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June 6, 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

Re: Rule Certification. New York Mercantile Exchange, Inc. Submission #11-222: Notification Regarding the Listing of Four (4) New Singapore Fuel Oil Crack Spread Swaps Futures Contracts for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort®

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 four (4) new financially settled petroleum futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning on Sunday, June 19, 2011, for trade date Monday, June 20, 2011.

The new products are as follows:

Contract	Code	Chapter
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	STS	1091
Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	STI	1092
Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Swap Futures	STR	1093
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures	STB	1094

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.

Contract Specifications

- **First Listed Month:** July 2011
- **Listing Period:** STS, STI, STR = 36 consecutive months
STB = One month and the following month listed 10 business days prior to the start of the contract month.
- **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
- **Value per Tick:** \$1.00
- **Final Settlement Price:** minimum settlement tick = \$0.001
- **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).

• **Exchange Fees:**

Contract	CME ClearPort Rates		NY Trading Floor Rates		Cash Settlement Fee	
	Member	Non-Member	Member	Non-Member	Member	Non-Member
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.10
	Non-Member	\$1.25	Non-Member	\$1.25	Non-Member	\$0.10
			Blended Floor	\$1.05		
Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.10
	Non-Member	\$1.25	Non-Member	\$1.25	Non-Member	\$0.10
			Blended Floor	\$1.05		
Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.10
	Non-Member	\$1.25	Non-Member	\$1.25	Non-Member	\$0.10
			Blended Floor	\$1.05		
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures	Member	\$0.85	Member	\$0.85	Member	\$0.10
	Non-Member	\$1.25	Non-Member	\$1.25	Non-Member	\$0.10
			Blended Floor	\$1.05		

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contracts comply 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 June 20, 2011.

Should you have any questions concerning the above, please contact Owain Johnson at (65) 6593-5568 or Owain.johnson@cmegroup.com 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 1091

Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures

1091.01 SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1091.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for HSFO 180cst (High-Sulfur Fuel Oil) under the heading "Singapore Physical Cargoes" minus the mid-point of the high and low quotations from the Platts Oilgram Price Report for Dubai Crude Oil for each business day during the contract month (using non-common pricing).

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.

1091.03 CONTRACT QUANTITY AND VALUE

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

1091.04 CONTRACT MONTHS

Trading shall be conducted in the contract months as shall be determined by the Exchange.

1091.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. Dollars and Cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

1091.06 TERMINATION OF TRADING

Trading shall terminate on the last business day of the contract month. Business days are based on the Singapore Public Holiday calendar.

1091.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of the 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.

1091.08 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) shall be governed by the provision of Exchange Rule 538.

1091.09 DISCLAIMER

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Chapter 1092

Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures

1092.01 SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1092.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for HSFO 380cst (High-Sulfur Fuel Oil) under the heading "Singapore Physical Cargoes" minus the mid-point of the high and low quotations from the Platts Oilgram Price Report for Dubai Crude Oil for each business day during the contract month (using non-common pricing).

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.

1092.03 CONTRACT QUANTITY AND VALUE

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

1092.04 CONTRACT MONTHS

Trading shall be conducted in the contract months as shall be determined by the Exchange.

1092.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. Dollars and Cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

1092.06 TERMINATION OF TRADING

Trading shall terminate on the last business day of the contract month. Business days are based on the Singapore Public Holiday calendar.

1092.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of the 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.

1092.08 EXCHANGE FOR RELATED POSITION

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Chapter 1093

Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Swap Futures

1093.01 SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1093.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for HSFO 180cst (High-Sulfur Fuel Oil) under the heading "Singapore Physical Cargoes" minus the Brent Crude Oil (ICE) Futures first nearby contract settlement price for each business day during the contract month (using Non-common pricing).

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

1093.03 CONTRACT QUANTITY AND VALUE

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

1093.04 CONTRACT MONTHS

Trading shall be conducted in the contract months as shall be determined by the Exchange.

