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February 24, 2011

VIA E-MAIL

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

**Re: Rule Certification. New York Mercantile Exchange, Inc. Submission # 11-014R:
Notification Regarding the Listing of Seven (7) New Fuel Oil Futures Contracts for
Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort®**

Dear Mr. Stawick:

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 seven (7) new financially settled petroleum futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, February 27, 2011 for trade date Monday, February 28, 2011.

The contract titles, commodity codes, rule chapters, and specifications are provided below.

Contract	Code	Rule Chapter
Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures	GCU	425
New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures	NYF	426
New York 0.3% Fuel Oil HiPr vs. New York Fuel Oil 1.0% (Platts) Swap Futures	NYH	492
New York 0.3% Fuel Oil HiPr (Platts) BALMO Swap Futures	NYB	483
New York 0.7% Fuel Oil (Platts) BALMO Swap Futures	NYS	427
New York 2.2% Fuel Oil (Platts) BALMO Swap Futures	NYE	330
New York 3.0% Fuel Oil (Platts) BALMO Swap Futures	NYT	331

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

CONTRACT SPECIFICATIONS

- **First Listed Month:** March 2011
- **Listing Period:** GCU, NYF, NYH = 36 consecutive months

NYB, NYS, NYE, NYT = One month and the following month listed 10 business days prior to the start of the contract month.

- **Contract Size:** 1,000 Barrels
- **Termination of Trading:** Trading shall cease on the last business day of the contract month.
- **Minimum Price Tick:** \$0.001
- **Value per Tick:** \$1.00
- **Final Settlement Price:** Settlement tick = \$0.001
- **Trading and Clearing Hours:**
 - 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).
 - Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. CT).

- **Fees:**

Contract	CME ClearPort Rates		NY Trading Floor Rates		Cash Settlement Fee	
	Member	Non-Member	Member	Non-Member	Member	Non-Member
Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		
New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		
New York 0.3% Fuel Oil HiPr vs. New York Fuel Oil 1.0% (Platts) Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		
New York 0.3% Fuel Oil HiPr (Platts) BALMO Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		
New York 0.7% Fuel Oil (Platts) BALMO Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		
New York 2.2% Fuel Oil (Platts) BALMO Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		
New York 3.0% Fuel Oil (Platts) BALMO Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.85
	Non-Member	\$1.35	Non-Member	\$1.35	Non-Member	\$1.35
			Blended Floor	\$1.10		

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. This submission will be made effective on trade date February 28, 2011.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or the undersigned at (212) 299-2207.

Sincerely,

/s/ Felix Khalatnikov
Dir & Assoc General Counsel

Attachments: Contract terms and conditions
Cash Market Overview and Analysis of Deliverable Supply

Chapter 425
Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam
(Platts) Swap Futures

425.01. SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

425.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for Gulf Coast No. 6 3.0%S (Waterborne) Fuel Oil minus the high and low quotations from Platts European Marketscan for 3.5% Fuel Oil under the heading "Barges FOB Rotterdam" assessment price for each business day that both are determined during the contract month.

425.03. CONTRACT QUANTITY AND VALUE

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

For purposes of determining the Floating Price, the Platts Fuel Oil assessment price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest cent. The conversion factor will be 6.35 barrels per metric ton.

425.04. CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

425.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

425.06. TERMINATION OF TRADING

Trading shall cease on the last business day of the contract month.

425.07. 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.

425.08. EXCHANGE FOR RELATED POSITIONS

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

425.09. DISCLAIMER

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Chapter 426
New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts)
Swap Futures

426.01. SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

426.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for New York No. 6 1%S Max Fuel (Waterborne Cargo) minus the high and low quotations from Platts European Marketscan for 1% Fuel Oil under the heading "Cargoes FOB NWE" price assessment for each business day that both are determined during the contract month.

426.03. CONTRACT QUANTITY AND VALUE

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

For purposes of determining the Floating Price, the Platts Fuel Oil assessment price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest cent. The conversion factor will be 6.35 barrels per metric ton.

426.04. CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

426.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

426.06. TERMINATION OF TRADING

Trading shall cease on the last business day of the contract month.

