Sean M. Downey
Director and Assistant General Counsel
Legal Department

May 17, 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 Two Singapore Jet Fuel Crack Spread Swap Futures Contracts for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort
NYMEX Submission 12-129

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 two (2) new financially settled refined futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning on Sunday, May 20, 2012, for trade date Monday, May 21, 2012.

CONTRACT SPECIFICATIONS

Contract	Code	Chapter
Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures	KSD	1223
Singapore Jet Kerosene (Platts) vs. DME Oman Crude Oil Swap Futures	DRK	1224

- **First Listed Month:** June 2012
- **Listing Period:** 12 consecutive calendar months
- **Contract Size:** 1,000 Barrels
- **Termination of Trading:** Trading shall cease on the last business day of the contract month.
- **Minimum Price Tick:** $0.001 (0.1¢) per barrel
- **Value per Tick:** $1 per barrel
- **Final Settlement Price:** Settlement tick = $0.001 (0.1¢) per barrel
- **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 will allow the exchange for related position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions in these futures contracts will be governed by the provisions of Exchange Rule 538.

- **Fee Schedule:**

Exchange 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			
	Member	Non-Member	
Cash Settlement	$0.10	$0.10	*only applies to financially settled contracts*
Futures from E/A	n/a	n/a	*applies to futures contracts*
	House Acct	Cust Acct	
Options E/A Notice	n/a	n/a	*applies to physical options*
Delivery Notice	n/a	n/a	*applies to physical futures*

Additional Fees and Surcharges		
EFS Surcharge	$0.00	*$2.50 fee typically only charged on our core physical contracts*
Block Surcharge	$0.00	*$0.10 fee charged on block trades*
Facilitation Desk Fee	$0.20	*fee applies to CPC trades entered by ClearPort Market Ops*

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new 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 limits, reportable levels, diminishing balances and aggregation allocations 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 (the "Act" or "CEA"). 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 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 index as assessed by Platts (methodology provided in the attached Cash Market Overview).

- 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 range 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 each of the new Singapore Jet Kerosene crack spread contracts are set at conservative levels that are less than the 25% threshold of the monthly deliverable supply in each of the respective underlying markets. Additionally, positions in each of the legs of these new spread contracts aggregate into those of their respective, Exchange listed, outright contracts.

- 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 CME Clearing House 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.

- 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 rules. 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. The rules in Chapter 6 allow all non-members 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 the rules in 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(a), 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 at Sean.Downey@cmegroup.com.

Sincerely,

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

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

Chapter 1223
Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures

1223100. 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.

1223101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore Cargoes of Jet Kerosene minus the arithmetic average of the mid-point between the high and low quotations from Platts Crude Oil Marketwire for the Dubai front month price for each business day during the contract month.

1223102. TRADING SPECIFICATIONS

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

1223102.A. Trading Schedule

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

1223102.B. Trading Unit

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

1223102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.001 (0.1¢) per barrel.

1223102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Singapore Jet Kerosene (Platts) Swap futures and Dubai Crude Oil (Platts) Calendar Swap futures. Each position in the contract will be calculated as a single position in the Singapore Jet Kerosene (Platts) Swap futures contract and a single position in the Dubai Crude Oil (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 500 (Singapore Jet Kerosene (Platts) Swap futures)/1,000 (Dubai Crude Oil (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 (Singapore Jet Kerosene (Platts) Swap futures)/10,000 (Dubai Crude Oil (Platts) Calendar Swap futures) contracts net long or net short in all months combined;
2 the any-one month accountability level shall be 1,500 (Singapore Jet Kerosene (Platts) Swap futures)/10,000 (Dubai Crude Oil (Platts) Calendar Swap futures) 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.

1223102.E. Termination of Trading

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

1223103. 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.

1223104. 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.

NYMEX, ITS AFFILIATES OR PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PLATTS PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PLATTS PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX, ITS AFFILIATES AND PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PLATTS PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PLATTS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

“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.

Chapter 1224
Singapore Jet Kerosene (Platts) vs. DME Oman Crude Oil Swap Futures

1224100. 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.

1224101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore Cargoes of Jet Kerosene minus the DME Oman Crude Oil Futures 1st nearby contract settlement price as of 16:30 (Singapore time) for each business day during the contract month.

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.

