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OFFICE OF THE SECRETARIAT
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July 16, 2009

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 #09.119: Notification Regarding the Listing of Six New
Physically Delivered Natural Gas Liquid (NGL) Contracts on 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 six (6) new physically delivered natural gas liquid (NGL) futures contracts for trading and for submission for clearing on CME ClearPort.

The six new physically delivered NGLs, commodity codes and rule chapters are as follows:

<u>New Contracts</u>	<u>Code</u>	<u>Chapter</u>
Mont Belvieu Physical Non-LDH Propane (OPIS) Futures	3P	364
Mont Belvieu Physical LDH Propane (OPIS) Futures	3N	365
Mont Belvieu Physical Normal Butane (OPIS) Futures	3M	366
Mont Belvieu Physical Natural Gasoline (OPIS) Futures	3R	367
Mont Belvieu Physical Iso-Butane (OPIS) Futures	3L	368
Mont Belvieu Physical Ethane (OPIS) Futures	3Q	369

These six new futures contracts will be physically delivered. The contracts will be listed on the CME ClearPort electronic trading and clearing systems beginning at 6:00 p.m. on Sunday, July 19, 2009 for trade date Monday, July 20, 2009.

The LDH propane (3N) contract will be physically delivered at the LDH facility in Mont Belvieu, Texas. The Non-LDH propane contract as well as the other four (4) physical NGL contracts will be delivered at the Enterprise facility in Mont Belvieu, Texas.

The first listed month for these contracts will be the August 2009 contract month. The physical LDH propane (3N) and Non-LDH propane (3P) contracts will be listed for 48 consecutive months. The physical Normal Butane (3M), Natural Gasoline (3R), Iso-Butane (3L) and Ethane (3Q) contracts will be listed for 36 consecutive months.

These six new physically delivered NGLs will be available during normal trading hours on CME ClearPort. Electronic trading and clearing is conducted from 6:00 p.m. Sunday until 5:15 p.m. Friday (New York prevailing time). There is a 45-minute halt in trading each day between 5:15 p.m. (current trade date) and 6:00 p.m. (next trade date).

In addition, the Exchange will allow exchange of futures for physical ("EFP") and exchange of futures for swap ("EFS") transactions to be submitted through the CME ClearPort. The EFP and EFS transactions in these futures contracts will be governed by the provisions of Exchange Rules 6.21 and 6.21A, respectively.

Although the supplemental market information attached herewith includes the recommended position limits for the six physically delivered natural gas liquid futures contracts, a separate filing will be submitted to the Commission to self-certify those position limits.

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.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or me at (312) 338-2483.

Sincerely,

/s/ Lisa A. Dunsky
Director and Associate General Counsel

Attachment: Appendix A (Contract Terms and Conditions)
Appendix B (Supplemental Information)

APPENDIX A

Mont Belvieu Physical Non-LDH Propane (OPIS) Futures

364.01 Scope

The provisions of these rules shall apply to all Liquefied Propane Gas bought or sold for clearing on the Exchange with delivery at the Enterprise facility in Mont Belvieu, Texas.

364.02 Reference to Seller and Buyer

- (A) Except with respect to Rules 364.11, 364.17 and 364.18, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.
- (B) In Rules 364.11, 364.17 and 364.18, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

364.03 Final Settlement Price

The final settlement price for the delivery month shall be the Oil Price Information Service ("OPIS") average price on the last trading day for physical propane (non-LDH).

364.04 Contract Unit

The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). There shall be no volume tolerance permitted under these rules.

The volume delivered shall be determined at 60 degrees Fahrenheit using GPA Standard 2142. GPA refers to the Gas Processors Association.

364.05 Grade and Quality Specifications

Liquefied Propane Gas shall meet the specifications of the Enterprise Products facility outlined below, which may be amended from time to time:

PROPANE		
COMPONENT	TEST METHODS	SPECIFICATIONS
Vapor Pressure, PSIG @ 100°F	ASTM D-1267	208 max.
Volatile Residue: Temperature @ 95% evaporation	ASTM D-1837	-37°F max.
Corrosion, Copper Strip	ASTM D-1838	No. 1
Total Sulfur	ASTM D-4045	123 ppm wt. max.
Propylene	ASTM D-2163	5.0 Liq. Vol.% max.
Propane	ASTM D-2163	90.0 Liq. Vol.% min.
Butanes & Heavier	ASTM D-2163	2.5 Liq. Vol.% max.
Water Content	VISUAL	No Free Water
Residual Matter Residue on evaporation of 100 ml. max. Oil Stain Observation	ASTM D-2158	0.05 ml. Pass

364.06 Delivery Months

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

364.07 Prices and Fluctuations

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.00001 (.001¢) per gallon.

