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

March 8, 2012

OFFICE OF THE
SECRETARIAT

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 40.2(a) Certification. Notification Regarding the Listing of Four Fuel Oil Futures Contracts on CME ClearPort® and the NYMEX Trading Floor NYMEX Submission 12-070

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of four (4) new petroleum swap futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning on Sunday, March 11, 2012, for trade date Monday, March 12, 2012.

The contract specifications are as follows:

Contracts	Code	Rule Chapter	Listing Schedule	First Listed Contract	Contract Size	Prices and Fluctuations	Termination of Trading
1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap Futures	FOB	1194	One month and the following month listed 10 business days prior to the start of the contract month.	Mar-12	1,000 metric tons	Minimum price tick = \$0.001 Final settlement tick = \$0.001 Value per tick = \$1.00	Trading shall cease on the last business day of the contract month
1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap Futures	FOM	1195	One month and the following month listed 10 business days prior to the start of the contract month.	Mar-12	1,000 metric tons	Minimum price tick = \$0.001 Final settlement tick = \$0.001 Value per tick = \$1.00	Trading shall cease on the last business day of the contract month
3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap Futures	FCB	1204	One month and the following month listed 10 business days prior to the start of the contract month	Mar-12	1,000 barrels	Minimum price tick = \$0.001 Final settlement tick = \$0.001 Value per tick = \$1.00	Trading shall cease on the last business day of the contract month
3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap Futures	FOA	1205	One month and the following month listed 10 business days prior to the start of the contract month	Mar-12	1,000 barrels	Minimum price tick = \$0.001 Final settlement tick = \$0.001 Value per tick = \$1.00	Trading shall cease on the last business day of the contract month

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

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).

Trading and Clearing Fees:

- 1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap futures and 1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap futures

	Member Day	Member	Cross Division	Non-Member	IIP
Pit	n/a	\$7.00	\$8.00	\$9.00	
Globex	n/a	n/a	n/a	n/a	n/a
ClearPort		\$7.00		\$9.00	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$0.10	\$0.10			
Futures from E/A	n/a	n/a			
Additional Fees and Surcharges					
EFS Surcharge	n/a				
Block Surcharge	n/a				
Facilitation Desk Fee	\$0.20				

- 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap futures and 3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap futures

	Member Day	Member	Cross Division	Non-Member	IIP
Pit	n/a	\$0.85	\$1.05	\$1.25	
Globex	n/a	n/a	n/a	n/a	n/a
ClearPort		\$0.85		\$1.25	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$0.85	\$1.25			
Futures from E/A	n/a	n/a			
Additional Fees and Surcharges					
EFS Surcharge	n/a				
Block Surcharge	n/a				
Facilitation Desk Fee	\$0.20				

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the proposed contracts into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the new contracts. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, diminishing balances, reportable level and aggregation allocation for the new contracts.

NYMEX business staff responsible for the new products and the NYMEX legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act"). During the review, NYMEX staff identified that the new products may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in these contracts will be subject to the NYMEX rules ("Rulebook") Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- Contracts not Readily Subject to Manipulation: The new contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the final settlement published by Platts.
- Compliance with Rules: Trading in these contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- Position Limitations or Accountability: The spot month position limits for the new products are set at conservative levels that are well below the 25% monthly deliverable supply threshold for the underlying market. The levels are provided in greater detail in the analysis of deliverable supply section of this submission.
- Availability of General Information: The Exchange will publish information on the contracts' specification on its website, together with daily trading volume, open interest and price information.
- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.
- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Execution of Transactions: The new contracts are dually listed for clearing through the CME ClearPort platform and for open outcry trading on the NYMEX trading floor. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. In addition, the NYMEX trading floor is available as a venue to provide for competitive and open execution of transactions.
- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

Mr. David Stawick
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- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these products.
- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in these contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.
- Dispute Resolution: Disputes with respect to trading in these contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2, 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. A description of the cash market for these new products is attached.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167 or Sean.Downey@cmegroup.com.

Sincerely,

/s/Sean M. Downey
Associate Director and Assistant General Counsel

Attachments: Appendix A: Rule Chapters
Appendix B: Chapter 5 Table
Appendix C: Cash Market Overview and Analysis of Deliverable Supply

Chapter 1194**1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap Futures****1194100. SCOPE OF CHAPTER**

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1194101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the balance-of-month arithmetic average of the mid-point between the high and low quotations from Platts European Marketscan for 1% Fuel Oil under the heading "Cargoes CIF Med Basis Genoa/Lavera" starting from the selected start date through the end of the contract month, inclusive.