1224102. TRADING SPECIFICATIONS

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

1224102.A. Trading Schedule

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

1224102.B. Trading Unit

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

1224102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.001 (0.1¢) per metric ton.

1224102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Singapore Jet Kerosene (Platts) Swap futures and DME Oman Crude Oil Swap futures. Each position in the contract will be calculated as a single position in the Singapore Jet Kerosene (Platts) Swap futures contract and a single position in the DME Oman Crude Oil 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 500 (Singapore Jet Kerosene (Platts) Swap futures)/4,000 (DME Oman Crude Oil 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 (Singapore Jet Kerosene (Platts) Swap futures)/20,000 (DME Oman Crude Oil Swap futures) contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 1,500 (Singapore Jet Kerosene (Platts) Swap futures)/20,000 (DME Oman Crude Oil Swap futures) 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

1224102.E. Termination of Trading

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

1224103. 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.

1224104. 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.

NYMEX, ITS AFFILIATES OR PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PLATTS PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PLATTS PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX, ITS AFFILIATES AND PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PLATTS PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PLATTS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

“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.

APPENDIX B

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

Contract Name	**Rule Chap-ter**	**Com-modity Code**	**Diminish-ing Balance Contracts**	**All Month Account-ability Level**	**Any One Month Account-ability Level**	**Expira-tion Month Limit**	**Report-ing Level**	**Aggre-gate Into (1)**	**Aggre-gate Into (2)**
				Rule 560	**Rule 560**	**Rule 559**	**Rule 561**		
Petroleum									
Asia/Pacific									
Singapore									
Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures	**1223**	**KSD**	*****	**1,500/ 10,000**	**1,500/ 10,000**	**500/ 1,000**	**25**	**KS**	**DC**
Singapore Jet Kerosene (Platts) vs. DME Oman Crude Oil Swap Futures	**1224**	**DRK**	*****	**1,500/ 20,000**	**1,500/ 20,000**	**500/ 4,000**	**25**	**KS**	**DOO**

CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of two Singapore jet fuel crack spread swap futures, for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort.

a) Background to the new contracts

Crack spreads allow market participants to lock in the profitability of refining crude oil into petroleum products. The Exchange currently lists several Asian refined product crack spreads for trading on its New York trading floor and for submission for clearing through CME ClearPort, including Japan naphtha, Singapore gasoline and Singapore fuel oil crack spreads.

These two new Singapore jet fuel crack spread products will help to round out the Asian petroleum products complex by enabling market participants to lock in the profitability of refining crude oil from the Middle East (Dubai and Oman) into jet kerosene – a refined product used to fuel aircraft.

Singapore is the main refining, storage, and trading hub for the Asian oil marketplace. The Singapore jet fuel market is highly diverse and actively traded by refiners, traders, importers, and smaller distributors.

b) Price sources

Platts: Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") is the price reporting service used for the final settlement of the Singapore jet fuel leg of both swaps and of the Dubai crude oil leg of one of the swaps.

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 methodology 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.

DME: The Exchange has an information sharing agreement with the Dubai Mercantile Exchange ("DME"). The DME Oman Futures contract is the source of the settlement prices for the Oman leg of one of the Singapore jet fuel crack spread swap futures contracts. The DME Oman Futures is regulated by the Dubai Financial Services Authority ("DFSA"). On May 23, 2007, the CFTC granted NYMEX permission under section 4d(a)(2) of the CEA to hold DME customer positions and segregated funds in U.S. customer segregated accounts. In order to obtain this relief, NYMEX provided the CFTC with, among other things, extensive information regarding the DME Oman Futures contract and the Dubai Mercantile Exchange. According to DME, the average daily volume in the DME Oman Futures contract represents more than 5,000 contracts traded per day since February 2012. Additional information can be found on the DME website at www.dubaimerc.com.

c) Singapore Jet Fuel Market

Singapore is the main refining, storage, and trading hub for the Asian oil marketplace. The Singapore jet fuel market is highly diverse and actively traded by refiners, traders, importers, and smaller distributors.

Similar to crude oil, the jet fuel market is priced in units of dollars per barrel. There is active trading in both forward cash deals and in OTC swaps. The market participation in Singapore is diverse and includes many of the same commercial entities that are active in the New York Harbor market. The Singapore cash market and OTC market participants include 30 to 40 commercial companies.

