

July 6, 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: Certification under § 40.6(a). Notification Regarding Amendments to the Spot Month Position Limits for Dubai Crude Oil (Platts) Calendar Swap Futures and Related Contracts Listed for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort
NYMEX Submission 12-228**

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 amendments to the spot month position limits for the Dubai Crude Oil (Platts) Calendar Swaps futures and nine other financially settled swap futures and average price option contracts associated with the Dubai Crude Oil (Platts) Calendar Swaps futures contract, which are currently listed for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort.

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>
Dubai Crude Oil (Platts) Calendar Swap Futures	511	DC
Brent-Dubai (Platts) Swap Futures	697	DB
Dubai Crude Oil (Platts) Average Price Option	516	AH
Dubai Crude Oil (Platts) BALMO Swap Futures	498	BI
DME Oman Crude Oil vs. Dubai (Platts) Swap Futures	340	DPO
Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures	1223	KSD
Singapore Mogas 92 Unleaded (Platts) Dubai Crack Spread Swap Futures	1084	1ND
Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	1092	STI
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	1091	STS
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures	1094	STB

Mr. David Stawick
Page 2
July 6, 2012

The Exchange is also notifying the CFTC that it is self-certifying the applicable revisions to 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.

NYMEX business staff responsible for the rule amendments 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 amendments may have some bearing on the following Core Principles:

- Position Limitations or Accountability: The increased spot month position limits under this self-certification continue to be set at conservative levels that are less than the 25% threshold of the monthly deliverable supply in the underlying physical market. Additionally, the nine associated contracts continue to aggregate into the Dubai Crude Oil (Platts) Calendar Swap futures contract.
- Availability of General Information: The Exchange will publish information on the contracts' specifications on its website, together with daily trading volume, open interest and price information.
- Contracts Not Readily Subject to Manipulation: The contracts continue to not be readily subject to manipulation despite the increased spot month position limits under this self-certification. As illustrated in the updated analysis of deliverable supply provided under Appendix A herewith, the increased spot month limit for these contracts represents 11.4% of the monthly deliverable supply in the underlying market. The increased spot month position limits continue to be significantly less than the 25% threshold of the monthly deliverable supply the CFTC implemented under Part 151 to reduce the threat of corners and squeezes in the marketplace.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the proposed changes comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. These amendments shall be effective on trade date July 23, 2012.

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
Director and Assistant General Counsel

Attachments: Appendix A: Analysis of Deliverable Supply
Appendix B: Chapter 5 Table
Appendix C: Amendment to Chapter 1223 – Singapore Jet Kerosene (Platts)
Dubai Crack Spread Swap Futures

ANALYSIS OF DELIVERABLE SUPPLY

Background information:

The current position limits applied to Dubai Crude Oil (Platts) Calendar Swap futures (DC) relate to the former methodology applied by price-reporting agency Platts to assess the Dubai crude oil market. Platts has subsequently altered its methodology to include substantially more physical crude oil in its assessment process. The Exchange now seeks to update the position limits in line with the increase in the size of the underlying physical market.

As outlined below, the current DC limit represents only 2.3% of the physical production that is included in the Platts Dubai assessment. Customers indicated to us that the current spot month limit constrains their ability to hedge their requirements appropriately. The Platts Dubai assessment is widely used by regional producers such as Saudi Aramco and by energy consumers and refiners across Asia to index their long-term contracts. The Exchange is proposing to increase the DC spot month limit in addition to the limits of associated contract which aggregate into DC to 11.4% of physical production, which Exchange staff regards as conservative.

Analysis of the Dubai cash market:

In its assessment of the overall Dubai benchmark, index provider Platts allows the delivery of three grades of physical crude oil: Dubai, Oman and Upper Zakum crude. When the DC contract was originally designed, Platts only permitted the delivery of Dubai crude oil, which explains the low position limits that are currently in place.

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 U.S. Energy Information Agency (“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 2011¹ production of Dubai crude was estimated at around 100,000 b/d, while Upper Zakum production was estimated at around 550,000 b/d.

¹<http://www.eia.gov/countries/cab.cfm?fips=TC>

Figures for the production of Oman crude oil are taken from the detailed EIA data shown below in

Table 1.

Table 1: Oman crude oil production

'000 b/d	2008	2009	2010
Oman crude oil production²	757.3	812.5	864.6

The three-year average production for Oman crude oil is therefore 811,500 barrels per day of crude oil.

Table 2 below shows the overall total of material deliverable into the Platts Dubai benchmark, using the figures from the EIA as detailed above:

Table 2: Dubai crude oil production

'000 b/d	
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 2, 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 total 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.

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

Conclusion

The Exchange plans to raise expiration month limits for Dubai contracts from 1,000 to 5,000 lots. A limit of 5,000 lots would be equivalent to 11.4% of physical production, which the Exchange regards as conservative and in line with position limits for other similar contracts.

The all month accountability level and the any one month accountability level would be left at their current levels, as shown in Appendix B. These limits are conservative and are in line with limits in other similar contracts.

NYMEX Rulebook Chapter 5 Position Limit Table
(Bold/underline indicates addition, strikethrough indicates deletion)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>Diminishing Balances Contracts</u>	<u>All Month Accountability Level</u>	<u>Any One Month Accountability Level</u>	<u>Expiration Month Limit</u>	<u>Reporting Level</u>	<u>Aggregate Into (1)</u>	<u>Aggregate Into (2)</u>
				<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>		
Petroleum									
Europe									
Northwest Europe									
Brent-Dubai (Platts) Swap Futures	697	DB	*	20,000/ 10,000	20,000/ 10,000	2,000/ 4,000 <u>5,000</u>	25	BB	DC
Middle East									
Dubai Crude Oil (Platts) Calendar Swap Futures	511	DC	*	10,000	10,000	4,000 <u>5,000</u>	25	DC	
Dubai Crude Oil (Platts) Average Price Option	516	AH	*	10,000	10,000	4,000 <u>5,000</u>	25	DC	
Dubai Crude Oil (Platts) BALMO Swap Futures	498	BI		10,000	10,000	4,000 <u>5,000</u>	25	DC	
DME Oman Crude Oil vs. Dubai (Platts) Swap Futures	340	DPO	*	20,000/ 10,000	20,000/ 10,000	4,000/ 4,000 <u>5,000</u>	25	DOO	DC
Asia/Pacific									
Singapore									
Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures	1223	KSD	*	1,500/ 10,000	1,500/ 10,000	500/ 4,000 <u>5,000</u>	25	KS	DC
Singapore Mogas 92 Unleaded (Platts) Dubai Crack Spread Swap Futures	1084	1ND	*	7,000/ 10,000	5,000/ 10,000	1,000/ 4,000 <u>5,000</u>	25	1N	DC
Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	1092	STI	*	1,500/ 10,000	1,500/ 10,000	150/ 4,000 <u>5,000</u>	25	SE	DC
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures	1091	STS	*	5,000/ 10,000	5,000/ 10,000	500/ 4,000 <u>5,000</u>	25	UA	DC
Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures	1094	STB	*	5,000/ 10,000	5,000/ 10,000	500/ 4,000 <u>5,000</u>	25	UA	DC

Amendment to Rules Relating to Dubai Crude Oil Swap Futures

(Bold/underline indicates addition, strikethrough indicates deletion)

Chapter 1223 – Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures**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)/~~4,000~~ **5,000** (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.

[remainder of chapter unchanged]