

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-432

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): November 6, 2014 Filing Description: Listing of Canadian Heavy Crude Oil (Net Energy) BALMO Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name: Canadian Heavy Crude Oil (Net Energy) BALMO Futures Contract

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

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

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

Rule Numbers:



November 6, 2014

VIA ELECTRONIC PORTAL

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 Listing of the Canadian Heavy Crude Oil (Net Energy) BALMO Futures Contract. NYMEX Submission No. 14-432

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the listing of a cash-settled Canadian Heavy Crude Oil (Net Energy) BALMO Futures (code CHB) for trading on the NYMEX trading floor and CME Globex and for submission for clearing via CME ClearPort effective on Sunday, November 23, 2014 for trade date Monday, November 24, 2014.

Pursuant to Commission Regulation 40.6(a), NYMEX is separately self-certifying block trading on this Contract with a minimum threshold of five (5) contracts as listed in NYMEX/COMEX Submission No. 14-400.

Contract Name	Canadian Heavy Crude Oil (Net Energy) BALMO Futures
Commodity Code	CHB
Chapter	1088
Settlement Type	Financial
Contract Size	1,000 barrels
Termination of Trading	Trading shall cease one (1) Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The NOS date occurs on or about the 20th calendar day of the month, subject to confirmation by Enbridge Pipeline.
Minimum Price Fluctuation	\$0.001
Final Settlement Price Tick	\$0.001
First Listed Month	January 2015
Listing Convention	Two Months

Trading and Clearing Hours:

CME Globex and CME ClearPort: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

NYMEX Trading Floor: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. CT)

Fee Schedule:

	Member	Cross Division	Non-Member	IIP
Pit	\$0.85	\$1.10	\$1.35	
Globex	\$0.85	\$1.10	\$1.35	\$1.10
ClearPort	\$0.85		\$1.35	
Agency Cross	\$0.85		\$1.35	

Additional Fees and Surcharges	
Facilitation Desk Fee	\$.25
Cash Settlement	\$.50

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.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, NYMEX staff identified that the new product may have some bearing on the following Core Principles:

- **Prevention of Market Disruption:** Trading in this contract will be subject to the NYMEX rules (“Rulebook”) Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **Contracts not Readily Subject to Manipulation:** The new contract is not readily subject to manipulation due to the deep liquidity and robustness of the underlying cash market, which provides diverse participation and sufficient transactions to support the final settlement.
- **Compliance with Rules:** Trading in this contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this contract will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Position Limitations or Accountability:** The spot month position limit for the new product is set at a conservative level that is approximately 10% of the monthly deliverable supply in the cash market.

- Availability of General Information: The Exchange will publish information on the contract's specification on its website, together with daily trading volume, open interest and price information.
- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.
- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Execution of Transactions: The new contract is listed for trading on CME Globex and for submission for clearing through CME ClearPort. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. The CME Globex electronic trading platform provides for a competitive and open execution of transactions due to its advanced functionality, high reliability and global connectivity. It runs continuously, so it is not restricted by borders or time zones. CME Globex remains among the fastest global electronic trading systems.
- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.
- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in this contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.
- Dispute Resolution: Disputes with respect to trading in this 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.

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 Christopher.Bowen@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
 Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Rule Chapter
 Appendix B: Position Limit, Position Accountability, and Reportable Level Table in

Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Appendix C: Cash Market Overview and Analysis of Deliverable Supply
Appendix D: Monthly Price Data
Appendix E: Rule 588.H – Non-reviewable Range Table

Appendix A

Chapter 1088 Canadian Heavy Crude Oil (Net Energy) BALMO Futures

1088100. 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 Index Price for the balance-of-month period. 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.

1088101. CONTRACT SPECIFICATIONS

The Index Price for each contract month is equal to the balance-of-month (BALMO) arithmetic average of the Net Energy Canadian Daily Index (CDI) for Canadian Heavy Crude Oil during the Index Pricing Period for the contract month, starting from the selected start date through the last day of trading, inclusively, which occurs one Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The Index Pricing Period shall extend from the first Canadian business day of the month through the last Canadian business day prior to Notice of Shipments (NOS) date on the Enbridge Pipeline. The Index is expressed as a differential versus the Calendar Month Average (CMA) of the NYMEX Light Sweet Crude Oil futures settlement price.

1088102. TRADING SPECIFICATIONS

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

1088102.A. Trading Schedule

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

1088102.B. Trading Unit

The contract size shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1088102.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.

1088102.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.

1088102.E. Termination of Trading

Trading shall cease one Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The NOS date occurs on or about the 20th calendar day of the month, subject to confirmation by Enbridge Pipeline. The official schedule for the NOS dates will be made publicly available by Enbridge Pipeline prior to the start of each year, and will be posted on the Exchange website as part of the termination schedule.

1088103. 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.

1088104. DISCLAIMER

Net Energy licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various Net

Energy price assessments in connection with the trading of the contracts.

