SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 18-362 (2 of 2)

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/19/2018 Filing Description: Initial Listing of Physically-Delivered WTI Houston Crude Oil Futures and Related Option 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 Names: 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:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 19, 2018

VIA ELECTRONIC PORTAL

Mr. 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 Physically-Delivered Crude Oil Futures and Related Option Contracts.
NYMEX Submission No. 18-362 (2 of 2)

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the initial listing of physically-delivered WTI Houston Crude Oil Futures and Related Option contracts (the "Contracts") for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort, effective on Sunday, November 4, 2018 for trade date Monday, November 5, 2018, as set forth in the table below.

Contract Title	WTI Houston Crude Oil Futures	WTI Houston Crude Oil Option
Rulebook Chapter	201	202
Commodity Code	HCL	HCO
Listing Schedule	Monthly contracts listed for the current year and the next 3 calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.	Monthly contracts listed for the current year and the next 3 calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.
Contract Size	1,000 barrels	1,000 barrels
Settlement Method	Physical	Physical
Minimum Price Fluctuation	$0.01	$0.01
Value per Tick	$10.00	$10.00
First Listed Contract	January 2019	January 2019
CME Globex Match Algorithm	First-In, First-Out (FIFO)	First-In, First-Out (FIFO)
Block Trade Minimum Threshold	5 contracts	5 contracts
Termination of Trading	Trading terminates 3 business days prior to the twenty-fifth calendar day of the month prior to the contract month.	Trading terminates on the third business day prior to the termination of

	If the twenty-fifth calendar day is not a business day, trading terminates 3 business days prior to the business day preceding the twenty-fifth calendar day of the month prior to the contract month.	trading in the underlying futures contract month.
Strike Price Listing Rule		Dynamic strikes at $0.50 per barrel strike increment
Strike Increment		$0.50 per barrel
Exercise Type		American

Trading and Clearing Hours:

CME Globex and CME ClearPort	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time /ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)

Exchange Fees:

WTI Houston Crude Oil Futures Contract

Exchange Fees	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	$0.70	$1.50	$0.77
EFP	$0.70	$1.50	
Block	$0.80	$1.60	
EFR/EOO	$3.20	$4.00	
Processing Fees		**Member**	**Non-Member**
Futures from Exercise/Assignment		$0.70	$1.50
		House Account	**Customer Account**
Delivery Notice		$0.50	$1.00
Other Processing Fees		**Fee**	
Facilitation Fee		$0.60	
Give-Up Surcharge		$0.05	
Position Adjustment/Position Transfer		$0.10	

WTI Houston Crude Oil Option Contract

Exchange Fees	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	$0.70	$1.50	$0.77
Block	$1.85	$2.65	
EFR/EOO	$1.75	$2.55	
Processing Fees		**House Account**	**Customer Account**
Option Exercise/Assignment Notice		$0.40	$0.85
Other Processing Fees		**Fee**	
Facilitation Fee		$0.60	
Give-Up Surcharge		$0.05	
Position Adjustment/Position Transfer		$0.10	

The Exchange is also notifying the CFTC 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 new contract. These terms and conditions establish the all month/any one-month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contract. Please see Exhibit B attached under separate cover.
In addition, NYMEX is self-certifying block trading on these contracts with a minimum block threshold of five (5) contracts. This block level aligns with the Exchange's currently listed WTI Midland (Argus) vs. WTI Financial Futures.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and staff 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 CME Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in CME Rule Chapter 4, the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook, and the dispute resolution and arbitration procedures of CME Rule Chapter 6. As with all products listed for trading on one of CME Group's designated contract markets, trading activity in the Contract 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 based on a cash price series that is reflective of the underlying cash market and is commonly relied on and used as a reference price by cash market brokers and commercial market participants.

- **Prevention of Market Disruption**: Trading in the Contracts will be subject to the Rules of CME, 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 futures Contract proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

- **Position Limitations or Accountability**: The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.

