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March 5, 2008

**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 #08.18: Listing 15 New Petroleum Products Futures Contracts on NYMEX ClearPort® trading and NYMEX ClearPort® clearing**

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 fifteen (15) new petroleum futures contracts for trading on NYMEX ClearPort® trading and NYMEX ClearPort® clearing.

These new futures contracts will be cash-settled. They will be listed on the NYMEX ClearPort® trading and NYMEX ClearPort® clearing systems beginning at 6:00 PM on Sunday evening, March 9, 2008 for trade date Monday, March 10. Each of these new futures contracts will be available during the normal trading hours for NYMEX ClearPort® trading and NYMEX ClearPort® clearing.

The first contract month to be listed will be for April 2008. The Exchange will list 36 consecutive months. The new contracts are as follows:

<b><u>New Contracts</u></b>	<b><u>Code</u></b>	<b><u>Contract Size</u></b>	<b><u>Chapter</u></b>
EIA On-Highway Retail Diesel Swap	HI	42,000 gallons	530
Gasoil (ICE) Mini Calendar Swap	QA	100 metric tons	531
Gasoil 0.1 Barges FOB Rotterdam Swap	VL	1,000 metric tons	532
Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil Swap	WQ	1,000 metric tons	533
Gasoil 0.1 Cargoes FOB NWE Swap	WR	1,000 metric tons	534
Gasoil 0.1 Cargoes FOB NWE v. ICE Gasoil Swap	WT	1,000 metric tons	535
Gasoil 0.1 Cargoes CIF NWE Swap	TW	1,000 metric tons	536
Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap	TU	1,000 metric tons	537
Gasoil 10ppm Cargoes CIF NWE Swap	TY	1,000 metric tons	538
Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap	TP	1,000 metric tons	539
New York Heating Oil (Platts) Swap	YF	42,000 gallons	540
New York Heating Oil (Platts) v. NYMEX Heating Oil Swap	YH	42,000 gallons	541

New York 0.3% Fuel Oil Swap	VQ	1,000 barrels	542
New York 1% Fuel Oil v. Gulf Coast 3% Fuel Oil Swap	VR	1,000 barrels	543
Gulf Coast ULSD (Platts) v. Gulf Coast Jet Spread Swap	VV	42,000 gallons	544

Reporting levels and Positions Limits/Accountability levels for these contracts are provided in a separate submission under separate cover. The off-exchange swap transactions (EFS) for these new futures contracts shall be governed by the provisions of NYMEX Rules 6.21 and 6.21A, respectively.

Daily settlement of futures is governed by NYMEX Rule Chapter 6.50A. Exchange staff will use all available market information. This will include daily trades, bids and offers from OTC brokers and information from commercial participants.

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 all comply with the Act, including regulations under the Act. Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or the undersigned at (202) 715-8517.

Sincerely,



De'Ana H. Dow  
Senior Vice President and  
Chief Legislative Counsel

Attachments: Contract terms and conditions  
Supplemental Market Information

## **EIA On-Highway Diesel Swap Contract**

**Rule 530.01 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.

**Rule 530.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the weekly price published by the U.S. Department of Energy's Energy Information Administration (EIA) Retail On-Highway Diesel Prices under the heading "Weekly Retail On-Highway Diesel Prices - Average All Types" for the entire U.S. as reported during the contract month.

**Rule 530.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

**Rule 530.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 530.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. There shall be no maximum price fluctuation.

**Rule 530.06 Termination of Trading**

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

**Rule 530.07 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.

**Rule 530.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 530.09 Disclaimer**

NEITHER NYMEX NOR THE ENERGY INFORMATION ADMINISTRATION (EIA) GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

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**Gasoil (ICE) Mini Calendar Swap Contract**

**Rule 531.01 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.

**Rule 531.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the ICE Gasoil first nearby contract month settlement price for each business day that it is determined during the contract month, except as noted in (B) below.

(B) The settlement prices of the 1st nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contracts when the settlement prices of the 2nd nearby contracts will be used.

**Rule 531.03 Contract Quantity and Value**

The contract quantity shall be 100 metric tons. Each contract shall be valued as the contract quantity (100) multiplied by the settlement price.

**Rule 531.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 531.05 Prices and Fluctuations**

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

**Rule 531.06 Termination of Trading**

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

**Rule 531.07 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.

**Rule 531.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Gasoil 0.1 Barges FOB Rotterdam Swap Contract**

**Rule 532.01 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.

**Rule 532.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Barges FOB Rotterdam" for each business day that it is determined during the contract month.

