SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 15-433 (4 of 5)

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): 10/27/2015 Filing Description: Initial Listing of Four (4) European Petroleum Crack Spread Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

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

Rule Numbers:

New Product **Please note only ONE product per Submission.**

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

Official Product Name: See filing.

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

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

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

Rule Numbers:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 27, 2015

VIA ELECTRONIC PORTAL

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

RE: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of Four (4) European Petroleum Crack Spread Futures Contracts.
NYMEX Submission No. 15-433 (4 of 5)

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 four (4) European petroleum crack spread futures (the "Contracts") for trading on CME Globex and for submission for clearing via CME ClearPort, effective Sunday, November 15, 2015 for trade date Monday, November 16, 2015, as set forth in the table below. The Rulebook chapters for each contract are outlined in Appendix A.

The Contract specifications are as follows:

Contract Name	Jet Fuel Cargoes CIF NWE (Platts) Crack Spread Futures
Commodity Code	JFC
Chapter	1056
Settlement type	Financial
Contract Size	The contract quantity shall be 1000 U.S barrels. Each contract shall be valued as the contract quantity (1000) multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last Business Day of the contract month
Minimum Price Fluctuation	$0.01 per barrel
Final Settlement Price Tick	$0.001 per barrel

1 North End Avenue New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

First Listed Month	December 2015
Block Trade Minimum Threshold	10 contracts
CME Globex Match Algorithm	First in-First Out (FIFO – F)
Listing Convention	Monthly contracts listed for 24 consecutive months.

Contract Name	Jet Fuel Cargoes CIF NWE (Platts) Crack Spread BALMO Futures
Commodity Code	JFB
Chapter	1057
Settlement type	Financial
Contract Size	The contract quantity shall be 1000 U.S barrels. Each contract shall be valued as the contract quantity (1000) multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last business day of the contract month
Minimum Price Fluctuation	$0.01 per barrel
Final Settlement Price Tick	$0.001 per barrel
First Listed Month	December 2015
Block Trade Minimum Threshold	10 contracts
CME Globex Match Algorithm	First in-First Out (FIFO – F)
Listing Convention	Monthly contracts listed for the current month and the following month listed 10 Business Days prior to the start of the contract month.

Contract Name	European Low Sulphur Gasoil Brent Crack Spread BALMO Futures
Commodity Code	ESB
Chapter	1060

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Settlement type	Financial
Contract Size	The contract quantity shall be 1000 U.S barrels. Each contract shall be valued as the contract quantity (1000) multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last business day of the contract month
Minimum Price Fluctuation	$0.001 per barrel
Final Settlement Price Tick	$0.001 per barrel
First Listed Month	December 2015
Block Trade Minimum Threshold	10 contracts
CME Globex Match Algorithm	First in-First Out (FIFO – F)
Listing Convention	Monthly contracts listed for the current month and the following month listed 10 Business Days prior to the start of the contract month.

Contract Name	Low Sulphur Gasoil Crack Spread (1000mt) BALMO Financial Futures
Commodity Code	ESS
Chapter	1061
Settlement type	Financial
Contract Size	The contract quantity shall be 7450 U.S barrels (1,000mt). Each contract shall be valued as the contract quantity (7450) multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last business day of the contract month
Minimum Price Fluctuation	$0.001 per barrel
Final Settlement Price Tick	$0.001 per barrel
First Listed Month	December 2015
Block Trade Minimum Threshold	5 contracts
CME Globex Match Algorithm	First in-First Out (FIFO – F)

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Listing Convention	Monthly contracts listed for the current month and the following month listed 10 Business Days prior to the start of the contract month.

Trading and Clearing Hours:

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

Exchange Fees:

Jet Fuel Cargoes CIF NWE (Platts) Crack Spread Futures
Jet Fuel Cargoes CIF NWE (Platts) Crack Spread BALMO Futures
European Low Sulphur Gasoil Brent Crack Spread BALMO Futures

Exchange Fees	Pit*	CME Globex	CME ClearPort	Agency Cross
Member Overnight Rate	0.85	0.85	0.85	0.85
Cross Division Rate	1.05	1.05		
Non-Member Rate	1.25	1.25	1.25	1.25
International Incentive Program (IIP)		1.05		

Other NYX/CMX Processing Surcharges	Member	Non-Member
Cash Settlement	0.10	0.10

Other NYX/CMX Processing Surcharges	Rate
Facilitation Fee	0.30

Low Sulphur Gasoil Crack Spread (1000mt) BALMO Financial Futures

Exchange Fees	Pit*	CME Globex	CME ClearPort	Agency Cross
Member Overnight Rate	7.00	7.00	7.00	7.00

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Cross Division Rate	8.00	8.00		
Non-Member Rate	9.00	9.00	9.00	9.00
International Incentive Program (IIP)		8.00		

Other NYX/CMX Processing Surcharges	Member	Non-Member
Cash Settlement	1.00	1.00

Other NYX/CMX Processing Surcharges	Rate
Facilitation Fee	0.30

*Effective as of July 2, 2015, NYMEX futures pits are closed for open outcry trading. Brokers may submit Block Trades, EFTs, and EFRs through Front-End Clearing System (FEC); these traders will be assessed Pit Exchange Fees in addition to any surcharges.

Also effective at this time, the Exchange is also notifying the Commission that it is self-certifying increasing the spot month position limit for the European Jet Kerosene Cargoes CIF NWE (Platts) Futures (the "Parent contract") from 150 contracts to 300 contracts commencing with the December 2015 contract month and beyond. The deliverable supply, which we have provided in Appendix D, supports the increase in the spot month limits with the higher 300 lot limit representing 13.6% of the total deliverable supply and remaining below the 25% threshold.

There are a number of contracts (the "Child contracts") which aggregate into the Parent contract. The limits for the Child contracts are also being adjusted due to the adjustment of the limits at the parent contract level. These amendments shall become effective on November 16 2015. The Exchange is also notifying the Commission that it is self-certifying the insertion of the terms and conditions for the new futures contracts into the Position Limit, Position Accountability and Reportable Level Table and Header notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the 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. The changes for these are reflected in the Chapter 5 table in Appendix B, attached under separate cover.