- **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 Contract. In addition, the Exchange will advise the marketplace of the launch of the Contracts by releasing a Special Executive Report ("SER"). The SER will also be posted on CME Group's 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 and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.

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

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

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

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

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

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapters
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Exhibit C: NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
Exhibit D: NYMEX Rule 589. – ("Special Price Fluctuation and Daily Price Limits") Table
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

EXHIBIT A

NYMEX Rulebook Chapters

Chapter 201
WTI Houston Crude Oil Futures

201100. SCOPE OF CHAPTER

This chapter is limited in application to WTI Houston Crude Oil 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 light sweet crude oil bought or sold for physical delivery on the Exchange with delivery in Houston, Texas.

The terms “seller” and “buyer” shall mean the seller of the physical product and the buyer of the physical crude oil, respectively.

For purposes of these rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

201101. CONTRACT SPECIFICATIONS

The contract grade for delivery on futures contracts shall be "crude oil" which shall mean a mixture of hydrocarbons that exists in a liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Crude oil as used herein refers to the direct liquid hydrocarbon production from oil wells, or a blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as whole crude petroleum. For the purposes of this contract, condensates are excluded from the definition of crude petroleum.

WTI type light sweet crude oil meeting all of the following specifications and designations shall be deliverable in satisfaction of futures contract delivery obligations under this rule:

201101.A. Deliverable Crude Oil Streams

Blends of West Texas Intermediate (“WTI”) type light sweet crude streams are deliverable if such blends constitute a designated "common stream" shipment which meets the quality specifications defined below. Enterprise Products Partners LP's (including any successor in such capacity, “Enterprise”) common streams that meet quality specifications in Sections 201101.B.1.- 10. of this rule shall be deliverable as follows:

201101.B. Quality Specifications

1. Sulfur: 0.275% or less by weight as determined by ASTM Standard D-4294, or its latest revision;
2. Gravity: Not less than 40 degrees American Petroleum Institute (“API”), nor more than 44 degrees API as determined by ASTM Standard D-287, or its latest revision;
3. Viscosity: Maximum 60 Saybolt Universal Seconds at 100 degrees Fahrenheit as measured by ASTM Standard D-445 and as calculated for Saybolt Seconds by ASTM Standard D-2161;
4. Reid vapor pressure: Less than 9.5 pounds per square inch at 100 degrees Fahrenheit, as determined by ASTM Standard D-5191-96, or its latest revision;
5. Basic Sediment, water and other impurities: Less than 1% as determined by ASTM D-96-88 or D-4007, or their latest revisions;
6. Pour Point: Not to exceed 50 degrees Fahrenheit as determined by ASTM Standard D-97;
7. Micro Method Carbon Residue: 2.40% or less by mass; as determined by ASTM Standard D4530-15, or its latest revision;
8. Total Acid Number (TAN): 0.28 mg KOH/g or less as determined by the first inflection point; using ASTM Standard D664-11a (2017), or its latest revision;
9. Nickel: 4 parts per million (ppm) or less by mass; as determined by ASTM Standard D5708-15, Test Method B, or its latest revision;
10. Vanadium: 4 ppm or less by mass; as determined by ASTM Standard D5708-15, Test Method B, or its latest revision.

201102. TRADING SPECIFICATIONS

Trading in WTI Houston Crude Oil 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.

201102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

201102.B. Trading Unit

The unit of trading shall be 1,000 U.S. barrels (42,000 U.S. gallons). Except for delivery made by book-out, in-tank transfer, or in-line transfer pursuant to Section 104, a tolerance of two percent (2%) above or below (1,020 U.S. Barrels or 980 U.S. Barrels) the contract unit is permitted. All volumes shall be determined at 60°F.

201102.C. Price Increments

The minimum price fluctuation shall be $0.01 (1 cent) per barrel. Prices shall be quoted in dollars and cents per barrel.

