SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 14-420

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): October 1, 2014 Filing Description: Notification Regarding the Initial Listing of a Physically-Delivered Illinois Basin Coal 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: **Illinois Basin Coal Futures (ILB)**

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:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 1, 2014

VIA ELECTRONIC PORTAL

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

Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of a Physically-Delivered Illinois Basin Coal Futures Contract.
NYMEX Submission No. 14-420

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 listing of the physically-delivered Illinois Basin Coal Futures contract ("Contract") for trading on CME Globex and the NYMEX trading floor as well as for submission for clearing through CME ClearPort, effective on Sunday, October 19, 2014 for trade date Monday, October 20, 2014.

Pursuant to Commission Regulation 40.6(a), NYMEX is separately self-certifying block trading and a minimum block trading threshold of five (5) contracts for the Illinois Basin Coal Futures in NYMEX/COMEX Submission No. 14-413. In addition, pursuant to Commission Regulation 40.6(a), NYMEX has self-certified amendments to Chapter 7 ("Delivery Facilities and Procedures") in NYMEX/COMEX Submission No. 14-416.

The Contract specifications are as follows:

Contract Title	Illinois Basin Coal Futures
Rule Chapter Number	255
Commodity Code	ILB
Contract Size	1,750 short tons
First Listed Delivery Month	November 2014
Listing Cycle	30 consecutive months
Termination of Trading	The fourth to last business day prior to the delivery month
Minimum Price Fluctuation	$0.01 per short ton
Value per Tick	$17.50
Block Trade Minimum Threshold	5 contracts

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Trading and Clearing Hours:

NYMEX Trading Floor: Monday – Friday 9:00 a.m. – 2:30 p.m. New York Time/ET (Monday – Friday 8:00 a.m. – 1:30 p.m. Chicago Time/CT)

CME Globex and CME ClearPort: Sunday - Friday 6:00 p.m. - 5:15 p.m. ET (Sunday - Friday 5:00 p.m. - 4:15 p.m. CT)

Fee Schedule:

Exchange Fees				
	Member	**Cross Division**	**Non-Member**	**IIP**
Pit	$6.50	$6.85	$7.50	
Globex	$6.50	$6.85	$7.50	$6.85
ClearPort	$6.50		$7.50	
Agency Cross	$6.50		$7.50	

Other Processing Fees		
	Member	**Non-Member**
Futures from E/A	$6.50	$7.50
	House Acct	**Customer Acct**
Delivery Notice	$0.50	$1.00

Additional Fees and Surcharges	
Facilitation Desk Fee	$0.20

The Exchange is also notifying the CFTC that it is self-certifying the addition of the terms and conditions for the Illinois Basin Coal Futures contract 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 subject contract. The terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the Illinois Basin Coal Futures contract (See Appendix B, attached under separate cover).

Exchange business staff responsible for the new product and the Exchange Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, Exchange staff identified that the new product may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in this Contract will be subject to NYMEX rules ("Rulebook") Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- Contracts Not Readily Subject to Manipulation: This Contract is not readily subject to manipulation based on the ample sources of deliverable supply that ensure a smooth and orderly delivery process. Moreover, the terms and conditions specified in the contracts rules comply with cash market practices.

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- Compliance with Rules: Trading in this 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 panoply of trade practice rules, the majority of which are contained in Chapter 5 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in this new 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.

- Position Limitations or Accountability: The spot month speculative position limits for the Illinois Basin Coal Futures contract is set at 250 contracts, which is representative of 20% of the coal produced in the Illinois Basin which meets the contract's quality specifications, is transported by barge and is available for sale in the spot market.

- Availability of General Information: The Exchange will publish information on the Contract's specification on its website, together with daily trading volume, open interest and price information.

- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.

- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- Execution of Transactions: The Contract will be listed for trading on CME Globex and the NYMEX trading floor as well as available for submission for clearing through the CME ClearPort platform. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. In addition, the NYMEX trading floor continues to be available as a trading venue and provide for competitive and open execution of transactions. The CME ClearPort platform continues to provide a competitive and open execution of transactions by brokers.

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

- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.

- 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 this 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 this 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 nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contract. A description of the cash markets for the new product is attached (See Appendix D: Cash Market Overview and Analysis of Deliverable Supply).

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

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

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:	Appendix A:	NYMEX Rulebook Chapter 255
	Appendix B:	Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX/COMEX Rulebook (attached under separate cover)
	Appendix C:	Rule 588.H – CME Globex Non-reviewable Range Table
	Appendix D:	Cash Market Overview and Analysis of Deliverable Supply

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APPENDIX A

Chapter 255

Illinois Basin Coal Futures

255100. SCOPE OF CHAPTER

This chapter is limited in application to Illinois Basin Coal futures. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange. The provisions of these rules shall apply to all Illinois Basin coal bought and sold for future delivery on the Exchange. The terms “seller” and “buyer” shall mean the seller of the physical product and the buyer of the physical product, respectively. For purposes of these rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

255101. CONTRACT SPECIFICATIONS

Coal shall mean crushed, bituminous coal, substantially free of any extraneous material, with no intermediate sizes to be added or removed and otherwise meeting the specifications of this contract delivered in accordance with the rules of this contract.