NYMEX is self-certifying block trading on these contracts with a minimum block threshold of ten (10) contracts for the Jet Fuel Cargoes CIF NWE (Platts) Crack Spread Futures; Jet Fuel Cargoes CIF NWE (Platts) Crack Spread BALMO Futures; European Low Sulphur Gasoil Brent Crack Spread BALMO Futures. Additionally, the Exchange is self-certifying block trading on these contracts with a minimum block threshold of five (5) contracts for the Low Sulphur Gasoil Crack Spread (1000mt) BALMO Financial Futures. These block levels align with the Exchange's currently listed contracts for the same contract size and are consistent with the Exchange's existing products.

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

Compliance with Rules: Trading in the Contracts will be subject to all 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 Contracts will be subject to monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Contract Not Readily Subject to Manipulation: The Contracts are not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying futures market and the settlement index.

Prevention of Market Disruption: Trading in the contracts will be subject to the Rules of 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 4 futures contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

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

Availability of General Information: The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the contracts. The Exchange will issue a Special Executive Report ("SER") regarding the launch of the Contracts. In addition, the Exchange will issue a Market Surveillance Notice ("MSN") regarding the amendments to the position limits. The MSN and SER will be posted on the CME Group website.

Daily Publication of Trading Information: The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts. Execution of Transactions: The Contracts will be listed for trading on the CME Globex electronic trading platform and New York Trading Floor, and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for the novation of transactions that are competitively executed by brokers.

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

Financial Integrity of Contract: The Contracts will be cleared by the CME Clearing House, a derivatives clearing organization registered with the Commodity Futures Trading Commission and subject to all CFTC regulations related thereto.

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

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a) and 40.6(a), the Exchange hereby certifies that the listing of the Contracts and proposed amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to these proposals.

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

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

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

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

1 North End Avenue New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

Appendix A

NYMEX Rulebook

Chapter 1056

Jet Fuel Cargoes CIF NWE (Platts) Crack Spread Futures

1056100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1056101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts European Marketscan for Jet under the heading "CIF NWE/Basis ARA" minus the ICE Brent Crude Oil Futures first nearby contract settlement price for each business day during the contract month.

For the purpose of determining the Floating Price, the Platts Jet Fuel price assessment will be converted each day to U.S. dollars and cents per barrel rounded to the nearest cent using the conversion factor of 7.88 barrels per metric ton. The settlement price of the first nearby Brent Crude Oil Futures contract month will be used except on the last day of trading for the expiring Brent Crude Oil Futures contract when the settlement price of the second nearby contract month will be used.

The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated by using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1056102. TRADING SPECIFICATIONS

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

1056102.A. Trading Schedule

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

1056102.B. Trading Unit

The contract quantity shall be 1000 U.S. barrels. Each contract shall be valued as the contract quantity (1000) multiplied by the settlement price.

1056102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel. There shall be no maximum price fluctuation.

1056102.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.

1056102.E. Termination of Trading

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

1056103. FINAL SETTLEMENT

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

1056104. DISCLAIMER

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Chapter 1057

Jet Fuel Cargoes CIF NWE (Platts) Crack Spread BALMO Futures

1057100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1057101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the Balance of Month arithmetic average of the mid-point of the high and low quotations from the Platts European Marketscan for Jet under the heading "CIF NWE/Basis ARA" minus the ICE Brent Crude Oil Futures first nearby contract settlement price for each business day during the contract month.

For the purpose of determining the Floating Price, the Platts Jet Fuel price assessment will be converted each day to U.S. dollars and cents per barrel rounded to the nearest cent using the conversion factor of 7.88 barrels per metric ton. The settlement price of the first nearby Brent Crude Oil Futures contract month will be used except on the last day of trading for the expiring Brent Crude Oil Futures contract when the settlement price of the second nearby contract month will be used.

The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated by using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1057102. TRADING SPECIFICATIONS

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

1057102.A. Trading Schedule

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

1057102.B. Trading Unit

The contract quantity shall be 1000 U.S. barrels. Each contract shall be valued as the contract quantity (1000) multiplied by the settlement price.

1057102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel. There shall be no maximum price fluctuation.

1057102.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.

1057102.E. Termination of Trading

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

1057103. FINAL SETTLEMENT

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

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Chapter 1060

European Low Sulphur Gasoil Brent Crack Spread BALMO Futures

1060100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1060101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the Balance of Month arithmetic average of the Low Sulphur Gasoil (ICE) first nearby contract month settlement price minus the Brent Crude Oil (ICE) first nearby contract month settlement price for each business day during the contract month.

For purposes of determining the Floating Price, the ICE Low Sulphur Gasoil settlement price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest cent. The conversion factor will be 7.45 barrels per metric ton. The settlement prices of the 1st nearby contract month will be used except on the last day of trading for the expiring Brent Crude Oil and ICE Low Sulphur Gasoil Futures contracts when the settlement prices of the 2nd nearby contracts will be used.

1060102. TRADING SPECIFICATIONS

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

1060102.A. Trading Schedule

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

1060102.B. Trading Unit

The contract quantity shall be 1000 U.S. barrels. Each contract shall be valued as the contract quantity (1000) multiplied by the settlement price.

1060102.C. Price Increments

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

1060102.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.

1060102.E. Termination of Trading

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

1060103. FINAL SETTLEMENT

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

1060104. DISCLAIMER

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Chapter 1061

Low Sulphur Gasoil Crack Spread (1000mt) BALMO Financial Futures

1061100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1061101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the Balance of Month arithmetic average of the ICE Low Sulphur Gasoil Futures first nearby contract settlement price minus the ICE Brent Crude Oil Futures first nearby contract settlement price for each business day during the contract month.

For purposes of determining the Floating Price, the ICE Low Sulphur Gasoil settlement price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest cent. The conversion factor will be 7.45 barrels per metric ton. The settlement prices of the 1st nearby contract month will be used except on the last day of trading for the expiring Brent Crude Oil and ICE Low Sulphur Gasoil Futures contracts when the settlement prices of the 2nd nearby contracts will be used.

1061102. TRADING SPECIFICATIONS

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

1061102.A. Trading Schedule

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

1061102.B. Trading Unit

The contract quantity shall be 7450 U.S. barrels (1000 metric tons). Each contract shall be valued as the contract quantity (7450) multiplied by the settlement price.

1061102.C. Price Increments

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

1061102.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.