426.07. 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.

426.08. EXCHANGE FOR RELATED POSITIONS

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Chapter 492

New York 0.3% Fuel Oil HiPr vs. New York Fuel Oil 1.0% (Platts) Swap Futures

492.01. SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

492.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for New York No. 6 0.3% SNOHiPr Fuel Oil (Waterborne Cargo) minus the high and low quotations from Platts Oilgram Price Report for New York No. 6 1% S Max Fuel (Waterborne Cargo) price assessment for each business day that both are determined during the contract month.

492.03. CONTRACT QUANTITY AND VALUE

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

492.04. CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

492.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

492.06. TERMINATION OF TRADING

Trading shall cease on the last business day of the contract month.

492.07. 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.

492.08. EXCHANGE FOR RELATED POSITIONS

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

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Chapter 483
New York 0.3% Fuel Oil HiPr (Platts) BALMO Swap Futures

483.01.

SCOPE

The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

483.02.

FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for New York No. 6 0.3%S HiPr Fuel Oil (Waterborne Cargo) starting from the selected start date through the end of the contract month, inclusively.

483.03.

CONTRACT QUANTITY AND VALUE

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

483.04.

CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

483.05.

PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

483.06.

TERMINATION OF TRADING

Trading shall cease on the last business day of the contract month.

483.07.

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.

483.08.

EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

483.09.

DISCLAIMER

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Chapter 427
New York 0.7% Fuel Oil (Platts) BALMO Swap Futures

427.01. SCOPE

The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

427.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for New York No.6 0.7%S Max Fuel Oil (Waterborne Cargo) starting from the selected start date through the end of the contract month, inclusively.

427.03. CONTRACT QUANTITY AND VALUE

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

427.04. CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

427.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

427.06. TERMINATION OF TRADING

Trading shall cease on the last business day of the contract month.

427.07. 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.

427.08. EXCHANGE FOR RELATED POSITION

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Chapter 330

New York 2.2% Fuel Oil (Platts) BALMO Swap Futures

330.01. SCOPE

The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

330.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for New York No.6 2.2%S Max Fuel Oil (Waterborne Cargo) starting from the selected start date through the end of the contract month, inclusively.

330.03. CONTRACT QUANTITY AND VALUE

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

330.04. CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

330.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

330.06. TERMINATION OF TRADING

Trading shall cease on the last business day of the contract month.

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Chapter 331
New York 3.0% Fuel Oil (Platts) BALMO Swap Futures

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331.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for New York No.6 3.0%S Max Fuel Oil (Waterborne Cargo) starting from the selected start date through the end of the contract month, inclusively.

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CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of the following seven (7) financially settled residual fuel oil futures contracts for trading on the NYMEX trading floor and for clearing through CME ClearPort.

1. Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures
2. New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures
3. New York 0.3% Fuel Oil HiPr vs. New York Fuel Oil 1.0% (Platts) Swap Futures
4. New York 0.3% Fuel Oil HiPr (Platts) BALMO Swap Futures
5. New York 0.7% Fuel Oil (Platts) BALMO Swap Futures
6. New York 2.2% Fuel Oil (Platts) BALMO Swap Futures
7. New York 3.0% Fuel Oil (Platts) BALMO Swap Futures

These new contracts are spreads and balance-of-month futures contracts based on existing NYMEX residual fuel oil futures contracts. The Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures contract is based on the differential between the Gulf Coast No. 6 Fuel Oil 3.0% (Platts) Swap Futures and the European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures contracts. The New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures contract is based on the spread between the New York Harbor Residual Fuel 1.0% (Platts) Swap Futures and European 1% Fuel Oil (Platts) Cargoes FOB NWE Calendar Swap Futures contracts. The New York 0.3% Fuel Oil HiPr vs. New York Fuel Oil 1.0% (Platts) Swap Futures contract is based on the differential between the NY 0.3% Fuel Oil HiPr (Platts) Swap Futures and the New York Harbor Residual Fuel 1.0% (Platts) Swap Futures contracts. In addition, the four new balance-of-month contracts are based on existing calendar month swap contracts.

