



Sean M. Downey
Senior Director and Associate General Counsel
Legal Department

February 22, 2013

VIA E-MAIL

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

**Re: Rule 40.2(a) Certification. Notification Regarding the Listing of Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Futures and Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) BALMO Futures contracts for Trading on CME Globex® and the NYMEX Trading Floor, and for Clearing through CME ClearPort®
NYMEX Submission 13-030**

Dear Ms. Jurgens:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of a two new refined oil futures contracts for trading on CME Globex and the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, March 10, 2013, for trade date Monday, March 11, 2013.

SPECIFICATION SUMMARY

Contract Name	Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Futures
Commodity Code	EVC
Chapter	249
Settlement Type	Financial
Contract Unit	1,000 metric tonnes
Expiration Date	Trading shall cease on the last London business day of the contract month.
Minimum Price Fluctuation	\$0.01
Minimum Price Fluctuation for Final Settlement	\$0.01
First Listed Contract	April 2013
Listing Convention	Current year and the next two calendar years

Contract Name	Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) BALMO Futures
Commodity Code	SFB
Chapter	250
Settlement Type	Financial
Contract Unit	1,000 metric tonnes
Expiration Date	Trading shall cease on the last London business day of the contract month.
Minimum Price Fluctuation	\$0.01
Minimum Price Fluctuation for Final Settlement	\$0.01
First Listed Contract	March 2013
Listing Convention	One month and the following month listed 10 business days prior

TRADING HOURS:

Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. CST).

Globex: Sunday – Friday 6:00 a.m. – 5:15 p.m. (5:00 a.m. – 4:15 p.m. CST) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CST).

CME ClearPort: Sunday – Friday 6:00 a.m. – 5:15 p.m. (5:00 a.m. – 4:15 p.m. CST) with a 45-minute break each day beginning at 5:15 p.m. (4:15 a.m. CST).

TRADING AND CLEARING FEES:

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	n/a	\$7.00	\$8.00	\$9.00	
Globex	n/a	\$7.00	\$8.00	\$9.00	n/a
ClearPort		\$7.00		\$9.00	
Other Processing Fees			Additional Fees and Surcharges		
	Member	Non-Member	EFS Surcharge		n/a
Cash Settlement	\$1.00	\$1.00	Block Surcharge		n/a
Futures from E/A	n/a	n/a	Facilitation Desk Fee		\$0.40
	House Acct	Customer Acct			
Options E/A Notice	n/a	n/a			
Delivery Notice	n/a	n/a			

The Exchange will allow the exchange for related position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions in this option contract will be governed by the provisions of Exchange Rule 538.

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new 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 diminishing balances, all month/any one month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contract.

NYMEX business staff responsible for the new products and the NYMEX legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). 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 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 liquidity and robustness in the underlying cash markets, which provides diverse participation and sufficient spot transactions to support the final settlement index as assessed by Platts (methodology provided in the attached Cash Market Overview).
- 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 range 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 contract is set at a conservative level that is less than 20% of the monthly deliverable supply in the underlying market in accordance with the guidelines included in CFTC Part 151.
- 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 CME Clearing House 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 dually listed for clearing through the CME ClearPort platform and on the NYMEX trading floor for open outcry trading. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. In addition,

the NYMEX trading floor is available as an additional venue to provide for competitive and open execution of transactions.

- 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 rules. 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 these 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. The rules in Chapter 6 allow all non-members to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a non-member is required to participate in the arbitration pursuant to the rules in 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 Commodity Exchange Act ("Act") and CFTC Regulation 40.2, the Exchange hereby certifies that the attached contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. A description of the cash markets for these new products is attached.

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 (312) 930-8167 or Sean.Downey@cmegroup.com.

Sincerely,

/s/Sean M. Downey

Senior Director and Associate General Counsel

Attachments:

Appendix A: Rule Chapters

Appendix B: Chapter 5 Table

Appendix C: Cash Market Overview and Analysis of Deliverable Supply

APPENDIX A

Chapter 249

Singapore 380cst Fuel Oil (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) futures

249100 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.