1061102.E. Termination of Trading

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

1061103. FINAL SETTLEMENT

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

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Appendix B

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

(Attached under separate cover)

Appendix C

NYMEX Rule 588.H
Globex Non-Reviewable Range Table

(additions are underscored)

Instrument	Non-Reviewable Range (NRR) in Globex format	NRR including Unit of Measure	NRR Ticks
Jet Fuel Cargoes CIF NWE (Platts) Crack Spread Futures	100	$1.00 per barrel	100
Jet Fuel Cargoes CIF NWE (Platts) Crack Spread BALMO Futures	100	$1.00 per barrel	100
European Low Sulphur Gasoil Brent Crack Spread BALMO Futures	1000	$1.00 per barrel	1000
Low Sulphur Gasoil Crack Spread (1000mt) BALMO Financial Futures	200	$2.00 per metric ton	2000

Appendix D

Cash Market Overview and Analysis of the Deliverable Supply

Exchange staff conducted a review of each of the underlying cash market components of these contracts and conducted a review of the deliverable supply for each market to determine the robustness of the cash market for Northwest European Jet Fuel/Kerosene, Low Sulphur Gasoil and Brent Crude Oil. Based on the analysis presented herein, the Exchange is listing four new product futures for trading on CME Globex and for submission into clearing via CME ClearPort.

The Exchange has determined the appropriate levels for the spot month limits and the accountability levels for the following four (4) products:

- European Jet Kerosene Cargoes CIF NWE (Platts) Crack Spread Futures
- European Jet Kerosene Cargoes CIF NWE (Platts) Crack Spread BALMO Futures
- European Low Sulphur Gasoil Brent Crack Spread BALMO Futures
- Low Sulphur Gasoil Crack Spread (1,000mt) BALMO Financial Futures

Based on the analysis presented herein, the Exchange has also determined to increase the spot month limit for the **European Jet Cargoes CIF NWE (Platts) Futures** and its five (5) associated contracts. The rulebook chapters for each contract can be found in **Appendix A** and a comprehensive list of the impacted Jet Fuel/Kerosene contracts can be found in **Appendix B (under separate cover).**

Data Sources

The Exchange based its analysis of deliverable supply of Jet Fuel/Kerosene and Diesel/Gasoil on data provided by Eurostat. Jet Fuel/Kerosene shall be referred to as Jet Fuel but the Diesel/Gasoil shall remain as two distinct categories (and notified as such when they are combined) when referenced throughout this analysis. Whilst the two products can be blended into each other they also have distinct uses, with Diesel being used in the transportation sector and Gasoil in the domestic heating oil sector.

This Eurostat data was selected because it is a comprehensive data set that provides statistics at both the product group and individual product level on a monthly and yearly basis. Taking this into account, we felt that this would be a good data representation off which to base our analysis. Additionally, analysis of the data provided by Bloomberg on the actual loadings of Brent, Forties, Oseberg and Ekofisk has been used as the basis of deliverable supply for Brent Crude Oil. The Bloomberg data breaks down the production of the individual crudes within BFOE which is comprehensive and it is for this reason that the data set was chosen off which to base this analysis. Throughout this analysis, we shall refer to Brent, Forties, Oseberg and Ekofisk as BFOE but will be referenced as Brent in connection with the ICE Futures Europe market.

The **Eurostat**[1] data is compiled by the statistical office of the European Union and aims to provide the EU with accurate statistics that enable comparisons between countries and regions. The statistical authorities in each individual member state are responsible for collecting the data. After verification and analysis, the individual authorities send the data to Eurostat who consolidate such data. In addition, Eurostat ensures that all parties are employing the same

[1] http://ec.europa.eu/eurostat

methodology in collecting and reporting data. The Exchange determined to use Eurostat data for sulphur content of fuel oil in Northwest Europe because of the highly specialized statistical categories collected by Eurostat.

The **Bloomberg** data reviews the loadings of crude oil for BFOE. This data carried reflects the loading schedules of each of the operators for the Brent, Forties, Oseberg and Ekofisk fields which are reported on a monthly basis. These loading schedules reflect the volume of crude oil to be loaded onto tankers at each oil terminal or offshore loading facility during the delivery month. The data has been published by Bloomberg since August 2007.

The four (4) crack spread contracts contain two underlying legs each. For the refined products, the final settlement prices for European Jet Fuel CIF NWE cargoes (including the leg for the associated BALMO Futures) is based on the assessment of respective underlying physical markets as assessed and published by **Platts**, a division of McGraw-Hill Financial ("Platts"). Platts is a leading global provider of energy, petrochemicals, metals and agriculture information, and a premier source of benchmark price assessments for those commodity markets. Since 1909, Platts has provided information and insights that help customers make sound trading and business decisions and enable the markets to perform with greater transparency and efficiency. Platt's assessment methodology for Jet Fuel in Northwest Europe[2] is available on the Platts website. CME Group (parent company of New York Mercantile Exchange, Inc.) is a party to license agreements with Platts to utilize their pricing data.

The Brent Crude Oil and Low Sulphur Gasoil prices are based on the final settlement prices of futures traded on the **Intercontinental Exchange (ICE)**. The ICE Brent Crude Oil Futures contract is the source of the settlement price for the contracts listed above. The ICE Brent Crude Oil Futures is regulated by the U.K. Financial Conduct Authority (FCA). The guidance issued by the FCA is broadly similar to that of the CFTC and therefore we believe that this should be sufficient to satisfy the requirements set out by the CFTC in terms of the Futures contract and the underlying cash markets. According to ICE, the average trading activity in the ICE Brent Crude Oil Futures contract represents more than 500,000 contracts traded per day and ICE Low Sulphur Gasoil is 230,000 contracts per day.

[2] http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Europe-africa-refined-products-methodology.pdf

The European Jet Fuel Market in Northwest Europe

Cash Market Overview

Jet Fuel is used by the airline transportation industry and is produced by refiners by way of the distillation process for crude oil. There are two delivery points in Northwest Europe, the largest of these is the cargo market and this is where cargoes of up to 65,000 or 70,000 metric tons of Jet Fuel are discharged though more common vessel sizes tend to be around 25,000 to 40,000 metric tons (Platts will normalize all cargoes to a standard 30,000 metric tons as this is the most commonly traded size). Typically, cargoes are traded in and around Northwest Europe and the discharge ports tend to be the major ports between Bordeaux, France and Hamburg, Germany. The inland market is a barge market where typical delivery volumes are between 2,000 to 5,000 metric tons.

