

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 19-414 (2 of 3)

**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):** 12/06/2019    **Filing Description:** Initial Listing of Three (3) LNG (Baltic) Freight 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

**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

December 6, 2019

**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 Three (3) LNG (Baltic) Freight Futures Contracts. NYMEX Submission No. 19-414 (2 of 3)**

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 three (3) LNG freight futures contracts (the “Contracts”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort, effective Sunday, December 22, 2019, for trade date Monday, December 23, 2019, as more specifically described below.

Contract Title	LNG Freight Route BLNG1 (Baltic) Futures	LNG Freight Route BLNG2 (Baltic) Futures	LNG Freight Route BLNG3 (Baltic) Futures
Rulebook Chapter	707	708	709
CME Globex and CME ClearPort Code	BF1	BF2	BF3
Settlement Type	Financial		
Contract Size	1 day of time charter		
Pricing Quotation	U.S. dollars per day		
Minimum Price Fluctuation	\$1.00 per day of time charter		
Value per tick	\$1.00		
First Listed Contract Month	January 2020		
Termination of Trading	<p><b>For the January to November contract months inclusive:</b> Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).</p> <p><b>For the December contract months:</b> Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.</p>		
Listing Schedule	Monthly contracts listed for 24 consecutive months.		

<b>Block Trade Minimum Threshold Level</b>	5 contracts – subject to a 15-minute reporting window.
<b>CME Globex Match Algorithm</b>	First-In, First-Out (FIFO)

### **Trading and Clearing Hours**

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

### **Exchange Fees**

	<b>Member</b>	<b>Non-Member</b>	<b>International Incentive Programs (IIP/IVIP)</b>
CME Globex	\$4.00	\$5.00	\$4.50
EFP	\$4.00	\$5.00	
Block	\$4.00	\$5.00	
EFR/EOO	\$4.00	\$5.00	

<b>Processing Fees</b>	
Cash Settlement	\$1.00
Facilitation Fee	\$0.60
Give-Up Surcharge	\$0.05
Position Adjustment/Position Transfer	\$0.10

The Exchange is also notifying the CFTC that it is self-certifying block trading on the Contracts with a minimum block threshold of 5 contracts. The submission of blocks for these contracts will also be subject to a 15-minute reporting period.

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 NYMEX Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in NYMEX Rule Chapter 4, the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the NYMEX Rulebook, and the dispute resolution and arbitration procedures of NYMEX 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 because of the active underlying market and reliance on a well administered index. Final settlements are based on the index published by the Baltic Exchange and sub-licensed to the Exchange.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the Rules of NYMEX, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new products listed for trading on a CME Group designated contract market,

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 301 4645 [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com) [cmegroup.com](http://cmegroup.com)

trading activity in the Contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department

- **Position Limitations or Accountability:** The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.
- **Availability of General Information:** The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contracts. In addition, the Exchange will advise the marketplace of the launch of the Contracts by releasing a Special Executive Report ("SER"). The SER will also be posted on CME Group's website.
- **Daily Publication of Trading Information:** The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contracts will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

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

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](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapters  
Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (blackline format) (attached under separate cover)  
Exhibit C: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table (blackline format)  
Exhibit D: Cash Market Overview and Analysis of Deliverable Supply (attached under separate cover) (confidential treatment requested)

**Exhibit A**  
**NYMEX Rulebook**

**Chapter 707**  
**LNG Freight Route BLNG1 (Baltic) Futures**

**707100. 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. 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.

**707101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to arithmetic average of the USD per day rate for the BLNG1 freight route (i.e. Gladstone to Tokyo R.V) for cargoes of 160,000 cubic metres or as subsequently amended, published by the Baltic Exchange for each day that is published during the Settlement Period. The Floating Price shall be rounded to the nearest \$0.01.

**707102. TRADING SPECIFICATIONS**

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

**707102.A. Trading Schedule**

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

**707102.B. Trading Unit**

The contract quantity shall be 1 day of time charter. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.

**707102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per day of time charter. The minimum price fluctuation shall be \$1 per day of time charter.

**707102.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.

**707102.E. Settlement Period**

For contract months referenced to a calendar month January to November inclusive, the Settlement Period shall be the full calendar month. For contract months referenced to the December calendar month, the Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.

