs. Cargoes CIF NWE Spread (Platts) Futures      | EWN | 214 | 500/150- <b><u>500</u></b> |
| European Propane CIF ARA (Argus) vs. Naphtha Cargoes CIF NWE (Platts) Futures | EPN | 396 | 50/150- <b><u>500</u></b>  |