BALANCE-OF-MONTH CONTRACTS

The final settlement for the four new balance-of-month ("BALMO") swap futures contracts is 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 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.

PRICE SOURCES

Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") is the price reporting service used for the final settlement of the seven new petroleum futures contracts. Platts is one of the major pricing services used in the over-the-counter (OTC) market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing methodology¹ 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 license agreements with Platts to utilize their pricing data.

MARKET OVERVIEW

The cash market overview contains a description of the following markets:

- I. New York Harbor and Gulf Coast Fuel Oil Markets
- II. European Fuel Oil Market

I. New York and Gulf Coast Fuel Oil Markets

Description

Fuel oil², also called residual fuel oil, is a liquid petroleum product less volatile than gasoline and used as an energy source. It is generally used in the production of electric power, space heating, vessel bunkering, and various industrial purposes. Fuel oil is classified into six categories varying from number 1 through 6 according to its boiling point, composition and purpose.

¹ <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/usoilproductspecs.pdf> and <http://www.platts.com/IM.Platts.Content/methodologyreferences/methodologyspecs/europeanoilproductspecs.pdf>.

² <http://www.eia.doe.gov/tools/glossary/index.cfm?id=F>

A. New York Fuel Oil Market

Consumption, Production, Imports and Exports (PADD I)

The New York Harbor fuel oil market, located within Petroleum Administration Defense District I (PADD I), represents the largest hub in the Northeast for residual fuel oil, with extensive storage capacity and refining capacity. The Department of Energy's *Energy Information Administration* ("EIA") is the main source for data related to the underlying residual fuel oil cash markets. Table 1 below illustrates selected statistics for residual fuel oil. According to the EIA, the New York Harbor residual fuel oil market is an active trading and import hub, with fuel oil imports of approximately 200,000 barrels per day for the 2007 – 2009 average period. During the 2007 to 2009 period, the total average exports for residual fuel oil was over 60,000 barrels per day. For the 2007 to 2009 period, the total average demand for fuel oil in PADD I was approximately 280,000 barrels per day. The estimated daily trading volume of fuel oil in the New York Harbor cash market is 500,000 to 600,000 barrels per day.

Table 1: Selected Statistics for Residual Fuel Oil – PADD I

(Thousand Barrels per Day)

Residual Fuel Oil, PADD I	2007	2008	2009	Average 2007-2009
Consumption ³	345	271	224	280.0
Imports ⁴	214	200	191	201.7
Exports ⁵	42	67	84	64.3
4-Week Average	01/07/2011	01/14/2011	01/21/2011	01/28/2011
Weekly Refiner & Blender Net Production ⁶	42	43	43	44

Inventories

Table 2 below provides monthly EIA data for PADD I inventories for residual fuel oil. The EIA data on residual fuel stocks are available by PADD and for the Central Atlantic region (which includes New York Harbor). The Central Atlantic region represents roughly two thirds of the stocks located within the PADD I region. Over the annual period of 2007 through November 2010, PADD I stocks varied from a high of over 18.5 million barrels in May 2010 to a low of approximately 12.4 million barrels in January

³ EIA Consumption Data, http://www.eia.gov/dnav/pet/pet_cons_psup_dc_r10_mbbldpd_a.htm

⁴ EIA Import Data, http://tonto.eia.doe.gov/dnav/pet/pet_move_imp_dc_R10-Z00_mbbldpd_a.htm

⁵ EIA Export Data, http://tonto.eia.doe.gov/dnav/pet/pet_move_exp_dc_R10-Z00_mbbldpd_a.htm

⁶ EIA Production Data, http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wprodrb_dcu_r10_4.htm

2009. According to the most recent EIA data, residual inventory levels were at 14.5 million barrels in November 2010.

Table 2: Selected Statistics for Residual Fuel Oil – Stocks PADD I⁷

(Monthly – Thousand Barrels)