1093.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. Dollars and Cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

1093.06 TERMINATION OF TRADING

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

1093.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of the 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.

1093.08 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) shall be governed by the provision of Exchange Rule 538.

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Chapter 1094

Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures

1094.01 SCOPE

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

1094.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for HSFO 180cst (High-Sulfur Fuel Oil) under the heading "Singapore Physical Cargoes" minus the mid-point of the high and low quotations from the Platts Oilgram Price Report for Dubai Crude Oil from the selected start date through the end of the month, inclusively (using non-common pricing).

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.

1094.03 CONTRACT QUANTITY AND VALUE

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

1094.04 CONTRACT MONTHS

Trading shall be conducted in the contract months as shall be determined by the Exchange.

1094.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. Dollars and Cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

1094.06 TERMINATION OF TRADING

Trading shall terminate on the last business day of the contract month. Business days are based on the Singapore Public Holiday calendar.

1094.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of the 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.

1094.08 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) shall be governed by the provision of Exchange Rule 538.

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CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of four (4) financially settled petroleum futures contracts (listed in the table below) for trading on the NYMEX trading floor and for clearing through CME ClearPort. The contracts are comprised of four crack spread futures contracts, a description of which is provided below.

Contract	Code	Rule Chapter
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	STS	1091
Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	STI	1092
Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Swap Futures	STR	1093
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures	STB	1094

a) **Definition of Balance-of-Month Contract**

The final settlement for the Balance-of-Month ("BALMO") swap futures contracts is equal to the balance-of-month arithmetic average of the mid-point between the high and low quotations from the specified index, 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 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.

b) Background to the new contracts

From 1 July 2011, price reporting agency Platts will change its conversion factor for Singapore fuel oil from 6.5 barrels per metric ton to 6.35 barrels per metric ton in order to bring the Singapore conversion factor in line with the current European conversion factor. NYMEX will launch 6.35 versions of its existing fuel oil crack spread contracts in order to reflect this change.

NYMEX already offers the following fuel oil crack spread contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort:

Table 1: Existing Singapore fuel oil crack spread contracts

Code	Contract Title
SSD	Singapore Fuel Oil 180 cst (Platts) 6.5 Dubai Crack Spread Swap Futures
SSB	Singapore Fuel Oil 180 cst (Platts) 6.5 Dubai Crack Spread BALMO Swap Futures
SFC	Singapore Fuel Oil 180 cst (Platts) Crack Spread Swap Futures

The new contracts proposed for launch will enable the fuel oil industry to decide if they wish to follow Platts' lead and move to a 6.35 barrels-to-tons conversion rate. NYMEX does not plan at this point to delist the 6.5 basis contracts shown in Table 1, but will maintain both contract ranges and allow the industry to decide according to preference.

c) Fuel oil as a traded commodity

Singapore 180cst and 380cst fuel oil are part of the "residual" fuel oil segment, which is used by utilities and the shipping industry. Residual fuel oil is also used as a refinery input to produce additional petroleum products. The main trading hub for the Asian fuel oil market is Singapore, where extensive storage capacity and refining infrastructure exists. Singapore is a vibrant import/export center for petroleum products, and is also the primary location for energy trading firms. The Singapore petroleum markets are highly diverse and actively traded by refiners, traders, importers, and smaller distributors.

The U.S. Energy Information Administration ("EIA") data show demand for fuel oil in Singapore is approximately 520,000 barrels per day, and refinery production of fuel oil is around 170,000 barrels per

day for the average annual period of 2005 – 2007. Further, the EIA provides import data for the Singapore market (see Table 2 below) at around 650,000 barrels per day and a robust export volume of almost 270,000 barrels per day for the same period.

The Singapore fuel oil market is priced in units of dollars per metric ton. The conversion factor for the fuel oil crack spread is 6.35 barrels per metric ton. The estimated trading volume of fuel oil (converted to barrel equivalents) in the Singapore cash market is approximately 800,000 to one million 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.