Coal delivered under this contract shall meet the following quality specifications on an as-received basis which shall mean that analysis data is calculated to the moisture condition of the sample as it arrived at the laboratory, and before any processing or conditioning. If the sample has been maintained in a sealed state so that there has been no gain or loss, the as-received basis is equivalent to the moisture basis as sampled (as-received does not refer to grindability and sizing):

Btu (British thermal unit) which shall mean the amount of heat required to raise the temperature of one (1) pound of avoirdupois pure water from fifty-eight and five tenths degrees (58.5) Fahrenheit to fifty-nine and five tenths degrees (59.5) Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute:

11,500 Btu/lb standard gross calorific value, 11,100 Btu/lb minimum (American Society for Testing and Materials (“A.S.T.M.”) D5685)

Ash: Maximum 12.00% (A.S.T.M. D3174)

Sulfur: Maximum 3.15% (A.S.T.M. D4239)

Moisture: Maximum 14.00% (A.S.T.M. D3302)

Volatile Matter: Minimum: 30.00%(A.S.T.M. D3175)

Grindability: Minimum 50 Hardgrove Index (HGI) (A.S.T.M. D409)

Chlorine: Maximum 0.35% (A.S.T.M. D4208)

Ash Fusion Temperature (AFT): 1,850 degrees Fahrenheit, as measured by initial deformation temperature (IDT), reducing atmosphere (A.S.T.M. D1857)

Sizing: Three inches topsize, nominal, with maximum fifty five percent passing one quarter inch square wire cloth sieve to be determined basis the primary cutter of the mechanical sampling system. (A.S.T.M. D4749)

Testing: The tests for Grindability and Sizing are at the buyer's option, with the buyer required to (1) direct its inspection company (i.e., sampling contractor) to collect whatever additional samples are necessary for these tests to be performed according to the specified A.S.T.M. guidelines. The buyer will bear any costs for additional sample collection; and (2) notify the seller whether the test is to be conducted pursuant to Section 105.D.

255102. TRADING SPECIFICATIONS

Trading in Illinois Basin Coal futures is regularly conducted in all calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

255102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

255102.B. Trading Unit

The contract unit shall be 1,750 short tons. A loading tolerance of plus or minus sixty (60) short tons or two percent (2%), whichever is greater, applicable to the total number of contracts per scheduled delivery.

255102.C. Price Increments

Prices shall be quoted in dollars and cents per short ton. The minimum price fluctuation shall be $0.01 per short ton. There is no maximum price fluctuation.

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

No trades in Illinois Basin Coal futures in the expiring contract month shall be made after the close of business four Business Days prior to the first calendar day of the month for such expiring contract (the “last trade date”). In the event that the originally listed last trade date is declared a holiday, the last trade date will move to the Business Day immediately prior. Any contracts remaining open after the last trade date must be either:

(A) Settled by delivery. Delivery shall be scheduled by the seller to take place on a single day between the first calendar day of the delivery month and a date such that there are a minimum of seven (7) calendar days remaining in the delivery month (“delivery date”). The delivery date may be amended by agreement of the parties in accordance with Rule 255106.B below. In no event shall the amended delivery date be later than the last calendar day of the delivery month; or

(B) Liquidated by means of a bona fide Exchange for Related Position (“EFRP”) pursuant to Rule 538. An EFRP is permitted in an expired futures contract until 10:00 a.m. on the first Business Day following termination of trading in an expired futures contract. An EFRP which establishes a futures position for either the buyer or the seller in an expired futures contract shall not be permitted following the termination of trading of an expired futures contract.

255103. INSPECTION SAMPLING AND WEIGHING

255103.A. Inspection

The buyer and the seller shall each select and bear the cost of their respective inspection companies to:

1. Jointly supervise the sampling procedures which are to be done with the delivery facility's mechanical sampler as the buyer's barge is being loaded according to A.S.T.M. guideline

D 2234, or a mutually agreed upon method, or, in the case of a failure of the mechanical sampler during loading, a method selected by the buyer;

2. Individually conduct weighing procedures; and

3. Individually run their own tests on the samples in accordance with Rule 255101.

The inspection companies shall not be affiliated with the parties to the delivery. The inspection companies must be capable of performing the quantity or quality tests requested by the buyer and the seller in such a manner so as to assure that the coal delivered conforms with these rules.

255103.B. Weight

Weighing shall be done by certified belt scale, or if the delivery facility does not have a certified belt scale, a draft survey is acceptable.

255104. DELIVERY

255104.A. Location of Delivery

Delivery shall be made free-on-board ("F.O.B.") buyer's barge at seller's approved delivery facility on the Ohio River between Mileposts 776 and 918 with all duties, entitlements, taxes, fees and other charges imposed prior to delivery on or in respect to the product paid by the seller. Delivery shall be made in accordance with all applicable Federal, State and local laws.

The seller's delivery facility must have a mechanical sampler in working condition that is bias-tested in accord with A.S.T.M. D7430.

Buyer shall remain responsible for all demurrage charges through the delivery date set in accordance with Rule 255102.E above, unless the seller is responsible for a loading delay that results in demurrages chargers after the delivery date set in accordance with Rule 255102.E above. In such a case, the seller shall be responsible for the demurrage charges caused by such a delay.

A delivery shall be made by book-out if the seller and the buyer mutually agree to such transfer.

255104.B. Timing of Delivery Schedule

A seller may not schedule delivery of coal earlier than the first calendar day of the delivery month and no later than a date such that there are a minimum of seven (7) calendar days remaining in the delivery month. The seller shall give the buyer five (5) Business Days' notice of the delivery date, unless an earlier delivery date is mutually agreed to by both parties.

255105. DELIVERY PROCEDURES

255105.A. Responsibilities of Clearing Members Having Open Long Positions

Notice of Intention to Accept

Exchange clearing members having open long positions shall provide the Clearing House with a Notice of Intention to Accept delivery by 11:00 a.m. on the first Business Day after the final day of trading. The Notice of Intention to Accept must be in the form prescribed by the Exchange and must be properly completed and indicate the name(s) of the buyer(s), the number of contracts to be accepted and any other information as may be required by the Exchange.

255105.B. Responsibilities of Clearing Members Having Open Short Positions

Notice of Intention to Deliver

Exchange clearing members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver by 11:00 a.m. on the first Business Day after the final day of trading. The Notice of Intention to Deliver must be in the form prescribed by the Exchange and must be properly completed, indicate the name(s) of the seller(s), name of the approved delivery facility, the number of contracts to be delivered, and any other information as may be required by the Exchange.