249101 CONTRACT SPECIFICATIONS

The Floating Price is calculated using the non-common pricing convention and for each contract month is equal to the arithmetic average of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore 380cst Residual Fuel (Waterborne Cargo) price minus the arithmetic average of the high and low quotations from the Platts *European Marketscan* for 3.5% Fuel Oil under the heading "Barges FOB Rotterdam" for each business day during the contract month.. The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated by using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

249102. TRADING SPECIFICATIONS

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

249102. A Trading Schedule

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

249102.B.Trading Unit

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

249102.C. Price Increments

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

249102D. 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.

249103 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.

249104 DISCLAIMER

NEITHER NEW YORK MERCANTILE EXCHANGE, INC. ("NYMEX") ITS AFFILIATES NOR PLATTS, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC. ("PLATTS") GUARANTEES THE ACCURACY OR COMPLETENESS OF THE PLATTS PRICE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX, ITS AFFILIATES OR PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PLATTS PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PLATTS 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 PLATTS 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 PLATTS PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PLATTS 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.

“Platts,” is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by New York Mercantile Exchange, Inc. Platts does not sponsor, endorse, sell or promote the contract and Platts makes no recommendations concerning the advisability of investing in the contract.

Chapter 250

Singapore 380cst Fuel Oil (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) BALMO futures

250100 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.

250101 CONTRACT SPECIFICATIONS

The Floating Price is calculated using the non-common pricing convention and for each contract month is the balance-of-month arithmetic average of the mid-point between the high and low quotations from Platts Asia-Pacific Marketscan for Singapore 380cst Residual (Waterborne Cargo) price minus the arithmetic average of the high and low quotations from the Platts European Marketscan for 3.5% Fuel Oil under the heading "Barges FOB Rotterdam" price starting from the selected start date through the end of the contract month, inclusive, except as set forth below.

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

250102. TRADING SPECIFICATIONS

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

249102. A Trading Schedule

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

249102.B.Trading Unit

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

249102.C. Price Increments

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

249102D. 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.

250103 FINAL SETTLEMENT

Delivery 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.

250104 DISCLAIMER

NEITHER NEW YORK MERCANTILE EXCHANGE, INC. ("NYMEX") ITS AFFILIATES NOR PLATTS, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC. ("PLATTS") GUARANTEES

THE ACCURACY OR COMPLETENESS OF THE PLATTS PRICE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX, ITS AFFILIATES OR PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PLATTS PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PLATTS 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 PLATTS 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 PLATTS PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PLATTS 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.

“Platts,” is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by New York Mercantile Exchange, Inc. Platts does not sponsor, endorse, sell or promote the contract and Platts makes no recommendations concerning the advisability of investing in the contract.

APPENDIX B

NYMEX Rulebook Chapter 5 Position Limit Table
(Bold/underline indicates addition)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>Diminish-ing Balances</u>	<u>All Month Account-ability Level</u>	<u>Any One Month Account-ability Level</u>	<u>Expira-tion Month Limit</u>	<u>Report-ing Level</u>	<u>Aggre-gate Into (1)</u>	<u>Aggre-gate Into (2)</u>
				<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>		
<i>Petroleum Singapore</i>									
<u>Singapore Fuel Oil 380 cst (Platts) vs. 3.5% Fuel Oil FOB Rdam (Platts) Futures</u>	<u>249</u>	<u>EVC</u>	*	<u>1,500/1,500</u>	<u>1,500/1,500</u>	<u>150/150</u>	<u>25</u>	<u>SE</u>	<u>UV</u>
<u>Singapore Fuel Oil 380 cst (Platts) vs. 3.5% Fuel Oil FOB Rdam (Platts) BALMO Futures</u>	<u>250</u>	<u>SFB</u>	*	<u>1,500/1,500</u>	<u>1,500/1,500</u>	<u>150/150</u>	<u>25</u>	<u>SE</u>	<u>UV</u>

APPENDIX C

Cash Market Analysis

Two new cash settled Futures contracts for Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Futures and Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) BALMO Futures are being prepared for trading on CME Globex and via the NYMEX trading floor and for submission for clearing through CME ClearPort.