201102.D. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

201102.E. 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.

201102.F. Termination of Trading

No trades in WTI Houston Crude Oil futures in the expiring contract month shall be made after the third business day prior to the twenty-fifth calendar day of the month preceding the delivery month for such expiring contract. If the twenty-fifth calendar day of the month is a non-business day, trading shall cease on the third business day prior to the last business day preceding the twenty-fifth calendar day of the month preceding the delivery month. Any contracts remaining open after the last day of trading must be either:

(a) Settled by delivery which shall take place no earlier than the first calendar day of the delivery month and shall be completed no later than the last calendar day of the delivery month; or

(b) Liquidated by means of a bona fide Exchange of Futures for Related Position ("EFRP") pursuant to Rule 538. An EFRP is permitted at any time before 2:00 p.m. on the first business day following termination of trading in an expired futures contract, provided, however, that an EFRP which establishes a futures position for either the buyer or the seller shall not be permitted following the termination of trading of an expired futures contract.

201103. INSPECTION

Inspection of product shall be conducted in accordance with pipeline practices. A buyer or seller may appoint an inspection company to inspect the quality of product delivered. The buyer or seller who requests inspection shall notify the seller or buyer that such inspection will take place. The buyer or seller who requests inspection shall pay the costs of the inspection.

201104. DELIVERY

Delivery shall be made free-on-board ("F.O.B.") at Enterprise Crude Pipeline LLC's ("ECPL") ECHO crude oil terminal ("ECHO") or ECPL's Genoa Junction crude oil terminal ("Genoa Junction") or Enterprise Houston Ship Channel LLC's marine terminal ("EHSC") terminal in the Houston, Texas area. Delivery shall be made in accordance with all applicable Federal executive orders and all applicable Federal, State and local laws and regulations. The seller shall provide crude oil which is free from all liens, encumbrances, unpaid taxes, fees and other charges.

For the purposes of this rule, the term F.O.B. shall mean a delivery in which the seller: (1) provides WTI type light sweet crude oil at ECHO, Genoa Junction or EHSC at the point of connection between seller's incoming and buyer's outgoing pipeline or storage facility; and (2) seller retains title to, and bears the risk of loss for the crude oil to the point of delivery. Delivery at ECHO will be delivered at par to the final settlement price. Buyers and sellers that nominate to take or make delivery at EHSC or Genoa Junction shall be subject to a fee as administered by Enterprise.

At buyer's option, the buyer shall nominate one of three Enterprise facilities for receipt of crude oil and such delivery shall be made by any of the following methods: (1) by interfacility transfer ("pumpover") into one of the three designated Enterprise facilities; (2) by in-line (or in-system) transfer, or book-out of title to the buyer; or (3) if the seller agrees to such transfer and if the facility used by the seller allows for such transfer, without physical movement of product, by in-tank transfer of title to the buyer. Buyer retains title to, and bears the risk of loss for the crude oil at and from the point of delivery.

Buyers and sellers that take or make delivery at ECHO will be subject to no additional service fee by Enterprise. Buyers that take delivery at EHSC or Genoa Junction will be subject to an additional service fee by Enterprise, payable by the buyer. Sellers that make delivery at EHSC or Genoa Junction will be subject to an additional service fee by Enterprise, payable by the seller. If both buyer and seller take and make deliveries at EHSC or Genoa Junction, both buyer and seller will be subject to an additional service fee by Enterprise, payable each by both buyer and seller.

201105. DELIVERY PROCEDURES

201105.A. Responsibilities of Clearing Members Having Open Long Positions

1. 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 3:00 p.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, facility designated for receipt of crude oil and any additional information as may be required by the Exchange.