255105.C. Notice Day

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions, to the extent possible.

The Clearing House shall provide Assignment Allocation Notices to the respective clearing members by 3:00 p.m. on the first Business Day after the final day of trading.

The day on which the Assignment Allocation Notices are provided to the clearing members shall be referred to as "Notice Day."

The clearing members that receive Assignment Allocation Notices from the Clearing House shall have agreed to accept or deliver coal, as the case may be. Assignment Allocation Notices are not transferable.

255105.D. Responsibilities of Clearing Members in Receipt of Assignment Allocation Notices to Accept Delivery

1. Notice of Buyer’s Inspection Company

As soon as possible after receipt from the Exchange of an Assignment Allocation Notice, but no later than 11:00 a.m. on the second Business Day after the final day of trading, the buyer’s clearing member shall provide the Clearing House and the seller’s clearing member identified in such Assignment Allocation Notice a properly completed Notice of Buyer's Inspection Company, in the form prescribed by the Exchange, which must include the following information: the name of the designated inspection company; the optional quality inspections that the buyer may select pursuant to testing and sizing in Rule 255101; and, any additional information as may be required by the Exchange.

2. Notice of Barge Company

As soon as possible after receipt from the Exchange of an Assignment Allocation Notice, but no later than 11:00 a.m. on the second Business Day after the final day of trading, the buyer’s clearing member shall provide the Clearing House and the seller’s clearing member identified in such Assignment Allocation Notice a properly completed Notice of Barge Company, in the form prescribed by the Exchange, which must identify the barge company that the buyer intends to use to accept delivery of coal as prescribed under the terms of this contract.

255105.E. Responsibilities of Clearing Members in Receipt of Assignment Allocation Notices to Deliver

1. Notice of Seller’s Inspection Company

As soon as possible after receipt from the Exchange of an Assignment Allocation Notice, but no later than 11:00 a.m. on the second Business Day after the final day of trading, the seller’s clearing member shall provide the Clearing House and the buyer’s clearing member identified in such Assignment Allocation Notice a properly completed Notice of Seller's Inspection Company, in the form prescribed by the Exchange, which must include: the name of the designated inspection company; and any additional information as may be required by the Exchange.

2. Notice of Timing and Terminal

As soon as possible after receipt from the Exchange of an Assignment Allocation Notice, but no later than 11:00 a.m. on the second Business Day after the final day of trading, the seller’s clearing member shall provide the Clearing House and the buyer’s clearing member identified in such Assignment Allocation Notice a properly completed Notice of Timing and Terminal which includes the delivery date, in the form prescribed by the Exchange, which must include:

a. The seller may not schedule delivery of coal earlier than five (5) Business Days after the filing of Notice of Timing and Terminal without written consent of the buyer; and
b. Name of eligible delivery terminal at which the seller intends to deliver coal as prescribed under the terms of this contract.

3. Notice of Confirmation of Delivery Schedule

The seller’s clearing member shall, contemporaneously with the Notice of Timing and Terminal and upon receipt from its designated delivery terminal that its schedule for delivery of coal has been confirmed, provide the Clearing House and the buyer’s clearing member identified in the Assignment Allocation Notice a properly completed Notice of Confirmation of Delivery Schedule, in the form prescribed by the Exchange, which must identify the scheduled date for delivery of coal at the terminal and the number of contracts to be delivered.

4. Clearance and Non-Clearance

a. Notice of Scheduled Clearance. By 3:00 pm on the second Business Day after the final day of trading, the buyer’s clearing member shall give to the seller’s clearing member and to the Exchange a properly completed Notice of Scheduled Clearance. The Notice of Scheduled Clearance must be in the form prescribed by the Exchange. The buyer’s Notice of Scheduled Clearance must indicate that the buyer will have available barges to enable the delivery to occur in accordance with the provisions of the Notice of Intention to Accept.
b. Non-Clearance. In the event that the buyer is unable to take delivery on the delivery date, the buyer’s clearing member, shall notify the seller’s clearing member and the Exchange, in a form prescribed by the Exchange, of the reasons for inability to take delivery. Such notification shall contain an alternate or preferred transportation means through which delivery will be completed, and shall be submitted to the Exchange and the seller’s clearing member by 3:00 pm on the second Business Day after the final day of trading. The seller’s clearing member must either accept or deny the alternate plan by 3:00 pm on the third Business Day after the final day of trading. The Notice of Non-Clearance must state the reasons for such inability to make delivery according to the alternate plan.

255105.F. Final Settlement Price

The settlement price on the final day of trading shall be the basis for delivery. To determine the delivery price to be utilized in calculating the seller's invoice: multiply the settlement price on the final day of trading for the delivery month by the ratio of the heat content of the delivered coal to the contract standard of 11,500 btu/lb (See Rules 255101 and 255102).

255105.G. Delivery Day

Delivery will commence when coal is loaded into the buyer's barge. When a Trading Unit (Section 102.B) of coal enters the buyer's barge, title shall be transferred to the buyer and the buyer shall bear the risk of loss.

The day on which the buyer receives the coal shall be referred to as the Delivery Day.

255105.H. Timing of Inspection

The buyer and seller shall each deliver to the counterparty copies of the reports of the inspectors on the quality and quantity of coal delivered and inspected pursuant to the terms of this contract no later than 48 hours from completion of barge loading.

If an inspection result for either the buyer or seller is not delivered in accordance with this section, such inspection results will not be used to determine quality and quantity of coal delivered as specified herewith. In the event that a buyer or seller does not receive the inspection results from its counterparty in accordance with this section, such buyer or seller shall immediately notify the Exchange in writing.

255105.I. Final Inspection Results

The results for each of the quality and quantity tests performed by the buyer's and seller's respective inspection companies will be averaged. The average of the results shall determine whether the coal delivered meets the required quality and quantity specifications and heat content, and shall be the basis for payment.