The Exchange estimates that, in addition to physical cash market activity, a total of around 30,000 lots of Singapore jet fuel swaps are traded each month, equivalent to 1 million barrels per day of jet fuel swap activity.

Table 1 below reflects the most recent data provided by the U.S. Energy Information Agency ("EIA") on refinery production data for Singapore jet fuel and kerosene. Please note that the EIA reports jet fuel production and kerosene production separately, but we aggregate them in order to reflect the entirety of the underlying physical market. According to the EIA data in Table 1, the refinery production of both jet fuel and kerosene was at around 197,400 barrels per day on average over the three-year period of 2006 through 2008.

Table 1: Singapore jet kerosene refinery output (Thousand Barrels per Day)

	2003	2004	2005	2006	2007	2008
Singapore jet fuel production[1]	146.3	140.4	165.3	162.0	176.0	217.2
Singapore kerosene production[2]	9.0	10.6	13.1	12.6	12.3	12.1
TOTAL	**155.3**	**151.0**	**178.4**	**174.6**	**188.3**	**229.3**

Spot, forward and derivative trade in the Singapore jet fuel market is based on Platts spot price assessment of Singapore jet fuel cargoes. The Platts methodologies for Singapore jet fuel and Singapore Kerosene are provided in detail at the link below:

http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/asiaoilproductspecs.pdf

d) Dubai Crude Oil Market

Dubai crude oil is one of the primary crude oil benchmarks for the Middle East and Asia. Many of the same companies that are trading Brent and WTI are also active in the Oman and Dubai markets.

The list of companies active in the Dubai cash market includes large oil refiners (such as Chinese, Korean, and Japanese refiners), the super-majors (such as BP, Shell, Chevron and Total), and oil traders (such as Occidental Petroleum, Vitol, Morgan Stanley, Goldman Sachs, Glencore, Phibro, Arcadia and Trafigura).

The primary OTC hedging vehicles used to manage price risk for Middle East crude oil are various types of Dubai crude oil swaps and options. There are a large and diverse number of market participants in the Dubai crude oil derivatives market. In the period between January 2009 and March 2011, a total of 143 different legal entities submitted Dubai swaps for clearing through CME ClearPort.

[1] http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=63&aid=1&cid=SN,&syid=2003&eyid=2010&unit=TBPD
[2] http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=64&aid=2&cid=SN,&syid=2003&eyid=2009&unit=TBPD

The most actively traded product is the Dubai crude oil calendar swap. In addition, there is a liquid OTC market in Brent-Dubai spread swaps, which are priced as a spread differential to ICE Brent Crude Oil Futures. Further, there is a growing market that consists of OTC average price options which are cash-settled based on the Dubai crude oil calendar swap. The liquidity in the OTC swaps and options market based on Dubai crude oil is robust, with an estimated average daily trading volume of around 10 million barrels per day. There are several OTC brokerage firms that are active in the OTC markets, including PVM, Tullett Prebon, Tradition, Ginga Petroleum, and GFI Group.

In addition, a number of reporting services, such as Bloomberg, publish a forward curve of prices for the Dubai swaps markets. A number of OTC brokers generate their own forward curves and then make them available to their customers and to other interested parties. At present, the practice is to provide OTC forward curves that extend out for three years.

Trade in the Dubai crude oil market settles against the assessment provided by Platts, which comprises of a basket of three Middle East crude oil streams (Dubai, Oman and Upper Zakum) which are deliverable as a part of the Dubai crude oil stream.

The production of Dubai has declined to around 100,000 barrels per day. But the Platts methodology for Dubai crude oil allows for three crude oil streams (Dubai, Oman and Upper Zakum) to be deliverable as part of the Dubai crude oil stream. This measure provides for significant additional spot liquidity in the underlying cash market. The combined production of Dubai, Oman and Upper Zakum is approximately 1.5 million barrels per day, or equivalent to 45 million barrels per month.

e) DME Oman Crude Oil Market

Oman crude oil is seen by many market participants as a preferred benchmark for Middle East sour crude oil for a number of reasons. Oman crude oil quality is broadly representative of other Middle East crude oils. The production levels and tradability of Oman crude oil are sufficient to support benchmark status. The market for Oman crude oil is deep, liquid, and transparent, consisting of a physical forward market, physical spot market and an active OTC swaps market. There are numerous participants in the market with no single party dominating the secondary market trading of physical cargoes or financial contracts.