Contract name	Contract code	Rulebook chapter
Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Futures	EVC	249
Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) BALMO Futures	SFB	250

Two contracts are being proposed on the launch date of March 11 2013; a calendar monthly Futures and a balance of month Futures contract will be listed. The contract size for each will be 1,000 metric tonnes per lot and is in line with the existing East-West Fuel Oil Spread (Platts) Futures (code EW) and East-West Fuel Oil Spread (Platts) BALMO Futures (code EWB). The traded value will represent the price, in metric tonnes, of 380CST Singapore Fuel oil price minus the price of the European 3.5% FOB Rotterdam barges.

It is not envisaged to list options on this spread at the current time. The analysis focuses on the Fuel oil markets in Northwest Europe and Singapore as the physical supply in both regions are used to price each leg of the contract.

Fuel oil overview

Description

Fuel oil¹, also called residual fuel oil, is a liquid petroleum product less volatile than gasoline and used as an energy source. Fuel oil is generally used in the production of electric power, space heating, vessel bunkering, and various industrial purposes.

Singapore market

Consumption, Production, Imports and Exports

Singapore 180cst and 380cst fuel oil are part of the “residual” fuel oil segment, which is used by utilities and the shipping industry. Residual fuel oil is also used as a refinery input to produce additional petroleum products. The main trading hub for the Asian fuel oil market is Singapore, where extensive storage capacity and refining infrastructure exists. Singapore is a vibrant import/export centre for petroleum products, and is also the primary location for energy trading firms. The Singapore petroleum markets are highly diverse and actively traded by refiners, traders, importers, and smaller distributors. The U.S. Energy Information Administration (“EIA”) data in Table 1 below show demand for fuel oil in Singapore is approximately 710,000 barrels per day, and refinery production of fuel oil is around 139,000 barrels per day for the average annual period of 2008 – 2010. Further, the EIA provides import data for the Singapore market at around 886,000 barrels per day and a robust export volume of almost 290,000 barrels per day for the same period.

¹ US EIA <http://www.eia.doe.gov/tools/glossary/index.cfm?id=F>.

Table 1: Selected Statistics for Fuel oil – Singapore²

Source: US Energy Information Administration (Thousand Barrels per day)

Singapore Residual Fuel Oil	2006	2007	2008	2009	2010	Average 2008-2010
Annual Production, Fuel Oil	168	152	126	142	150	139
Annual Consumption, Fuel Oil	530	554	619	719	791	710
Imports, Fuel Oil	684	712	890	867	900	886
Exports, Fuel Oil	287	311	392	257	220	290

The EIA data currently provides data through to calendar year 2010. The Joint Organisations Data Initiative (JODI), publishes import and export data for residual fuel oil through to calendar year 2011. It is worth noting that the JODI data doesn't include production and consumption data.

Selected JODI data for residual fuel oil is shown below in Table 2 on annual residual fuel oil production in Singapore. Table 2 provides annual imports and exports of residual fuel oil in Singapore for the time period of 2009 - 2011. The three-year average from 2009 to 2011, for total imports was 1.154 million barrels per day and the net import figure was 695 thousand barrels per day. Over the three-year average period from 2009 to 2011, total exports were at 459 thousand barrels per.