2. Delivery Instructions

   On the first business day following Notice Day, the buyer's clearing member shall provide the seller's clearing member and the Exchange with properly completed Delivery Instructions in the form prescribed by the Exchange. Such Delivery Instructions must include the following information:

   a. Name of seller(s);

   b. Tender number;

   c. Name of one of three Enterprise facilities designated for delivery;

   d. Number of contracts;

   e. Method of delivery, e.g., by interfacility transfer, in-line transfer, book-out, or in-tank transfer;

   f. Such additional information as may be required by the Exchange.

201105.B. Responsibilities of Clearing Members Having Open Short Positions

1. 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 3:00 p.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 and indicate the name(s) of the seller(s) and the number of contracts to be delivered. The seller(s) shall designate one of the three Enterprise facilities for delivery and shall also provide any additional information as may be required by the Exchange.

2. Scheduling Notice

   As soon as possible following determination of scheduling, but no later than the last business day of the month preceding the delivery month, the seller's clearing member shall give the buyer's clearing member the scheduled delivery time.

201105.C. Amendment of Delivery Instructions

Notwithstanding the foregoing, at any time prior to the twenty-fifth calendar day of the month preceding the delivery month (if the twenty-fifth calendar day of the month is a non-business day, then at any time prior to the last business day preceding the twenty-fifth calendar day of the month preceding the delivery month), the buyer(s) and the seller(s) may, by mutual agreement, elect to change the delivery terms with respect to the method of delivery, the timing of delivery, and the designation of the buyer(s) and/or seller(s) delivery facility.

Any such changes must be made on the form prescribed by the Exchange. Any changes made with respect to the foregoing must be made in conformance with all contract requirements and specifications.

201105.D. Final Settlement Price

The final settlement price shall be the basis for delivery.

201105.E. Notice Day

The Clearing House shall allocate Delivery Notices and Notices of Intention to Accept by matching facility and size of positions to the extent possible. On the morning of the next business day, the Clearing House shall provide copies of the notices to the respective clearing members. The day on which the notices are provided to the clearing members shall be referred to as the Notice Day. The Notice Day shall be the second business day after the final day of trading.

201105.F. Non-Transferable

The clearing member who receives a Delivery Notice or a Notice of Intention to Accept from the Clearing House shall be deemed to have agreed to accept or deliver product. Delivery Notices and Notices of Intention to Accept are not transferable.

201106. TIMING OF DELIVERY

Delivery shall take place no earlier than the first calendar day of the delivery month and shall be completed no later than the last calendar day of the delivery month.

It is the obligation of the seller's clearing member to ensure that the seller's crude oil receipts are available to begin flowing ratably by the first day of the delivery month, in accordance with generally accepted pipeline scheduling practices.

Transfer of Title - The seller shall give the buyer a pipeline ticket, if applicable, any other quantitative certificates and all appropriate documents upon receipt of payment.

The seller shall provide preliminary confirmation of title transfer at the time of delivery in electronic format or other appropriate form of documentation.

201107. DELIVERY MARGINS AND PAYMENT

201107.A. Definitions

For the purposes of this Section 107,

"Payment Date" shall mean the twentieth day of the month following the delivery month or if such date is a Saturday or an Exchange or New York bank holiday other than Monday, payment shall be made on the preceding day which is not an Exchange or New York bank holiday. If such day is a Sunday or an Exchange or New York bank holiday which occurs on a Monday, payment shall be made on the next day which is not an Exchange or New York bank holiday.

201107.B. Margin

On the third business day following the last day of trading, the clearing member shall obtain from any buyer margin equal to the full value of the product to be delivered, and the clearing member shall obtain from any seller margin in an amount fixed, from time to time, by the Exchange.

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.

201107.C. Payment

No later than 12:00 p.m. on the third business day prior to the Payment Date, the seller shall advise its clearing member of the name and address of the bank, and the name of the account to which payment shall be made. The clearing member shall advise the opposite clearing member who shall advise the buyer. On the Payment Date, the buyer shall pay the 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 settlement price on the last day of trading in a futures contract times one thousand (1,000) times the number of contracts to be delivered.