Jet Fuel is priced in USD and cents per metric ton. The European market is fed by the domestic production of each country and by imports from the Middle East where large export orientated refineries have been constructed to serve the International markets. Imports into Northwest Europe are comprised of volumes from Germany, France (halved), the Netherlands and Belgium where there is an extensive network of ports and refining infrastructure to handle both domestic production and imported material. For both the imports and production, the French data has been reduced by 50% to reflect the fact that only around half of the volumes are imported to or produced from the Northwest European region with the remainder classified as the Mediterranean. Within the Netherlands there is direct access to the inland barge market through the Rhine for central Europe where a large volume of Jet Fuel is supplied from the refineries on the Northern Coastline and inland Germany.

According to Eurostat, imports of Jet Fuel into Northwest Europe accounted for 939,000 tons per month on average over the three years from 2012 to 2014. For the 2012 to 2014 average data, this equates to around 11.27 million tons per year. Production of Jet Fuel was about 1.27 million tons per month on average over the three years from 2012 to 2014. For the 2012 to 2014 average data, this equates to around 15.18 million tons per year. A detailed breakdown of the data for production plus imports is contained in tables 1 and 2. The deliverable supply is production + imports and the final number shown is based on the average level over the past three years from 2012 to 2014. Total deliverable supply therefore equates to 939,000 metric tons per month of imports and 1.27 million metric tons per month of production.

Table 1. NWE Kerosene Type Jet Fuel (blended with bio components) Import Volumes[3]

(Monthly Average in Thousand Metric Tons)

Year		Belgium	Germany	France	Netherlands	TOTAL
2012	Jan-12	128	292	166	271	
	Feb-12	118	277	98	211	
	Mar-12	74	307	120	137	
	Apr-12	106	325	230	179	
	May-12	115	354	116	74	
	Jun-12	58	415	230	121	
	Jul-12	194	457	122	388	
	Aug-12	154	401	186	220	
	Sep-12	126	446	130	206	
	Oct-12	204	420	171	310	
	Nov-12	190	395	225	309	
	Dec-12	120	314	220	95	
2013	Jan-13	86	337	191	299	
	Feb-13	113	292	123	44	
	Mar-13	65	430	175	182	
	Apr-13	177	448	167	237	
	May-13	146	478	97	566	
	Jun-13	118	478	165	264	
	Jul-13	143	514	222	294	
	Aug-13	126	565	193	539	
	Sep-13	156	455	169	351	
	Oct-13	171	468	159	488	
	Nov-13	44	443	223	348	
	Dec-13	197	353	236	235	
2014	Jan-14	118	320	178	27	
	Feb-14	66	285	138	189	
	Mar-14	98	315	196	135	
	Apr-14	78	388	198	301	
	May-14	73	465	249	318	
	Jun-14	53	402	168	244	
	Jul-14	109	477	191	307	
	Aug-14	51	527	182	217	
	Sep-14	137	430	192	366	
	Oct-14	93	452	114	244	
	Nov-14	32	400	222	178	
	Dec-14	44	322	126	90	

[3] http://ec.europa.eu/eurostat/data/database - Supply and transformation of oil – monthly data (nrg_102m)

3 year monthly average (2012 - 2014)	113	402	174	250	**939**

Table 2. NWE Kerosene Type Jet Fuel (blended with bio components) – Transformation Output From Refineries (Production)[4]

(Monthly Average in Thousand Metric Tons)

Year		Belgium	Germany	France	Netherlands	TOTAL
2012	Jan-12	150	426	192	518	
	Feb-12	133	362	164	555	
	Mar-12	151	434	126	476	
	Apr-12	146	427	117	540	
	May-12	163	437	126	663	
	Jun-12	173	399	176	632	
	Jul-12	163	475	205	596	
	Aug-12	160	483	207	594	
	Sep-12	141	458	136	577	
	Oct-12	148	461	167	328	
	Nov-12	125	439	157	475	
	Dec-12	113	416	138	586	
2013	Jan-13	132	376	122	542	
	Feb-13	151	351	196	541	
	Mar-13	150	333	186	638	
	Apr-13	84	334	187	570	
	May-13	65	404	199	440	
	Jun-13	122	418	194	563	
	Jul-13	131	433	210	564	
	Aug-13	141	457	194	592	
	Sep-13	148	398	182	459	
	Oct-13	115	435	154	458	
	Nov-13	125	402	180	495	
	Dec-13	132	416	129	560	
2014	Jan-14	123	395	162	581	
	Feb-14	123	363	130	463	
	Mar-14	137	430	138	539	
	Apr-14	145	409	137	510	
	May-14	151	399	120	504	
	Jun-14	147	377	147	517	
	Jul-14	144	407	174	630	
	Aug-14	156	477	195	685	
	Sep-14	157	439	165	689	

[4] http://ec.europa.eu/eurostat/data/database - Supply and transformation of oil – monthly data (nrg_102m)

	Oct-14	130	349	181	643	
	Nov-14	122	397	144	596	
	Dec-14	129	408	149	584	
3 year average (2012 - 2014)		137	412	163	553	**1,265**

Cash Market Overview – Northwest Europe (NWE) Low Sulphur Gasoil Market

Distillate Fuel Oil is a general classification for one of the petroleum product categories produced by distillation operations, a boiling process that separates crude oil into fractions[5]. The lightest and the first fraction of distillate fuel is jet kerosene, followed by on-road diesel, heating oil/off-road diesel, and residual fuel oils. Products known as No.1 (on-road diesel), No.2 (off-road diesel, residential heating oil), and No.4 (commercial/industrial heating oil) oils are used in diesel engines, boilers, and power generators. Diesel[6], also known as No. 2 Diesel Fuel, is a liquid petroleum product less volatile than gasoline and used as an energy source. The primary use is in the transportation sector. ULSD (Ultra Low Sulphur Diesel) contains a lower level of sulphur than heating oil. There are relatively stringent cold properties in ULSD that refiners have to satisfy, particularly in the winter, to be able to deal with the harsh winter temperatures in some regions. Cold properties prevent the diesel fuel from freezing. The main trading hub for ULSD or Diesel as it is sometimes referred is split according to whether the reference market is for Barges or Cargoes. With reference to the Barge market, the main trading hub is the Amsterdam-Rotterdam-Antwerp (ARA) region where extensive storage capacity and refining infrastructure exists. For example, both BP and Shell have large refineries located in close proximity to the port of Rotterdam and both plants have complex refining units meaning that they are able to supply a wide variety of refined products including ULSD.