Table 2. Selected Statistics for Fuel Oil: Singapore³

Singapore Residual Fuel Oil	2009	2010	2011	Average 2009-2011
Imports, Fuel Oil	1,081	1,135	1,246	1,154
Exports, Fuel Oil	440	422	514	459

Source: Joint Organisations Data Initiative (JODI) Thousand Barrels per Day

² EIA Production data:<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=1&cid=SN,&syid=2006&eyid=2010&unit=TBPD>

EIA Consumption data:

<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=2&cid=SN,&syid=2006&eyid=2010&unit=TBPD>

EIA Imports data:

<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=3&cid=SN,&syid=2006&eyid=2010&unit=TBPD>

EIA Exports data:

<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=4&cid=SN,&syid=2006&eyid=2010&unit=TBPD>³ Joint Organisations Data Initiative Import, and Export Datahttp://www.jodidb.org/wds/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

Market activity

The Singapore Fuel oil market is priced in USD and cents per metric tonne. The conversion factor is 6.35 barrels per metric tonne. The estimated trading volume of fuel oil traded in the Singapore cash market is 800,000 to 1-million barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. The volume of spot transactions is typically more than half of all cash transactions. There is active trading in forward cash deals and in the OTC swaps market. Forward cash transactions may be re-traded or the cargoes re-nominated to alternative recipients. The bid/ask spreads are typically 25 to 50 cents per metric tonne which reflects the liquidity in the cash market

Singapore is a significant refining centre for Asia-Pacific with over 1.3-mil b/d of capacity. The largest refiner in the region is the 605,000 b/d Jurong Island Refinery operated by Exxon-Mobil. Other refiners include Singapore Refining, also on Jurong Island, and Shell's Pulau Bukom Refinery. Business Monitor International said that Petrochemicals and Refining remain the lifeblood of Singapore and that throughput should continue to rise in line with regional demand. Beyond 2012, annual oil demand growth is likely to average 2.5% to 3% per annum through to 2021⁴. The government will promote long-term growth in refining capacity in order to maintain its position as a leading exporter and regional trading hub. Significant fuel oil volumes are exported from Europe to China, primarily to meet rising demand from the Chinese power sector. The majority of these deals will be hedged, on arrival into China, via the Singapore markets as they are currently the most liquid benchmarks. Western fuel oil shipments to East Asia in December 2012 are expected to have increased by 10% from the November 2012 with 5.1 to 5.2-million tonnes provisionally booked so far, according to a Reuters survey of traders and shipping brokers. By way of comparison, Fuel oil imports into China totaled 1.4-million tonnes in January 2010.

Balance of month contracts

The final settlement for the new balance-of-month ("BALMO") swap futures contracts are equal to the balance-of-month arithmetic average, starting from the selected start date through the end of the contract month, inclusively.

BALMO swap futures are used by market participants in the over-the-counter ("OTC") market for pricing transactions in periods that are less than a full calendar month. BALMO swap futures contracts are cash settled, and are settled similarly to the settlement of a calendar month swap futures using a specified index price, such as the Platts or Argus price assessment, starting from the day of execution until the last day of the contract month. The user has the flexibility to select the start date (or first day) of the BALMO averaging period. The last day of the period is the last business day of the contract month. In the OTC petroleum market, the BALMO swap futures model is a useful hedging tool that allows the market participants and hedgers to customize the averaging period of the transaction to allow for partial-month average prices. As stated above, the structure of the BALMO swap futures contract is similar to that of a calendar month swap futures, except for the averaging period of the transaction.

⁴ Singapore Oil and Gas Report Q1 2013 - Business Monitor International (December 5 2012)

EUROPEAN FUEL OIL MARKET OVERVIEW

Consumption, Production, Imports and Exports

The European fuel oil market in Amsterdam-Rotterdam-Antwerp (ARA) represents the largest hub in Europe for petroleum products, with extensive storage capacity and refining capacity. The ARA market is the main supply centre for European fuel oil market, which mainly includes Belgium, France, Germany, and The Netherlands.