**Rule 532.03 Contract Quantity and Value**

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

**Rule 532.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 532.05 Prices and Fluctuations**

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

**Rule 532.06 Termination of Trading**

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

**Rule 532.07 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.

**Rule 532.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 532.09 Disclaimer**

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**Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil Swap Contract**

**Rule 533.01 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.

**Rule 533.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Barges FOB Rotterdam" minus the first line Gasoil (ICE) Futures settlement price for each business day that both are determined during the contract month, except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

**Rule 533.03 Contract Quantity and Value**

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

**Rule 533.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 533.05 Prices and Fluctuations**

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

**Rule 533.06 Termination of Trading**

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

**Rule 533.07 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.

**Rule 533.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

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### **Gasoil 0.1 Cargoes FOB NWE Swap Contract**

**Rule 534.01 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.

**Rule 534.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Cargoes FOB NWE" for each business day that it is determined during the contract month.

**Rule 534.03 Contract Quantity and Value**

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

**Rule 534.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 534.05 Prices and Fluctuations**

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

**Rule 534.06 Termination of Trading**

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

**Rule 534.07 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.

**Rule 534.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 534.09 Disclaimer**

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**Gasoil 0.1 Cargoes FOB NWE v. ICE Gasoil Swap Contract**

**Rule 535.01 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.

**Rule 535.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Cargoes FOB NWE" minus the first line Gasoil (ICE) Futures settlement price for each business day that both are determined during the contract month, except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

**Rule 535.03 Contract Quantity and Value**

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

**Rule 535.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 535.05 Prices and Fluctuations**

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

**Rule 535.06 Termination of Trading**

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

**Rule 535.07 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.

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### **Gasoil 0.1 Cargoes CIF NWE Swap Contract**

**Rule 536.01 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.

**Rule 536.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Cargoes CIF NWE Basis ARA" for each business day that it is determined during the contract month.

**Rule 536.03 Contract Quantity and Value**

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

**Rule 536.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 536.05 Prices and Fluctuations**

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**Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap Contract**

**Rule 537.01 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.

**Rule 537.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading “Cargoes CIF NWE Basis ARA” minus the first line Gasoil (ICE) Futures settlement price for each business day that both are determined during the contract month, except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

**Rule 537.03 Contract Quantity and Value**

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

**Rule 537.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 537.05 Prices and Fluctuations**

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

**Rule 537.06 Termination of Trading**

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

**Rule 537.07 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.

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DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

### **Gasoil 10ppm Cargoes CIF NWE Swap Contract**

**Rule 538.01 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.

**Rule 538.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 10ppm under the heading "Cargoes CIF NWE Basis ARA" for each business day that it is determined during the contract month.

**Rule 538.03 Contract Quantity and Value**

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

**Rule 538.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 538.05 Prices and Fluctuations**

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

**Rule 538.06 Termination of Trading**

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

**Rule 538.07 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.

**Rule 538.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 538.09 Disclaimer**

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### **Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap Contract**

#### **Rule 539.01 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.

#### **Rule 539.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 10ppm under the heading “Cargoes CIF NWE Basis ARA” minus the first line Gasoil (ICE) Futures settlement price for each business day that both are determined during the contract month, except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

#### **Rule 539.03 Contract Quantity and Value**

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

#### **Rule 539.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 539.05 Prices and Fluctuations**

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

**Rule 539.06 Termination of Trading**

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

**Rule 539.07 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.

**Rule 539.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 540.09 Disclaimer**

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## **New York Heating Oil (Platts) Swap Contract**

### **Rule 540.01 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.

### **Rule 540.02 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. 2 (Barge) for each business day that it is determined during the contract month.

### **Rule 540.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

### **Rule 540.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

### **Rule 540.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. There shall be no maximum price fluctuation.

### **Rule 540.06 Termination of Trading**

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

### **Rule 540.07 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.

### **Rule 540.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

### **Rule 540.09 Disclaimer**

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### **New York Heating Oil (Platts) vs. NYMEX Heating Oil Swap Contract**

**Rule 541.01 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.

**Rule 541.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from Platts Oilgram Price Report for New York No. 2 (Barge) minus the NYMEX New York Harbor Heating Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month. For purposes of determining the Floating Price, the Platts mean will be rounded each day to the nearest thousandth of a cent.

