



April 8, 2011

VIA E-MAIL

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

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CFTC

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OFFICE OF THE
SECRETARIAT

Re: Rule Certification. New York Mercantile Exchange, Inc. Submission #11-145: Notification Regarding the Listing of European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option Contract for Open Outcry Trading and for Clearing through CME ClearPort®

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 new European 1% Fuel Oil (Platts) Barges FOB Rdam average price option, for open outcry trading and for submission for clearing through CME ClearPort® beginning at 6:00 p.m. on Sunday, April 17, 2011 for trade date Monday, April 18, 2011.

The proposed option contract will take financial settlement against the underlying European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures (Code UH) contract. The following will be the option contract terms:

- **Contract Name:** European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option
- **Commodity Code:** EFB
- **Rule Chapter:** 782
- **Option Type:** Financially settled, Average Price – non-early exercisable option
- **Underlying Futures:** European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures(UH)
- **Contract Unit:** 1,000 metric tons
- **Expiration Date:** Trading shall cease on the last business day of the underlying calendar month.
- **Minimum Price Fluctuation:** \$0.01 per metric ton
- **Strike Price Intervals:** \$0.50 per metric ton
- **First Listed Month:** April 2011
- **Trading Month:** 36 consecutive months
- **Trading Hours:** Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 p.m. – 1:30 p.m. Chicago Time/CT).
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).

• **Fee Schedule:**

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$3.20	\$6.00	\$9.00	\$9.00	
Globex	NA	NA	NA	NA	NA
ClearPort		\$6.00		\$9.00	

Processing Fees		
	Member	Non-Member
Cash Settlement	\$6.00	\$9.00
Futures from E/A	NA	NA
	House Acct	Cust Acct
Options E/A Notice	NA	NA
Delivery Notice	NA	NA

Additional Fees and Surcharges	
EFS Surcharge	NA
Block Surcharge	NA
Facilitation Desk Fee	\$0.20

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 contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. This submission will be made effective on trade date April 18, 2011.

Should you have any questions concerning the above, please contact Robert Biolsi at (212) 299-2610 or the undersigned at (212) 299-2207.

Sincerely,

/s/Felix Khalatnikov
Dir & Assoc General Counsel

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

Chapter 782

European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option

782.01 EXPIRATION

A European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option listed on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

782.02 TRADING UNIT

A European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price call option traded on the Exchange represents the differential between the final settlement price of the underlying European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures contract less the strike price, or zero whichever is greater, multiplied by 1,000 metric tons. A European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price put option represents the differential between the strike price and the final settlement price of the underlying European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures contract, or zero, whichever is greater, multiplied by 1,000 metric tons.

782.03 TRADING MONTHS

Trading in European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange.

782.04 STRIKE PRICES

Trading shall be conducted for options with strike prices in increments as set forth below.

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the five fifty-cent increment strike prices which are five increments higher than the strike price described in (i) of this Rule 782.04(A) and (iii) the five fifty-cent increment strike prices which are five increments lower than the strike price described in (i) of this Rule 782.04(A).

(B) Thereafter, on any business day prior to the expiration of the option (i) new consecutive fifty cent increment strike prices for both puts and calls will be added such that at all times there will be at least five fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option contract in which no new strike prices may be introduced.

782.05 PRICES

Prices shall be quoted in dollars and cents per metric ton and prices shall be in multiples of one (1) cent per metric ton. A cabinet trade may occur at a price of \$.001 per metric ton, or \$1.00.

782.06 ABSENCE OF PRICE FLUCTUATION LIMITATIONS

Trading in European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option contracts shall not be subject to price fluctuation limitations.

CASH MARKET OVERVIEW

Index Provider

Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") is the price reporting service used for the final settlement of nine new petroleum futures contracts. Platts is one of the major pricing services used in the over-the-counter (OTC) market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing methodology¹ is derived from telephone surveys and electronic data collected from multiple market participants to determine market value. Platts has a long-standing reputation in the industry for price benchmarks that are fair and not manipulated. CME Group is a party to license agreements with Platts to utilize their pricing data.

Fuel Oil

Fuel oil, 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. 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 The Netherlands, Germany and Northern France.

Production

Based on U.S. Energy Information Administration ("EIA") data, the average annual residual fuel oil production in France, Germany and Netherland was 490 thousand barrels per day (equivalent to 14,700 thousand barrels per month for a 30-calendar day month) in 2009. Table I below presents the data collected by EIA the annual residual fuel oil production in the France, Germany and Netherland.

