

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-331

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): 09/28/22 Filing Description: Initial Listing of the LNG North West Europe Marker (Platts) Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

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

Rule Numbers:

New Product

Please note only ONE product per Submission.

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

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:

September 28, 2022

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the LNG North West Europe
 Marker (Platts) Futures Contract.
 NYMEX Submission No. 22-331**

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 LNG North West Europe Marker (Platts) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective Sunday, October 23, 2022 for trade date Monday, October 24, 2022.

Contract Title	LNG North West Europe Marker (Platts) Futures
CME Globex/CME ClearPort Code	NWM
Rulebook Chapter	255
Settlement Type	Financial
Contract Size	10,000 MMBTu
Listing Schedule	Monthly contracts listed for the current year and the next 5 calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.
Pricing Quotation	U.S. dollars and cents per MMBTu
First Listed Month	December 2022
Minimum Price Fluctuation	\$0.005 per MMBTu
Value per tick	\$50
Block Trade Minimum Threshold	5 contracts – subject to a minimum 15-minute reporting window
Termination of Trading	Trading terminates on the 15th calendar day of the month prior to the contract month. If this is not a business day, the preceding business day
CME Globex Matching Algorithm	First in First Out (FIFO)
Trading and Clearing Hours	CME Globex: Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT 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 ClearPort: Sunday - Friday 5:00 p.m. - 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT

NYMEX is certifying block trading on the Contract with a minimum block threshold of five (5) contracts which is commensurate with the Exchange’s other similar products.

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

- **Compliance with Rules**: Trading in the Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in this product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts Not Readily Subject to Manipulation**: The Contract is not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market.
- **Prevention of Market Disruption**: Trading in the Contract will be subject to Rules of NYMEX, which include prohibitions on manipulation, price distortion and disruption of the delivery or cash-settlement process. As with any new products listed for trading on a CME Group designated contract market, trading activity in the Contract proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.
- **Position Limitations or Accountability**: The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission’s guidance.
- **Availability of General Information**: The Exchange will publish on its website information regarding the Contract’s specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.
- **Daily Publication of Trading Information**: The Exchange will publish the Contract’s trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions**: The Contract will be listed for trading on the CME Globex electronic trading and for clearing through the CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information**: All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract**: The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants**: NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange’s competitive trading venues and will be applicable to transaction in the Contract.
- **Disciplinary Procedures**: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in the product are identified.

- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all 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 nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

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

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter 255
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Exhibit C: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Exhibit D: Exchange Fees
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

EXHIBIT A
NYMEX Rulebook

Chapter 255
LNG North West Europe Marker (Platts) Futures

255100. 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.

255101. CONTRACT SPECIFICATIONS

The 'Settlement Period' for a specified contract month shall be the period that starts on, and includes, the 16th calendar day of the calendar month that is two months prior to the contract month, and ends on, and includes, the 15th calendar day of the calendar month that is prior to the contract month.

The Floating Price shall be determined following the publication of the LNG NWE Spot DES marker by Platts on the last publication day in the Settlement Period. If such day is not an Exchange Business Day, the Floating Price shall be determined on the following Exchange Business Day.

The Floating Price for each contract month is equal to the arithmetic average of the LNG NWE Spot DES marker published in respect of the contract month by Platts in LNG Daily for each day that it is published during the Settlement Period.

255102. TRADING SPECIFICATIONS

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

255102.A. Trading Schedule

The hours of trading shall be determined by the Exchange.

255102.B. Trading Unit

The contract quantity shall be 10,000 MMBtu (million British thermal units). Each contract shall be valued as the contract quantity (10,000) multiplied by the settlement price.

255102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.005 per MMBtu. The minimum price fluctuation for the final settlement (Floating Price) shall be \$0.001 per MMBtu.

255102.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.

255102.E. Termination of Trading

Trading terminates on the last weekday (i.e., Monday to Friday inclusive) in the Settlement Period. If such day is not an Exchange Business Day, the trade submission shall cease on the preceding Exchange Business Day.

255103. FINAL SETTLEMENT

Final settlement 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.

255104. DISCLAIMER

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

EXHIBIT B

NYMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

EXHIBIT C
NYMEX Rulebook
Chapter 5

(“Trading Qualifications and Practices”)

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

(additions 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>LNG North West Europe Marker (Platts) Futures</u>	<u>NWM</u>	<u>\$.10 per MMBtu</u>	<u>100</u>	<u>20</u>	<u>N/A</u>	<u>N/A</u>

EXHIBIT D

Exchange Fees

	Member	Non-Member
CME Globex	\$5.00	\$7.00
EFP	\$5.00	\$7.00
Block	\$5.00	\$7.00
EFR/EOO	\$5.00	\$7.00

Processing Fees	Member	Non-Member
Cash Settlement	\$1.00	\$1.00
Facilitation Fee		\$0.60
Give-Up Surcharge		\$0.05
Position Adjustment/Position Transfer		\$0.10

EXHIBIT E

Cash Market Overview and Analysis of Deliverable Supply

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is listing the LNG North West Europe Marker (Platts) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort. The Contract is financially settled with reference to prices published by S&P Global Platts (“Platts”).