**Rule 541.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

**Rule 541.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 541.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. There shall be no maximum price fluctuation.

**Rule 541.06 Termination of Trading**

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

**Rule 541.07 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.

**Rule 541.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 541.09 Disclaimer**

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**New York 0.3% Fuel Oil Swap Contract**

**Rule 542.01 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.

**Rule 542.02 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% S HiPr Fuel Oil (Cargo) for each business day that it is determined during the contract month.

**Rule 542.03 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.

**Rule 542.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 542.05 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.

**Rule 542.06 Termination of Trading**

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

**Rule 542.07 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.

**Rule 542.08 Exchange Of Futures For, Or In Connection With, Product And Exchange Of Futures For, Or In Connection With, Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 542.09 Disclaimer**

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DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

**New York 1% v. Gulf Coast 3% Fuel Oil Spread Swap**

**Rule 543.01 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.

**Rule 543.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the midpoint of the high and low quotations from Platts Oilgram Price Report for New York No. 6 1%S Max Fuel Oil (Cargo) minus the mid-point of the high and low quotations from Platts Oilgram Price Report for Gulf Coast No. 6 3.0%S Fuel Oil (Waterborne) for each business day that both are determined during the contract month.

**Rule 543.03 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.

**Rule 543.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 543.05 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.

**Rule 543.06 Termination of Trading**

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

**Rule 543.07 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.

**Rule 543.08 Exchange Of Futures For, Or In Connection With, Product And Exchange Of Futures For, Or In Connection With, Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 543.09 Disclaimer**

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### **Gulf Coast ULSD (Platts) v. Gulf Coast Jet Spread Swap**

**Rule 544.01 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.

**Rule 544.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the midpoint of the high and low quotations for Platts U.S. Gulf Coast ULSD (pipeline) mean minus the midpoint of the high and low quotations for Platts U.S. Gulf Coast Jet/Kero 54 (pipeline) for each business day that both are determined during the contract month.

**Rule 544.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

**Rule 544.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

**Rule 544.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. There shall be no maximum price fluctuation.

**Rule 544.06 Termination of Trading**

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

**Rule 544.07 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.

**Rule 544.08 Exchange Of Futures For, Or In Connection With Product And Exchange Of Futures For, Or In Connection With Swap Transactions**

Any Exchange of Futures for, or in Connection with, Product (EFP) or Exchange of Futures for, or in Connection with, Swap Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

**Rule 544.09 Disclaimer**

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## **Supplemental Information for 15 New Petroleum Products Contracts**

<b><u>New Contracts</u></b>	<b><u>Code</u></b>	<b><u>Contract Size</u></b>	<b><u>Chapter</u></b>
EIA On-Highway Retail Diesel Swap	HI	42,000 gallons	530
Gasoil (ICE) Mini Calendar Swap	QA	100 metric tons	531
Gasoil 0.1 Barges FOB Rotterdam Swap	VL	1,000 metric tons	532
Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil Swap	WQ	1,000 metric tons	533
Gasoil 0.1 Cargoes FOB NWE Swap	WR	1,000 metric tons	534
Gasoil 0.1 Cargoes FOB NWE v. ICE Gasoil Swap	WT	1,000 metric tons	535
Gasoil 0.1 Cargoes CIF NWE Swap	TW	1,000 metric tons	536
Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap	TU	1,000 metric tons	537
Gasoil 10ppm Cargoes CIF NWE Swap	TY	1,000 metric tons	538
Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap	TP	1,000 metric tons	539
New York Heating Oil (Platts) Swap	YF	42,000 gallons	540
New York Heating Oil (Platts) v. NYMEX Heating Oil Swap	YH	42,000 gallons	541
New York 0.3% Fuel Oil Swap	VQ	1,000 barrels	542
New York 1% Fuel Oil v. Gulf Coast 3% Fuel Oil Swap	VR	1,000 barrels	543
Gulf Coast ULSD (Platts) v. Gulf Coast Jet Spread Swap	VV	42,000 gallons	544

### **Price Sources: Platts, EIA, and ICE**

The price reporting services that are used for the final settlement of the new futures contracts are Platts, Department of Energy's Energy Information Administration (EIA), and the Intercontinental Exchange (ICE). The NYMEX has formal agreements with Platts to utilize their pricing data, and Platts has a long-standing reputation in the industry as fair and not manipulated. The pricing methodology for Platts relies on telephone surveys and electronic data from dozens of market participants to determine market value. We believe that there are dozens of active participants that contribute to the Platts price indexes each day and that its prices are determined competitively and without instances of abuse.

