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February 15, 2008

**BY EMAIL AND AIRBORNE EXPRESS**

Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: Listing of Product for Trading by Certification and Related Rule Certification.  
NYMEX Submission 08.15 Notification of New Brent Option Contracts: American  
Style, WTI-Brent Crude Oil Spread, European Look-alike, and Average Price  
Options.**

Dear CFTC Commissioners:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it will be listing new options contracts for trading by certification: Brent American Style Options, Brent European Look-alike Options, WTI-Brent Crude Oil Spread Options, and Brent Average Price Options. The Exchange intends to commence listing for trading these new contracts on **Sunday March 2, for trade date Monday, March 3, 2008**. As a general matter, the Exchange intends to list contract months for each subsequent month that there is also listed a contract month in the underlying Brent Last Day futures contract for American and Look-alike Options; WTI-Brent Bullet Swap Futures for WTI-Brent Crude Oil Spread Option; and Brent Calendar Swap Futures contract for Brent Average Price option.

The new contracts will be listed for open outcry trading during the hours of 9:00 A.M to 2:30 P.M. New York Time and on NYMEX ClearPort® Clearing for submission of EOO transactions pursuant to NYMEX Rule 6.21F. Daily settlement of futures is governed by NYMEX Rule Chapter 6.55. Exchange staff will use all available market information. This would include daily trades, bids and offers from the trading ring and brokers, as well as trades from closely linked products. In connection with the launch of these new options contracts, the Exchange is also submitting the associated terms and conditions rule chapters, new NYMEX Chapter 311, Chapter 12, Chapter 313 and Chapter 314, which are comprised of Rules 311.01 – 311.07 for American Brent Options, 312.01-312.07 for WTI-Brent Crude Oil Spread Options, 313.01-313.07 for European Look-alike Brent Options, and 314.01-314.07 for Brent Average Price Options.

**The two-letter commodity symbol to be used by the Exchange will be as follows:**

- Brent American Style Option: OS
- European Look-alike Option: BE

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*The New York Mercantile Exchange, Inc. offers trading in crude oil, heating oil, unleaded gasoline, natural gas, electricity, coal, propane, freight rates, emissions, gold, silver, platinum, palladium, copper, and aluminum.*

- WTI-Brent Crude Oil Spread Option: BV
- Brent Average Price Option: BA

The Exchange intends to supplement this initial filing with a separate and simultaneous submission to be submitted shortly prior to the launch that will include rule amendments addressing position accountability, position limit, and reportable position matters.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.2, the Exchange hereby certifies that the listing for trading by certification of these new products and the attached new rules in Chapters 311, 312, 313, and 314 all comply with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2390 or Bob Biolsi at 212-299-2610.

Very truly yours,



Robert A. Levin  
Senior Vice President - Research

Attachment: Supplemental Information  
NYMEX Chapter 311, "BRENT AMERICAN STYLE OPTION"  
NYMEX Chapter 312, "WTI-BRENT CRUDE OIL SPREAD OPTION"  
NYMEX Chapter 313, "BRENT LOOK-ALIKE OPTION"  
NYMEX Chapter 314, "BRENT AVERAGE PRICE OPTION"

## **Supplemental Information:**

### **The Brent Crude Oil Market**

#### **1. Production**

The Brent market is comprised of four North Sea crude oil grades: Brent, Forties, Oseberg, and Ekofisk ("BFOE" or "Brent"). The standard cargo size in the BFOE market is 600,000 barrels. According to Consilience Energy Advisory Group, the BFOE accounts for daily crude oil production of over 1.5 million barrels per day. 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 21-Day BFOE cash market.

#### **2. Cash Market**

The underlying Brent crude oil cash market is actively traded by dozens of commercial companies. The four crude oil grades are aggregated to form the BFOE or Brent cash market. The Brent spot market is known as Dated Brent, which refers to delivery of any of the BFOE grades within 7 to 21 days forward. The Dated Brent spot market assessment is used to price many grades of physical crude oil in the North Sea, Russia, and West Africa. There are hundreds of commercial and non-commercial participants actively trading in the Brent crude oil market, both in the underlying cash market and futures markets. There is an established futures market, under the regulation of the U.K. Financial Services Authority, in Brent Crude Oil at ICE Futures Europe in London. The average trading volume in 2007 for the ICE Futures Europe Brent Crude Oil futures was approximately 240,000 contracts per day (each contract is 1000 barrels in size). Further, the NYMEX Brent Crude Oil Last Day Futures Contract is currently trading on the CME Globex® platform under CFTC regulatory authority, and this contract utilizes the ICE Futures Europe Brent settlement price.