1194102. TRADING SPECIFICATIONS

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

1194102.A. Trading Schedule

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

1194102.B. Trading Unit

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

1194102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per metric ton.

1194102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in 1% Fuel Oil (Platts) Cargoes CIF MED Swap futures. Each position in the contract will be calculated as a single position in the European 1% Fuel Oil (Platts) Cargoes CIF MED Swap futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 50 (1% Fuel Oil (Platts) Cargoes CIF MED Swap futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 350 (1% Fuel Oil (Platts) Cargoes CIF MED Swap futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 250 (European 1% Fuel Oil (Platts) Cargoes CIF MED Swap futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1194102.E. Termination of Trading

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

1194103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1194104. DISCLAIMER

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Chapter 1195
1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap Futures

1195100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1195101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the balance-of-month arithmetic average of the mid-point between the high and low quotations from Platts European Marketscan for 1% Fuel Oil under the heading "Cargoes FOB Med Basis Italy" starting from the selected start date through the end of the contract month, inclusive.

1195102. TRADING SPECIFICATIONS

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

1195102.A. Trading Schedule

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

1195102.B. Trading Unit

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

1195102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per metric ton.

1195102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in European 1% Fuel Oil Cargoes FOB MED (Platts) Swap futures. Each position in the contract will be calculated as a single position in the European 1% Fuel Oil Cargoes FOB MED (Platts) Swap futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 150 (European 1% Fuel Oil Cargoes FOB MED (Platts) Swap futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 1,500 (European 1% Fuel Oil Cargoes FOB MED (Platts) Swap futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 1,500 (European 1% Fuel Oil Cargoes FOB MED (Platts) Swap futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1195102.E. Termination of Trading

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

1195103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1195104. DISCLAIMER

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Chapter 1204

3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap Futures

1204100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1204101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the balance-of-month arithmetic average of the mid-point between the high and low quotations from Platts European Marketscan for 3.5% Fuel Oil under the heading "Barges FOB Rotterdam" minus the ICE Brent Crude Oil Futures first nearby contract month settlement price, starting from the selected start date through the end of the contract month, inclusive, except as set forth below.

The settlement price of the first nearby contract month for will be used except on the last day of trading for the expiring ICE Brent Crude Oil Futures contract when the settlement price of the second nearby ICE Brent Crude Oil Futures contract will be used.

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.

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

1204102. TRADING SPECIFICATIONS

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

1204102.A. Trading Schedule

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

1204102.B. Trading Unit

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.

1204102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel.

1204102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap futures and Brent Crude Oil Penultimate Financial futures. Each position in the contract will be deemed equivalent to 0.157 of a European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap futures contract and equivalent to a single position in the Brent Crude Oil Penultimate Financial futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 150 (European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap futures)/2,000 (Brent Crude Oil Penultimate Financial futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 1,500 (European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap futures)/20,000 (Brent Crude Oil Penultimate Financial futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 1,500 (European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap futures)/20,000 (Brent Crude Oil Penultimate Financial futures)

futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1204102.E. Termination of Trading

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

1204103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1204104. DISCLAIMER

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Chapter 1205

3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap Futures

1205100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1205101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the balance-of-month arithmetic average of the mid-point between the high and low quotations from Platts European Marketscan for 3.5% Fuel Oil under the heading "Cargoes FOB Med Basis Italy " minus the ICE Brent Crude Oil Futures first nearby contract month, settlement price starting from the selected start date through the end of the contract month, inclusive, except as set forth below.

The settlement price of the first nearby contract month for will be used except on the last day of trading for the expiring ICE Brent Crude Oil Futures contract when the settlement price of the second nearby ICE Brent Crude Oil Futures contract will be used.

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.

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

1205102. TRADING SPECIFICATIONS

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

1205102.A. Trading Schedule

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

1205102.B. Trading Unit

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

1205102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel.