According to the EIA, the average crude oil production from Oman for the three-year period from January 2008 to December 2010 was approximately 811,500 barrels per day:

Table 2: Oman crude oil production (Thousand Barrels per Day)

‘	2005	2006	2007	2008	2009	2010
Oman crude oil production[3]	774.3	737.7	710.4	757.3	812.5	864.6

At present, approximately 80% of total Oman crude oil production is controlled by the Petroleum Development Oman (“PDO”), which is a joint venture owned 60% by the Oman government, 34% by Shell, 4% by Total, and 2% by Partex. In addition, Occidental Petroleum and other private oil companies have extensive oil production in Oman. Accordingly, there are multiple producers of Oman crude, rather than a monopoly.

Oman is not a member of OPEC. Consequently, Oman crude oil is not subject to OPEC production, destination or end-user restrictions. The Oman government sells most of its equity share of production through term contracts, and some of these term cargoes are resold in the spot market. The remaining share of Oman crude oil production that is owned by private oil companies is typically sold in the spot market. Thus, there is robust trading activity in the Oman crude oil spot market. The standard cargo size is 500,000 barrels, and there are typically around 40 cargoes loaded per month at Oman’s port, Mina al Fahal.

Oil exports from Iran, Iraq, Kuwait and Saudi Arabia pass through the strategically important Straits of Hormuz, but Omani crude oil does not. The Straits of Hormuz narrows at its northern-most end to several miles, but the southern end, which opens into the Indian Ocean, is roughly fifty miles wide. A significant U.S. naval presence is positioned on an ongoing basis adjacent to the Mina al Fahal port.

There is a large and diverse number of cash market participants in the Oman crude oil market. There are approximately 20 companies that are long-term customers of the Oman government, and there are an additional 15 to 20 oil companies that actively participate in the Oman cash market. The list of

[3] http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=63&aid=1&cid=SN,&syid=2003&eyid=2010&unit=TBPD

companies active in the Oman cash market includes large oil refiners (such as Chinese, Korean, and Japanese refiners), the super-majors (such as BP, Shell, ExxonMobil and Total), and oil traders (such as Occidental Petroleum, Vitol, Morgan Stanley, Goldman Sachs, Glencore, Phibro, Arcadia and Trafigura).

There is an active OTC swaps market in the Middle East-Asia Pacific region, which consists mainly of the Oman crude oil calendar swap and the Dubai crude oil calendar swap. In addition, there is a liquid OTC market in Brent-Oman and Brent-Dubai spread swaps, which are priced as a spread differential to the ICE Brent Crude Oil Futures.

In addition, a number of reporting services, such as Bloomberg, publish a forward curve of prices for the Oman and Dubai crude oil swaps markets. A number of OTC brokers generate their own forward curves and then make them available to their customers and to other interested parties. At present, the practice is to provide OTC forward curves that extend out for three years. Because Dubai crude oil is generally accepted as a substitute for Oman crude oil, the prices for these two products are tightly linked and thus the prices for Dubai swaps activity is understood to be highly relevant for Oman swaps as well.

Historical Price Information

The table below provides monthly historical price data used to settle the DME Oman Crude Oil leg of the Singapore Jet Kerosene (Platts) vs. DME Oman Crude Oil Swap futures contract for the period beginning May 2009 through April 2012. Prices below are quoted in dollars per barrel.

Month	**DME Oman Crude Oil**
May 2009	57.63
Jun 2009	69.48
Jul 2009	65.20
Aug 2009	71.69
Sep 2009	68.34
Oct 2009	73.40
Nov 2009	77.64
Dec 2009	75.36
Jan 2010	77.04
Feb 2010	73.88
Mar 2010	77.77
Apr 2010	83.70
May 2010	77.22
Jun 2010	74.09
Jul 2010	72.50

Month	DME Oman Crude Oil
Aug 2010	74.58
Sep 2010	75.35
Oct 2010	80.52
Nov 2010	83.60
Dec 2010	88.93
Jan 2011	92.51
Feb 2011	100.39
Mar 2011	108.95
Apr 2011	116.51
May 2011	109.20
Jun 2011	107.84
Jul 2011	110.57
Aug 2011	105.10
Sep 2011	106.96
Oct 2011	104.88
Nov 2011	109.33
Dec 2011	107.41
Jan 2012	110.56
Feb 2012	117.32
Mar 2012	122.80
Apr 2012	117.29

ANALYSIS OF DELIVERABLE SUPPLY

Please note that for the two new Singapore jet fuel crack spread swap futures contracts, at this time, the Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon initial 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, spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of the spot trading because this does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

For the two new Singapore jet fuel crack spread swap futures contracts, staff recommends implementing identical position limits to the underlying monthly contracts for Singapore jet kerosene, for Dubai crude oil and for Oman crude oil.