Regarding the ICE, the Exchange does not have an information sharing agreement. The ICE Gasoil Futures Contract is the source of the settlement prices for the Gasoil Mini Calendar Swap futures contract and is regulated by the FSA. The average daily trading volume in the ICE Gasoil Contract is more than 125,000 contracts. Since the CFTC has reviewed the FSA regulatory structure and determined it to be comparable to the CFTC, we are confident in the reliability of the disseminated settlement price. Based on our discussions with market participants, we believe that there are dozens



of active participants in the ICE futures market and that its prices are determined competitively and with appropriate oversight by the FSA.

The U.S. Department of Energy's Energy Information Agency (EIA) publishes a weekly U.S. retail price for on-highway diesel fuel. Every Monday, EIA collects retail on-highway diesel prices by telephone and fax from a sample of approximately 350 retail diesel outlets, including truck stops and service stations. The average prices are released by 5:00 P.M. Monday, except on government holidays, in which case the data are released on Tuesday (but still represent Monday's price). These data are made available through EIA's hotline (202-586-6966), EIA's web page, and through EIA's E-mail notification, regular and wireless. Based on information from the EIA, this index utilizes a survey with hundreds of market participants in the diesel market. Further, the prices reported in the EIA survey are subjected to automated edit checks during data collection and data processing. We believe the EIA index prices are determined competitively, and are not subject to control or abuse. The EIA price data are available publicly at no charge. The EIA weekly diesel retail price is published on the following EIA website:

<http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp>

The daily settlement procedures will be carried out by Exchange staff using the procedures outlined in Exchange Rule 6.50A.

### **On-Highway Diesel Market**

The EIA On-Highway Retail Diesel Swap is cash-settled based on the monthly average of EIA's weekly U.S. on-highway diesel retail price. The U.S. on-highway diesel market represents a large physical market, with U.S. refinery capacity to produce 3.0 to 3.5 million barrels per day of Ultra-low sulfur diesel fuel (ULSD). The market participation is diverse and includes many of the same commercial entities that are active in the Gulf Coast and New York Harbor markets.

The estimated trading volume of diesel fuel in the total U.S. cash market is approximately two million barrels per day. The typical transaction size is 25,000 barrels, with hundreds of separate transactions per day. The volume of spot transactions is more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals on the Colonial Pipeline (which links Houston with the New York Harbor market) and in the New York Harbor cash market. In addition, there is an active OTC market that currently trades the EIA On-Highway Retail Diesel Swap to hedge the diesel price risk. The bid/ask spreads are typically in increments of one-quarter cent, although this can tighten to one-tenth cent spreads when the cash market is active. Diesel demand in the U.S. is currently around 3 million barrels per day in the U.S.

The EIA refinery production data for distillate and ULSD for the U.S. appear at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_pnp\\_wiup\\_dcu\\_r30\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_w.htm)

The EIA data on total U.S. stocks for ULSD are available at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_stoc_wstk_dcu_nus_w.htm)

The final settlement prices for the EIA On-Highway Diesel futures contract is based on the EIA price reference. The EIA methodology for U.S. on-highway diesel is explained in the link below.

[http://tonto.eia.doe.gov/oog/info/wohdp/diesel\\_methodology.html](http://tonto.eia.doe.gov/oog/info/wohdp/diesel_methodology.html)

### **U.S. On-Highway Diesel Market Participants**

The U.S. diesel cash market and OTC market participants are diverse and number 40 to 50 commercial companies. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/End Users</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	First National	Deutsche Bank
Shell	Glencore	Echo Energy	Barclays
ExxonMobil	Trafigura	MOAB	BankAmerica
BP	Northville	United	AIG
Giant Industries	Cargill	Falcon Products	Merrill Lynch
Amerada Hess	Morgan Stanley	ARC Oil	Lehman Brothers
Citgo	Goldman Sachs (J. Aron)	ICAP	
Marathon Ashland	Koch	TFS	
Koch Petroleum	UPS	Oil Brokers Inc.	
Chevron	Phibro		
Murphy Oil	Federal Express		
Tesoro			

### **Speculative Limits for the EIA On-Highway Diesel Contract**

The Exchange has set the speculative limits for the EIA On-Highway Diesel futures contracts at 1000 contracts (equivalent to one million barrels) which is less than 5% of the monthly deliverable supply.