NYMEX, ITS AFFILIATES AND NET ENERGY 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 NET ENERGY 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 NET ENERGY 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

NYMEX Rulebook Chapter 5 Position Limit Table

(Attached under separate cover)

Appendix C

CASH MARKET ANALYSIS

Description

Western Canadian Select (WCS) is a heavy crude oil blend traded at the Hardisty Terminal in Alberta. The WCS blend is made up of tar-like bitumen from Western Canadian oil sands and conventional crude oil. The quality specifications that satisfy a WCS blend are: 930.1 kilograms per cubic meter Density, 20.5 API Gravity, and 3.51 percent Sulfur, according to Net Energy, the predominant Canadian cash market price publishing company¹. There are over 50 participants in the WCS cash market trading on Net Energy's Internet-based trading, and no one participant does more than 10% of physical trades in the nearby delivery month, according to the company.

Producers of WCS-type heavy crude oil in the region include: Cenovus, Petro-Canada, Canadian Natural Resources, Suncor, Shell Canada, Exxon (Imperial), and Talisman Energy, while the primary consuming market is represented by the refiners in U.S. Midwest and the Rocky Mountains².

The Net Energy CDI index is based on the weighted-average of physical activity in the spot market for Western Canadian Select (WCS) heavy crude oil. The Exchange has analyzed transaction data from Net Energy about the physical WCS market. The physical trading activity that underpins the CDI index is highly liquid and broad-based in participation. Further, the CDI index represents approximately half of all spot transactions that occur in the underlying physical market for WCS and WCS-related pricing. The physical market activity is equally divided between two competing indexes, Net Energy and NGX. The NGX index is owned and controlled by ICE, and consequently, the Exchange was not able to obtain data from NGX, but we were able to analyze transaction data from Net Energy.

The Net Energy CDI is based on the average of daily physical transactions that occur from the first business day of the month until the pipeline's Notice of Shipment (NOS) date, which is on or about the 20th of each month. The average number of trading days in the indexation period is 14 business days each month. The physical market activity includes outright deals done in the WCS stream, as well as spread transactions done using WCS, whereby other heavy crude oil streams are priced similarly to WCS at a differential.

In analyzing transaction data from Net Energy, there was robust spot trading activity with a high number of market participants. The Net Energy spot trading volume represents approximately 50% market share in the Canadian physical market. The Exchange compiled data from Net Energy on all WCS-related physical transactions for each trading month for the three years from September 2011 through August 2014 delivery months. The three-year average for daily physical WCS trading volume underlying the Net Energy index for the months of September 2011 through August 2014 was 93,000 barrels per day. Further, the one-year average for daily physical WCS trading volume underlying the Net Energy index for the months of September 2013 through August 2014 was 118,000 barrels per day. If we assume that Net Energy represents 50% market share, then average daily physical WCS spot trading is approximately 240,000 barrels per day. In addition, the number of participants was very impressive, with active trading from 30 to 40 companies.

We believe that this level of spot trading activity is diverse and robust enough to avoid market manipulation, and provides for a fair market price for the Net Energy settlement index. In addition, the Exchange has a data sharing agreement with Net Energy that provides the Exchange with detailed data on physical WCS trading activity.

¹ <http://www.cenovus.com/operations/doing-business-with-us/marketing/western-canadian-select-fact-sheet.html>

² Western Canadian Select description, Energy Intelligence Research (2008) The International Crude Oil Handbook 2008

Deliverable Supply

Production

Crude oil reserves in Canada are estimated at 175 billion barrels, the second largest in the world, according to The Oil and Gas Journal. Canadian crude oil is chiefly sourced from Western Provinces, Northwest Territories and Atlantic Canada. The country is also the largest exporter of crude oil to the United States, with exports averaging around two million barrels per day, according to the U.S. Energy Information Administration (EIA).

There are two major kinds of oil production methods in Canada: conventional and unconventional, or oil sands. As conventional crude oil fields have matured and output declined, crude production from oil sands has surpassed that of conventional sources to meet demand. Oil sands production represented more than 50% of total Canadian crude oil production in 2013, according to the EIA.

Oil sands production employs two main technologies to recover oil; mining and in-situ, or “in-place”. Mining is an open pit operation that is effective in extracting oil sand deposits near the surface. After extraction, deposits are loaded into trucks and transported to a cleaning facility where bitumen is separated from the mixture with hot water. The bulk (75%) of Canada’s estimated oil sands deposits are too deep below the surface to employ open pit mining, according to the EIA³.

The second method, in-situ, can reach the deeper sand deposits, which involves the use of steam to heat and separate bitumen from the surrounding sands, causing it to pool closer to the surface. The bitumen is then pumped from these pools using horizontal drain wells. Oil sands producers must add lighter hydrocarbons, such as natural gasoline or condensate, to the bitumen, once extracted, to allow it to flow through pipelines. According to the Canadian Association of Petroleum Producers (CAPP), roughly 20% of Canadian oil (produced from oil sands) is recovered by mining while the remaining 80% is recovered through in-situ production⁴.