If the buyer and seller choose the same inspector, only one inspection shall be conducted and shall serve as the basis for determining coal quality and quantity specifications and heat content. In such instance the buyer and seller shall share equally the cost of such inspection. Such inspection shall be the basis for payment.

255105.J. Rejection

If the coal tendered for delivery does not meet the quality, quantity and heat content specifications in accordance with Rules 255101 and 255102, the buyer may reject such non-conforming coal and notify the Clearing House and the seller's clearing member in the form prescribed by the Exchange no later than 12:00 p.m. on the first Business Day following receipt of the inspection reports for the coal. The buyer shall return the coal to the seller at seller's cost. The seller shall be required to replace the rejected coal no later than the last calendar day of the delivery month.

255106. AMENDMENTS TO DELIVERY

255106.A. Amendments to Delivery by the Buyer

The buyer may unilaterally amend, only prior to the commencement of delivery as defined in this contract and upon prior written notification to the seller, the following provisions of this contract:

1. The inspection company as identified in the buyer's clearing member's Notice of Inspection Company; and
2. The optional quality inspections identified in the buyer's clearing member's Notice of Inspection Company; and
3. The barge company as identified in the Notice of Barge Company.

255106.B. Amendments to Delivery by the Seller

Upon written notification to the buyer and the Exchange, the seller, with agreement from the buyer, may amend the contract terms specified in subsections 1 and 2 below prior to the filing of the Confirmation of Delivery Schedule as defined in this contract, and the contract term specified in subsection 3 below prior to the commencement of delivery as defined in this contract.

1. The eligible delivery terminal as identified in the Notice of Timing and Terminal; and
2. The timing of delivery as identified in the Notice of Timing and Terminal, but in no event shall the delivery date be later than the last calendar day of the delivery month.
3. The inspection company as identified in the Seller's Notice of Inspection Company.

After the Confirmation of Delivery Schedule has been filed, the seller's clearing member may only amend delivery terminal and timing of delivery upon mutual agreement with the buyer's clearing member via data entry into the Clearing House delivery system.

255107. DELIVERY MARGIN AND PAYMENT

255107.A. Margin

The buyer's clearing member and the seller's clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.

255107.B. Payment

No later than 12:00 p.m. on the Business Day following the receipt of inspection reports pursuant to Rules 255105.H and 255105.I, the buyer shall pay short contract value by federal funds wire transfer to the account of the seller at the bank nominated by the seller. The term "contract value" shall mean the amount equal to the Final Settlement Price times the number of short tons as determined in accordance with Rules 255102, 255103 and 255105.

255107.C. Transfer of Ownership

Upon receipt of coal, the seller shall provide the buyer with all appropriate documents necessary to transfer ownership of the coal to the buyer.

255108. VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity or accuracy of any inspection certificate, Notice of Intention to Deliver, Notice of Intention to Accept, bill of lading, check or of any document or instrument delivered pursuant to these rules.

255109. ALTERNATIVE DELIVERY PROCEDURES

A seller and buyer matched by the Exchange under Rule 255105.C. may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter. In such a case, clearing members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed and executed copy of such notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the clearing members and the Exchange from their respective obligations under the rules of this Chapter and any other rules regarding physical delivery.

In executing such notice, clearing members shall indemnify the Exchange against any liability, cost or expense the Exchange may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the clearing members all margin monies held for the account of each with respect to the contracts involved.

APPENDIX B

NYMEX Rulebook Chapter 5 Position Limit Table

(Attached under separate cover)

<u>APPENDIX C</u>

Rule 588.H CME Globex Non-Reviewable Ranges

(<u>underline</u> indicates addition)

Instrument	Non-Reviewable Range (NRR) in CME Globex format	NRR including Unit of Measure	NRR Ticks
<u>Illinois Basin Coal Futures</u>	<u>60</u>	<u>$0.60 per short ton</u>	<u>60</u>

APPENDIX D

Cash Market Overview and Analysis of Deliverable Supply

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") has undertaken an analysis of deliverable supply for its Illinois Basin Coal Futures contract (the “contract”) in connection with efforts to ensure that the deliverable supply estimate reflects current market circumstances.

The Exchange’s methodology for estimating Illinois Basin coal deliverable supply at the Ohio River delivery area (mile markers 776-918) is based on several different components. We estimated delivery capability through the contract’s delivery mechanism—contract-quality coal delivered by barge along the Ohio River which is available to participate in the spot market. To derive that, we needed to perform several intermediate steps: determine total Illinois Basin coal production; calculate the percentage of Illinois Basin coal that meets the futures contract specifications; calculate the percentage of Illinois Basin contract-quality coal that is delivered via barge (the delivery method specified in the futures contract)—this entailed making separate calculations for domestically consumed and exported coal; and calculate and exclude the percentage of coal subject to contract restrictions on re-trading. A visual schematic of the Deliverable Supply methodology is available in Appendix I. As part of this analysis, the Exchange is including production and transportation data provided by the U.S. Energy Information Administration (EIA), loading data provided by the approved delivery facilities in their regularity applications to the Exchange, and communications with the docks.