<b><u>New European Gasoil Contracts</u></b>	<b><u>Code</u></b>	<b><u>Contract Size</u></b>	<b><u>Rule</u></b>
Gasoil (ICE) Mini Calendar Swap	QA	100 metric tons	531
Gasoil 0.1 Barges FOB Rotterdam Swap	VL	1,000 metric tons	532
Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil Swap	WQ	1,000 metric tons	533
Gasoil 0.1 Cargoes FOB NWE Swap	WR	1,000 metric tons	534
Gasoil 0.1 Cargoes FOB NWE v. ICE Gasoil Swap	WT	1,000 metric tons	535
Gasoil 0.1 Cargoes CIF NWE Swap	TW	1,000 metric tons	536
Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap	TU	1,000 metric tons	537
Gasoil 10ppm Cargoes CIF NWE Swap	TY	1,000 metric tons	538
Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap	TP	1,000 metric tons	539

### **European Gasoil Market**

The European petroleum products market in Amsterdam-Rotterdam-Antwerp (ARA) in The Netherlands represents the largest hub in Europe, with extensive storage capacity and refining

capacity. The ARA market is a vibrant import hub for distillate fuel, with around 500,000 to 600,000 barrels per day of distillate fuel supplied by refineries in The Netherlands, Germany, and France. The ARA market is the main supply center for European distillate fuels, which include heating oil (or gasoil) and diesel fuel (also called Gasoil 10ppm). Distillate demand in the ARA metropolitan area, which includes Netherlands and Northern Germany, is more than 500,000 barrels per day. Further, there is an active OTC swaps market with dozens of market participants that utilize these Gasoil swaps to hedge their fuel price risk. The market participants (listed below) typically are active in both the cash market and the OTC swaps market. The EIA compiles consumption data from the International Energy Agency on the European market in their *International Energy Annual* publication at the link below in Table 3.5:

<http://www.eia.doe.gov/iea/pet.html>

The link above also provides import data for the ARA market in Table 3.3, which shows distillate imports for the Netherlands at around 200,000 barrels per day.

The Gasoil (ICE) Mini Calendar Swap is cash-settled using the monthly average of settlement prices of the ICE Gasoil Futures Contract, which is the benchmark for pricing European distillate fuels in the ARA market. The ICE Gasoil Futures Contract is physically delivered and is the source of the settlement prices. The 2007 average trading volume of the ICE Gasoil Futures Contract is more than 125,000 lots per day, with current open interest of over 350,000 contracts. Based on our discussions with market participants, we believe that there are dozens of active participants in the ICE futures market and that its prices are determined competitively. In addition, the Exchange has confirmed with Platts that there are dozens of active participants that contribute to the Platts price indexes each day, and we believe that the Platts prices are determined competitively and without instances of abuse.

The European gasoil market is priced in units of dollars per metric ton. The conversion factor is 7.45 barrels per metric ton. The estimated trading volume of gasoil (converted to barrel equivalents) in the ARA cash market is approximately 500,000 to 700,000 barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. The volume of spot transactions more than half of all cash transactions, and the balance of trades are longer-term contracts. 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).

### **European Gasoil Market Participants**

The market participation in the European gasoil market 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:

<b><u>Refiners</u></b>	<b><u>Traders/End Users</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	BankAmerica
BP	Northville	Aspen Oil	AIG
Total	Cargill	Prebon	Merrill Lynch

Koch Petroleum	Morgan Stanley	TFS
Repsol	Goldman Sachs	Amerex
CEPSA	Koch	
Netherlands Refining	Mabanaft	
OMV	Phibro	
	Arcadia	
	Mercuria	
	Sempra	
	Trafigura	
	RWE Trading	

### **Speculative Limits for European Gasoil Contracts**

The Exchange has set the spot month limit for the four outright contracts for Gasoil 0.1 swap futures contracts (codes VL, WR, TW, and TY) at 150 contracts each of 1000 metric tons (equivalent to around 1,100,000 barrels) which is less than 8% of the monthly deliverable supply of gasoil in the European ARA market.

Further, the Exchange will aggregate the four spread contracts (vs. ICE Gasoil) for Gasoil 0.1 swap futures contracts (codes WQ, WT, TU, and TP) with the spot month expiration levels that are set for the underlying outright contracts. In addition, the Exchange will aggregate the Gasoil (ICE) Mini Swap futures contract with the spot month expiration levels that are set for the European Gasoil (ICE) Calendar Swap futures contract at 10,000 contracts each of 100 metric tons (the mini contract is one-tenth the size of the regular Gasoil (ICE) Calendar Swap futures contract) which is less than 12% of the monthly deliverable supply for gasoil in the ARA market.