Table 2. Selected Statistics for Fuel Oil: Singapore

(Thousand Barrels per Day)

Singapore Residual Fuel Oil	2005	2006	2007	Average 2005-2007
Annual Consumption ¹	490.0	529.5	553.8	524.4
Annual Production, Fuel Oil ²	192.1	168.5	151.6	170.7
Imports, Fuel Oil ³	555.0	683.9	712.4	650.4
Exports, Fuel Oil ⁴	219.6	287.1	310.9	272.5

d) Singapore fuel oil market and participants

In the Asian OTC market, Singapore 180 and 380 cst fuel oil swaps typically trade as outright contracts. The Singapore fuel oil market is priced in units of dollars per barrel. There is active trading in forward cash deals for cargoes. The bid/ask spreads are typically in increments of 10 cents per barrel

¹ EIA Consumption Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=2&cid=SN.&syid=2004&eyid=2008&unit=TBDP>

² EIA Production Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=1&cid=SN.&syid=2004&eyid=2008&unit=TBDP>

³ EIA Import Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=3&cid=SN.&syid=2004&eyid=2008&unit=TBDP>

⁴ EIA Export Data,
<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=66&aid=4&cid=SN.&syid=2004&eyid=2008&unit=TBDP>

and there is a wide range of participants. Deals take place bilaterally, through OTC brokers and many are openly reported on the Platts screen pricing system.

The Singapore fuel oil (or residual fuel oil) market is actively traded, with estimated trading volume in the Singapore cash market at approximately 800,000 to one million barrels per day. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC fuel oil swaps.

Furthermore, there is an active OTC swaps market with many market participants that utilize fuel oil swaps to hedge their fuel price risk. 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. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Societe Generale Bank
Sinochem (China)	Vitol	PVM	Deutsche Bank
Unipecc (China)	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	
BP	Sempra	Aspen Oil	
Singapore Refining	Cargill	GFI Spectron	
Shell	Morgan Stanley	TFS	
SK Corp. (Korea)	Goldman Sachs	Amerex	
Hyundai (Korea)	Koch	Ginga Petroleum	
LG-Caltex (Korea)	Trafigura		
Itochu (Japan)	Phibro		
Mitsubishi (Japan)	Mercuria		
Mitusi (Japan)	Koch Petroleum		
Reliance (India)			

e) Price source for the Singapore fuel oil market

Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") is the price reporting service used for the final settlement of the four new fuel oil crack spread 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 methodology⁵ is derived from

⁵<http://www.platts.com/IM.Platts.Content/methodologyreferences/methodologyspecs/asiaoilproductspecs.pdf>

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.

f) Dubai crude oil as a traded commodity

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.

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, Trafigura, and Sempra).

Specifically, the cash market participants in the Dubai crude oil market include Shell, BP, ExxonMobil, Total, Occidental Petroleum, Vitol, Phibro Trading, Glencore, Koch Petroleum, Sempra Oil Trading, Trafigura, Arcadia, Mercuria Energy Trading, Idemitsu (Japanese), Nippon (Japanese), Itochu (Japanese), Mitsubishi (Japanese), Mitsui (Japanese), Marubeni (Japanese), Sumitomo (Japanese), Cosmo Oil Co. (Japanese), Sinochem (Chinese), UNIPEC (Chinese), SK (Korean), Reliance (Indian), , Singapore Refining Company, and Oman Trading International (United Arab Emirates).

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.

The most actively traded product is the Dubai calendar swap. In addition, there is a liquid OTC market in Brent-Dubai spread swaps, which are priced as a spread differential to the ICE Brent Crude Oil. Further, there is a growing market that consists of OTC average price options which are cash-settled based on the Oman calendar swap and the Dubai 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, Tullet Prebon, TFS, Ginga Petroleum, and GFI Group. In addition to the market

participants noted above, significant OTC swap market participants in Oman crude oil include Goldman Sachs, Morgan Stanley, Deutsche Bank, Emirates National Oil Co. (ENOC), ConocoPhillips, Barclays Bank, and JP Morgan Chase Bank. As discussed above, the OTC market participation is deep and diverse, and includes both cash market and OTC market players. Many of the same companies that are trading Brent and WTI are also active in the Oman and Dubai markets.