The Platts LNG NWE Spot DES (LNG Northwest Europe Spot delivered ex-ship) is a price assessment for spot physical cargoes delivered into LNG import terminals located in the UK, Belgium, the Netherlands, and France (typically the terminals of the Isle of Grain, Zeebrugge, Gate LNG, Dragon LNG, Montoir, South Hook and Dunkirk). The assessment terms are intended to broadly reflect LNG spot market standard trading terms. The pricing basis are LNG cargoes that have a minimum cargo size of 135,000 cubic metre (“cu m”). and up to 175,000 cu m. Further information on the Platts spot market assessment methodology may be found under following [link](#).

Data Sources:

In its cash market and deliverable supply analysis, the Exchange has incorporated data from the **International Group of Liquefied Natural Gas Importers, or GIIGNL**. GIIGNL is a non-profit organization whose objective is the development of activities related to LNG markets. GIIGNL’s membership is composed of companies active in LNG purchasing, importing, processing, transportation, handling, re-gasification around the world.¹

The **International Energy Agency (IEA)** is an intergovernmental organization that acts as a policy adviser to its member states focusing on the international oil and energy markets. It maintains a large database of energy statistics.²

¹ <https://giignl.org/about-giignl/what-does-giignl-do>

² <https://www.iea.org/>

Cash Market Overview

Liquefied natural gas (“LNG”) is a growing part of the international supply and trade of energy. LNG is natural gas that is cooled and compressed into liquid form to make it more readily transportable. LNG is typically transported by sea in specially designed vessels. The GIIGNL states that 44 countries import LNG, 19 countries export LNG. European countries imported 75.1 million MT of LNG in 2021, representing about 20% of global imports. Asia accounts for over 70% of global LNG demand.³

The following table shows the largest importers and exporters of LNG in 2021 according to the GIIGNL:

Table 1 LNG imports 2021

LNG imports	Million MT
China	79.3
Japan	74.4
South Korea	46.9
India	24.0
Taiwan	19.4
Spain	13.8
France	12.3
United Kingdom	11.0
Turkey	10.0
Pakistan	8.2
Percent of Total	80%
Total	372.3

Source: GIIGNL 2022 annual report – page 36

Table 2 Exports LNG 2021

LNG Exports	Million MT
Australia	78.5
Qatar	77.0
United States	67.0
Russia	29.6
Malaysia	24.9
Nigeria	16.4
Indonesia	13.8
Algeria	11.8
Oman	10.2
Papua New Guinea	8.3
Percent of Total	91%
Total	372.3

Source: GIIGNL 2022 annual report – page 36

³ https://giignl.org/wp-content/uploads/2022/05/GIIGNL2022_Annual_Report_May24.pdf

Historical GIILNG annual reports show import volumes for the North West European (NWE) countries with LNG import capacity.

Table 3 LNG imports into NWE

Million MT	2019	2020	2021	Average
LNG				
France	15.6	13.1	12.3	13.7
Belgium	5.1	3.2	3.3	3.9
Netherlands	5.8	5.3	5.6	5.6
United Kingdom	13.6	13.4	11.0	12.7
Total	40.0	35.0	32.3	35.8

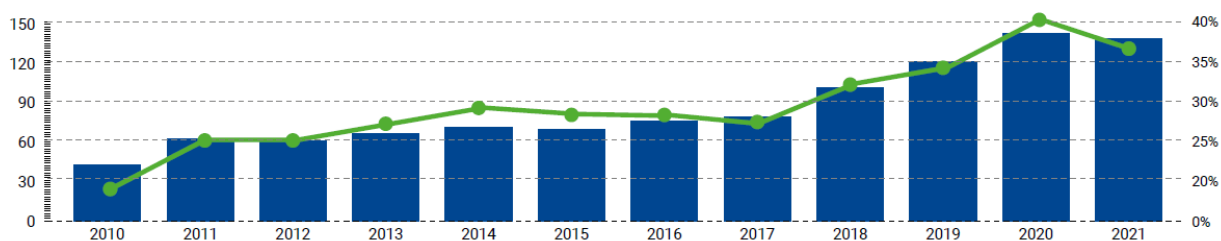
Source: GIILNG 2020,2021, 2022 annual reports

GIILNG data shows that combined imports in France, Belgium, the Netherlands and the UK were 35.8 million Metric Tons per year on average across 2019 to 2021.

The physical LNG market trades on a cargo basis. Many cargoes are sent as part of term supply agreement, but a growing share of the total is tied to spot/ short-term purchases (37% of total in 2021). Spot LNG cargoes are typically traded in U.S. dollars, on a price per energy content (i.e., \$ per MMBtu) basis. Pricing on this basis accounts for variances in the chemical content of various LNG sources, and for different pressure and temperature regimes on different vessels.