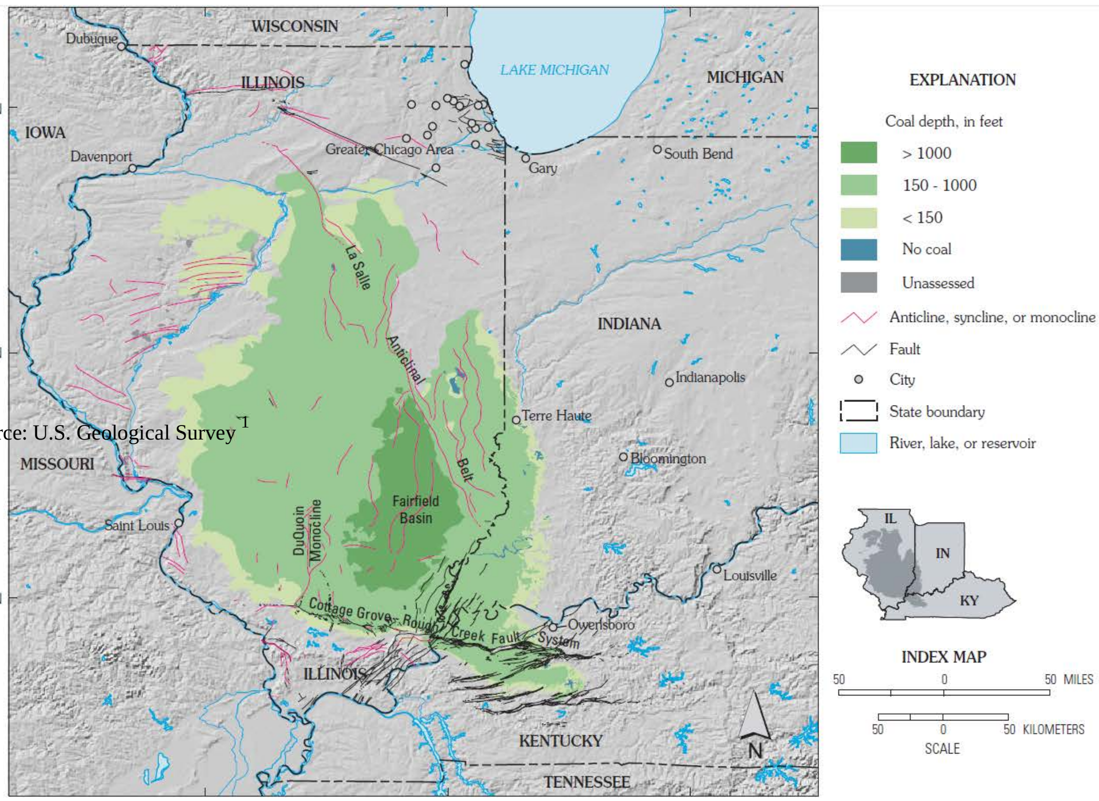
The Exchange estimates the monthly deliverable supply of Illinois Basin coal to be 2,452,654 tons, which is equivalent to 1,402 contracts per month. The Exchange has opted to be more conservative in calculating a position limit than the CFTC’s spot month position limit guideline of not exceeding 25 percent of the available monthly supply. Using a conservative 17.85 percent share of deliverable supply of NYMEX Illinois Basin Coal Futures supports a spot month position limit of up to 250 contract equivalents.

Illinois Basin Summary

The Illinois Basin is a highly-productive coal mining area concentrated in southern counties of Illinois, Indiana and western Kentucky. The region has been a source of coal production since the 1800s, and there are currently about 80 mines in the area. The majority of coal in this area is higher in sulfur (greater than 2 percent) relative to most production in the U.S., and its heat content ranges between 10,000 British thermal units per pound (Btu/lbs) and 12,500 Btu/lbs[1].

In recent years, coal production in the Illinois Basin has grown to constitute 13 percent of total U.S. production. Illinois Basin production has been growing faster than overall U.S. production and is forecasted by the EIA to continue to grow at a faster rate than overall U.S. production, until it reaches 20 percent of U.S. production in 2040, the end of the forecast period.

Map of Illinois Basin Coal Resources



Source: U.S. Geological Survey[1]

From 2011 to 2013, coal production fell 7 percent overall in the U.S., but rose 12 percent in the Illinois Basin, where 133.6 million tons of coal was produced in 2013[2]. That year, Peabody Energy, one of the largest producers in the area, announced it had produced 30 million tons in the Illinois Basin, up

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[1] http://pubs.usgs.gov/pp/p1625d/Chapter_A.pdf

[2] http://www.eia.gov/todayinenergy/detail.cfm?id=9570

from 10 million tons in 2009[3] . Illinois Basin coal production comprised 12.5 percent of U.S. coal production in 2012, and 29.5 percent of U.S. thermal coal exports[4]. Currently, Illinois Basin recoverable reserves are estimated at approximately 50 billion tons, which is approximately 20 percent of total U.S. recoverable reserves.

Recent technical improvements and widespread adoption of scrubber technology, which reduces sulfur dioxide (SO_2) emissions, have made power plants capable of burning higher sulfur coal and driven up demand for Illinois Basin coal. Coal from this region is appealing to utilities who have invested in scrubbing technology because its delivered price relative to its heat content is low.

From 2011 to 2013, on average, approximately 38 percent of the coal produced in the Illinois Basin was transported by waterway[5]. This is advantageous to utilities because it is cheaper than transportation by railroad, which is the dominant method of coal transportation in many other regions. According to the Army Corp of Engineers, the Ohio River, the delivery point of this futures contract, is a primary corridor in the coal transport network. Coal accounted for 57 percent of the traffic on the Ohio River in 1994 and 52 percent in 2003[6].

Methodology: Key Components of Deliverable Supply

In estimating deliverable supply for the Illinois Basin Coal Futures contract, the Exchange relied on the Commission's long-standing precedent, which prescribes that key components of deliverable supply is estimated based on production and supply levels that could reasonably be considered readily available for delivery.

Accordingly, there are five key components that the Exchange took into account when updating the deliverable supply estimates of the Illinois Basin Coal Futures contract:

A. *Coal production in the Illinois Basin;*
B. *Share of Illinois Basin coal which meets contract-quality specifications;*

[3] http://online.wsj.com/news/articles/SB10001424052702303332904579228161981168296

[4] http://www.howardweil.com/docs/Reports/OtherReports/ILBPrimer-10-08-13.pdf

[5] http://www.eia.gov/electricity/data/eia923/

[6] http://www.corpsnets.us/docs/IndOrgStudyInlandWaterways/BargeSectorIndusOrg.pdf

C. *Illinois Basin coal that is exported by way of barge;*

D. *Domestically consumed Illinois Basin coal that is transported by water; and*

E. *Loading capacity of docks approved as delivery points for the Illinois Basin Coal Futures contract.*

The final deliverable supply number is the sum of Illinois Basin coal that is exported by way of barge and domestically consumed Illinois Basin coal that is transported by water.