No later than 12:00 p.m. on the Payment Date, the buyer shall advise its clearing member of the federal funds wire transfer number and the name of the sending bank. The clearing member representing the buyer shall advise the opposite clearing member who shall similarly advise the seller.

No later than the business day following the Payment Date, the seller shall advise its clearing member of receipt of payment, who shall deliver a notice of payment to the clearing member representing the buyer and the Clearing House no later than the business day following the Payment Date. Upon receipt of such notice, the delivery shall be complete.

Any payment made on the required Payment Date shall be based on volume actually delivered, determined at 60°F. If quantitative results are unavailable prior to the time established in the rules for payment of the product, a pro-forma payment based on 1,000 U.S. barrels per contract shall be made. Payment adjustments based on the actual quantity transferred shall be completed by 12:00 p.m. on the fifth business day after initial payment.

In the event that the seller's clearing member receives notification that payment has not been received, the seller's clearing member shall advise the Exchange in writing. On the following business day, unless the buyer or the buyer's clearing member has advised the Exchange in writing that the seller failed to deliver, the Exchange shall liquidate the margins held and, when the liquidation is complete, shall pay the seller's clearing member which shall pay its seller. If the buyer or the buyer's clearing member has advised the Exchange in writing that the seller failed to deliver, the matter shall be deemed a failure to deliver pursuant to Rule 714.

201108. 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, check or any document or instrument delivered pursuant to these rules.

201109. ALTERNATIVE DELIVERY PROCEDURE

A seller and buyer matched by the Exchange under Section 105.E. 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.

Chapter 202
WTI Houston Crude Oil Option

202100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all option contracts bought or sold on the Exchange for physical settlement based on the Floating Price. The procedures for trading, clearing and settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

202101. CONTRACT SPECIFICATIONS

The Floating Price shall be determined following the expiration of trading. A WTI Houston Crude Oil put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying WTI Houston Crude Oil futures contract traded on the Exchange.

202102. OPTION CHARACTERISTICS

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

202102.A. Trading Schedule

The hours of trading shall be determined by the Exchange.

202102.B. Trading Unit

A WTI Houston Crude Oil put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying WTI Houston Crude Oil futures contract traded on the Exchange.

202102.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of $0.001 per barrel, or $1.00.

201102.D. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

202102.E. 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.

202102.E. Expiration of Trading

A WTI Houston Crude Oil Option on the Exchange shall expire at the close of trading on the third business day immediately preceding the expiration of the underlying WTI Houston Crude Oil futures contract. The expiration date shall be announced prior to the listing of the option contract.

202102.F. Type of Option

The option is an American-style option settled on expiration day.

202103. EXERCISE PRICES

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

<u>EXHIBIT B</u>

NYMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

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

(Attached under separate cover.)

EXHIBIT C

NYMEX Rulebook
Chapter 5
(“Trading Qualifications and Practices”)

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

(additions underscored)

	Outright				Spreads	
Instrument Name	**Globex Symbol**	**Globex Non-Reviewable Ranges (NRR)**	**NRR: Globex Format**	**NRR: Ticks**	**NRR: Globex Format**	**NRR: Minimum Outright Ticks**
WTI Houston Crude Oil Futures	HCL	$0.50 per barrel	50	50	Each leg evaluated as an outright	

Instrument	**Globex Symbol**	**Bid/Ask Reasonability**	**Non-Reviewable Range (NRR)**
WTI Houston Crude Oil Option	HCO	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of $0.10	The greater of delta times the underlying futures non-reviewable range or 20% of premium up to 1/4 of the underlying futures' non-reviewable range with a minimum of 1 tick

EXHIBIT D

NYMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

NYMEX Rule 589. (“Special Price Fluctuation Limits and Daily Price Limits”) Table

(additions underscored)