Table I: Production, Residual Fuel Oil (thousand barrels per day)

Production, Residual Fuel Oil² (thousand barrels per day)	2007	2008	2009	Average
France	202	201	168	190
Germany	242	212	172	209
Netherlands	168	152	150	157
Total Production	612	565	490	556

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

² EIA Production Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/ledindex3.cfm?tid=5&pid=66&aid=1&cid=FR,GM,NL,&syid=2007&eyid=2009&unit=TBD>

Consumption

Based on EIA data, the average annual residual fuel oil consumption in France, Germany and Netherland was 483 thousand barrels per day (equivalent to 14,490 thousand barrels per month for a 30-calendar day month) in 2009. Table II below presents the data collected by EIA the annual residual fuel oil consumption in the France, Germany and Netherland.

Table II: Consumption, Residual Fuel Oil (thousand barrels per day)

Consumption, Residual Fuel Oil³ (thousand barrels per day)	2007	2008	2009	Average
France	113	104	98	105
Germany	163	159	149	157
Netherlands	269	257	236	254
Total Consumption	546	521	483	517

Imports and Exports

Table III below provides annual imports and exports of residual fuel oil of France, Germany and Netherlands for the last three years available. In 2009, the total imports were 649 thousand barrels per day and the net imports were 111 thousand barrels per day. This represents a 33% increase compared to previous year's net imports levels which were at 84 thousand barrels per day.

Table III: Imports and Exports, Residual Fuel Oil (thousand barrels per day)

Imports, Residual Fuel Oil⁴ (thousand barrels per day)	2007	2008	2009	Average
France	97	108	121	109
Germany	46	54	54	51
Netherlands	435	426	475	445
Total Imports	578	588	649	605
Exports, Residual Fuel Oil⁵ (thousand barrels per day)				
France	135	130	101	122
Germany	95	78	58	77
Netherlands	318	296	379	331
Total Exports	548	504	538	530

³ EIA Consumption Data,

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

⁴ EIA Imports Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=3&cid=FR,GM,NL,&syid=2007&eyid=2009&unit=TBPD>

⁵ EIA Exports Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=4&cid=FR,GM,NL,&syid=2007&eyid=2009&unit=TBPD>

Prices

The underlying futures contract of the option is European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures. Over the annual period of January 2008 to December 2010, the front month futures final settlement prices varied from a high of \$758.63 in July 2008 to a low of 216.38 in December 2008.

Year	Month	European 1% Fuel Oil (Platts) Cargoes FOB NWE Calendar Swap Futures	Year	Month	European 1% Fuel Oil (Platts) Cargoes FOB NWE Calendar Swap Futures
2008	Jan	495.98	2010	Jan	NA
	Feb	485.27		Feb	447.64
	Mar	514.26		Mar	469.03
	Apr	564.73		Apr	490.88
	May	598.53		May	447.56
	Jun	672.44		Jun	442.86
	Jul	758.63		Jul	456.17
	Aug	675.59		Aug	463.99
	Sep	558.44		Sep	449.44
	Oct	436.13		Oct	472.2
	Nov	295.43		Nov	481.15
	Dec	216.38		Dec	489.83
2009	Jan	232.11			
	Feb	229.9			
	Mar	233.28			
	Apr	280.06			
	May	321.59			
	Jun	381.02			
	Jul	382.24			
	Aug	433.8			
	Sep	412.9			
	Oct	437.43			
	Nov	471.56			
	Dec	441.73			

Market Participants

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

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

ANALYSIS OF DELIVERABLE SUPPLY

The estimation of deliverable supply is a function of the production and net receipts. Using data supplied from EIA, Table I is used to estimate the supply of fuel oil. Based on 2009 annual average, residual fuel oil production was approximately 490,000 barrels per day (or 14,700,000 thousand barrels per month) in France, Germany and Netherlands in 2009. In Table III, net imports of residual fuel oil in 2009 were approximately 111,000 barrels per day (or 3,330,000 barrels per month).

Using the factor of 6.35 barrels per metric ton, the monthly average deliverable supply of residual fuel oil is hence 2,839,370 metric tons. For the contract size of 1,000 metric tons, the deliverable supply is equal to 2,839 contract equivalent. The underlying futures contract of the proposed option and its current spot month position limit is as following:

- European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures: 150 contracts

The Exchange proposes the spot month position limits to be the same as, and aggregate into, the underlying futures contract. The proposed spot month position limits for the European 1% Fuel Oil (Platts) Barges Rdam Average Price Option represents approximately 5% of the average monthly deliverable supply.