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.

g) Price source for the Dubai crude oil market

The price reference for the financial settlement of the Dubai element of the new contract is licensed by CME Group from Platts, whose activities are described above in section E.

h) Platts' methodology for assessing Dubai crude oil

The Dubai leg of the Singapore fuel oil Dubai crack spread swap futures will be settled against the Dubai crude oil assessment provided by Platts, which comprises a basket of three Middle East crude oil streams (Dubai, Oman, and Upper Zakum) which are deliverable as a part of the Dubai stream.

The production of Dubai has declined to less than 100,000 barrels per day, to around 70,000 barrels per day. But the Platts methodology for Dubai crude oil allows for three crude oil streams to be deliverable as part of the Dubai crude oil stream, and this provides for additional spot liquidity in the underlying cash market. The combined production of Dubai, Oman, and Upper Zakum is approximately 1.2 million barrels per day, or equivalent to 36 million barrels per month. Upper Zakum is produced offshore in Abu Dhabi at a rate of approximately 500,000 barrels per day⁶.

⁶ A more detailed description of the Platts' Singapore gasoline methodology can be found here: <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/crudeoilspecs.pdf>

i) Size of the underlying Brent crude oil cash market

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. According to Consilience Energy Advisory Group, an oil industry consulting firm based in London, the BFOE accounts for daily crude oil production of over 1.5 million 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.

The underlying Brent crude oil cash market is actively traded by dozens of commercial companies. The four crude oil grades are aggregated to form the BFOE or Brent cash market. The Brent spot market is known as Dated Brent, which refers to delivery of any of the BFOE grades within 7 to 21 days forward. The Dated Brent spot market assessment is used to price many grades of physical crude oil in the North Sea, Russia, and West Africa.

There are hundreds of commercial and non-commercial participants actively trading in the Brent crude oil market, both in the underlying cash market and futures markets. There is an established futures market, under the regulation of the U.K. Financial Services Authority ("FSA"), in Brent Crude Oil at ICE Futures Europe. The average daily trading volume through November 2007 for the ICE Futures Europe Brent Crude Oil futures is approximately 240,000 contracts traded per day (each contract is 1,000 barrels in size).

Further, the NYMEX Brent Crude Oil Last Day Futures contract is currently trading on the CME Globex[®] platform under CFTC regulatory authority, and this contract utilizes the ICE Futures Europe Brent settlement price.

j) Pricing source for the Brent crude oil market

ICE's Brent Futures contract is used to settle the crude oil leg of the Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Swap Futures. The ICE settlement prices are widely disseminated global benchmarks.

ICE is regulated by the FSA, and the CFTC has reviewed the FSA's regulatory structure and determined it to be comparable to that of the CFTC. As such, the Exchange relies upon the disseminated settlement prices of FSA-regulated contracts.

Table 3: Selected Statistics for ICE Brent Crude Oil: Prices⁷

Year	Month	ICE Brent Crude Oil	Year	Month	ICE Brent Crude Oil
2008	Jan	91.91	2010	Jan	77.01
	Feb	94.66		Feb	74.79
	Mar	102.87		Mar	79.93
	Apr	110.43		Apr	85.75
	May	124.68		May	77.00
	Jun	133.74		Jun	75.66
	Jul	134.56		Jul	75.36
	Aug	115.24		Aug	77.12
	Sep	100.79		Sep	78.42
	Oct	73.68		Oct	83.54
	Nov	54.75		Nov	86.16
	Dec	43.05		Dec	92.25
2009	Jan	45.71	2011	Jan	96.91
	Feb	43.87		Feb	104.03
	Mar	47.42		Mar	114.67
	Apr	51.39		Apr	123.09
	May	58.59		May	114.52
	Jun	69.27		Jun	
	Jul	65.75		Jul	
	Aug	73.06		Aug	
	Sep	68.15		Sep	
	Oct	73.93		Oct	
	Nov	77.58		Nov	
	Dec	75.21		Dec	

⁷ ICE Brent Crude Oil Prices, Intercontinental Exchange, Inc.