### **New York Harbor Contracts**

	<b><u>Code</u></b>	<b><u>Contract Size</u></b>	<b><u>Rule</u></b>
New York Heating Oil (Platts) Swap	YF	42,000 gallons	540
New York Heating Oil (Platts) v. NYMEX Heating Oil Swap	YH	42,000 gallons	541

### **New York Harbor Heating Oil Market**

The New York Harbor distillate market is highly diverse and actively traded by refiners, traders, importers, and smaller distributors. Below is a list of the market participants, including the New York Harbor heating oil distributors that are active in the cash market. The Department of Energy's *Energy Information Administration* (EIA) is the main source for data related to the underlying cash markets. The New York Harbor heating oil market is an active trading and import hub, with heating oil imports of approximately 150,000 barrels per day. The metropolitan New York-New Jersey-Connecticut area consumes approximately 200,000 barrels per day of heating oil. Further, heating oil inventories stored in New York Harbor terminals are substantial at approximately 8 to 10 million barrels in storage. The sources of distillate supply include local refineries, imports, and the Colonial Pipeline from Houston.

In addition, there is a vibrant OTC swaps market with dozens of market participants that utilize heating oil swaps to manage their fuel price risk. The list of market participants in the OTC swaps market is the same as the list of participants in the cash market (see the list below).

The estimated trading volume of heating oil in the New York Harbor cash market is approximately 400,000 to 500,000 barrels per day. The typical transaction size is 25,000 barrels, with approximately 40 to 50 separate transactions per day. There is active trading in forward cash deals on the Colonial Pipeline (which links Houston with the New York Harbor market) and in the New York Harbor cash market. Based on conversations with Platts, the Exchange has confirmed that there are dozens of active market participants that contribute to the Platts price indexes each day, and we believe that the Platts prices are determined competitively and without instances of abuse.

The EIA data on stocks for distillate fuels are available by Padd and for the Central Atlantic region (where the New York Harbor is located) at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_stoc_wstk_dcu_nus_w.htm)

The EIA demand data on a state-by-state basis can be viewed at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_cons\\_prim\\_dcu\\_nus\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_cons_prim_dcu_nus_m.htm)

The weekly EIA imports data are available by Padd at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_wkly\\_dc\\_R10-Z00\\_mbbldp\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_wkly_dc_R10-Z00_mbbldp_w.htm)

The final settlement prices for the New York Heating Oil (Platts) Swap and the New York Heating Oil (Platts) v. NYMEX Heating Oil Swap futures contracts are based on the Platts price references. The Platts pricing methodology is well-defined and understood by the market participants in the cash market. The Platts methodology for petroleum products is attached below, and is detailed in the link below.

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/usoilproductspecs.pdf?S=n>

**New York Harbor Heating Oil Market Participants**

The New York Harbor cash market and OTC market participants are diverse and number around 40 to 50 commercial companies. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/Importers</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Statoil	GFI Starsupply	Citibank
Valero	Vitol	First National	Deutsche Bank
Shell	Glencore	Echo Energy	Barclays
ExxonMobil	Northville	PVM	BankAmerica
BP	Koch	United	AIG
Sunoco	Cargill	ICAP	BNP Paribas
Amerada Hess	Morgan Stanley	ARC Oil	Merrill Lynch
Citgo	Goldman Sachs (J. Aron)	Allied Fuels	Lehman Brothers
Chevron	Irving Oil	Oil Brokers Inc.	
	Lukoil Getty	MOAB	
	Global		
	Sprague		
	Hess Energy Trading		

George E. Warren  
Total  
Trafigura

### **Speculative Limits for New York Harbor Heating Oil Contracts**

The Commission's Acceptable Practices under Core Principle 5 specifies that spot month levels for cash-settled markets should be set at a level no greater than necessary to minimize the potential for manipulation or distortion of the contract and the underlying commodity price. The Exchange has set the spot month limit for the outright New York Heating Oil (Platts) swap contract at 1000 contracts (equivalent to 1,000,000 barrels) which is less than 12% to 15% of the monthly deliverable supply of heating oil in the New York Harbor. The estimated monthly supply of physical heating oil in New York Harbor is around 6 to 8 million barrels. Further, there is additional supply in storage of 8 to 10 million barrels of heating oil in the New York Harbor.