Product	Rulebook Chapter	Commodity Code	Primary/ Associated	Associated With	Base in Real Economic Value	Level 1	Level 2	Level 3	Level 4	Level 5
WTI Houston Crude Oil Futures	201	HCL	Primary	Primary	$6.00	600	1200	1800	2400	No Limit
WTI Houston Crude Oil Option	202	HCO	Associated	HCL						No Limit

EXHIBIT E

Cash Market Overview and Analysis of Deliverable Supply

Introduction
New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the initial listing of physically-delivered WTI Houston Crude Oil Futures and Related Option contracts (the "Contracts") for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort. The Exchange conducted a review of the underlying cash market and deliverable supply in the WTI Houston market.

The Commission defines deliverable supply as the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce. (See Appendix C to 17 CFR part 38.)

WTI Houston Cash Market
The main component NYMEX considered in estimating the deliverable supply of WTI type crude oil for delivery in Houston was pipeline capacity from the Permian Basin and Eagle Ford production areas in west Texas, given that pipeline capacity is the constraining factor that restricts the flow of crude oil from the production areas in West Texas to Houston.

Delivery against the WTI Houston Crude Oil futures contract shall be made free-on-board ("F.O.B.") at Enterprise Echo terminal or Enterprise Houston Ship Channel terminal or Enterprise's Genoa Junction in Houston, Texas. These three terminals are active physical crude oil trading hubs with over 30 million barrels of storage capacity and pipeline connectivity to the Cushing, Midland, and the U.S. Gulf Coast markets. There is active cash market trading in WTI type light sweet crude oil at the Enterprise terminals. Delivery at Enterprise's Echo terminal will be delivered at par to the final settlement price. Further, buyers and sellers have the flexibility to nominate delivery at Enterprise's Houston Ship Channel terminal or Enterprise's Genoa Junction for a fee as administered by Enterprise Products LLC.

The three Enterprise terminals are connected to all the major in-bound pipelines and refineries in the Houston area. There are substantial pipeline inflows of WTI type crude oil to the Enterprise delivery terminals from the two major oil production centers in West Texas: 1) from Midland, Texas via the Enterprise Products, BridgeTex, and Longhorn Pipelines; and 2) from the Eagle Ford production area in South Texas via the Enterprise Products and Kinder Morgan Pipelines.

The Enterprise Echo terminal has 8 million barrels of storage capacity and is connected to a network of nearly a dozen pipelines and 10 storage terminals. In addition, the Enterprise Houston Ship Channel terminal has 23 million barrels of storage capacity, and is the major export facility in the Houston area, with seven ship docks that can load tankers up to 900,000 barrels capacity. Further, the Enterprise Genoa Junction facility provides an interconnection point for delivery of pipeline barrels flowing from Midland, Texas via the Enterprise Products, BridgeTex, and Longhorn Pipelines.

The WTI crude oil stream in Houston is a fungible blend of domestic light sweet streams with quality parameters of 44 degrees API gravity maximum and 0.275% sulfur maximum, which are slightly lighter than the WTI specifications in Cushing. The contract specifications for WTI type crude oil for delivery in Houston represent the export quality that is lighter than WTI at Cushing, and mirror the specifications for WTI type crude oil at the export terminals in Houston.

A. Crude Oil Pipeline Capacity to Houston

The Enterprise physical delivery mechanism, which consists of three terminal facilities, is interconnected to a network of major pipelines and refineries in the Houston area. As mentioned above, there are substantial pipeline inflows of WTI type crude oil to Houston from the two major oil production centers in West Texas: 1) from Midland, Texas via the Enterprise Products, BridgeTex, and Longhorn Pipelines; and 3) from the Eagle Ford production area in South Texas via the Enterprise Products and Kinder Morgan Pipelines. The total pipeline capacity from the Permian Basin and Eagle Ford production areas to Houston is 2.4 million b/d. The capacity of each pipeline is presented in Table 1 below.