1205102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap futures and Brent Crude Oil Penultimate Financial futures. Each position in the contract will be deemed equivalent to 0.157 of a European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap futures contract and equivalent to a single position in the Brent Crude Oil Penultimate Financial futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 150 (European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap futures)/2,000 (Brent Crude Oil Penultimate Financial futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

3. the all-months accountability level shall be 1,500 (European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap futures)/20,000 (Brent Crude Oil Penultimate Financial futures) futures-equivalent contracts net long or net short in all months combined;
4. the any-one month accountability level shall be 1,500 (European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap futures)/20,000 (Brent Crude Oil Penultimate Financial

futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1205102.E. Termination of Trading

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

1205103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

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

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>Diminishing Balances Contracts</u>	<u>All Month Accountability Level</u>	<u>Any One Month Accountability Level</u>	<u>Expiration Month Limit</u>	<u>Reporting Level</u>	<u>Aggregate Into (1)</u>	<u>Aggregate Into (2)</u>
				<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>		
<i>Petroleum</i>									
<i>Europe</i>									
<i>Northwest Europe</i>									
<u>3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap Futures</u>	<u>1204</u>	<u>FCB</u>	*	<u>1,500/20,000</u>	<u>1,500/20,000</u>	<u>150/2,000</u>	<u>25</u>	<u>UV</u>	<u>BB</u>
<u>3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap Futures</u>	<u>1205</u>	<u>FOA</u>	*	<u>1,500/20,000</u>	<u>1,500/20,000</u>	<u>150/2,000</u>	<u>25</u>	<u>UI</u>	<u>BB</u>
<i>Petroleum</i>									
<i>Mediterranean</i>									
<i>Genoa/Lavera</i>									
<u>1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap Futures</u>	<u>1194</u>	<u>FOB</u>	*	<u>350</u>	<u>250</u>	<u>50</u>	<u>5</u>	<u>1W</u>	
<u>1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap Futures</u>	<u>1195</u>	<u>FOM</u>	*	<u>1,500</u>	<u>1,500</u>	<u>150</u>	<u>25</u>	<u>EFM</u>	

CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of four petroleum futures contracts for trading on the NYMEX trading floor and for clearing through CME ClearPort.

These new contracts are based on existing NYMEX futures contracts. The 1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap futures is based on the 1% Fuel Oil (Platts) Cargoes CIF MED Swap futures contract and the 1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap futures is based on the European 1% Fuel Oil (Platts) Cargoes FOB MED Swap futures contract.

The 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap futures is based on the 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread Swap futures contract. The 3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap futures is based on the 3.5% Fuel Oil (Platts) FOB MED Crack Spread Swap futures contract.

PRICE SOURCES

Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") is the price reporting service used for the final settlement for one leg of the 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap futures and one leg of the 3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap futures contracts. The 1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap futures and 1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap futures contracts also utilize Platts for the final settlement. Platts is one of the major pricing services used in the OTC market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing 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.

ICE: The Exchange does not have an information sharing agreement with the Intercontinental Exchange ("ICE"). The ICE Brent Crude Oil Futures contract is the source of the settlement price for one

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

leg of the 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap futures and one leg of the 3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap futures contracts. The ICE Brent Crude Oil Futures is regulated by the FSA. According to ICE, the average trading activity in the ICE Brent Futures contract represents more than 500,000 contracts traded per day. Based on our discussions with market participants, we believe that there are dozens of active participants in the ICE futures market and that their prices are determined competitively. Since the CFTC has reviewed the FSA regulatory structure and determined it to be comparable to that of the CFTC, the Exchange is assured in placing confidence in the disseminated settlement price for ICE Brent Crude Oil Futures contract.

BALANCE-OF-MONTH CONTRACTS

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

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

MARKET OVERVIEW

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

- I. European Fuel Oil Market
- II. Brent Crude Oil Market

I. European Fuel Oil Market

Description

Fuel oil², 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. The ARA market is the main supply center for European fuel oil market, which mainly includes Belgium, France, Germany, and The Netherlands.

Based on U.S. Energy Information Administration ("EIA") data, the average annual residual fuel oil production in Belgium, France, Germany and The Netherlands was 584 thousand barrels per day (equivalent to 17,520 thousand barrels per month for a 30-calendar day month) in 2009. During the 2007 to 2009 period, the total average annual production was more than 670 thousand barrels per day. Table 1 below presents the data collected by the EIA on annual residual fuel oil production in Belgium, France, Germany and The Netherlands.