Based on U.S. Energy Information Administration (“EIA”) data, in 2010, the average annual residual fuel oil production in Belgium, France, Germany and The Netherlands was 490.25 thousand barrels per day (equivalent to 14,707.5 thousand barrels per month for a 30-calendar day month). Please note that the most recent data published by EIA is for calendar year 2010. During the 2008 to 2010 period, the total average annual production was 525.5 thousand barrels per day. Table 3 presents the data collected by the EIA on annual residual fuel oil production in Belgium, France, Germany and The Netherlands. The numbers stated for France have been reduced by 50% of the total for the country reflecting the split between volumes in Northwest Europe and the Mediterranean

Based on EIA data, in 2010, the average annual residual fuel oil consumption in Belgium, France, Germany and The Netherlands was 549.5 thousand barrels per day (equivalent to 16,485 thousand barrels per month for a 30-calendar day month). Over the annual period from 2008 to 2010, total annual consumption for the ARA region was 596 thousand barrels per day.

The table below presents the data collected by EIA on annual residual fuel oil consumption in Belgium, France, Germany and The Netherlands.

Table 3 - Selected Statistics for Fuel Oil: Europe⁵

Item and Region	2008	2009	2010	Average 2008-2010
Consumption, Fuel Oil				
Belgium	188	139	125	150
France	52	49.5	45.5	49
Germany	159	159	155	158
Netherlands	257	237	224	239
Total Consumption	667	584	549.5	596
Production, Fuel Oil				
Belgium	120	94	96	103
France	100.5	83.75	81.25	88.5
Germany	212	172	140	175
Netherlands	153	150	173	159
Total Production	585.5	499.75	490.25	525.5

Table 4 also provides annual imports and exports of residual fuel oil in Belgium, France, Germany and The Netherlands for the last three years available. In 2010, the total imports were 725 thousand barrels

⁵ EIA Consumption Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=2&cid=r3,&syid=2007&eyid=2009&unit=TBPD>

EIA Production Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=1&cid=r3,&syid=2007&eyid=2009&unit=TBPD>

per day and the net imports were 108.25 thousand barrels per day. This represents around a 40% decrease compared to previous year's net imports levels which were at 150 thousand barrels per day. Over the annual period from 2008 to 2010, total exports were at 558 thousand barrels per day while imports were at 695.5 thousand barrels per day for the ARA region.

Table 4 - Selected Statistics for Fuel Oil: Europe⁶

Item and Region	2008	2009	2010	Average 2008-2010
Imports, Fuel Oil				
Belgium	135	101	84.5	107
France	54	60.5	61.5	58.5
Germany	54	54	47	52
Netherlands	426	475	532	478
Total Imports	669	690.5	725	695.5
Exports, Fuel Oil				
Belgium	76	53	53	61
France	65	50.5	55.75	57
Germany	78.5	58	31	56
Netherlands	296	379	477	384
Total Exports	515.5	540.5	616.75	558

As noted above, the EIA currently provides data through calendar year 2010. JODI, the Joint Organisations Data Initiative, publishes data for residual fuel oil through calendar year 2011. Selected JODI data for annual residual fuel oil consumption, production, imports and exports in Belgium, France, Germany and The Netherlands is shown in Table 5.

Based on the JODI data, the average annual residual fuel oil production in Belgium, France, Germany and The Netherlands was 490.5 thousand barrels per day (equivalent to 14,715 thousand barrels per month for a 30-calendar day month) in 2011. During the 2009 to 2011 period, the total average annual production was more than 489.5 thousand barrels per day.

Based on JODI data, the average annual residual fuel oil consumption in Belgium, France, Germany and The Netherlands was 567.5 thousand barrels per day (equivalent to 17,025 thousand barrels per month for a 30-calendar day month) in 2011. Over the annual period from 2009 to 2011, total annual average consumption for the ARA region was approximately 572 thousand barrels per day. Table 5 provides annual imports and exports of residual fuel oil in Belgium, France, Germany and The Netherlands for the time period of 2009 - 2011. In 2011, the total imports were 818.5 thousand barrels per day and the net imports were 170.5 thousand barrels per day.

