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

OFFICE OF THE
SECRETARIAT

March 8, 2012

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 Mini European Naphtha (Platts) BALMO Swap Futures Contract on CME ClearPort® and the NYMEX Trading Floor NYMEX Submission 12-071

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 a Mini European Naphtha (Platts) BALMO Swap futures contract 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
Mini European Naphtha (Platts) BALMO Swap Futures	MEN	1196	One month and the following month listed 10 business days prior to the start of the contract month.	Mar-12	100 metric tons	Minimum price tick = \$0.001 Final settlement tick = \$0.001 Value per tick = \$0.10	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 Fees:

	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			Additional Fees and Surcharges		
	Member	Non-Member	EFS Surcharge	n/a	
Cash Settlement	\$0.10	\$0.10	Block Surcharge	n/a	
Futures from E/A	n/a	n/a	Facilitation Desk Fee	\$0.20	

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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).

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

NYMEX business staff responsible for the new product 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 product may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in this contract 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 product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- Contracts not Readily Subject to Manipulation: The new contract is not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the final settlement index as assessed and published by Platts (methodology provided in the attached Cash Market Overview).
- Compliance with Rules: Trading in this contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this contract will also be subject to the full 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 product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- Position Limitations or Accountability: The spot month position limit for the new product is set at a conservative level that is less than 5% of the monthly deliverable supply in the underlying market. Each contract will be aggregated with positions held in the underlying European Nathptha (Platts) Calendar Swap futures.
- Availability of General Information: The Exchange will publish information on the contract’s specifications 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.

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- Execution of Transactions: The new contract is 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.
- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.
- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in this contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.
- Dispute Resolution: Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. 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 contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. A description of the cash market for this new product 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 Chapter
Appendix B: Chapter 5 Table
Appendix C: Cash Market Overview and Analysis of Deliverable Supply

Chapter 1196

Mini European Naphtha (Platts) BALMO Swap Futures

1196100. 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.

1196101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low price quotations from the Platts European Marketscan for Northwest Europe Naphtha Physical under the heading "Cargoes CIF NWE Basis ARA" starting from the selected start date through the end of the contract month, inclusive.

1196102. TRADING SPECIFICATIONS

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

1196102.A. Trading Schedule

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

1196102.B. Trading Unit

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

1196102.C. Price Increments

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

1196102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in European Naphtha (Platts) Calendar Swap futures. Each position in the contract will be deemed equivalent to 0.10 of a European Naphtha (Platts) Calendar 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 Naphtha (Platts) Calendar 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 Naphtha (Platts) Calendar Swap futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 1,500 European Naphtha (Platts) Calendar Swap 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.

1196102.E. Termination of Trading

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

1196103. 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.

1196104. DISCLAIMER

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

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

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>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>Mini European Naphtha (Platts) BALMO Swap Futures</u>	<u>1196</u>	<u>MEN</u>	*	<u>1,500</u>	<u>1,500</u>	<u>150</u>	<u>25</u>	<u>UN</u>

CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of a Mini European Naphtha (Platts) BALMO Swap futures contract for trading on the NYMEX trading floor and for clearing through CME ClearPort. The new contract is a mini version of, and is based on, the Exchange's existing European Naphtha (Platts) BALMO 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 the Mini European Naphtha (Platts) BALMO Swap futures contract. 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.

BALANCE-OF-MONTH CONTRACTS

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

BALMO swap futures are used by market participants in the over-the-counter ("OTC") market for pricing transactions in periods that are less than a full calendar month. BALMO swap futures contracts are cash settled, and are settled similarly to the settlement of a calendar month swap futures using a specified index price, such as the Platts 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-

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

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.

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

EUROPEAN NAPHTHA MARKET OVERVIEW

Description

Naphtha² is a refined product that is used as a gasoline blending component and is a part of the gasoline pool. It is also utilized as a solvent and petrochemical feedstock. Further, naphtha is categorized as "gasoline" in the EIA's European petroleum statistics. Naphtha and gasoline represent a large physical market. The Amsterdam-Rotterdam-Antwerp ("ARA") region is the major European import hub for naphtha and gasoline. The ARA is the largest gasoline market in Europe, with demand of over one million barrels per day.

Consumption, Production, Imports and Exports

The gasoline market in Northwest Europe, specifically the ARA region represents the largest hub in Europe for petroleum products, with extensive storage and refining capacity. The ARA market is a vibrant import and supply center for gasoline, with more than one million barrels per day of gasoline supplied by refineries in Belgium, the Netherlands, Germany, and France.

The U.S. Energy Information Administration ("EIA") provides motor gasoline production data for the ARA market in Table 1 below.