Month	2007	2008	2009	2010
Jan	18,047	15,667	12,413	14,411
Feb	13,655	14,911	14,221	14,257
Mar	14,651	13,457	14,704	14,641
Apr	14,618	14,817	14,161	15,918
May	15,485	16,252	15,638	18,500
Jun	14,813	15,423	14,911	15,979
Jul	14,382	13,779	13,915	16,468
Aug	13,727	13,990	12,999	14,802
Sep	15,307	14,105	14,004	14,938
Oct	14,809	14,077	14,624	14,659
Nov	14,803	14,150	14,103	14,515
Dec	14,673	13,261	13,003	-

B. Gulf Coast Fuel Oil Market

Consumption, Production, Imports and Exports (PADD III)

The EIA provides detailed consumption, production, stocks, and trade statistics for Gulf Coast fuel oil. Table 3 below provides annual data for the U.S. Gulf Coast (PADD III) region for consumption, and imports/exports. According to the EIA, during the 2007 – 2009 period, Gulf Coast consumption averaged 136,000 barrels per day. Further, the EIA reported that during the annual period of 2007 – 2009, exports of fuel oil averaged approximately 260,000 barrels per day, while imports were over 100,000 barrels per day.

Table 3: Selected Statistics for Residual Fuel Oil – PADD III

(Thousand Barrels per Day)

Residual Fuel Oil, PADD III	2007	2008	2009	Average 2007-2009
Consumption ⁸	166	143	100	136.3
Imports ⁹	116	109	95	106.7
Exports ¹⁰	234	255	301	263.7

⁷ EIA Stock Data - http://tonto.eia.doe.gov/dnav/pet/pet_stoc_typ_d_r10_SAE_mbbld_m.htm.

⁸ EIA Consumption Data, http://www.eia.doe.gov/dnav/pet/pet_cons_psup_dc_r30_mbbldpd_a.htm.

⁹ EIA Import Data, http://tonto.eia.doe.gov/dnav/pet/pet_move_imp_dc_R30-Z00_mbbldpd_a.htm.

¹⁰ EIA Export Data, http://tonto.eia.doe.gov/dnav/pet/pet_move_exp_dc_R30-Z00_mbbldpd_a.htm.

According to Table 4 below, the Gulf Coast is an active trading and production center, with residual fuel oil production of approximately 275,000 barrels per day for the weekly period ranging from May 30, 2008 to January 28, 2011. The estimated daily trading volume of fuel oil in the Gulf Coast cash market is approximately 500,000 to 600,000 barrels per day.

Table 4: Four-Week Average Gulf Coast Weekly Refiner & Blender Net Production
(Thousand Barrels per Day)

Date	4-Week Average Gulf Coast Weekly Refiner & Blender Net Production ¹¹
May 30, 2008	341
Jun 06, 2008	339
Jun 13, 2008	326
Jun 20, 2008	320
Jun 27, 2008	313
Jul 04, 2008	291
Jul 11, 2008	299
Jul 18, 2008	300
Jul 25, 2008	295
Aug 01, 2008	282
Aug 08, 2008	274
Aug 15, 2008	261
Aug 22, 2008	254
Aug 29, 2008	258
Sep 05, 2008	246
Sep 12, 2008	225
Sep 19, 2008	181
Sep 26, 2008	155
Oct 03, 2008	161
Oct 10, 2008	182
Oct 17, 2008	222
Oct 24, 2008	256
Oct 31, 2008	268
Nov 07, 2008	273
Nov 14, 2008	278
Nov 21, 2008	276
Nov 28, 2008	265
Dec 05, 2008	267
Dec 12, 2008	265
Dec 19, 2008	285
Dec 26, 2008	291
Jan 02, 2009	277
Jan 09, 2009	269
Jan 16, 2009	249
Jan 23, 2009	245
Jan 30, 2009	258

¹¹ EIA Production Data, http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wprodrb_dcu_r30_4.htm.