In addition, the Exchange will aggregate the New York Heating Oil (Platts) v. NYMEX Heating Oil Swap futures contract with the spot month expiration level of 1000 contracts that is set for the underlying futures contracts. The spot month limit of 1000 contracts (or one million barrels) is approximately 12% to 15% of the monthly deliverable supply.

### **New York and Gulf Coast Fuel Oil Markets**

The Exchange will list two new residual fuel oil contracts: 1) the New York 0.3% Fuel Oil Swap futures contract and 2) the New York 1% Fuel Oil v. Gulf Coast 3% Fuel Oil Swap futures contract, which is based on the spread between two existing NYMEX futures contracts of New York 1% Fuel Oil (code MM) minus the Gulf Coast 3% Fuel Oil futures contract (code MF).

The Department of Energy's *Energy Information Administration* (EIA) is the main source for data related to the underlying residual fuel oil cash markets. The New York Harbor residual fuel oil market is an active trading and import hub, with fuel oil imports of around 250,000 barrels per day. The metropolitan New York-New Jersey-Connecticut area consumes over 150,000 barrels per day of fuel oil. The Padd 1 production of residual fuel oil is more than 125,000 barrels per day. The daily trading volume of fuel oil in the New York Harbor cash market is approximately 250,000 barrels per day. Based on conversations with Platts, there are 12 to 20 active market participants (see list below) that contribute to the Platts price indexes each day, and we believe that the Platts prices are determined competitively and without instances of abuse.

Further, there is a vibrant OTC market in fuel oil swaps market with several market participants that utilize these swaps to manage their residual fuel price risk.

The EIA data on residual fuel stocks are available by Padd and for the Central Atlantic region (where the New York Harbor is located) at the link below, at 10 to 15 million barrels of inventories:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_stoc_wstk_dcu_nus_w.htm)

The EIA demand data on a state-by-state basis can be viewed at the link below, and

[http://tonto.eia.doe.gov/dnav/pet/pet\\_cons\\_prim\\_dcu\\_nus\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_cons_prim_dcu_nus_m.htm)

The weekly EIA imports data are available by Padd at the link below:  
[http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_wkly\\_dc\\_R10-Z00\\_mbbldpd\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_wkly_dc_R10-Z00_mbbldpd_w.htm)

The EIA production data for residual fuel oil can be viewed at the link below:  
[http://tonto.eia.doe.gov/dnav/pet/pet\\_pnp\\_wiup\\_dcu\\_r10\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r10_w.htm)

Further, the Department of Energy's *Energy Information Administration* (EIA) provides data on the underlying Gulf Coast residual fuel oil cash market. The Gulf Coast fuel oil market is an active trading and production center, with residual fuel oil production of around 300,000 barrels per day. Further, the Padd 3 imports of residual fuel oil are almost 100,000 barrels per day. The daily trading volume of fuel oil in the Gulf Coast cash market is 300,000 to 400,000 barrels per day.

The EIA refinery production data for fuel oil for the Gulf Coast area (known as Padd 3) appear at the link below:  
[http://tonto.eia.doe.gov/dnav/pet/pet\\_pnp\\_wiup\\_dcu\\_r30\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_w.htm)

The EIA data on stocks for fuel oil for Padd 3 at the link below:  
[http://tonto.eia.doe.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_stoc_wstk_dcu_nus_w.htm)

The EIA import data for Padd 3 are available at the link below:  
[http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_wkly\\_dc\\_R30-Z00\\_mbbldpd\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_wkly_dc_R30-Z00_mbbldpd_w.htm)

The final settlement prices for the New York and Gulf Coast fuel oil swap futures contracts are based on the Platts price references. The Platts pricing methodology is well-defined and understood by the market participants in the cash market. The Platts methodology for petroleum products is attached below, and is detailed in the link below.

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/usoilproductspecs.pdf?S=n>

### **Residual Fuel Oil Market Participants**

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 commercial companies. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/Importers</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Statoil	Bruggemann	Citibank
Valero	Vitol	ICAP	Deutsche Bank
Shell	Glencore	Amerex	Barclays
ExxonMobil	Trafigura	PVM	Merrill Lynch
BP	Koch	United	Lehman Brothers
Sunoco	Cargill	TFS Brokers	
Amerada Hess	Morgan Stanley	GFI Starsupply	
Citgo	Goldman Sachs (J. Aron)		

Chevron  
Irving Oil  
Lukoil Getty  
Global  
Sprague  
Hess Energy Trading

### **Speculative Limits for the Residual Fuel Oil Contracts**

The Exchange has set the spot month limit of 500 contracts for the New York 0.3% Fuel Oil swap futures contract, which is less than 10% of the monthly deliverable supply of 5 to 6 million barrels in New York Harbor.