Table 1: Selected EIA Statistics for Naphtha

(Thousands of barrels per day)

Item and Region	2007	2008	2009	Average 2007-2009
Production, Motor Gasoline³				
Belgium	117	94	89	100
France	389	387	366	381

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

³ <http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=1&cid=regions&syid=2006&eyid=2010&unit=TBPD>

Item and Region	2007	2008	2009	Average 2007-2009
Germany	610	587	565	587
Netherlands	162	163	164	163
NorthWest Europe ⁴	1,083	1,037	1,001	1,041
Imports, Motor Gasoline⁵				
Belgium	22	19	6	15
France	12	17	14	14
Germany	41	37	34	38
Netherlands	172	226	236	212
NorthWest Europe	241	291	284	272
Exports, Motor Gasoline⁶				
Belgium	107	86	74	89
France	147	183	148	159
Germany	126	133	126	128
Netherlands	298	358	377	344
NorthWest Europe	604	668	651	641
Consumption, Motor Gasoline⁷				
Belgium	32	34	26	31
France	225	206	199	210
Germany	493	480	473	482
Netherlands	97	100	99	99
NorthWest Europe	735	716	698	716

As a hub market, total supply can be considered to be the combination of production and imports. Supply for North West Europe is considered to be summation of data for Belgium, the Netherlands, France and Germany. Data for France is halved to reflect that some French activity should be considered

⁴ NorthWest Europe is calculated as the sum of data for Belgium, Netherlands and Germany, plus half the value of France

⁵<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=3&cid=regions&syid=2005&eyid=2009&unit=TBDP>

⁶<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=4&cid=regions&syid=2005&eyid=2009&unit=TBDP>

⁷<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=2&cid=regions&syid=2006&eyid=2010&unit=TBDP>

as Mediterranean supply. Table 1 above shows that total supply of motor gasoline in NorthWest Europe is over 1.3 million barrels per day on average for the years 2007-2009 inclusive.

The EIA data is only currently available through to calendar year 2009. Eurostat⁸, the European Union's statistical office, publishes data for naphtha (NB referred to as 'naphta' in their statistics) through to calendar year 2010. Selected Eurostat data for naphtha is shown in Table 2.

Table 2: Selected Eurostat Statistics for Naphtha⁹

(thousands of metric tons per annum)

Item and Region	2007	2008	2009	2010	Average 2008-2010
Transformation output from Refineries					
Belgium	1,607	1,809	1,178	1,401	1,463
Germany	8,207	8,634	7,967	8,018	8,206
France	5,033	5,408	4,586	5,042	5,012
Netherlands	8,457	9,052	9,570	7,539	8,720
NorthWest Europe ¹⁰	20,788	22,199	21,008	19,479	20,895
Imports					
Belgium	2,057	3,103	3,228	3,026	3,119
Germany	7,236	6,251	5,964	6,876	6,364
France	4,447	2,911	1,973	1,941	2,275
Netherlands	13,704	12,283	13,057	15,743	13,694
NorthWest Europe	25,221	23,093	23,236	26,616	24,315
Exports					
Belgium	161	251	218	115	195
Germany	1,417	1,304	731	316	784
France	2,174	3,330	2,507	2,053	2,630
Netherlands	11,655	11,413	11,256	12,519	11,729
NorthWest Europe	14,320	14,633	13,459	13,977	14,023

⁸ See <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

⁹ See <http://epp.eurostat.ec.europa.eu/portal/page/portal/energy/data/database>, database nrg_102a, "Supply, transformation, consumption - oil - annual data" under Energy Statistics – quantities / Energy Statistics - supply, transformation, consumption

¹⁰ NorthWest Europe is calculated as the sum of data for Belgium, Netherlands and Germany, plus half the value of France

Item and Region	2007	2008	2009	2010	Average 2008-2010
Energy Available for Final Consumption					
Belgium	3,618	4,490	3,968	4,340	4,266
Germany	16,719	15,648	14,990	16,512	15,717
France	6,287	4,004	3,312	4,064	3,793
Netherlands	7,393	7,098	6,182	7,453	6,911
NorthWest Europe	30,874	29,238	26,796	30,337	28,790

The Eurostat data show that total supply for naphtha, again defined as the combination of refinery output and imports was approximately 45.2 million metric tons per annum. Naphtha has a conversion ratio of 8.9 barrels per metric ton, and therefore this average supply number equates to 1.1 million barrels per day.

Market Activity

The Northwest European gasoline/naphtha market is priced in units of dollars per metric ton. The conversion factor for naphtha is 8.9 barrels per metric ton. According to industry sources, the estimated trading volume of naphtha (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 is typically more than half of all cash transactions. There is active trading in forward cash deals and in the OTC swaps market. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent), which reflects robust liquidity in the cash market.

ANALYSIS OF DELIVERABLE SUPPLY

The spot month position limits for the new Mini European Naphtha (Platts) BALMO Swap futures will aggregate into the underlying European Naphtha (Platts) Calendar Swap futures contract, which is listed on the Exchange.

Please note that, at this time, with regard to European Naphtha 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.

Supply of naphtha is considered to be the combination of refinery production and imports. Supply for North West Europe is considered to be summation of data for Belgium, the Netherlands, France and Germany. Data for France is halved to reflect that some French activity should be considered as Mediterranean supply. For spot month positions, the Exchange will aggregate the spot month limit with the underlying futures contract's position limit of 150 contracts (underlying contract size: 1,000 metric tons). In Table 1 above, the EIA data showed average supply – defined as production plus imports – to be 1.3 million barrels per day, which is the equivalent of 4.49 million metric tons per month or 4,490 underlying contract equivalents per month. The spot month position limit of 150 contract units for the underlying European Naphtha (Platts) Calendar Swap futures contract represents approximately 3.3% of the monthly supply on this basis. In Table 2 above, the Eurostat data showed average supply in North West Europe was approximately 45.2 million metric tons per annum, which is equivalent to 3.77 million metric tons per month or 3,770 underlying contract equivalents per month. The existing spot month position limits of 150 contract units for the underlying European Naphtha (Platts) Calendar Swap futures contract is approximately 4.0% of the monthly supply on this basis.