For the existing jet kerosene contract – Singapore Jet Kerosene (Platts) Swap futures (Chapter 670) – the Exchange has set the spot month position limit at 500 contracts, which is equivalent to 500,000 barrels of jet kerosene. We believe this position limit is conservative, when compared to the production of jet kerosene in Singapore.

In its analysis of deliverable supply, the Exchange focused on the most recent data provided by the EIA for jet kerosene production in Singapore, which is shown in Table 1 above.

Based on the consumption data provided by the EIA (Table 1 above), the average refinery output of jet kerosene in Singapore for the three-year period from January 2006 to December 2008 was approximately 197,400 barrels per day, which is equivalent to 5.9 million barrels per month. This is equivalent to 5,900 contract equivalents for the underlying contract size of 1,000 barrels. Thus, the existing spot month position limits of 500 contract units for the underlying Singapore Jet Kerosene (Platts) Swap futures contract represent approximately 8% of the 5,900 contract equivalents of monthly supply.

For the existing Dubai crude oil contract – Dubai Crude Oil (Platts) Calendar Swap futures (Chapter 511) – the Exchange has set the spot month position limit at 1,000 contracts, which is equivalent to 1,000,000 barrels of crude oil. We believe this position limit is conservative, when compared to the volume of crude oil available to deliver into the Dubai benchmark as assessed by Platts.

In its assessment of the overall Dubai benchmark, Platts allows the delivery of three grades of physical crude oil: Dubai, Oman and Upper Zakum crude. The national oil companies in Dubai and Abu Dhabi that produce Dubai and Upper Zakum respectively do not make production figures public for individual grades of crude oil, while the EIA also only provides overall national figures rather than individual grade breakdowns.

But according to an EIA country analysis brief for the United Arab Emirates published in January 2011[4] production of Dubai crude was estimated at around 100,000 b/d, while Upper Zakum production was estimated at around 550,000 b/d. Oman figures are taken from the detailed EIA data shown in Table 2 above. Table 3 below shows the overall total of material deliverable into the Platts Dubai benchmark:

Table 3: Dubai crude oil production (Thousand Barrels per Day)

Dubai crude oil production	100.0
Oman crude oil production	811.5
Upper Zakum crude oil production	550.0
Total	**1,461.5**

Based on Table 3 above, the average crude oil production available for delivery into the Dubai benchmark is approximately 1,461,500 barrels per day, which is equivalent to 43.8 million barrels per month. This is equivalent to 43,800 contract equivalents for the underlying contract size of 1,000 barrels. Thus, the existing spot month position limits of 1,000 contract units for the underlying Dubai Crude Oil (Platts) Calendar Swap Futures represent approximately 2.3% of the 43,800 contract equivalents of monthly supply.

[4] http://www.eia.gov/countries/cab.cfm?fips=TC

For the existing Oman crude oil contract – DME Oman Crude Oil Swap Futures (Chapter 124) – the Exchange has set the spot month position limit at 4,000 contracts, which is equivalent to 4,000,000 barrels of crude oil. We believe this position limit is conservative, when compared to the production of Omani crude oil.

In its analysis of deliverable supply, the Exchange focused on the most recent data provided by the EIA from Table 2 above. Based on this production data, the average crude oil production from Oman for the three-year period from January 2008 to December 2010 was approximately 811,500 barrels per day, which is equivalent to 24.3 million barrels per month. This is equivalent to 24,300 contract equivalents for the underlying contract size of 1,000 barrels. Thus, the existing spot month position limits of 4,000 contract units for the underlying DME Oman Crude Oil Swap Futures Contract represent approximately 16% of the 24,300 contract equivalents of monthly supply.

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Singapore Jet Kerosene (Platts) Swap Futures (KS), Dubai Crude Oil (Platts) Calendar Swap Futures (DC) and DME Oman Crude Oil Swap Futures (DOO).

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