Further, the Exchange will aggregate the New York 1% Fuel Oil v. Gulf Coast 3% Fuel Oil Swap futures contract with the spot month expiration level of 500 contracts for the underlying futures contracts of New York 1% Fuel Oil (code MM) and the Gulf Coast 3% Fuel Oil futures contract (code MF). The estimated monthly supply of physical residual fuel oil in the Gulf Coast market is around 10 to 12 million barrels. The estimated monthly supply of physical residual fuel oil in the New York market is 5 to 6 million barrels. The spot month limit of 500 contracts (or 500,000 barrels) is less than 10% of the monthly deliverable supply.

### **Gulf Coast ULSD and Jet Fuel Markets**

Gulf Coast ULSD (Platts) v. Gulf Coast Jet Spread Swap futures contract is a cash-settled contract based on the spread between two existing NYMEX futures contracts: Gulf Coast ULSD futures contract (code LY) minus the Gulf Coast Jet futures contract (code GE).

The Gulf Coast petroleum products market represents the largest physical market in the world, with capacity to produce over one million barrels per day of Ultra-low sulfur diesel fuel (ULSD). The production of jet fuel in the Gulf Coast market is over 600,000 barrels per day. The market participation is diverse and includes many of the same commercial entities that are active in the New York Harbor market. There is a robust OTC swaps market in diesel and jet fuel with many market participants (see below) that utilize OTC swaps to manage their fuel price risk.

The Gulf Coast distillates market (the majority consisting of diesel fuel) has daily trading activity of three to four million barrels per day in diesel fuel, jet fuel, and heating oil. The Gulf Coast market is the main supply center for diesel and jet fuels. The typical transaction size in the Gulf Coast distillates market is 25,000 barrels, with over 100 transactions per day. The trading volume is broken down as approximately half occurring as spot transactions, and half as forward deals. There is active trading in forward transactions on the Colonial and Explorer Pipelines. The bid/ask spreads are typically in increments of one-quarter cent. Domestic U.S. demand for on-road diesel fuel has increased steadily, and is currently more than 3 million barrels per day, while jet fuel demand is around 1.5 million barrels per day. Based on conversations with Platts, there are 25 to 30 market participants (see list below) that contribute to the Platts price indexes each day, and we believe that the Platts prices are determined competitively and without instances of abuse.



The EIA refinery production data for ULSD and jet fuel for the Gulf Coast area (known as Padd 3) appear at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_pnp\\_wiup\\_dcu\\_r30\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_w.htm)

The EIA data on stocks for ULSD and jet fuel are available for Padd 3 at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_stoc_wstk_dcu_nus_w.htm)

### **Gulf Coast Market Participants**

The Gulf Coast cash market and OTC market participants are diverse. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/End Users</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	First National	Deutsche Bank
Shell	Glencore	Echo Energy	Barclays
ExxonMobil	Trafigura	MOAB	BankAmerica
BP	Northville	United	AIG
Giant Industries	Cargill	AE Bruggemann	Merrill Lynch
Amerada Hess	Morgan Stanley	ARC Oil	Lehman Brothers
Citgo	Goldman Sachs (J. Aron)	ICAP	
Marathon Ashland	Koch	TFS	
Koch Petroleum	UPS	Falcon Products	
Chevron	Phibro	Oil Brokers Inc.	
Murphy Oil	Federal Express		
Tesoro			
Total			
Sunoco			

### **Speculative Limit for Gulf Coast ULSD v. Gulf Coast Jet Contract**

The Exchange has set the spot month limit of 1000 contracts for the Gulf Coast ULSD (Platts) v. Gulf Coast Jet Spread swap futures contract, which is less than 10% of the monthly deliverable supply of Gulf Coast diesel and jet fuel futures contracts. Further, the Exchange will aggregate Gulf Coast ULSD (Platts) v. Gulf Coast Jet Spread swap futures contract with the spot month expiration level of the underlying swaps futures contracts of Gulf Coast ULSD futures contract (code LY) and the Gulf Coast Jet futures contract (code GE).