

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-466

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): 11/19/2015 Filing Description: Initial Listing of New Mini Argus Butane (Saudi Aramco) Futures Contract

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

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

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

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

Official Product Name: Mini Argus Butane (Saudi Aramco) Futures Contract

**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:

November 19, 2015

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of  
New Mini Argus Butane (Saudi Aramco) Futures Contract.  
NYMEX Submission No. 15-466**

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 the Mini Argus Butane (Saudi Aramco) Futures contract (the “Contract”) for trading on CME Globex and for submission for clearing via CME ClearPort, effective on Sunday, December 6, 2015 for trade date Monday, December 7, 2015.

The Contract specifications are as follows:

<b>Contract Title</b>	Mini Argus Butane (Saudi Aramco) Futures
<b>Commodity Code</b>	MAA
<b>Rulebook Chapter</b>	916
<b>Trading and Clearing Venues</b>	CME Globex and CME ClearPort
<b>Settlement Method</b>	Financial
<b>Contract Size</b>	100 Metric Tons
<b>Listing Schedule</b>	Monthly contracts listed for 12 consecutive months
<b>Minimum Price Fluctuation</b>	\$0.001/Metric ton
<b>Value per Tick</b>	\$0.1
<b>First Listed Contract</b>	January 2016
<b>Block Trade Minimum Threshold</b>	5 contracts

<b>Termination of Trading</b>	Last business day of the month prior to the contract month
<b>CME Globex Match Algorithm</b>	First in First Out (FIFO)

Trading and Clearing Hours:

<b>CME Globex and CME ClearPort</b>	Sunday - Friday 6:00 p.m. - 5:00 p.m. (5:00 p.m. - 4:00 p.m. Chicago Time/CT) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT)
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Fees:

<b>Exchange Fees</b>	<b>Trading Floor*</b>	<b>CME Globex</b>	<b>CME ClearPort</b>
Member Day Rate	0.80	0.80	
Member Overnight Rate	0.80	0.80	0.80
Cross Division Rate	0.90	0.90	
Non-Member Rate	1.00	1.00	1.00
International Incentive Program (IIP)		0.90	
<b>Other Processing Surcharges</b>	<b>Member</b>	<b>Non-Member</b>	
Cash Settlement	0.10	0.10	
Facilitation Fee	0.30		
Give-up Surcharge	0.05		
Position Transfer/Position Adjustment	0.10		

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

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new futures contract into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the 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 Appendix B, attached under separate cover.

NYMEX is self-certifying block trading on the Contract with a minimum block threshold of five (5) contracts. This block level aligns with the Exchange's Mini Argus Propane (Saudi Aramco) Futures contract.

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

Compliance with Rules: Trading in the Contract 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.

Contracts Not Readily Subject to Manipulation: The Contract is not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying cash and futures market and the settlement index. Pursuant to the Exchange's obligations under this core principle, the final settlement index is published by Argus Media and sub-licensed to CME.

Prevention of Market Disruption: Trading in the Contract 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 Exchange has a detailed calculation methodology for the position limits in the Contract.

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.

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 Contract.

Execution of Transactions: The Contract will be listed for trading on the CME Globex electronic trading platform and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers.

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

Financial Integrity of Contracts: The Contract 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 contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in the product are identified.

Dispute Resolution: Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all 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 Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contract.

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

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

Sincerely,

/s/Christopher Bowen  
Managing Director Chief Regulatory Counsel

Attachments: Appendix A: NYMEX Rulebook Chapter  
Appendix B: Position Limit, 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 Ranges")  
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

## **Appendix A**

### **NYMEX Rulebook**

#### **Chapter 916**

##### **Mini Argus Butane (Saudi Aramco) Futures**

###### **916100. SCOPE OF CHAPTER**

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

###### **916101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the final assessment from Argus Media for "Butane (Saudi Aramco)" contract price for the contract month.

###### **916102. TRADING SPECIFICATIONS**

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

###### **916102.A. Trading Schedule**

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

###### **916102.B. Trading Unit**

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

###### **916102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton.

###### **916102.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.

###### **916102.E. Termination of Trading**

Trading shall cease on the last business day of the month prior to the contract month. Business days are based on the Singapore Public Holiday calendar.

###### **916103. 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.

###### **916104. DISCLAIMER**

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

NYMEX, ITS AFFILIATES AND ARGUS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX, ITS AFFILIATES AND ARGUS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE

WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR ARGUS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

**APPENDIX B**

**Position Limit, 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 Ranges”)**

<b>Instrument Name</b>	<b>Globex Code</b>	<b>Allowable (No Bust) Range</b>	<b>NRR including Unit of Measure</b>	<b>NRR Ticks</b>
Mini Argus Butane (Saudi Aramco) Futures	MAA	2000	\$2.000 per metric ton	2000

## **APPENDIX D**

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

#### **Introduction**

Exchange staff conducted a review of the underlying cash market and deliverable supply of butane for the new Mini Argus Butane (Saudi Aramco) Futures contract. Based on the analysis presented herein, the Exchange proposes spot month position limits to be 1,000 futures contract equivalents.

#### **Data Sources**

The final settlement price of the new Mini Argus Butane (Saudi Aramco) Futures contract is based on the official selling price, known as the Contract Price (CP), of Saudi Aramco for butane as published by Argus.