Based on EIA data, the average annual residual fuel oil consumption in Belgium, France, Germany and The Netherlands was 631 thousand barrels per day (equivalent to 18,930 thousand barrels per month for a 30-calendar day month) in 2009. Over the annual period from 2007 to 2009, total annual consumption for the ARA region was over 690 thousand barrels per day. Table 1 below presents the data collected by EIA the annual residual fuel oil consumption in Belgium, France, Germany and The Netherlands.

Table 1 below provides annual imports and exports of residual fuel oil in Belgium, France, Germany and The Netherlands for the last three years available. In 2009, the total imports were 751 thousand barrels per day and the net imports were 160 thousand barrels per day. This represents a 12% increase compared to previous year's net imports levels which were at 143 thousand barrels per day.

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

Over the annual period from 2007 to 2009, total exports were at 597 thousand barrels per day while imports were at 725 thousand barrels per day for the ARA region.

The European fuel oil market in the Mediterranean region, also called "MED", encompasses the area of Italy, which is a major refining and consumption hub in Europe. Based on EIA data, the average annual residual fuel oil production in Italy was 266 thousand barrels per day (equivalent to 7,980 thousand barrels per month for a 30-calendar day month) in 2009. According to the EIA, during the 2007 to 2009 period, the total average annual production for residual fuel oil was 265,000 barrels per day of fuel oil supplied by refineries in Italy. This reflects that the MED market is a vibrant supply center for residual fuel oil. The MED market is a regional demand center for European fuel oil, which includes fuel oil, 1.0% fuel oil, and 3.5% fuel oil. Average annual residual fuel oil consumption was 237 thousand barrels per day (equivalent to 7,110 thousand barrels per month for a 30-calendar day month in 2009). During the 2007 to 2009 period, the total average annual demand for fuel oil in the MED area was more than 235,000 barrels per day.

According to the EIA, during the 2007 to 2009 period, the average annual fuel oil imports in the MED region were approximately 39,000 barrels per day while exports were at 67,000 barrels per day.

Table 1. Selected Statistics for Fuel Oil: Europe³

(Thousand Barrels per Day)

Item and Region	2007	2008	2009	Average 2007-2009
Consumption, Fuel Oil				
Belgium	188	188	149	175
France	113	104	98	105
Germany	163	159	149	157
Netherlands	269	257	235	254
Total Consumption	733	708	631	691

³ EIA Consumption Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=2&cid=r3,&syid=2007&eyid=2009&unit=TBD>

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

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

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

Item and Region	2007	2008	2009	Average 2007-2009
Production, Fuel Oil				
Belgium	131	120	94	115
France	202	201	168	190
Germany	242	212	172	209
Netherlands	168	152	150	157
Total Production	743	685	584	671
Imports, Fuel Oil				
Belgium	124	135	101	120
France	97	108	121	109
Germany	46	54	54	51
Netherlands	435	426	475	445
Total Imports	702	723	751	725
Exports, Fuel Oil				
Belgium	73	76	53	67
France	135	130	101	122
Germany	95	78	58	77
Netherlands	318	296	379	331
Total Exports	621	580	591	597

Item and Region	2007	2008	2009	Average 2007- 2009
Consumption, Fuel Oil				
Italy	257	246	209	237
Production, Fuel Oil				
Italy	307	259	233	266
Imports, Fuel Oil				
Italy	41	42	34	39
Exports, Fuel Oil				
Italy	87	59	56	67

The EIA data currently provides data through to calendar year 2009. JODI, the Joint Organisations Data Initiative, publishes data for residual fuel oil through to calendar year 2011. Selected

JODI data for residual fuel oil is shown below in Tables 2 and 3 on annual residual fuel oil production in Belgium, France, Germany and The Netherlands.

Based on the JODI data, the average annual residual fuel oil production in Belgium, France, Germany and The Netherlands was 554 thousand barrels per day (equivalent to 16,620 thousand barrels per month for a 30-calendar day month) in 2011. During the 2009 to 2011 period, the total average annual production was more than 565 thousand barrels per day.

Based on JODI data, the average annual residual fuel oil consumption in Belgium, France, Germany and The Netherlands was 611 thousand barrels per day (equivalent to 18,330 thousand barrels per month for a 30-calendar day month) in 2011. Over the annual period from 2009 to 2011, total annual consumption for the ARA region was over 615 thousand barrels per day.