A. Coal Production in the Illinois Basin

EIA's geographic category of *Eastern Interior* is used as a proxy for the Illinois Basin. Eastern Interior includes Illinois, Indiana, Mississippi and Western Kentucky. While the Illinois Basin definition does not include Mississippi, the state accounts for a *de minimis* amount of coal production (Mississippi only contains one active coal mine which produces 2.95 million short tons, or 2 percent of Eastern Interior production in 2012[7]), so the geographical boundaries may be used interchangeably.

Production History: Eastern Interior (Illinois Basin) and U.S., Millions Short Tons

	2011	2012	2013	Average
Eastern Interior	119.2	130.5	133.6	127.8
United States Total	1,095.6	1,016.5	1,021.5	1,044.5
Eastern Interior as a percentage of U.S. Production	11%	13%	13%	12%

Source: EIA Annual Energy Outlook 2014, Table 139

B. Share of Illinois Basin Coal Which Meets Contract-Quality Specifications

The Exchange estimated the share of coal transported by the approved docks which meets the quality specifications of the Illinois Basin Coal Futures contract. While the contract specifies several quality specifications, the two (2) specifications to which power plants are most sensitive to are ash and sulfur. Both ash and sulfur pose environmental concerns, which create costs for the power plants. The contract specifies that the coal's maximum sulfur content is 3.15 percent and the maximum ash content

[7] http://www.eia.gov/coal/annual/xls/table1.xls

is 12 percent. Using data provided by EIA Form 923, the Exchange calculated that 67% of the coal produced in the Illinois Basin meets the ash and sulfur specifications of the contract. Note that EIA form 923 only examines coal burned in U.S. power plants. As the large majority of Illinois Basin coal is consumed by the domestic power industry, this is a good proxy of all coal quality in the Illinois Basin, including exports. The contract's other quality specifications—chlorine, moisture, volatile matter, grindability, ash fusion temperature and sizing—were designed to be inclusive of almost all Illinois basin coal which is transacted in the cash market. Therefore, it is reasonable to assume that 67 percent of all coal produced in the Illinois Basin meets the contract's quality specifications.

Share of Illinois Basin Coal Which Meets Contract's Quality Specifications

Sulfur	Ash	2011	2012	2013	Average	
Fail	**Fail**	6,406,401	8,463,135	7,976,486	7,615,341	7%
Fail	**Pass**	21,077,607	24,939,461	30,958,136	25,658,401	24%
Pass	**Fail**	2,281,329	2,058,216	1,571,202	1,970,249	2%
Pass	**Pass**	72,641,163	68,021,611	71,302,469	70,655,081	67%
	Total:	102,406,500	103,482,423	111,808,293	105,899,072	100%

Source: EIA Form 923, Tab 5

C. Illinois Basin Coal That Is Exported by Way of Barge

The Exchange determined the amount of Illinois Basin coal that is transported to export terminals by river barge, to serve as a component of deliverable supply. To arrive at this number, the Exchange examined total exports from the Illinois Basin, detailed in the EIA's annual coal report (14.8 million short tons)[8] and then subtracted the historical throughput (6 million short tons)[9] of Foresight's Raven Energy Convent Marine Terminal, the only export terminal serving Illinois Basin coal which receives coal by rail and not river barge. The difference of 8.8 million short tons is therefore transported to the Gulf by river barge and is included in the deliverable supply. This coal is separate and apart from domestically consumed Illinois Basin coal.

[8] http://www.eia.gov/coal/annual/pdf/acr.pdf

[9] http://cleangulfcommercecoalition.org/gulf-export-facilities/ic-rail-marine-terminal-convent-la/

D. Domestically Consumed Illinois Basin Coal that Is Transported by Water

The second component of deliverable supply is domestically consumed coal that is transported by water. To arrive at total domestically consumed coal, the Exchange subtracted exported Illinois Basin coal (14.8 million short tons) from total coal produced in the Illinois Basin that meets contract-quality specifications to arrive at 70.8 million short tons. The Exchange then examined the portion of contract-quality domestically consumed coal which is transported by water.

Coal mined in the Illinois Basin is transported from mine to power plant by four major modes of transportation: water, railroad, truck, and conveyer belt. Often coal is transported across multiple modes of transportation in order to reach its final destination. Using EIA data from Form 923, which tracks the source of coal burned at U.S. power plants and the modes of transportation used to bring the coal from the mine to the power plant. Looking only at coal mined in the Illinois Basin (mines located in Illinois, Indiana and in the 20 counties of Western Kentucky delineated by the EIA's definition of Illinois Basin[10]), about 38 percent of coal is transported by water in its journey from mine to power plant. It should be noted that an increasing share of coal may be transported by barge in the future, as petroleum uses an increasing portion of railroad transportation capacity; this analysis, however, relies exclusively on historical data.

Percentage of Illinois Basin Coal Transported by Water, Millions Short Tons

	2011	2012	2013	Average
Coal Transported by Water	38.5	38.5	42.6	39.9
ILB Burned in U.S. Power Plants	102.4	103.5	111.8	105.9
Percentage of ILB Coal Transported by Water	38%	37%	38%	38%

Source: EIA Form 923, Tab 5

Illinois Basin coal producers sell approximately 70 percent of their domestically-consumed coal through long term contracts, some of which carry resale restrictions. These resale restrictions typically require the producer's agreement for the buyer to resell the coal purchased under a long term contract.