Chart 1 Spot & Short-term (duration of 4 years or less) vs total LNG trade

SHARE OF SPOT & SHORT TERM VS. TOTAL LNG TRADE (MTPA/%)



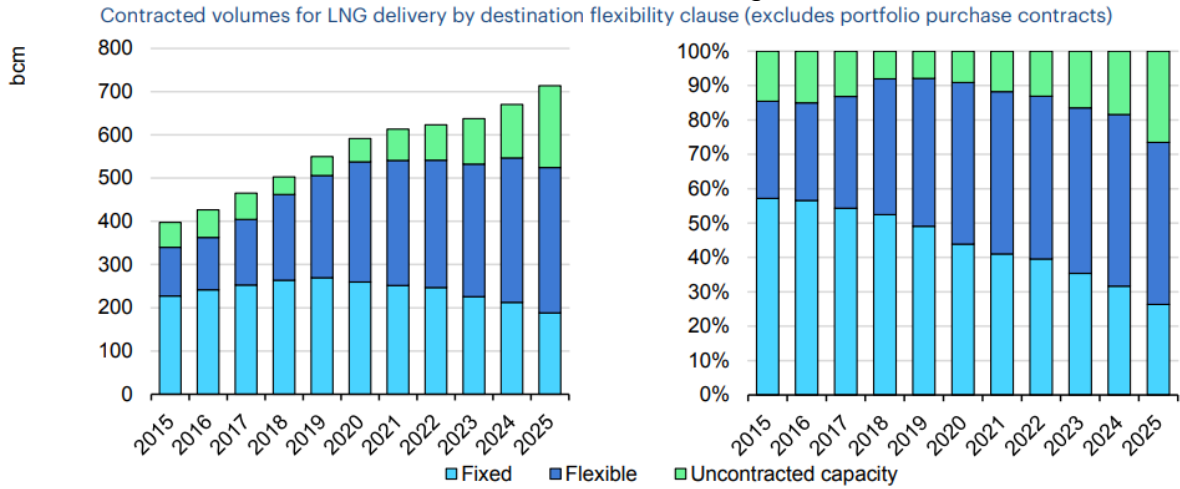
Source: GIILNG Annual Report 2022 – page 41

The share of spot and short-term deals is increasing because of the increase of US exports, increased contracting for portfolio trade and the growing volume handled by trading intermediaries. Historically, the market for LNG was restricted because long-term supply agreements did not allow for destination flexibility. Today, non-destination restricted term cargoes are re-traded multiple times and may be redirected to import terminals across the globe. Overall, destination restrictions are being progressively shelved. In 2017, the Japan Fair Trade Commission stated that restrictions that stopped customers from reselling LNG cargoes violated the Japanese Antimonopoly Act.⁴ The Korean Fair Trade Commission is currently also considering similar. Imports into Europe from the U.S. are often characterized by destination flexibility, meaning that term

⁴ <https://www.reuters.com/article/lng-japan-investigation/update-2-japan-regulator-ends-lng-resale-restrictions-idUSL3N1JP2E0>

contracts also allow for cargoes to be freely re-traded and re-routed.⁵ IEA data shows that the share of term volume with destination flexibility now accounts for more than half of the total, with the share expected to increase further over the coming years.

Chart 2 Increase in flexible destination term contracting in LNG markets



IEA 2020. All rights reserved.

Source: [International Energy Agency Global Gas Security Review 2020](https://www.iea.org/reports/global-gas-security-review-2020)

⁵ <https://www.eia.gov/todayinenergy/detail.php?id=52659>

Analysis of Deliverable Supply

Appendix C to part 38 of the Commission's regulations defines deliverable supply as "the quantity of the commodity meeting the contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce."

Table 3 above shows that the average imports into NWE for 2019-2021 were 35.8 million metric tons.

Given the presence of LNG cargoes resulting from contracts that are destination restricted, the Exchange has determined to adjust the available import volumes by the amount of fixed destination cargoes. Of the total LNG trade, 37% of the total is traded in flexible spot and short-term markets (source: GIILNG). Of the remaining share, approximately 50% is traded with destination flexibility (source: IEA), with the market anticipating that share to continue growing. The Exchange therefore estimates that fixed-delivery cargoes represented 31.5% of total LNG imports into the region (50% of 63% non-spot/ short-term contracts). This number may overestimate the share of fixed-delivery point cargoes since historically destination restriction clauses are more commonly found in the Asian LNG trade, meaning that LNG imports into NWE are more often than not free of such clauses.

Removing the share of destination-restricted volume, adjusted imports are 68.5% of 35.8 million metric tons, or 24.5 million metric tons. According to the IEA's statistics manual,⁶ a kilogram of LNG is equivalent to 51,560 Btu, or a metric ton is equivalent to 51.56 MMBtu. Using this conversion factor, 24.5 million metric tons is equivalent to 1,263,220,000 MMBtu annually, or 105,268,333 MMBtu per month.

The contract size of the underlying monthly contract is 10,000 MMBtu, resulting in a deliverable supply of 10,527 contracts per month. The spot month position limit has been set at 2,000 contracts. This represents 19% of the Contract's deliverable supply.

⁶ <https://iea.blob.core.windows.net/assets/67fb0049-ec99-470d-8412-1ed9201e576f/EnergyStatisticsManual.pdf> , table A3.9