Date	4-Week Average Gulf Coast Weekly Refiner & Blender Net Production
Feb 06, 2009	262
Feb 13, 2009	251
Feb 20, 2009	260
Feb 27, 2009	251
Mar 06, 2009	254
Mar 13, 2009	235
Mar 20, 2009	227
Mar 27, 2009	223
Apr 03, 2009	221
Apr 10, 2009	226
Apr 17, 2009	215
Apr 24, 2009	210
May 01, 2009	184
May 08, 2009	210
May 15, 2009	226
May 22, 2009	243
May 29, 2009	277
Jun 05, 2009	287
Jun 12, 2009	295
Jun 19, 2009	292
Jun 26, 2009	287
Jul 03, 2009	280
Jul 10, 2009	276
Jul 17, 2009	299
Jul 24, 2009	308
Jul 31, 2009	313
Aug 07, 2009	326
Aug 14, 2009	331
Aug 21, 2009	338
Aug 28, 2009	325
Sep 04, 2009	320
Sep 11, 2009	298
Sep 18, 2009	289
Sep 25, 2009	317
Oct 02, 2009	331
Oct 09, 2009	346
Oct 16, 2009	355
Oct 23, 2009	343
Oct 30, 2009	332
Nov 06, 2009	332
Nov 13, 2009	334
Nov 20, 2009	346
Nov 27, 2009	369
Dec 04, 2009	365
Dec 11, 2009	360
Dec 18, 2009	347
Dec 25, 2009	329
Jan 01, 2010	333
Jan 08, 2010	343

Date	4-Week Average Gulf Coast Weekly Refiner & Blender Net Production
Jan 15, 2010	352
Jan 22, 2010	368
Jan 29, 2010	364
Feb 05, 2010	363
Feb 12, 2010	351
Feb 19, 2010	315
Feb 26, 2010	316
Mar 05, 2010	310
Mar 12, 2010	300
Mar 19, 2010	294
Mar 26, 2010	266
Apr 02, 2010	252
Apr 09, 2010	257
Apr 16, 2010	253
Apr 23, 2010	262
Apr 30, 2010	271
May 07, 2010	287
May 14, 2010	300
May 21, 2010	302
May 28, 2010	287
Jun 04, 2010	268
Jun 11, 2010	256
Jun 18, 2010	244
Jun 25, 2010	249
Jul 02, 2010	249
Jul 09, 2010	239
Jul 16, 2010	226
Jul 23, 2010	205
Jul 30, 2010	190
Aug 06, 2010	191
Aug 13, 2010	188
Aug 20, 2010	179
Aug 27, 2010	179
Sep 03, 2010	213
Sep 10, 2010	230
Sep 17, 2010	277
Sep 24, 2010	289
Oct 01, 2010	274
Oct 08, 2010	281
Oct 15, 2010	244
Oct 22, 2010	234
Oct 29, 2010	216
Nov 05, 2010	217
Nov 12, 2010	228
Nov 19, 2010	230
Nov 26, 2010	257
Dec 03, 2010	263
Dec 10, 2010	269
Dec 17, 2010	283

Date	4-Week Average Gulf Coast Weekly Refiner & Blender Net Production
Dec 24, 2010	256
Dec 31, 2010	263
Jan 07, 2011	274
Jan 14, 2011	271
Jan 21, 2011	305
Jan 28, 2011	269

Inventories

Table 5 below provides monthly EIA data for PADD III inventories for residual fuel oil. Over the annual period of 2007 through November 2010, PADD III stocks varied from a high of over 20.7 million barrels in April 2010 to a low of approximately 13.5 million barrels in May 2007. According to the most recent EIA data, residual inventory levels were at 20.2 million barrels in November 2010.

Table 5: Selected Statistics for Residual Fuel Oil – Stocks PADD III¹²
(Monthly – Thousand Barrels)

Month	2007	2008	2009	2010
Jan	16,722	16,285	14,387	19,871
Feb	15,462	17,679	17,662	20,454
Mar	17,622	18,612	16,991	19,175
Apr	16,394	16,649	14,444	20,702
May	13,548	16,888	16,922	20,051
Jun	14,459	18,894	15,825	20,024
Jul	17,933	16,649	15,712	18,513
Aug	15,553	17,594	14,417	17,425
Sep	14,814	18,408	15,551	18,681
Oct	16,796	18,489	14,640	19,805
Nov	16,962	18,025	17,108	20,156
Dec	17,276	16,442	18,719	-

Market Activity for New York and Gulf Coast Fuel Oil Markets

In the OTC swaps market, New York Harbor and Gulf Coast fuel oil are liquid derivative instruments, with trading volume of approximately one million to 1.5 million barrels per day. The typical OTC transaction size consists of 25,000 barrels. According to conversations with market participants, there are 40 to 50 transactions traded daily in the OTC swaps market. The bid/ask spreads are typically in increments of 10 cents to 20 cents per barrel, which reflects robust liquidity in the OTC market.