Table 2 below provides annual imports and exports of residual fuel oil in Belgium, France, Germany and The Netherlands for the time period of 2009 - 2011. In 2011, the total imports were 884 thousand barrels per day and the net imports were 179 thousand barrels per day. This represents a 58% increase compared to previous year's net imports levels which were at 113 thousand barrels per day. Over the annual period from 2009 to 2011, total exports were at 656 thousand barrels per day while imports were at 807 thousand barrels per day for the ARA region.

According to the JODI data in Table 3 below, for the three-year period of 2009-2011, average annual consumption of residual fuel oil for Italy was approximately 156,000 barrels per day. Further, for the same period, the average annual production of residual fuel oil was 198,000 barrels per day. Total average annual exports for residual fuel oil during the three-year period of 2009-2011 was at 55,000 barrels per day while total average annual imports of motor gasoline for the same period, was approximately 22,000 barrels per day.

Table 2. Selected Statistics for Fuel Oil: Europe⁴

Item and Region	2009	2010	2011	Average 2009-2011
Consumption, Fuel Oil				
Belgium	141	127	136	135
France	99	92	85	92
Germany	164	157	149	157
Netherlands	236	224	240	234
Total Consumption	641	601	611	618
Production, Fuel Oil				
Belgium	94	96	105	99
France	168	163	159	163
Germany	173	140	137	150
Netherlands	150	173	152	159
Total Production	585	573	554	570
Imports, Fuel Oil				
Belgium	101	84	97	94
France	121	123	131	125
Germany	54	47	49	50
Netherlands	475	531	607	538
Total Imports	750	786	884	807
Exports, Fuel Oil				
Belgium	53	53	69	58
France	101	112	114	109
Germany	58	31	36	42
Netherlands	378	477	486	447
Total Exports	591	673	705	656

⁴ JODI Consumption, Production, Import, and Export Data,
http://www.jodidb.org/wds/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

Table 3. Selected Statistics for Fuel Oil: Europe⁵

Item and Region	2009	2010	2011	Average 2009-2011
Consumption, Fuel Oil				
Italy	204	139	125	156
Production, Fuel Oil				
Italy	233	198	163	198
Imports, Fuel Oil				
Italy	34	17	16	22
Exports, Fuel Oil				
Italy	56	61	50	55

Market Activity

According to industry sources, the estimated trading volume of fuel oil in the ARA and MED cash market is approximately equivalent to 150,000 to 200,000 barrels per day. The typical transaction size is approximately 25,000 barrels. The volume of spot transactions is typically more than half of all cash transactions. There is also increased 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 adequate liquidity in the cash market.