The Cargo market by its nature is more diverse however there are large accumulations of refining and storage centres at several ports in Northwest Europe which is broadly defined as the coastline between Bordeaux in France and Hamburg in Germany. We have classified Northwest Europe as Belgium, France, Germany and the Netherlands. Fifty (50) percent of French production is located in the Northwest Europe region and the remainder in the Mediterranean region. Therefore, the data for France have been halved to reflect this.

According to Eurostat data, Northwest European low sulphur gasoil imports averaged 4.51 million tons per month (see table 3) over the same period which is equal to 54.09 million tons per year. Additionally, Northwest European low sulphur gasoil production averaged 7.58 million tons per month over the three year period from 2012 to 2014 (See table 4) which equates to roughly 90.97 million tons per year. Total deliverable supply therefore equates to 4.51 million metric tons per month of imports and 7.58 million metric tons per month of production.

Eurostat[7] breaks down the total distillate volumes into distinct categories of Road Diesel and Heating Oil and other Gasoil and provides a total diesel/gasoil number for refinery production and imports. Diesel and Gasoil, including Heating Oil, are essentially the same product and the differentiation between each product group is resulting from the blending process. Gasoil can be blended into Diesel and vice versa although there are some specifications in Diesel such as

[5] http://www.epa.gov/otaq/regs/nonroad/marine/ci/fr/dfuelrpt.pdf

[6] US EIA http://www.eia.gov/tools/glossary/index.cfm?id=D

[7] http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg_102m&lang=en

Cold Properties (the temperature at which Diesel freezes) that will vary depending on the country of consumption. We have looked at the refinery production and import data in Belgium, France (halved), Germany and the Netherlands for the period 2012 to 2014. We believe that this broadly represents a good sample of Northwest Europe and the statistics contain volumes from the second largest refining market in Northwest Europe (the Netherlands) where refining capacity is estimated to be around 1.23 million barrels per day[8].

The ICE Low Sulphur Gasoil Futures contract[9] is a vibrant contract with average daily volumes close to 230,000 per day (based on the yearly average volumes for 2012-2014). Prior to the January 2015 delivery month, the specification reflected 0.1% Gasoil but was changed to Low Sulphur Gasoil from the February 2015 delivery month onwards, reflecting the most dominant supply grade into the market. In addition to this, there is an OTC market which is categorized as an EFP market which is the spread between the Platts physical market and the ICE Gasoil Futures contract. Volumes in the EFP markets for European Distillates have been falling, in part due to clients preferring to hedge directly in the ICE Futures market and leaving the spread between ICE and the Platts markets un-hedged due to the relatively small value differences between both markets.

Table 3. Northwest Europe - Diesel/Gasoil (with blended bio components) Import Volumes[10]

(Monthly Average in Thousand Metric Tons)

		Belgium	Germany	France	Netherlands	TOTAL
2012	**January**	461	811	859	1,586	
	February	568	1,151	965	1,397	
	March	496	822	1,302	1,769	
	April	378	611	907	1,039	
	May	420	730	801	952	
	June	507	1,248	784	1,636	
	July	414	1,452	857	1,481	
	August	431	716	1,143	1,426	
	September	589	767	964	1,105	
	October	641	1,333	967	1,857	

[8] IEA Statistics – Energy Supply Security 2014 (table 4.18.1) – Key Data https://www.iea.org/media/freepublications/security/EnergySupplySecurity2014_TheNetherlands.pdf

[9] ICE Low Sulphur Gasoil Futures specification - https://www.theice.com/products/34361119

[10] http://ec.europa.eu/eurostat/data/database - Supply and transformation of oil – monthly data (nrg_102m)

	November	637	1,645	870	2,150	
	December	753	1,086	1,117	1,818	
2013	**January**	738	1,152	1,110	1,294	
	February	968	887	957	1,313	
	March	905	1,322	1,071	1,597	
	April	779	2,096	892	1,246	
	May	1,226	1,750	991	1,679	
	June	1,017	1,505	787	1,452	
	July	943	1,441	1,025	1,707	
	August	881	1,408	773	1,343	
	September	1,023	1,548	948	1,707	
	October	1,423	1,940	1,286	2,452	
	November	1,143	1,815	963	1,678	
	December	1,016	922	899	1,611	
2014	**January**	910	1,055	1,293	1,525	
	February	872	1,188	891	1,208	
	March	836	1,267	822	1,089	
	April	479	1,448	892	1,329	
	May	669	1,390	835	1,287	
	June	948	1,302	833	1,296	
	July	531	1,386	1,054	1,335	
	August	836	1,588	973	1,645	
	September	1,058	1,562	965	1,569	
	October	1,026	1,722	918	998	
	November	895	1,684	806	1,008	
	December	723	1,275	1,104	894	

3 year Average (2012-2014)	**782**	**1,306**	**962**	**1,458**	4,507

Table 4. Northwest Europe Diesel/Gasoil (with blended bio components) – Transformation Output from Refineries (Production)[11]

(Monthly Average in Thousand Metric Tons)

		Belgium	Germany	France	Netherlands	TOTAL
2012	**January**	1,050	3,846	1,181	1,883	
	February	959	3,661	1,008	1,706	
	March	1,011	3,610	1,035	1,792	
	April	1,048	3,627	972	1,764	
	May	1,273	3,673	1,015	1,854	
	June	1,121	3,388	1,144	1,662	
	July	1,166	3,771	1,282	1,855	
	August	1,151	3,972	1,218	1,823	
	September	981	3,983	1,024	1,667	
	October	999	4,031	1,058	1,273	
	November	1,201	4,075	1,029	1,370	
	December	1,276	4,051	1,127	1,717	
2013	**January**	1,076	3,934	1,088	1,811	
	February	976	3,586	1,017	1,493	
	March	1,178	3,833	1,058	1,546	
	April	1,069	3,348	1,104	1,640	
	May	912	3,803	1,162	1,849	
	June	910	3,815	1,201	1,740	
	July	980	3,901	1,229	1,896	

[11] http://ec.europa.eu/eurostat/data/database - Supply and transformation of oil – monthly data (nrg_102m)