#### **3. OTC Financial Market**

Further, BFOE has an active OTC physical and paper market. The liquidity in the OTC Brent swaps market is robust, with an estimated average daily trading volume of 10 to 20 million barrels per day. There are several OTC brokerage firms that are active in the Brent swaps markets, including PVM, Amerex, Spectron, Tullet Prebon, Ginga Petroleum, and GFI Group. As discussed above, the OTC market participation is deep and diverse, and includes both cash market and OTC market players. The Brent cash market and OTC market participants number 50 to 70 commercial companies. A list of some, but not all participants, is as follows:

**Refiners**

ConocoPhillips  
Valero  
Shell  
ExxonMobil  
BP  
Total  
Koch Petroleum  
Repsol  
CEPSA  
Netherlands Refining  
OMV  
Lukoil (Russia)  
Statoil (Norway)  
MOL Hungary

**Traders/End Users**

Hess Energy Trading  
Vitol  
Glencore  
Total  
Northville  
Cargill  
Morgan Stanley  
Goldman Sachs  
RWE Trading  
Mabanaft  
Phibro  
Arcadia  
Mercuria  
Sempra

**Brokers**

GFI Starsupply  
PVM  
Man Financial  
ICAP  
Aspen Oil  
GFI Spectron  
TFS  
Amerex  
Tullet Prebon

**Financial (Swaps)**

Citibank  
Deutsche Bank  
Barclays  
BankAmerica  
AIG  
Merrill Lynch  
Lehman Brothers

## **BRENT AMERICAN STYLE OPTION**

### **311.01 Expiration of Brent Crude Oil Option Contract:**

A Brent Crude Oil option contract on the Exchange shall expire at the close of trading three business days prior to the expiration of the underlying Brent Crude Oil Last Day futures contract. The expiration date shall be announced prior to the listing of the option contract.

### **311.02 Trading Unit for Brent Crude Oil Option Contracts**

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

### **311.03 Trading Months for Brent Crude Oil Option Contracts**

Trading in Brent Crude Oil option contracts shall be conducted in the contract months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.

### **311.04 Hours of Trading in Brent Crude Oil Option Contracts**

The hours of trading in Brent Crude Oil option contracts on the Exchange shall be the same as the hours of trading for Brent Crude Oil Last Day futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

### **311.05 Strike Prices for Brent Crude Oil Option Contracts**

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Brent crude oil last day futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the ten fifty-cent increment strike prices which are ten increments higher than the strike price described in (i) of this Rule 311.05(B) (iii) the ten fifty-cent increment strike prices which are ten increments lower than the strike price described in (i) of this Rule 311.05(B).

(C) Thereafter, on any business day prior to the expiration of the option: (i) new consecutive fifty-cent increment striking prices for both puts and calls will be added such that at all times

there will be at least ten fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months;

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Brent Crude Oil options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent crude oil option in which no new strike prices may be introduced.

#### **311.06 Prices and Price Fluctuations**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per a contract, however, if it results in the liquidation of positions for both parties to the trade. There shall be no maximum price fluctuation limits.

#### **311.07 Absence of Price Fluctuation Limitations for Brent Crude Oil Options Contracts**

Trading in Brent Crude Oil Options contracts shall not be subject to price fluctuation limitations.

## **WTI-Brent Crude Oil Spread Option**

### **312.01 Expiration of WTI-Brent Crude Oil Spread Option Contract**

A WTI-Brent crude oil spread option contract on the Exchange shall expire at the close of same day as the termination date of the underlying WTI-Brent Bullet swap contract traded on the Exchange. The expiration date shall be announced prior to the listing of the option contract.

### **312.02 Trading Unit for WTI-Brent Crude Oil Spread Option Contracts**

Upon expiration, the WTI-Brent Spread Call option will be financially settled by subtracting the strike price from the Settlement Price of the Underlying WTI-Brent Bullet swap contract multiplied by 1,000, or zero, whichever is greater. Upon expiration, the WTI-Brent Spread Put option will be financially settled by subtracting the Settlement Price of the Underlying WTI-Brent Bullet swap contract from the strike price multiplied by 1,000, or zero, whichever is greater.

### **312.03 Trading Months for WTI-Brent Crude Oil Spread Option Contracts**

Trading in WTI-Brent crude oil spread option contracts shall be conducted in the months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.

### **312.04 Hours of Trading in WTI-Brent Crude Oil Spread Option Contracts**

The hours of trading in WTI-Brent crude oil spread option contracts on the Exchange shall be the same as the hours of trading for the WTI-Brent Bullet swap contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

### **312.05 Strike Prices for WTI-Brent Crude Oil Spread Option Contracts**

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for WTI-Brent bullet swap in the corresponding delivery month rounded off to the nearest ten cent (\$0.10) increment strike price unless such settlement price is precisely midway between two ten cent (\$0.10) increment strike prices in which case it shall be rounded off to the lower ten cent (\$0.10) increment strike price and (ii) the ten ten-cent (\$0.10) increment strike prices which are ten increments higher than the strike price described in (i) of this Rule 312.05 (iii) the ten cent (\$0.10) increment strike prices which are ten increments lower than the strike price described in (i) of this Rule 312.05 and (C) Thereafter, on any business day prior to the

expiration of the option: (i) new consecutive ten cent (\$0.10) increment striking prices for both puts and calls will be added such that at all times there will be at least ten ten-cent (\$0.10) increment strike prices above and below the at-the-money strike price available for trading in all options contract months;

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in WTI-Brent Crude Oil Spread Options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a WTI-Brent Spread option in which no new strike prices may be introduced.