Saudi Aramco (SA) is the state-owned oil company of the Kingdom of Saudi Arabia, and is one of the largest producers and exporters in the Middle East of propane and butane into the Asian markets. According to brokerage/consultancy Poten and Partners, during 2014 the Arabian Gulf was the largest exporting region, accounting for roughly 45% of all international LPG exports (equal to 34.48 million metric tons). Qatar and Abu Dhabi accounted for about 20 million metric tons of the total Arabian Gulf exports. The majority of LPG exports from the region went to Asia (96%).<sup>1</sup>

Argus is an independent media organization. Its main activities comprise publishing market reports containing price assessments, market commentary and news, and business intelligence reports that analyze market and industry trends. Argus is a leading provider of data on prices and fundamentals, news, analysis, consultancy services and conferences for the global crude, oil products, LPG, natural gas, electricity, coal, emissions, bioenergy, fertilizer, petrochemical, metals and transportation industries. Data provided by Argus are widely used for indexation of physical trade. CME is a party to license agreements with Argus to utilize their pricing data.

Argus reports the Contract Price (CP) as provided to it by Saudi Aramco on a monthly basis and does not make any assessment on the value of this price. This price is an Official Selling Price and is therefore not subject to Argus Media policies, processes and control activities in respect of sources and data verification.

The Exchange has based its analysis of deliverable supply of butane on official production data provided by Saudi Aramco.

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<sup>1</sup> LPG in World Markets – February 2015 (Page 2) <http://www.poten.com/wp-content/uploads/2015/03/LPG-in-World-Markets-February-2015.pdf>

## Liquefied Petroleum Gas (“LPG”) market

### Cash Market Overview

Propane and Butane are two similar gases used for heating and other fuel applications. Butane burns more cleanly and provides more energy, whilst propane is more appropriate in applications where temperatures may drop below freezing. Propane and butane are typically referred to together as liquefied petroleum gas (LPG) in Europe and Asia, and as natural gas liquids (NGLs) in the United States.

LPG is typically shipped in liquefied form in specially designed vessels that carry up to 22,000 metric tons. Each shipment will be either 100% propane, 100% butane, or mixed of propane and butane in separate compartments.

Saudi Arabia is one of the world's major exporters of propane and butane, and the monthly reference price set by national oil and gas producer Saudi Aramco has become a key benchmark for all of the exporters of LPG from the Middle East, such as Kuwait Petroleum and the Abu Dhabi National Oil company. Saudi Aramco is the largest producer of LPG in the Middle East.

Contract prices for Propane and Butane typically reference the Saudi contract price and the majority of cargoes are shipped to the Asian markets, where Japan, South Korea, India and China are the major importers. The four Asian countries together accounted for roughly 75% of Saudi Aramco's LPG exports.<sup>2</sup> There is a liquid paper market then has developed due to the heightened physical exposure to the Saudi prices. The paper market is diverse in terms of participation with a large number of end-users looking to hedge their exposure to the Saudi Arabian contract price.

Saudi Aramco butane production and export volumes are published yearly in its Annual Review. Table 1 below contains the production and exports data for the last 3 years. For the period of 2012 to 2014, Saudi Aramco produced an average of 118.9 million barrels of butane of which 96.6 million barrels were exported. In the Saudi Aramco annual report, we have referenced the Natural Gas Liquids – Production table and the Natural Gas Liquids – Produced for Sale which refers to the exports.

Table 1: (in million barrels)

Saudi Aramco Production and Exports of Butane 2012 to 2014.

Source: Saudi Aramco Annual Review – 2013 and 2014

<b>Saudi Aramco</b>	<b>2012<sup>3</sup></b>	<b>2013<sup>3</sup></b>	<b>2014<sup>4</sup></b>	<b>3 year Average (2012 to 2014)</b>
Production of Butane	122.6	114.2	119.8	118.9
Exports of Butane	97.3	94.6	97.8	96.6

<sup>2</sup> <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/07/The-US-Shale-Revolution-and-the-changes-in-LPG-Trading-Dynamics-A-Threat-to-the-GCC.pdf>

Figure 4: Saudi LPG exports by destination

<sup>3</sup> [http://www.saudiaramco.com/content/dam/Publications/annual-review/2013/2013AR\\_In\\_Numbers.pdf](http://www.saudiaramco.com/content/dam/Publications/annual-review/2013/2013AR_In_Numbers.pdf)

<sup>4</sup> <http://www.saudiaramco.com/content/dam/Publications/annual-review/2014/AR-2014-SaudiAramco-English-innumbers.pdf>

### **Analysis of Deliverable Supply**

The Exchange is self-certifying the listing of Mini Argus Butane (Saudi Aramco) Futures contract. The contract size will be 100 metric tons per lot.

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.”

The Mini Argus Butane (Saudi Aramco) Futures contract is financially settled against the Saudi Aramco Contract Price (CP) for butane. The Exchange has determined to base its analysis of deliverable supply on production data of Saudi Aramco butane. The Exchange has used the 3 year average production figures as produced by Saudi Aramco and reported in their annual report (see table 1) to determine the volume of deliverable supply. Based on this data for 2012 to 2014 production of butane was 118.9 million barrels. This is equivalent to 9.9 million barrels per month, or 799,059 metric tons per month, assuming a barrels-to-metric ton conversion rate of 12.4. In addition to the production data, the exports data were also presented in table 1 to illustrate the export-oriented characteristic of Saudi Aramco.

Production and Imports add product to a market and exports and consumption represent the usage of the product within a market. Saudi Aramco does not produce an import number therefore it has been excluded in the calculation of deliverable supply. An export figure is included in the Aramco annual report; however the level of exports will vary over time according to internal market demand. For this reason, we have excluded exports as the basis for determining deliverable supply and the deliverable supply base is represented by production only. We believe that this is a conservative approach in the determination of deliverable supply.

For the contract size of 100 metric tons per lot, Exchange staff hence proposes the spot month limits of Mini Argus Butane (Saudi Aramco) Futures to be 1,000 contract equivalents. This is approximately 12.51% of the monthly deliverable supply of butane in the market.