[10] http://www.eia.gov/coal/annual/archive/05842004.pdf

We surveyed 11 Illinois Basin market participants about industry practices related to such restrictions. When we asked respondents what percentage of long term contracted coal was subject to such restrictions, six declined to provide an estimate. The Exchange adopted a mid-level recommendation of 33 percent from those who provided responses. Accordingly, applying the 33 percent coal under long-term contracts and subject to resale restrictions to the 70 percent of domestically-consumed coal, yields 23 percent. The Exchange therefore estimates that 23 percent of domestically-consumed coal could not participate in the spot market (production sold to international exporters does not carry resale restrictions.)

E. Loading Capacity of Approved Docks

The deliverable supply of coal docks participating in the Illinois Basin Coal Futures contract is constrained by their loading capacity—the rate at which they can load coal onto a barge. To determine the maximum loading capacity of the docks in a month, the Exchange aggregated the hourly loading capacity of the docks (19,965 tons/hour) and multiplied the maximum hourly loading rate of each dock provided in their regularity applications to the Exchange, by the number of hours in a 30-day month to reach 14.4 million tons/month. As the approved docks' loading capacity exceeds total Illinois Basin production, the Exchange concludes that additional production could reasonably be delivered by barge. However, the Exchange has conservatively not used the loading capacity of the docks as a building block for deliverable supply as it has not yet estimated the costs associated with transporting additional Illinois Basin production to the docks.

Summary of Deliverable Supply

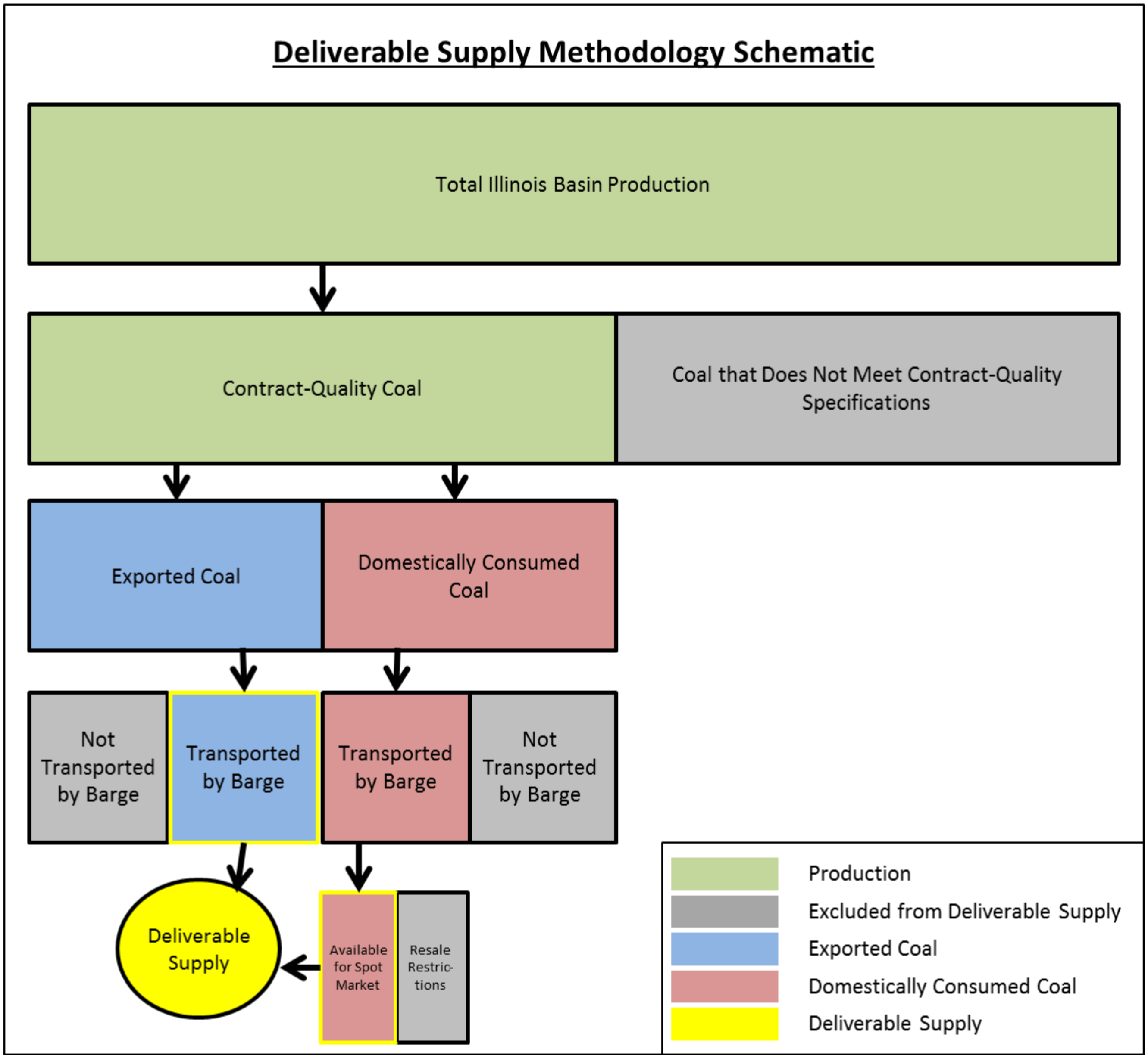
As noted previously, the key components the Exchange considered in analyzing Illinois Basin Coal Futures deliverable supply are: coal production in the Illinois Basin, the share of Illinois Basin coal which meets contract-quality specifications, coal exports transported by way of barge, domestically consumed Illinois Basin coal that is transported by water, and maximum deliverable capacity at the approved docks and historical throughput at the approved docks. Taking these five factors into account, the total monthly deliverable supply of Illinois Basin coal is 2,452,654 tons which is equivalent to 1,402 contracts.