Table 1
In-bound Crude Oil Pipelines Connected to Enterprise's Three Houston Terminals
(Barrels/Day)

Incoming Pipelines	Capacity	Owner
BridgeTex Pipeline (from Midland)	400,000	Magellan
Longhorn Pipeline (from Midland)	275,000	Magellan
Enterprise's Sealy Pipeline (from Midland)	600,000	Enterprise Products LLC
Enterprise's Sealy 2 Pipeline (from Midland)	240,000	Enterprise Products LLC
Enterprise Products Eagle Ford Pipeline	560,000	Enterprise Products LLC
Kinder Morgan Pipeline (from Eagle Ford)	350,000	Kinder Morgan

TOTAL In-Bound Capacity: 2.4 Million Barrels/Day

B. Crude Oil Production in West Texas

For production data, NYMEX used information collected by the U.S. Department of Energy's Energy Information Administration ("EIA"), which is a definitive source for this information. The EIA provides production data with a breakdown by play for "tight oil", which is a light sweet stream similar in quality to WTI type crude oil. The key production plays, or production areas, are located in the Permian Basin and Eagle Ford regions in Texas. The EIA provides production data for the following plays: 1) Wolfcamp (Permian); 2) Bonespring (Permian); 3) Spraberry (Permian); 4) Yeso & Glorieta (Permian); 5) Delaware (Permian); and 6) Eagle Ford. For the three-year period of August 2015 through July 2018, production of "tight oil", i.e., WTI type crude oil, in Texas was 2.99 million b/d, or 89.7 million barrels per month (see Table 2 below).

The Permian Basin and Eagle Ford production areas are directly connected to the Houston market by a network of pipelines as outlined in Table 1 above. These pipelines from the Permian Basin and Eagle Ford production areas have total capacity of 2.4 million barrels per day (b/d) inbound to the Houston market.

Table 2: EIA Data
Texas Production of Tight Oil in the Permian Basin and Eagle Ford Regions
(Note: Tight oil is similar in quality to WTI type crude oil)
(Millions of Barrels per Day)

Month	Quantity
Aug-2015	2.75
Sep-2015	2.75
Oct-2015	2.75
Nov-2015	2.74
Dec-2015	2.66
Jan-2016	2.70
Feb-2016	2.69
Mar-2016	2.66
Apr-2016	2.65
May-2016	2.60
Jun-2016	2.58
Jul-2016	2.59
Aug-2016	2.59
Sep-2016	2.59
Oct-2016	2.63

Nov-2016	2.63
Dec-2016	2.65
Jan-2017	2.68
Feb-2017	2.79
Mar-2017	2.79
Apr-2017	2.80
May-2017	2.89
Jun-2017	2.91
Jul-2017	2.95
Aug-2017	2.89
Sep-2017	3.09
Oct-2017	3.27
Nov-2017	3.39
Dec-2017	3.45
Jan-2018	3.41
Feb-2018	3.61
Mar-2018	3.80
Apr-2018	3.83
May-2018	3.87
Jun-2018	3.93
Jul-2018	3.99
3-Year Avg. (Aug 2015-Jul 2018)	**2.99**

Source: https://www.eia.gov/petroleum/data.php#crude

C. Crude Oil Storage in Padd 3

Table 3 below provides the monthly Padd 3 storage levels for the three-year time period of July 2015 through June 2018. During that time period, inventories averaged 238.9 million barrels and ranged from 205 to 283 million barrels. However, the EIA does not provide a breakdown by type of crude oil stored in the Houston area, and consequently, the Exchange will not utilize inventory levels in the deliverable supply estimate.