This represents a 62.5% increase compared to previous year's net imports levels which were at 106 thousand barrels per day. Over the annual period from 2009 to 2011, total exports averaged at 601.5 thousand barrels per day while imports averaged at 744.5 thousand barrels per day for the ARA region.

⁶ EIA Import and Export Data, <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=3&cid=r3,&syid=2007&eyid=2009&unit=TBPD>
EIA Export Data, <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=4&cid=r3,&syid=2007&eyid=2009&unit=TBPD>

Table 5. Selected Statistics for Fuel Oil: Europe⁷

	2009	2010	2011	Average 2009-2011
Consumption, Fuel Oil				
Belgium	141	127	136	135
France	49.5	46	42.5	46
Germany	164	157	149	157
Netherlands	236	224	240	234
Total Consumption	590.5	554	567.5	572
Production, Fuel Oil				
Belgium	94	96	105	99
France	84	81.5	79.5	81.5
Germany	173	140	137	150
Netherlands	150	173	152	159
Total Production	501	490.5	473.5	489.5
Imports, Fuel Oil				
Belgium	101	84	97	94
France	60.5	61.5	65.5	62.5
Germany	54	47	49	50
Netherlands	475	531	607	538
Total Imports	690.5	723.5	818.5	744.5
Exports, Fuel Oil				
Belgium	53	53	69	58
France	50.5	56	57	54.5
Germany	58	31	36	42
Netherlands	378	477	486	447
Total Exports	540.5	617	648	601.5

Price Source

Platts is the price reporting service used for the final settlement for both legs of the Singapore 380CST Fuel oil (Platts) versus Platts 3.5% Fuel oil FOB Barge Future. Platts is one of the major pricing services used in the OTC market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing methodology⁸ is derived from telephone surveys and electronic data collected from multiple market participants to determine market value. Platts has a long standing reputation in the industry for price benchmarks that are fair and not manipulated. NYMEX is a party to a license agreement with Platts to utilize their pricing data.

⁷ JODI Consumption, Production, Import, and Export Data,
http://www.jodidb.org/wds/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

⁸

<http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/asiaoilproductspecs.pdf>

Analysis of the deliverable supply – Rotterdam and Singapore

As a spread contract related to the European Fuel Oil 3.5% Barges fob Rotterdam (Platts) Calendar Futures and the Singapore 380CST Calendar Futures, the spot month position limit for the new contract will be aggregated with the existing position limits for the European Fuel Oil 3.5% Barges fob Rotterdam (Platts) Calendar Future (Exchange code UV, rulebook chapter 660) and the Singapore Fuel oil 380CST (Platts) Calendar Future (Exchange code SE, rulebook 668). Data from the US Energy Information Administration (EIA) and JODI have been included in this analysis. However, due to the limited data being available for Singapore, the deliverable supply analysis has been based on the EIA Data which covers the period 2008 to 2010. We have used the JODI data covering 2009-2011 for the Northwest Europe deliverable supply analysis.

Please note that, at this time, with regard to the Northwest Europe Fuel Oil and Singapore Fuel oil markets, the Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon launch of products, we would rather not condition recommended position limits based on stock data. Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, the spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of spot trading activity as it does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

With regard to the Northwest Europe Fuel Oil and Singapore Fuel Oil market, in its analysis of deliverable supply, the Exchange concentrated on data for Belgium, France, Germany, Netherlands and Singapore residual fuel oil. Refining centres across Northwest Europe and Singapore are major distribution hubs for fuel oil. The market in Northwest Europe, especially Rotterdam is supplied by a mix of imports and domestic refinery production given the large network of oil refineries around the port. The market in Singapore is supplied predominantly by imports rather than domestic refinery production. The Exchange uses consumption levels to evaluate deliverable supply in Belgium, France, Germany, Netherlands and Singapore, as this a more relevant measure than refinery production due to the fact that refinery production material is not necessarily consumed in the region itself and material may be exported depending on the supply/demand situation at the time.