¹² EIA Stock Data - <http://tonto.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MRESTP31&f=M>.

Market Participants for New York and Gulf Coast Fuel Oil Markets

The New York Harbor and Gulf Coast fuel oil markets are diverse and actively traded by refiners, traders, importers, and smaller distributors. Below is a list of the market participants that are active in the fuel oil cash market. The cash market and OTC market participants are diverse and number around 25 to 30 commercial companies. A partial listing is as follows:

Refiners

ConocoPhillips
Valero
Shell
ExxonMobil
BP
Sunoco
Amerada Hess
Citgo
Chevron

Traders/Importers

Statoil
Vitol
Glencore
Trafigura
Koch
Cargill
Morgan Stanley
Goldman Sachs (J. Aron)
Irving Oil
Lukoil Getty
Global
Sprague
Hess Energy Trading

Brokers

Bruggemann
ICAP
Amerex
PVM
United
TFS Brokers
GFI Starsupply

Financial (Swaps)

Citibank
Deutsche Bank
Barclays
Merrill Lynch
BankAmerica

II. EUROPEAN FUEL OIL MARKET OVERVIEW

Description

Fuel oil¹³, 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.

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. According to the EIA, during the 2006 to 2008 period, the total average annual imports for residual fuel oil was over 575,000 barrels per day of fuel oil supplied by refineries in The Netherlands, Germany, and France. This reflects an ARA market that is a vibrant import and supply center for residual fuel oil. The ARA market is the main supply center for European fuel oil, which includes 1.5% fuel oil, 1.0% fuel oil, and 3.5% fuel oil. During the 2006 to 2008 period, the total average annual demand for fuel oil in the ARA metropolitan area, which includes The Netherlands, Germany and Northern France, was more than 550,000 barrels per day. The EIA compiles consumption data from the International Energy Agency on the European market in their *International Energy Annual* publication at the link below:

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=54&aid=2&cid=r3.&syid=2004&eyid=2008&unit=TBPD>

According to the EIA, during the 2006 to 2008 period, the average annual fuel oil imports for The Netherlands were approximately 400,000 barrels per day. In addition, the EIA data in Table 6 reflects local refinery average annual production of fuel oil in The Netherlands at around 200,000 barrels per day during the 2006 to 2008 period.

Data from Table 6 below demonstrates that total average annual consumption of fuel oil for France, Germany and Netherlands from 2006 to 2008 period was around 557,000 barrels per day. Total average annual production of fuel oil for these countries during the same period was greater than consumption, at approximately 643,000 barrels per day. Total average imports of fuel oil were around

¹³<http://www.eia.doe.gov/tools/glossary/index.cfm?id=F>.

578,000 barrels per day, slightly above the total average exports which were around 533,000 barrels per day during the 2006 to 2008 average annual period.

Table 6. Selected Statistics for Fuel Oil: Europe

(Thousand Barrels per Day)

Item and Region	2006	2007	2008	Average 2006-2008
Consumption, Fuel Oil¹⁴				
France	119	113	104	112
Germany	178	181	174	178
Netherlands	287	272	245	268
Total Consumption	584	566	523	557
Production, Fuel Oil¹⁵				
France	210	202	201	204
Germany	242	242	212	231
Netherlands	215	212	196	208
Total Production	670	654	608	643
Imports, Fuel Oil¹⁶				
France	87	97	108	97
Germany	59	46	54	53
Netherlands	423	435	426	428
Total Imports	569	578	588	578
Exports, Fuel Oil¹⁷				
France	129	135	130	131
Germany	104	95	78	92
Netherlands	314	318	296	309
Total Exports	546	548	504	533