A summary of the methodology used to arrive at this level is outlined below and is displayed graphically in Appendices I and II. The numbers below reflect annual production and loading numbers and were subsequently divided by 12 to achieve monthly levels.

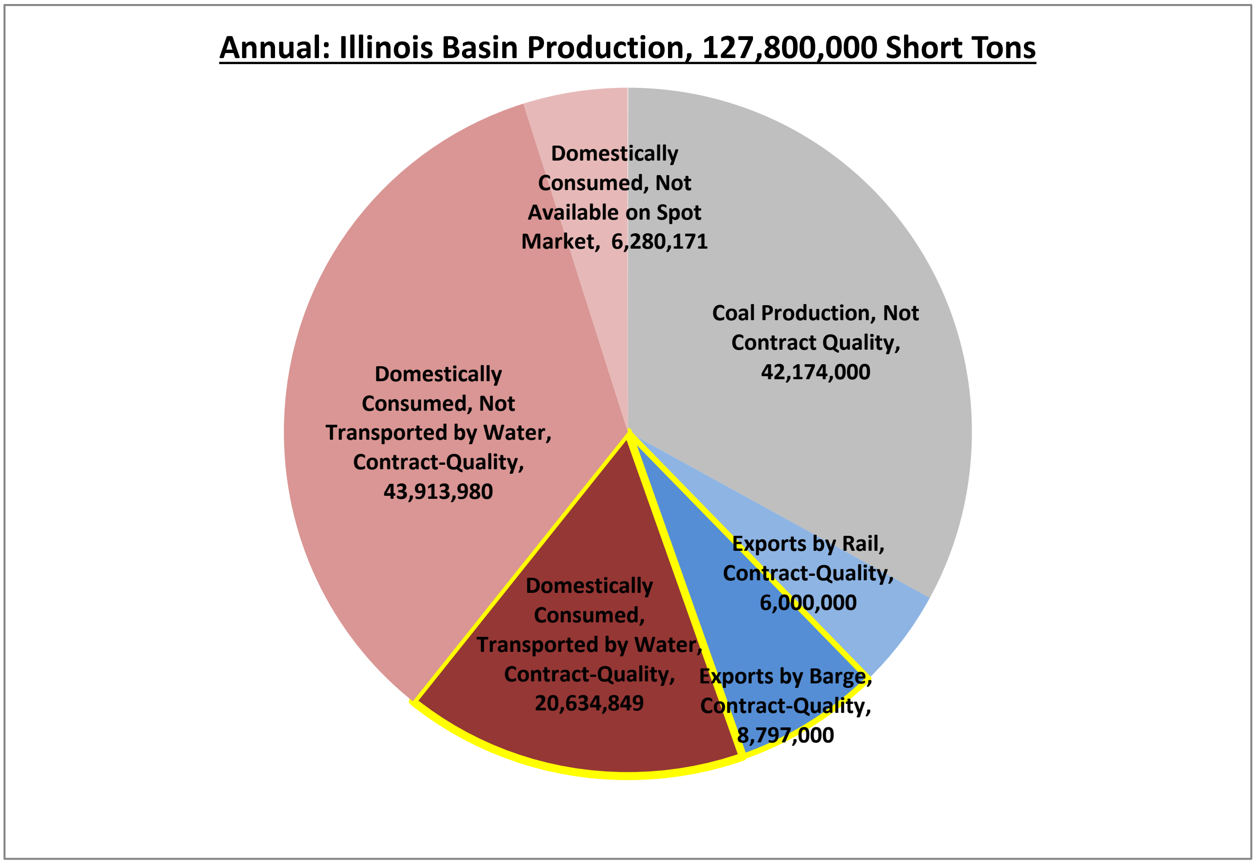
1. Average Annual Illinois Basin Production: 127,800,000 short tons
2. Contract-Quality Illinois Basin Coal: 127,800,000 x 67% = 85,626,000 short tons
3. Illinois Basin Coal that is Exported by Way of Barge: 14,797,000 of total ILB exports – 6,000,000 of exports by way of rail = 8,797,000 short tons
4. Domestically Consumed Illinois Basin Coal that Is Transported by Water: 85,626,000 – 14,797,000 = 70,829,000 of domestically consumed contract-quality coal; 70,829,000 x 38% = 26,915,020 x 77% available on the spot market = 20,634,849 short tons
5. Maximum Loading Capacity of Participating Docks on an Annual Basis: 14,374,845 x 12 = 172,498,146 short tons

Therefore, the deliverable supply on an annual basis is 29,431,849 short tons—the sum of barge-transported exports (8,797,000) and domestically consumed Illinois Basin coal (20,634,849). This equates to 2,452,654 short tons, deliverable on a monthly basis. Given the Exchange's conservative decision to establish the spot position limit at 17.85 percent of the available monthly supply, the deliverable supply of Illinois Basin Coal Futures would support a spot month position limit of up to 250 contract equivalents (1,750 tons per contract).

Appendix I


Deliverable Supply Methodology Schematic
Total Illinois Basin Production
Contract-Quality Coal
Coal that Does Not Meet Contract-Quality Specifications
Exported Coal
Domestically Consumed Coal
Not Transported by Barge
Transported by Barge
Transported by Barge
Not Transported by Barge
Deliverable Supply
Available for Spot Market
Resale Restric-tions
Production
Excluded from Deliverable Supply
Exported Coal
Domestically Consumed Coal
Deliverable Supply

Appendix II


Annual: Illinois Basin Production, 127,800,000 Short Tons
Domestically Consumed, Not Available on Spot Market, 6,280,171
Coal Production, Not Contract Quality, 42,174,000
Domestically Consumed, Not Transported by Water, Contract-Quality, 43,913,980
Exports by Rail, Contract-Quality, 6,000,000
Domestically Consumed, Transported by Water, Contract-Quality, 20,634,849
Exports by Barge, Contract-Quality, 8,797,000