### **312.06 Prices and Price Fluctuations**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per a contract, however, if it results in the liquidation of positions for both parties to the trade. There shall be no maximum price fluctuation limits.

### **312.07 Absence of Price Fluctuation Limitations for WTI-Brent Spread Options Contracts**

Trading in WTI-Brent Spread Options contracts shall not be subject to price fluctuation limitations.



## **BRENT LOOK-ALIKE OPTION**

### **313.01 Expiration of Brent “look-Alike Crude Oil Option Contract**

A Brent look-Alike Crude Oil option contract on the Exchange shall expire at the close of trading three business days prior to the expiration of the underlying Brent Crude Oil Last Day futures contract. The expiration date shall be announced prior to the listing of the option contract.

### **313.02 Trading Unit for Brent “look-Alike Crude Oil Option Contracts**

A Brent look-Alike Crude Oil is a European Style Financially Settled Option. Upon expiration, the Brent “Look-Alike” Call option will be financially settled by subtracting the strike price from the Settlement Price of the Underlying Brent Crude Oil Last Day futures contract multiplied by 1,000, or zero, whichever is greater. Upon expiration, the Brent “Look-Alike” Put option will be financially settled by subtracting the Settlement Price of the Underlying Brent Crude Oil Last Day futures contract from the strike price multiplied by 1,000, or zero, whichever is greater.

### **313.03 Trading Months for Brent “look-Alike Crude Oil Option Contracts**

Trading in Brent look-Alike Crude Oil option contracts shall be conducted in the contract months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.

### **313.04 Hours of Trading in Brent “look-Alike Crude Oil Option Contracts**

The hours of trading in Brent look-Alike Crude Oil option contracts on the Exchange shall be the same as the hours of trading for the underlying Brent Crude Oil Last Day futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

### **313.05 Strike Prices for Brent “look-Alike Crude Oil Option Contracts**

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Brent crude oil last day futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the ten fifty-cent increment strike prices which are ten increments higher than the strike price described in (i) of this Rule 313.05(B) (iii) the ten

fifty-cent increment strike prices which are ten increments lower than the strike price described in (i) of this Rule 313.05(B).

(C) Thereafter, on any business day prior to the expiration of the option: (i) new consecutive fifty-cent increment striking prices for both puts and calls will be added such that at all times there will be at least ten fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months;

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Brent Crude Oil options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent crude oil option in which no new strike prices may be introduced.

### **313.06 Prices and Price Fluctuations**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per a contract, however, if it results in the liquidation of positions for both parties to the trade. There shall be no maximum price fluctuation limits.

### **313.07 Absence of Price Fluctuation Limitations for Brent Look-Alike Options Contracts**

Trading in Brent "look-Alike Crude Oil Options contracts shall not be subject to price fluctuation limitations.

## **BRENT AVERAGE PRICE OPTION**

### **314.01 EXPIRATION OF BRENT CRUDE OIL AVERAGE PRICE OPTION**

A Brent Crude Oil Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

### **314.02 TRADING UNIT BRENT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS**

A Brent Average Price Option is a cash settled option. On expiration of a call option, the value will be the difference between the settlement price of the Underlying Brent Calendar Swap contract and the strike multiplied by 1,000, or zero, whichever is greater. On expiration of a put option, the value will be the difference between the strike price and the settlement price of the Underlying Brent Calendar Swap multiplied by 1,000 barrels, or zero, whichever is greater.

### **314.03 TRADING MONTHS IN BRENT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS**

Trading in Brent Crude Oil Average Price Option Contracts shall be conducted in the months as shall be determined by the Board of Directors (the "Board"). Trading shall commence on the day fixed by the resolution of the Board.

### **314.04 HOURS OF TRADING IN BRENT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS**

The hours of trading in Brent Crude Oil Average Price Option contracts shall be the same as the hours of trading in Brent Crude Oil Calendar Swap contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

### **314.05 STRIKE PRICES FOR BRENT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS**

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Brent crude oil calendar swap contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the ten fifty-cent increment strike prices which are ten

increments higher than the strike price described in (i) of this Rule 314.05(B) (iii) the ten fifty-cent increment strike prices which are ten increments lower than the strike price described in (i) of this Rule 314.05(B).

(C) Thereafter, on any business day prior to the expiration of the option: (i) new consecutive fifty-cent increment striking prices for both puts and calls will be added such that at all times there will be at least ten fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months;

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Brent Crude Oil Average Price options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent crude oil Average Price option in which no new strike prices may be introduced.

#### **314.06 PRICES IN BRENT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$.001 per barrel, or \$1.00 per a contract, however, if it results in the liquidation of positions for both parties to trade.

#### **314.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR BRENT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS**

Trading in Brent Crude Oil Average Price Option contracts shall not be subject to price fluctuation limitations.