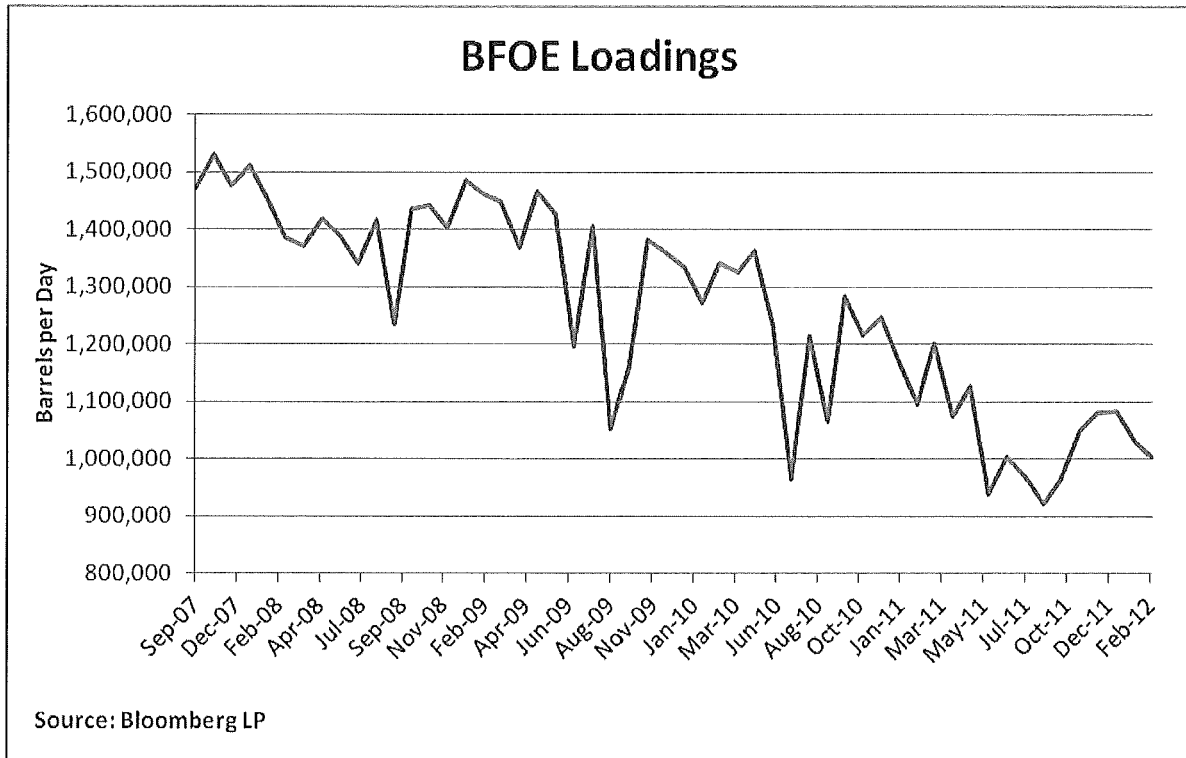
⁵ JODI Consumption, Production, Import, and Export Data,
http://www.jodidb.org/wds/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

II. Brent Crude Oil Market

Production

The Brent market is comprised of four North Sea crude oil grades: Brent, Forties, Oseberg, and Ekofisk ("BFOE" or "Brent"). The standard cargo size in the BFOE market is 600,000 barrels. These four North Sea grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the 21-Day BFOE cash market. Bloomberg LP ("Bloomberg") provides details of the loading programs for the four grades that amalgamate the Brent market. According to data published by Bloomberg⁶, daily crude oil production for these four grades has been declining over the past few years, as shown in Chart 1.

Chart 1: Monthly combined loadings of Brent, Forties, Oseberg, Ekofisk crude grades



⁶ See various news reports at www.bloomberg.com, for example <http://www.bloomberg.com/news/2011-08-10/north-sea-ekofisk-crude-oil-loadings-at-14-cargoes-in-september.html>, although consolidated loading data requires a subscription to access.

According to Bloomberg, for the twelve months ending February 2012, planned production for the four BFOE fields combined averaged 1.02 million barrels per day.

The four BFOE fields lie in the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk and Oseberg are in the Norwegian sector. The EIA publishes data for crude oil production at a country level. The country levels below encompass more than the four BFOE fields. However, they are indicative of the amount of oil production from the region that is traded with reference to the Dated Brent price benchmark. Production data is shown below in Table 4.

Table 4: Crude Oil Production (Barrels per Day)

	2006	2007	2008	2009	2010
Norway	2,786.4	2,564.8	2,463.5	2,350.2	2,133.5
UK	84.6	80.6	80.7	79.4	74.4
UK (Offshore)	1,602.1	1,601.8	1,502.9	1,422.1	1,318.7

Source: Energy Information Administration⁷

Prices

Year	Month	ICE Brent Crude Oil Futures (US Dollars and Cents per Barrel)
2009	Jan	45.71
	Feb	43.87
	Mar	47.42
	Apr	51.39
	May	58.59
	Jun	69.27
	Jul	65.75
	Aug	73.06
	Sep	68.15
	Oct	73.93
	Nov	77.58
	Dec	75.21
2010	Jan	77.01
	Feb	74.79
	Mar	79.93
	Apr	85.75
	May	77.00
	Jun	75.66
	Jul	75.36

⁷ See: <http://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=5&pid=53&aid=1>

	Aug	77.12
	Sep	78.42
	Oct	83.54
	Nov	86.16
	Dec	92.25
2011	Jan	96.91
	Feb	104.03
	Mar	114.67
	Apr	123.09
	May	114.52
	Jun	113.90
	Jul	116.75
	Aug	109.93
	Sep	109.91
	Oct	108.79
	Nov	110.49
	Dec	107.72
2012	Jan	111.45
	Feb	119.06

Market Participants

Brent crude oil has active over-the-counter (“OTC”) physical and paper markets. The liquidity in the cash and OTC swaps market is robust. The OTC market participation is deep and diverse, and includes both cash market and OTC market players. The Brent cash and OTC market participants include many commercial companies, refiners, end users, brokers and financial institutions with over 50 participants.