ANALYSIS OF DELIVERABLE SUPPLY

Please note that for the four new petroleum 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.

In its analysis of deliverable supply, the Exchange focused on EIA data for fuel oil consumption in Singapore from Table 2 above. For the new Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap, the spot month position limits will aggregate into the existing position limit of the underlying Singapore Fuel Oil 380 cst (Platts) swap futures contract. Based on the consumption data provided by the EIA (Table 2 above), the total fuel oil demand in Singapore was approximately 525,000 barrels per day for the average annual period of 2005 – 2007, which is equivalent to 80,000 metric tons per day, or 2.5 million metric tons per month (contract size for the underlying contract is 1,000 metric tons). The monthly deliverable supply is equivalent to 2,500 contract units of the underlying contract. Thus, the existing spot month position limits of 150 contract units for the underlying Singapore Fuel Oil 380 cst (Platts) Swap Futures contract represent approximately 6% of the 2,500 contract equivalents of monthly supply.

With regard to the leg of the crack spread that is based on the Singapore Fuel Oil 180 cst (Platts) swap futures contracts, the Exchange has set the position limits at 500 contracts (with underlying contract size of 1,000 metric tons), which is equivalent to 3.3 million barrels. Based on the consumption data for Singapore provided by the EIA (Table 2 above), the total fuel oil demand in Singapore was approximately

525,000 barrels per day for the average annual period of 2005 – 2007, which is equivalent to 80,000 metric tons per day, or 2.5 million metric tons per month (contract size for the underlying contract is 1,000 metric tons). The monthly deliverable supply is equivalent to 2,500 contract units of the underlying contract. Thus, the existing underlying spot month position limit of 500 contract units for the underlying Singapore Fuel Oil 180 cst (Platts) Swap Futures contract is approximately 20% of the 2,500 contract equivalents of monthly supply.

With regard to the Dubai crude oil market, in its analysis of deliverable supply, the Exchange concentrated on production data for the Dubai crude oil stream, which consists of the combined production of three Middle East streams: Dubai, Oman, and Upper Zakum. The Platts methodology for the Dubai crude oil stream allows for three crude oil streams to be deliverable, and this provides for additional spot liquidity in the underlying cash market. The combined production of Dubai, Oman, and Upper Zakum is approximately 1.2 million barrels per day, or equivalent to 36 million barrels per month. The monthly deliverable supply is equivalent to 36,000 contracts (each contract is 1,000 barrels size). Thus, the existing underlying spot month position limit of 1,000 contract units for the Dubai Crude Oil (Platts) Swap Futures contract represents approximately 3% of the 36,000 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 the North Sea BFOE complex, which consists of the combined production of four North Sea streams: Brent, Forties, Oseberg and Ekofisk. The Platts methodology for Brent crude oil market allows for four crude oil streams to be deliverable, and this provides for additional spot liquidity in the underlying cash market. The combined production of Brent, Forties, Oseberg and Ekofisk is approximately 1.5 million barrels per day, or equivalent to 45 million barrels per month. The monthly deliverable supply is equivalent to 45,000 contracts (each contract is 1,000 barrels size). Thus, the existing underlying spot month position limit of 2,000 contract units for the Dubai Crude Oil (Platts) Swap Futures contract represents approximately 4% of the 45,000 contract equivalents of monthly supply.

Further, the Exchange has set the spot month position limits for the four new crack spread contracts at the identical levels corresponding to the legs of the underlying contracts, and will aggregate these limits with their respective underlying contracts. The underlying contracts are the Singapore Fuel Oil 180 cst and 380 cst (Platts) swap futures contracts, the Dubai Crude Oil (Platts) swap futures contract and the Brent futures contract.