	August	937	3,655	1,141	1,876	
	September	930	3,557	992	1,600	
	October	607	3,872	894	1,460	
	November	714	3,890	1,036	1,532	
	December	815	3,898	904	1,697	
2014	**January**	951	3,833	1,081	1,781	
	February	905	3,481	959	1,626	
	March	1,173	3,617	1,026	1,830	
	April	1,183	3,705	1,065	1,856	
	May	1,169	3,520	1,017	1,654	
	June	1,037	3,200	1,006	1,434	
	July	1,196	3,600	1,168	1,657	
	August	1,151	4,003	1,211	1,681	
	September	1,111	3,755	1,084	1,749	
	October	1,237	3,787	1,135	1,815	
	November	1,128	3,770	1,070	1,832	
	December	1,134	3,998	1,121	1,861	
3 year Average (2012-2014)		**1,048**	**3,751**	**1,079**	**1,702**	7,581

Brent Crude Oil

Cash Market Overview

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

The core of the Brent market is the cash market. The Brent forward market consists of the trading of cargoes of any of the Brent, Forties, Oseberg and Ekofisk streams for delivery beyond the 25 days, with no specific dates assigned for loading. The cargoes are 600,000 barrels and, in the forward market, the precise loading dates are not provided, only the delivery month i.e. December BFOE Cargo. However the commercial contracts, which are standardized, underlying the forward market to specify the minimum timing the seller must provide the buyer to notify them as to the specific cargo loading date – currently 25 days in advance. After the seller of a BFOE forward cargo notifies the buyer as to the loading date and which stream is being loaded, the contract is now considered to have moved from the forward market to the Dated Brent market, historically this moment is referred to as the cargo going “wet” i.e. it has loading dates attached to it and can therefore be sold as a Dated Brent cargo.

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

Production of BFOE has been declining over the past few years due to the cost of drilling and the returns on investment compared to other regions in the world. These four North Sea grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the 25-Day BFOE cash market (“the forward market”). Quality adjustments ensure that all four grades can be delivered to a buyer under the standardized forward contract. Platts made an adjustment to the forward market mechanism with effect from

March 2015 with the nomination period being extended from 25-days to month ahead. Both ICE and NYMEX have adjusted the expiry calendar of the Futures to align more closely with the forward market with effect from the March 2016 contract month (as an earlier transition would have had a significant impact on the open interest holders).

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

1. Refiners, producers and traders enter into a forward agreement for a particular month.

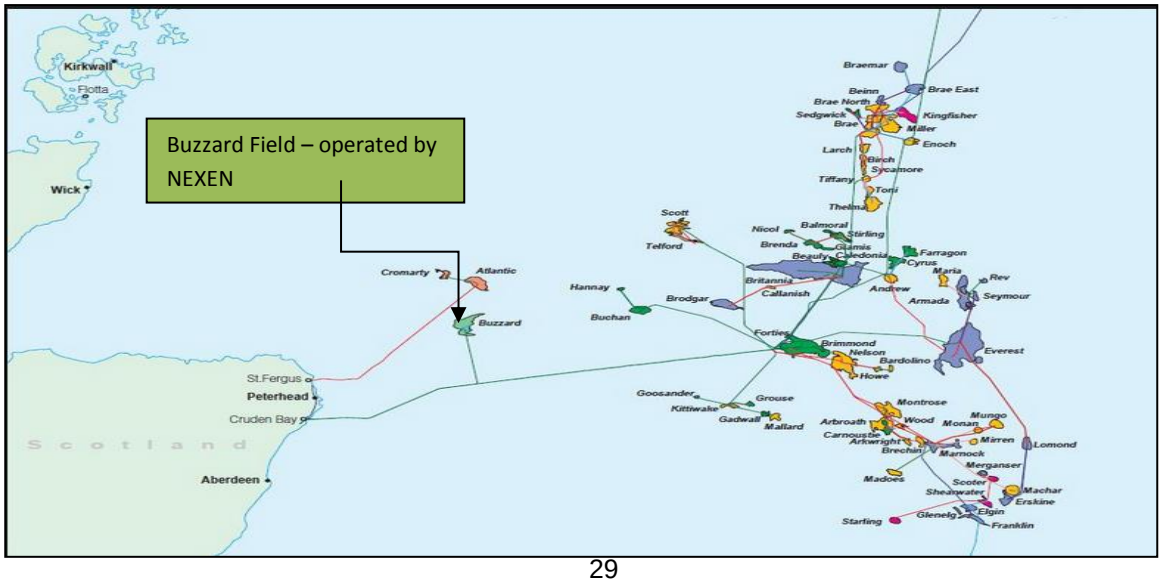
2. The Operator of each field being Shell for Brent; BP for Forties; ConocoPhillips for Oseberg and Statoil for Ekofisk will announce the loading programs at least 25 days prior before the month starts to be wet (i.e. cargoes in the delivery month start to load). This nomination process is being extended to month ahead from March 2015 i.e. the March cash cargo will expire on the 31st of January 2015.

3. The equity producers will begin the chain of nominating cargoes to buyers (or they can decide the keep the cargo). A buyer benefiting from a nomination can keep the cargo or pass it to another player with whom it has another forward contract. Buyers trade the cash BFOE on the basis that they will accept any cargo as nominated provided that it is done so within the agreed notice period (currently 25 days) by 4pm London time. Any cargo not nominated by this time will remain with the participant last notified. After 4pm London time, the cargo becomes wet physical with precise loading dates attached.

4. Cargoes that are wet physical will be sold as a Dated Brent cargo with cargo loading dates between 10 and 25 days forward.

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

Chart 1: Example of the Forties Pipeline system



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

Table 1: Percentage of Crude from Buzzard Field Estimates[12] (updated on 7th September 2015)

Month	Buzzard % in Forties blend	Forties Blend production (kbd)
September 2015	37.3%	501.5
October 2015	31.9%	514.3
November 2015	34.3%	547.5
December 2015	32.6%	548.6

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

Bloomberg LP ("Bloomberg") provides details of the BFOE loading programs for the four grades that comprise the Brent market. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from January 2012 to December 2014), the total loadings of Brent (BFOE) crude oil was approximately 867,090 barrels per day, which is equivalent to approximately 26.01 million barrels per month.