Balance of month contracts

The final settlement for the new balance-of-month (“BALMO”) futures contracts are equal to the balance-of-month arithmetic average, starting from the selected start date through the end of the contract month, inclusively. BALMO swap futures are used by market participants in the over-the-counter (“OTC”) market for pricing transactions in periods that are less than a full calendar month. BALMO swap futures contracts are cash settled, and are settled similarly to the settlement of a calendar month swap futures using a specified index price, such as the Platts or Argus price assessment, starting from the day of execution until the last day of the contract month. The user has the flexibility to select the start date (or first day) of the BALMO averaging period. The last day of the period is the last business day of the contract month. In the OTC petroleum market, the BALMO swap futures model is a useful hedging tool that allows the market participants and hedgers to customize the averaging period of the transaction to allow for partial-month average prices. As stated above, the structure of the BALMO swap futures contract is similar to that of a calendar month swap futures, except for the averaging period of the transaction.

Singapore

The consumption data that we have used for Singapore does not break out the consumption volumes between 380CST Fuel oil and 180CST Fuel oil. Therefore we have made an assumption to determine the approximate size of the 380CST Fuel oil market. To do this, we have taken the current Clearport Open Interest for both 180CST and 380CST Fuel oil and worked out the approximate split between the volume for 380CST and 180CST. We estimate that, of the total, the 380CST Fuel oil market is about 27% of the

total Singapore Fuel oil market for both 180CST and 380CST. The deliverable supply figures therefore are based on the 380CST market.

For Singapore, we have based our analysis on the EIA data rather than JODI data due to the consumption data not being available. The 380CST Singapore Fuel oil market, we estimate that the consumption for the three year period to 2010 was 191,600 barrels per day which is the equivalent to 30,173 metric tonnes per day or 905,190 tonnes per month. This is equal to 905 contract equivalents for the underlying SE contract size of 1,000 metric tonnes.

Thus, the spot month position limit of 150 contract units for the underlying Singapore 380CST Futures (code SE, contract size 1,000 metric tonnes) should be applied to this contract which is approximately 16.57% of the 905 contract equivalents of monthly supply.

The term 180CST or 380CST refers to the viscosity level of Fuel oil. The definition of viscosity is the resistance of fluid to deformation under shear test or in other words the "thickness" of a particular product or its resistance to pouring.

Europe

For Northwest Europe fuel oil, we have based the consumption levels on the JODI data as it is more up to date than the EIA data. The JODI data is shown for calendar year 2009 to 2011 rather than to 2010 as is shown by the EIA data. The numbers stated for France have been reduced by 50% of the total for the country reflecting the split between volumes in Northwest Europe and the Mediterranean

The consumption data that we have used for Northwest Europe does not break out the consumption volumes between 3.5% Fuel oil and the 1% Fuel oil market, which we believe is the only other significant Fuel oil market in the region. Therefore we have made an assumption to determine the approximate size of the 3.5% Fuel oil market in northwest Europe. To do this, we have taken the current Open Interest for both 3.5% Fuel oil fob Rotterdam barges (code UV) and the 1% Fuel oil fob NWE Cargoes (code UF) as these are the two largest markets and worked out the approximate split between each. We estimate that, of the total, the 3.5% Fuel oil represents about 90% of the total 3.5% and 1% fuel oil market in northwest Europe. The deliverable supply figures therefore are based on the 3.5% fuel oil market.

According to the JODI data, the total residual fuel oil consumption for the three-year averages to 2011 across Belgium, France, Germany and the Netherlands was 556,200 barrels per day, which is the equivalent to 87,590 metric tonnes per day or 2,627,716 metric tonnes per month. This is equal to the 2,627 contract equivalents for the underlying UV contract size of 1,000 metric tonnes. Thus, the spot month position limit of 150 contract units for the underlying Rotterdam 3.5% Fuel Oil Barge Future (code UV, contract size 1,000 metric tonnes) should be applied to this contract which is approximately 5.7% of the 2,627 contract equivalents of monthly supply.