Oil sand deposits in Alberta are concentrated in three regions: Athabasca, Cold Lake, and Peace River. There are several active oil sands projects in Alberta where WCS-type crude oil is produced. These oil sands projects are connected and gathered via pipelines at Hardisty.

Data

The Canadian Association of Petroleum Producers (CAPP) provides data on crude oil production. Accordingly, total oil sands production averaged approximately 1.8 million barrels per day or approximately 55% of the total Canadian oil production for the three-year period of 2011 through 2013. In addition, in 2013, more than 3.2 million barrels per day of crude oil were produced in Western Canada alone.

³ <http://www.eia.gov/countries/cab.cfm?fips=CA>

⁴ <http://www.capp.ca/rce/reports/oilsands/Pages/default.aspx#CHvyfTN5LSXF>

Table 1. Canadian Crude Oil Production⁵

(Thousand Barrels per Day)

	2011	2012	2013	Average
Oil Sands Production	1,619	1,797	1,945	1,787
Total Production, Western Canada	2,748	3,046	3,241	3,012
Total Canadian Oil production	3,022	3,248	3,473	3,248
Share, oil sands vs. Total Canadian production	54%	55%	56%	55%

In addition, the Canadian Oil Logistics Committee Calgary (“COLC”) provides monthly data on the pipeline flows in Canada as well as relevant capacity information. The COLC data provides the amount of WCS that flowed to the Husky terminal in Hardisty, Alberta, which is the hub for WCS trading. For recent time periods, the COLC data show that WCS pipeline flows are rising steadily, and are currently averaging 335,000 barrels per day. The Exchange believes the COLC data provides the most relevant information in developing a deliverable supply estimate, because the COLC data provides actual pipeline deliveries to the Husky terminal. Consequently, based on COLC data, the pipeline deliveries of WCS to the Husky terminal were 335,000 barrels per day, which translates to 10.0 million barrels per month, or 10,000 contract equivalents.

ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange has focused on the pipeline delivery of WCS from the COLC data as the most conservative measure of deliverable WCS crude oil supply at the Hardisty terminal. Based on the COLC data, the pipeline deliveries of WCS to the Husky terminal were 335,000 barrels per day, which translates to 10.0 million barrels per month, or 10,000 contract equivalents. The spot month position limit of 1,000 contracts represents 10% of the total monthly supply of 10.0 million barrels, which is 10,000 contract equivalents.

In addition, for purposes of calculating compliance with position limits, the Canadian Heavy Crude Oil (Net Energy) BALMO Futures will aggregate into the underlying Canadian Heavy Crude Oil (Net Energy) Futures. Finally, for purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

⁵<http://www.capp.ca/library/publicationsdoe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=53&aid=1&cid=CA,&syid=2006&eyid=2010&unit=TBPD>
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=54&aid=2&cid=CA,&syid=2006&eyid=2010&unit=TBPD>
http://www.eia.gov/dnav/pet/pet_move_impqus_a2_nus_epc0_im0_mbbldpd_a.htm

⁵<http://www.capp.ca/library/publications/crudeOilAndOilSands/pages/pubInfo.aspx?DocId=191090#tOJSyV4S5bkv>

Appendix D

The price data below were used as final settlements for the existing NYMEX listed futures contracts (Canadian Heavy Crude Oil Index (Net Energy) Futures) accordingly, they are public data.

2011	Settlement Price
Jan	-25.742
Feb	-24.305
Mar	-20.343
Apr	-15.755
May	-17.074
Jun	-19.012
Jul	-19.374
Aug	-14.064
Sep	-10.777
Oct	-9.952
Nov	-11.828
Dec	-13.796
2012	
Jan	-19.219
Feb	-30.571
Mar	-32.743
Apr	-20.225
May	-16.240
Jun	-23.363
Jul	-22.511
Aug	-15.496
Sep	-9.536
Oct	-14.269
Nov	-30.029
Dec	-33.427
2013	
Jan	-36.894
Feb	-26.096
Mar	-22.415
Apr	-13.801
May	-20.463
Jun	-13.532
Jul	-15.642
Aug	-22.384
Sep	-26.252
Oct	-31.147
Nov	-38.330

Dec	-29.205
2014	
Jan	-19.094
Feb	-21.626
Mar	-22.357
Apr	-19.085
May	-18.773
Jun	-19.731
Jul	-22.223
Aug	-18.666
Sep	-13.733
Oct	-12.939

Appendix E

NYMEX Rule 588.H – Non-reviewable Range Table

Contract	Non-Reviewable Range (NRR) in Globex format	NRR including Unit of Measure	NRR Ticks
Canadian Light Sweet Oil (Net Energy) Index Futures	1000	\$1.00 per barrel	1000