The four BFOE fields lie in the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk and Oseberg are in the Norwegian sector. Bloomberg LP ("Bloomberg")[13] provides details of the BFOE loading programs for the four grades that comprise the Brent market. According to data published by Bloomberg, daily crude oil production for these four grades has been declining over the past few years, as shown in Table 5. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from January 2012 to December 2014), the total loadings of Brent (BFOE) crude oil was approximately 867,090 barrels per day, which is equivalent to approximately 26.01 million barrels per month.

Table 5. BFOE Loaded Volumes (as assessed by Bloomberg)

(Barrels per Day)

Year	Delivery Month	Volume (b/d)
2012	Jan-12	1,030,645
	Feb-12	1,003,448

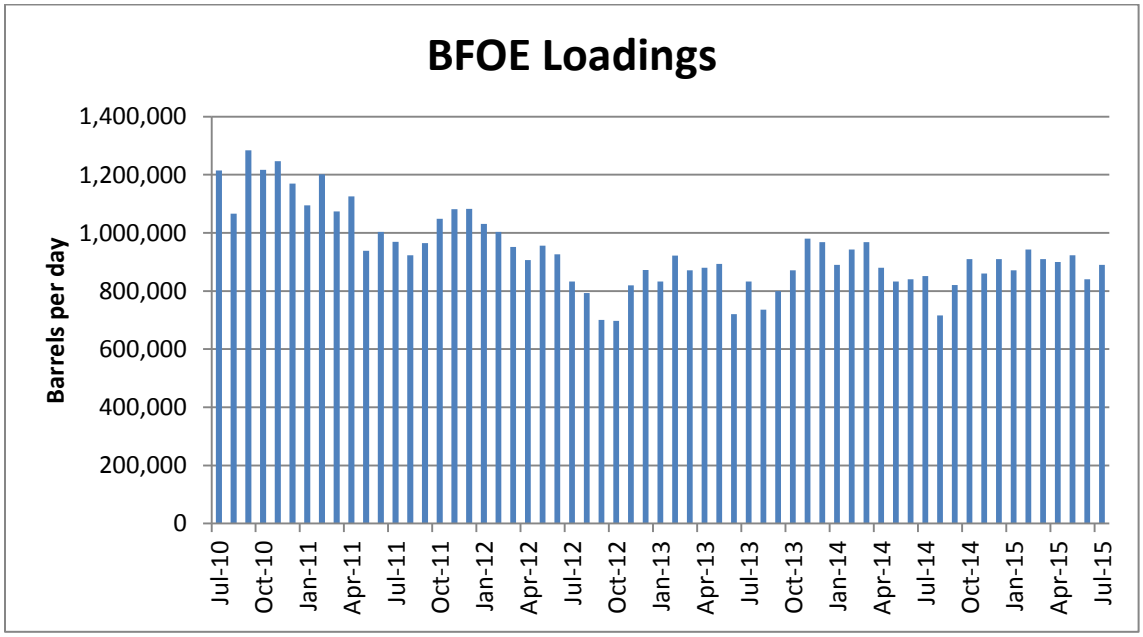
[12] Forties Pipeline System – Forties Blend Assay http://www.bp.com/en/global/forties-pipeline/about_fps/forties_blend_quality.html

[13] Bloomberg terminal data

	Mar-12	951,613
	Apr-12	906,667
	May-12	956,452
	Jun-12	926,667
	Jul-12	832,258
	Aug-12	793,548
	Sep-12	700,000
	Oct-12	696,774
	Nov-12	819,667
	Dec-12	872,581
2013	Jan-13	832,258
	Feb-13	921,429
	Mar-13	870,968
	Apr-13	880,000
	May-13	893,548
	Jun-13	720,000
	Jul-13	832,258
	Aug-13	735,484
	Sep-13	800,000
	Oct-13	870,968
	Nov-13	980,000
	Dec-13	967,742
2014	Jan-14	890,323
	Feb-14	942,857
	Mar-14	967,742
	Apr-14	

		880,000
	May-14	832,258
	Jun-14	840,000
	Jul-14	851,613
	Aug-14	716,129
	Sep-14	820,000
	Oct-14	909,677
	Nov-14	860,000
	Dec-14	909,677
3 Year Average (2012 - 2014)		867,090

Figure 2: Monthly Loadings of Brent, Forties, Oseberg, Ekofisk



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

cash market for the specific delivery month (i.e. this is currently 25 days prior to the 1st loading date of the delivery month). Full sized physical cargo BFOE trades will be used by ICE in the establishment of the Brent Index which is the mechanism by which the futures open on expiry are cash settled[14].

The Dated Brent or Dated BFOE, as it is sometimes referred, reflects the value of the cheapest of Brent, Forties, Oseberg and Ekofisk, of 600,000 barrels, loading in the next 10-25 days and then month ahead from March 2015. Dated Brent is estimated to price around 50% of the global crude oil supply[15]. Within the North Sea and beyond grades are traded as a differential to Dated Brent or as a differential to cash Brent (BFOE). Each of the crude oil grades within BFOE are not the same quality, several adjustments have been made. In 2007 Platts included a sulphur de-escalator for Forties crude oil within its Dated Brent and Brent related instruments. The change was made in response to inclusion of sour crude Buzzard into the Forties pipeline system (see chart 1). The de-escalator of price is applied to deliveries above a minimum sulphur level of 0.6%. Every month, Platts establishes a USD value de-escalator for every 0.1% of sulphur above 0.6%. The value of de-escalator is established by reviewing evidence of significant and sustained changes in the crude market, as affected by refined products (crack spread values of both heavy fuel oils and light ends) and other relevant factors that affect the economics of Forties crude.

[14] https://www.theice.com/publicdocs/futures/ICE_Futures_Europe_Brent_Index.pdf

[15] http://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/03/Brent-Prices-Impact-of-PRA-methodology-on-price-formation.pdf

Analysis of Deliverable Supply

In its November 18, 2011, final position limit rulemaking, the Commission defined deliverable supply as "the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce."[16]

The Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon launch of products, we do not condition recommended position limits based on stock data. The basis of deliverable supply for Jet Fuel and Low Sulphur Gasoil is based on the combined Production (transformation output from refineries) and Import statistics as determined by Eurostat for the period 2012 to 2014. In the case of Low Sulphur Gasoil, the combined Diesel and Gasoil figures have been used for both refinery production and imports because Diesel and Gasoil are interchangeable and each product can be blended at the refinery.