Table 3
EIA Data: PADD 3 Crude Oil Stocks excluding SPR

Monthly Average Stocks (in Millions of Barrels)		**PADD 3 Crude Oil Stocks**
Year	**Month**	
2015	Jul	206.3
	Aug	208.3
	Sep	218.9
	Oct	232.7
	Nov	222.8
	Dec	214.7
2016	Jan	231.0
	Feb	245.9
	Mar	259.3
	Apr	259.7

	May	260.1
	Jun	257.9
	Jul	250.9
	Aug	247.0
	Sep	240.0
	Oct	255.1
	Nov	249.7
	Dec	244.0
2017	Jan	265.3
	Feb	278.0
	Mar	282.6
	Apr	270.2
	May	262.6
	Jun	259.5
	Jul	250.0
	Aug	231.7
	Sep	238.7
	Oct	218.7
	Nov	220.7
	Dec	204.5
2018	Jan	216.3
	Feb	229.4
	Mar	217.4
	Apr	220.3
	May	217.0
	Jun	213.3
Three-Year Average		**238.9**

EIA Data Source: https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCESTP31&f=M

Analysis of Deliverable Supply

In its estimate of deliverable supply, the Exchange has determined to focus on pipeline capacity from the Permian Basin and Eagle Ford production areas in west Texas to Houston, given that pipeline capacity is the constraining factor that restricts the flow of crude oil from the production areas in West Texas. The pipeline capacity from the Permian Basin and Eagle Ford production areas to Houston (as outlined in Table 2) is 2.4 million b/d, which is less than the total production in the Permian Basin and Eagle Ford regions which averaged 2.99 million b/d, according to the EIA data in Table 2 above. Further, the Exchange will not utilize inventory levels in the deliverable supply estimate, as the EIA data does not provide a breakdown by type of crude oil stored in the Houston area.

Given that pipeline capacity is the limiting factor in the supply of crude oil to the Houston market, the pipeline capacity will be utilized to determine the deliverable supply. The total pipeline capacity from the Permian Basin and Eagle Ford production areas to Houston (as outlined in Table 1) is 2.4 million b/d. The Exchange has determined to apply a haircut to account for the pipeline utilization rates. To be conservative, the Exchange has assumed that the total pipeline capacity is not fully utilized, and consequently, the Exchange has applied a haircut of 25% to total in-bound pipeline capacity. This converts into discounting the pipeline capacity by approximately 0.60 million b/d from the total available pipeline capacity. Therefore, the Exchange has determined the deliverable supply for WTI type crude oil to Houston to be 1.8 million b/d (calculated as 2.4 million b/d for pipeline capacity minus the haircut of 0.60 million b/d). This is equivalent to 54.0 million barrels per month, which is equivalent to 54,000 contracts per month.

The Exchange has determined not to apply a haircut for long term contracts, given the highly liquid spot market, and the lack of restrictions applied to the resale of crude oil. Almost all first-sales of production are sold typically to middleman-firms or marketers. These middleman-firms typically resell the crude oil to other middleman-firms (or participants performing that function) or to end-users. Typically, the first-sales contracts are "evergreen" contracts that can be discontinued by either party with notice, so there are no restrictions applied to the resale of crude oil bought first-sale on a term basis from producers. The Midland and Houston markets are downstream of first-sales; in other words, these hubs are downstream of any term sales from producers. Thus, even if barrels were sold term by the producer, in the Midland and Houston markets those barrels are re-sold and re-delivered by either the purchaser from the producer or a subsequent purchaser/middleman from that original purchaser. The Houston cash market consists of active trading and physical delivery of WTI-type crude oil, and provides commercial secondary (or *spot*) markets which are liquid, with broad participation, and results in a substantial quantity of physical delivery of crude oil.

Based on the foregoing, the Exchange estimates deliverable supply of crude oil deliverable against the WTI Houston Crude Oil Futures Contract at approximately 54,000 futures contract equivalents per month. The spot month position limit of 3,000 contracts represents 5.6% of the estimated monthly deliverable supply.

Further, for purposes of calculating compliance with position limits, the WTI Houston Crude Oil Option Contract aggregates into the underlying WTI Houston Crude Oil Futures Contract.