**707102.F. Termination of Trading**

**For the January to November contract months inclusive:** Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).

**For the December contract months:** Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.

**707103. 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.

**707104. DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

## Chapter 708 LNG Freight Route BLNG2 (Baltic) Futures

### 708100. 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. 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.

### 708101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to arithmetic average of the USD per day rate for the BLNG2 freight route (i.e. Sabine to UK Cont R.V) for cargoes of 160,000 cubic metres, or as subsequently amended, published by the Baltic Exchange for each day that is published during the Settlement Period. The Floating Price shall be rounded to the nearest \$0.01.

### 708102. TRADING SPECIFICATIONS

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

#### **708102.A. Trading Schedule**

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

#### **708102.B. Trading Unit**

The contract quantity shall be 1 day of time charter. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.

#### **708102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per day of time charter. The minimum price fluctuation shall be \$1 per day of time charter.

#### **708102.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.

#### **708102.E. Settlement Period**

For contract months referenced to a calendar month January to November inclusive, the Settlement Period shall be the full calendar month. For contract months referenced to the December calendar month, the Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.

#### **708102.F. Termination of Trading**

**For the January to November contract months inclusive:** Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).

**For the December contract months:** Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.

- 708103. 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.
- 708104. DISCLAIMER**  
See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

## **Chapter 709 LNG Freight Route BLNG3 (Baltic) Futures**

- 709100. 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. 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.
- 709101. CONTRACT SPECIFICATIONS**  
The Floating Price for each contract month is equal to arithmetic average of the USD per day rate for the BLNG3 freight route (i.e. Sabine to Toyko R.V) for cargoes of 160,000 cubic metres, or as subsequently amended, published by the Baltic Exchange for each day that is published during the Settlement Period. The Floating Price shall be rounded to the nearest \$0.01.
- 709102. TRADING SPECIFICATIONS**  
The number of months open for trading at a given time shall be determined by the Exchange.
- 709102.A. Trading Schedule**  
The hours of trading for this contract shall be determined by the Exchange.
- 709102.B. Trading Unit**  
The contract quantity shall be 1 day of time charter. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.
- 709102.C. Price Increments**  
Prices shall be quoted in U.S. dollars and cents per day of time charter. The minimum price fluctuation shall be \$1 per day of time charter.
- 709102.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.
- 709102.E. Settlement Period**  
For contract months referenced to a calendar month January to November inclusive, the Settlement Period shall be the full calendar month. For contract months referenced to the December calendar month, the Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.
- 709102.F. Termination of Trading**



**For the January to November contract months inclusive:** Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).

**For the December contract months:** Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.

**709103.**

**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.

**709104.**

**DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

**Exhibit B**

**NYMEX Rulebook  
Chapter 5 (“Trading Qualifications and Practices”) Position Limit, Position  
Accountability, and Reportable Level Table**

(attached under separate cover)

**Exhibit C**

**NYMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")  
Rule 588.H. ("Globex Non-Reviewable Ranges") Table**

(additions underscored)

<b>Outright</b>					<b>Spreads</b>	
<b>Instrument Name</b>	<b>Globex Symbol</b>	<b>Globex Non-Reviewable Ranges (NRR)</b>	<b>NRR: Globex Format</b>	<b>NRR: Ticks</b>	<b>NRR: Globex Format</b>	<b>NRR: Minimum Outright Ticks</b>
<u>LNG Freight Route BLNG3 (Baltic) Futures</u>	<u>BF3</u>	<u>\$200 per Charter Day</u>	<u>200</u>	<u>200</u>		<u>Each leg evaluated as an outright</u>
<u>LNG Freight Route BLNG2 (Baltic) Futures</u>	<u>BF2</u>	<u>\$200 per Charter Day</u>	<u>200</u>	<u>200</u>		<u>Each leg evaluated as an outright</u>
<u>LNG Freight Route BLNG1 (Baltic) Futures</u>	<u>BF1</u>	<u>\$200 per Charter Day</u>	<u>200</u>	<u>200</u>		<u>Each leg evaluated as an outright</u>

**Exhibit D**

**(CONFIDENTIAL TREATMENT REQUESTED)**

**ADDITIONAL SUPPLEMENTAL MARKET INFORMATION**

**[REDACTED]**