Further, the Exchange has determined not to adjust the deliverable supply estimate based on spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, the spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of spot trading activity as it does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

In the case of Brent crude oil, the Exchange determined that the volume of loaded barrels of crude oil from Brent, Forties, Oseberg and Ekofisk best meets the definition of supply readily available for delivery. In addition, the Exchange has reduced the deliverable supply of Forties to account for the crude oil purchases by the Grangemouth refinery. The Grangemouth oil refinery is located close to the delivery point of the Forties pipeline and volumes from the outer fields are connected directly via a series of pipelines to the refinery[17]. In its analysis of deliverable supply for Brent crude oil, the Exchange concentrated on the actual loadings of Brent related (BFOE) crude oil. In addition, the Exchange has reduced the deliverable supply of Forties to account for the crude oil purchases by the Grangemouth refinery. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (January 2012 to December 2014), the total loadings of Brent (BFOE) crude oil was approximately 867,090 barrels per day, which is equivalent to approximately 26.01 million barrels per month, or 26,012 contract equivalents (contract size: 1,000 barrels). Further, to account for the crude oil purchases by the Grangemouth refinery, the deliverable supply (using the three-year average figures) would be reduced by 3.2 million barrels per month. Therefore, the total deliverable supply of BFOE is approximately 22.81 million barrels per month, which is equivalent to 22,810 contracts.

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[16] 17 CFR 1,150-51 (2011), http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-28809a.pdf

[17] http://www.bp.com/en/global/forties-pipeline/about_fps/Technical/technical_information.html - BP Forties Pipeline system

Positions in the **European Jet Kerosene Cargoes CIF NWE (Platts) Crack Spread Futures** will aggregate into two legs: the European Jet Kerosene Cargoes CIF NWE (Platts) (commodity code UJ) and the Brent Crude Oil Penultimate Futures contract (commodity code BB). The contract size of the Brent Crude Oil Penultimate Financial Futures contract (commodity code BB) is 1,000 barrels and the contract size of the European Jet Kerosene Cargoes CIF NWE (Platts) (commodity code UJ) is 1,000 metric tons. We are proposing to increase the spot month limit for European Jet Kerosene Cargoes CIF NWE (Platts) (Commodity code UJ) from 150 to 300 contracts based on the deliverable supply for Northwest Europe. Based on this higher level, which is supported by the deliverable supply data the spot month limit for the Jet Fuel increases to 300 lots but the Brent remains at 4,000 lots. The monthly deliverable supply of Jet Kerosene is 2.21 million metric tons (2,210 contract equivalents based on a contract size 1,000 metric tons) therefore a spot month limit of 300 lots equates to 13.6% of the total deliverable supply. The monthly deliverable supply of Brent (BFOE) is 26.01 million barrels (26,010 contract equivalents based on a contract size of 1,000 barrels) therefore a spot month limit of 4,000 lots equates to 15.38% of the deliverable supply.

Positions in the **European Jet Kerosene Cargoes CIF NWE (Platts) Crack Spread BALMO Futures** will aggregate into two legs: the European Jet Kerosene Cargoes CIF NWE (Platts) (commodity code UJ) and the Brent Crude Oil Penultimate Futures contract (commodity code BB). The contract size of the Brent Crude Oil Penultimate Financial Futures contract (commodity code BB) is 1,000 barrels and the contract size of the European Jet Kerosene Cargoes CIF NWE (Platts) (commodity code UJ) is 1,000 metric tons. We are proposing to increase the spot month limit for European Jet Kerosene Cargoes CIF NWE (Platts) (Commodity code UJ) from 150 to 300 contracts based on the deliverable supply for Northwest Europe. Based on this higher level, which is supported by the deliverable supply data the spot month limit for the Jet Fuel increases to 300 lots but the Brent remains at 4,000 lots. The monthly deliverable supply of Jet Kerosene is 2.21 million metric tons (2,210 contract equivalents based on a contract size 1,000 metric tons) therefore a spot month limit of 300 lots equates to 13.64% of the total deliverable supply. The monthly deliverable supply of Brent (BFOE) is 26.01 million barrels (26,010 contract equivalents based on a contract size of 1,000 barrels) therefore a spot month limit of 4,000 lots equates to 15.38% of the deliverable supply.

Positions in the **European Low Sulphur Gasoil Brent Crack Spread BALMO Futures** will aggregate into two legs: the European Low Sulphur Gasoil Financial Futures (commodity code GX) and the Brent Crude Oil Penultimate Financial Futures contract (commodity code BB). The contract size of the Brent Crude Oil Penultimate Financial Futures contract (commodity code BB) is 1,000 barrels and the contract size of the European Low Sulphur Gasoil Financial Futures (commodity code GX) is 1,000 metric tons. The spot month limit for the Low Sulphur Gasoil is 1,500 lots and the Brent is 4,000 lots. The monthly deliverable supply of Low Sulphur Gasoil is 12.09 million tons (12,090 contract equivalents based on a contract size 1,000 metric tons) therefore a spot month limit of 1,500 lots equates to 12.41% of the total deliverable supply. The monthly deliverable supply of Brent (BFOE) is 26.01 million barrels (26,010 contract equivalents based on a contract size of 1,000 barrels) therefore a spot month limit of 4,000 lots equates to 15.38% of the deliverable supply.

Positions in the **Low Sulphur Gasoil Crack Spread (1,000mt) BALMO Financial Futures** will aggregate into two legs: the European Low Sulphur Gasoil Financial Futures (commodity code

GX) and the Brent Crude Oil Penultimate Financial Futures contract (commodity code BB). The contract size of the Brent Crude Oil Penultimate Financial Futures contract (commodity code BB) is 1,000 barrels and the contract size of the European Low Sulphur Gasoil Financial Futures (commodity code GX) is 1,000 metric tons. The spot month limit for the Low Sulphur Gasoil is 1,500 lots and the Brent is 4,000 lots. The monthly deliverable supply of Low Sulphur Gasoil is 12.09 million tons (12,090 contract equivalents based on a contract size 1,000 metric tons) therefore a spot month limit of 1,500 lots equates to 12.41% of the total deliverable supply. The monthly deliverable supply of Brent (BFOE) is 22.01 million barrels (26,010 contract equivalents based on a contract size of 1,000 barrels) therefore a spot month limit of 4,000 lots equates to 15.38% of the deliverable supply.