¹⁴ EIA Consumption Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=2&cid=r3.&syid=2006&eyid=2008&unit=TBPD>

¹⁵ EIA Production Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=1&cid=r3.&syid=2006&eyid=2008&unit=TBPD>

¹⁶ EIA Import Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=3&cid=r3.&syid=2006&eyid=2008&unit=TBPD>

¹⁷ EIA Export Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=4&cid=r3.&syid=2006&eyid=2008&unit=TBPD>

Prices

In this submission, NYMEX is self-certifying the listing of the Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures and the New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures contracts. Table 7 below reflects the final settlement prices provided by NYMEX in U.S. dollars and cents per metric ton for its existing European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures and European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures contracts, which constitute the second leg of the spread for these two new products under this self-certification.

Over the annual period of January 2008 to December 2010, 3.5%% fuel oil barges fob Rotterdam prices varied from a high of 678.925 in July 2008 to a low of 183.610 in December 2008. According to the most recent data provided by NYMEX, the monthly average price was at 478.148 for the month of December 2010. Over the annual period of January 2008 to December 2010, 1% fuel oil cargoes fob North-West Europe reached a high of 773.185 in July 2008 and a low of 227.605 in December 2008. According to the most recent data provided by NYMEX, the monthly average price was at 489.066 for the month of December 2010.

Table 7. Selected Statistics for Fuel Oil: Prices

Year	Month	European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures	European 1% Fuel Oil (Platts) Cargoes FOB NWE Calendar Swap Futures
2008	Jan	442.930	494.304
	Feb	421.136	474.689
	Mar	465.118	509.833
	Apr	483.207	554.973
	May	519.573	583.397
	Jun	575.723	653.740
	Jul	678.925	773.185
	Aug	610.423	667.893
	Sep	541.630	561.568
	Oct	405.412	465.744
	Nov	219.865	305.857
	Dec	183.610	227.605

Year	Month	European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures	European 1% Fuel Oil (Platts) Cargoes FOB NWE Calendar Swap Futures
2009	Jan	214.355	242.573
	Feb	233.023	243.168
	Mar	223.746	231.464
	Apr	268.147	281.276
	May	313.735	317.164
	Jun	372.548	381.796
	Jul	367.010	373.948
	Aug	415.485	431.565
	Sep	399.241	414.885
	Oct	410.979	425.843
	Nov	448.300	469.454
	Dec	432.953	447.305
2010	Jan	458.357	445.113
	Feb	430.331	461.690
	Mar	445.308	486.912
	Apr	459.250	469.295
	May	439.873	438.389
	Jun	416.370	449.298
	Jul	412.740	473.131
	Aug	439.039	452.955
	Sep	426.143	469.634
	Oct	455.688	485.553
	Nov	469.717	488.146
	Dec	478.148	508.602

Market Activity

The European fuel oil market is priced in units of dollars per metric ton. The conversion factor is 6.35 barrels per metric ton. According to industry sources, the estimated trading volume of fuel oil (converted to barrel equivalents) in the ARA cash market is approximately 500,000 to 700,000 barrels per day. The typical transaction size is approximately 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. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent), which reflects robust liquidity in the cash market.

Market Participants

The market participation in European fuel oil is diverse and includes many of the same commercial entities that are active in the New York Harbor market. The European cash market and OTC market participants number 30 to 40 commercial companies. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Sempra	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Trafigura	ICAP	
BP	Northville	Aspen Oil	
Total	Cargill	GFI Spectron	
Koch Petroleum	Morgan Stanley	TFS	
Repsol	Goldman Sachs	Amerex	
CEPSA	Koch	Prebon	
Netherlands Refining	Mabanaft		
OMV	Phibro		
	Arcadia		
	Mercuria		
	Noble Energy		

ANALYSIS OF DELIVERABLE SUPPLY

The spot month position limits for the seven new petroleum contracts will be aggregated with the position limits for their respective, existing, underlying futures contracts.