ANALYSIS OF DELIVERABLE SUPPLY

The spot month position limits for the four new petroleum contracts will be aggregated with the existing position limits for their respective underlying counterparts listed on the Exchange.

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

With regard to the European Fuel Oil market, in its analysis of deliverable supply, the Exchange concentrated on data for ARA and MED refinery production for residual fuel oil. The spot month position limits for the four new fuel oil contracts will aggregate into their counterparts listed on the Exchange.

For the 1% Fuel Oil (Platts) Cargoes CIF MED BALMO Swap futures, the Exchange has set the position limits at 50 contracts, which will aggregate into the underlying contract (contract size of 1,000 metric tons), which is equivalent to 50,000 metric tons, or 317,000 barrels. Based on the refinery production data provided by the JODI (Table 3 above), the total residual fuel production in the MED market was approximately 198,000 barrels per day, which is equivalent to 31,000 metric tons per day, or 935,000 metric tons per month. This is equal to 935 contract equivalents for the underlying contract size of 1,000 metric tons. Thus, the existing spot month position limits of 50 contract units for the underlying European Fuel Oil contracts of 1,000 metric ton size is approximately 5% of the 935 contract equivalents of monthly supply.

For the 1% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap futures, the Exchange has set the position limits at 150 contracts, which will aggregate into the underlying contract (contract size of 1,000 metric tons, which is equivalent to 950,000 barrels. Based on the refinery production data provided by the JODI (Table 3 above), the total residual fuel production in the MED market was approximately 198,000 barrels per day, which is equivalent to 31,000 metric tons per day, or 935,000 metric tons per month. This is equal to 935 contract equivalents for the underlying contract size of 1,000 metric tons. Thus, the existing spot month position limits of 150 contract units for the underlying European Fuel Oil contracts of 1,000 metric ton size is approximately 16% of the 935 contract equivalents of monthly supply.

For the 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap futures, the Exchange has set the position limits at 150 contracts for the fuel oil leg of the spread, which will aggregate into the underlying contract (contract size of 1,000 metric tons), which is equivalent to 950,000 barrels. Based on the refinery production data provided by the JODI (Table 2 above), the total residual fuel production in the ARA market was approximately 570,000 barrels per day, which is equivalent to 89,000 metric tons per day, or 2.6 million metric tons per month. This is equal to 2,600 contract equivalents for the underlying contract size of 1,000 metric tons. Thus, the existing spot month position limits of 150 contract units for the underlying European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures contract of 1,000 metric ton size is approximately 6% of the 2,600 contract equivalents of monthly supply.

Further, for the 3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap Futures, the Exchange has set the position limits at 150 contracts for the fuel oil leg of the spread, which aggregate into the underlying contract (contract size is 1,000 metric tons), which is equivalent to 950,000 barrels. Based on the refinery production data provided by the JODI (Table 2 above), the total residual fuel production in the MED market was approximately 198,000 barrels per day, which is equivalent to 31,000 metric tons per day, or 935,000 metric tons per month. This is equal to 935 contract equivalents for the underlying contract size of 1,000 metric tons. Thus, the existing spot month position limits of 150 contract units for the underlying European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap Futures contract of 1,000 metric ton size is approximately 16% of the 935 contract equivalents of monthly supply.

With regard to the Brent Crude Oil market, in its analysis of deliverable supply, the Exchange concentrated on production data for Brent-related (BFOE) crude oil. To be conservative, the Exchange has set the position limits at 2,000 contracts for the crude oil leg of the spread in the 3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread BALMO Swap futures and 3.5% Fuel Oil (Platts) FOB MED Crack Spread BALMO Swap futures contract, with aggregation into the Exchange's existing underlying Brent Crude Oil Penultimate Financial futures contract. The production of Brent crude oil is approximately 1.02 million barrels per day, which is equivalent to 30 million barrels per month or 30,000 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limits of 2,000 contract units, which is equivalent to one million barrels, is less than 7% of the 30,000 contract equivalents of monthly supply.