Please note that with regard to both markets, at this time, 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 the spot trading, because this 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 Gulf Coast Fuel Oil market, in its analysis of deliverable supply, the Exchange concentrated on data for the Gulf Coast (PADD III) refinery production for residual fuel oil, which is the main production and trading center for the U.S. market. To be conservative, we have focused on the Gulf Coast residual fuel oil production capacity in PADD III using the EIA data in Table 4 above. For the leg of the spread that is based on the Gulf Coast Fuel Oil market, the Exchange has set the position limits at 1,000 contracts, with aggregation into the underlying swap contracts. Based on the refinery production data provided by the EIA, we believe that the total residual fuel supply in the Gulf Coast area for the weekly period ranging from May 30, 2008 to December 3, 2010 was approximately 270,000 barrels per day, which is equivalent to 8.1 million barrels per month or 8,100 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limits of 1,000 contract units, which is equivalent to one million barrels, is approximately 12% of the 8,100 contract equivalents of monthly supply.

For the three new futures contracts based on the New York Harbor fuel oil market, the Exchange has set the spot position limits conservatively based on the consumption data for the PADD I area. In its

analysis of deliverable supply, the Exchange concentrated on the total average demand for fuel oil in PADD I, due to its importance as a demand area. According to EIA data in Table 1 above, consumption was approximately 280,000 barrels per day for the 2007 to 2009 average period, which is equivalent to 8.4 million barrels per month or 8,400 contract equivalents (for contract size of 1,000 barrels). The Exchange has set the spot month limit for the New York 0.3% Fuel Oil HiPr (Platts) swap futures contract at 500 contracts, which is equivalent to 500,000 barrels, is approximately 6% of the 8,400 contract equivalents of monthly supply. The associated BALMO futures contract will have the same position limit and will aggregate with the limit in the underlying contract. The Exchange has set the spot month position limit at 300 contracts for the New York 0.7% Fuel Oil (Platts) swap futures contract and the New York 2.2% Fuel Oil (Platts) swap futures contract, which is equivalent to less than 4% of the 8,400 contract equivalents of monthly supply. In addition, the Exchange has set the spot month position limit at 300 contracts for the New York 3.0% Fuel Oil (Platts) BALMO swap futures, which is identical to the underlying contract, and is equivalent to less than 4% of the 8,400 contract equivalents of monthly supply. Further, the corresponding BALMO futures contracts will have the same position limits and will aggregate with the limit in the underlying contract.

With regard to the new spread contract that is based on the differential between two New York Fuel Oil futures contracts, the Exchange has set the position limits to correspond to the limits of the underlying contracts, with aggregation into the underlying swap contracts. This new spread contract (New York 0.3% Fuel Oil HiPr vs. New York Fuel Oil 1.0% (Platts) swap futures contract) will have the same position limit as the two underlying contracts. The existing spot month position limit for the underlying New York 1.0% Fuel Oil (Platts) swap futures contract is 1,000 contracts, which is equivalent to one million barrels, or less than 12% of the 8,400 contract equivalents of total monthly supply.

With regard to the European Fuel Oil market, in its analysis of deliverable supply, the Exchange concentrated on data for the European refinery production for residual fuel oil, which is the main production center for the European market. For the leg of the spread that is based on the European Fuel Oil swap futures contracts, the Exchange has set the position limits at 150 contracts with contract size of 1,000 metric tons, which is equivalent to 950,000 barrels. The two new spread contracts that utilize the existing European 3.5% and 1% Fuel Oil swap futures contracts will have the same position limit as the

existing contracts, and will aggregate into the underlying swap contracts. Further, the 1,000 barrel contract size for the new spread contracts will be converted to the metric ton equivalent size for aggregation with the existing European Fuel Oil swap futures contracts. Based on the refinery production data provided by the EIA (Table 6 above), the total residual fuel supply in the European market was approximately 640,000 barrels per day, which is equivalent to 19 million barrels per month, or 19,000 contract equivalents (contract size: 1,000 barrels). This is also equivalent to 3,000 contract equivalents for the contract size of 1,000 metric tons. Thus, the existing spot month position limits of 150 contract units for the European Fuel Oil Contracts of 1,000 metric ton size is approximately 5% of the 3,000 contract equivalents of monthly supply.