364.08 Termination of Trading

Trading or clearing in a current delivery month shall cease on the second-to-last business day of the delivery month.

364.09 Product Placement

For purposes of Rule 9A.19, a Clearing Member shall fulfill his contractual obligation on a maturing contract only if, prior to 12:00 noon on the last trading day for the applicable delivery month, such seller has received from his customer a certification, in the form prescribed by the Exchange, stating that the customer has or will have in position, not later than the last day of the delivery month, at one or more eligible delivery facilities at which delivery may be made under this Chapter, a quantity and quality of liquefied propane gas sufficient to meet such customer's obligation to make delivery when and as prescribed in these Rules; provided, however, that the receipt of such certification shall not relieve the seller of any obligations under any Rule other than Rule 9A.19.

364.10 Delivery Location

- (A) Delivery shall be made Free-On-Board (F.O.B.) at the Enterprise facility or, with the mutual agreement of the buyer and the seller, at any pipeline, storage facility, or fractionation facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations.
- (B) For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller delivers to the buyer liquefied propane gas which is free of all liens, encumbrances, unpaid taxes, fees and other charges.
- (C) The seller shall retain title to and bear the risk of loss for the product until the product is delivered to the buyer.

364.11 Delivery Methods

Delivery shall be made by any of the following methods:

- (A) By in-well transfer at the Enterprise facility. For purposes of this rule, in-well transfer is defined as the transfer of title on the books from the seller to the buyer as a result of the issuance of a Product Transfer Order or an equivalent document.
- (B) By book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer which is not documented on the books of an eligible facility.

364.12 Delivery Procedure

- (A) NOTICE OF INTENTION TO DELIVER AND NOTICE OF INTENTION TO ACCEPT

By 6:00 p.m. on the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:
 - (a) Name of the seller's customer;
 - (b) Number of contracts to be delivered;

- (c) The name and location of the eligible pipeline, storage facility or fractionation facility from which the seller will supply the product; and,
 - (d) Any additional information as may be required by the Exchange.
- (2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange, and shall include:
- (a) Name of the buyer's customer;
 - (b) Number of contracts to be accepted;
 - (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members on the morning of the last business day of the delivery month. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.

(C) BUYER'S DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Tender Allocation Notice, but not later than 10:00 AM on the last business day of the delivery month, the buyer shall deliver to the seller identified in such Tender Allocation Notice, with copy to the Exchange, properly completed and signed Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (1) Name of seller;
- (2) Tender number;
- (3) Seller's choice of the eligible facility;
- (4) Number of contracts;
- (5) The method of delivery;
- (6) Any additional information as may be required by the Exchange.

(D) AMENDMENT OF DELIVERY INSTRUCTIONS

Except as provided in this Section (D), Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been given. However, upon mutual consent of the parties and upon written notice to the Exchange, the parties may change the delivery facility and/or the method of delivery named by the buyer.

364.13 Timing of Delivery

The timing of delivery shall be no later than the last calendar day of the delivery month.

364.14 Delivery Margins and Payment

(A) Margins.

The seller shall obtain from its customer margin in an amount fixed, from time to time, by the Exchange.

- (B) On the first business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Exchange.

- (D) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(C) Payment Net 5 Days.

The buyer shall pay the seller at the office of the seller by certified check by 12:00 noon of the fifth business day following completion of delivery. The amount of payment shall be based on the volume delivered as determined in Rule 364.04. If the seller requires multiple delivery dates, payment for partial delivery shall be required for each portion of product transferred. The seller, upon receipt of payment, shall give the buyer all appropriate documents necessary to transfer ownership of the product to the buyer. Alternatively, buyer and seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

364.15 Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

364.16 Inspection

Inspection of product shall be conducted in accordance with the standard practice at the Enterprise facility.

364.17 Exchange of Futures for Physical and Exchange of Futures for Swap

- (A) An exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions consist of two discrete, but related, transactions; a physical commodity or swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the physical product or swaps agreement covered by this Section (or any derivative, by-product or related product). The quantity of physical product or swap agreement must be approximately equivalent to the quantity covered by the futures contracts.
- (B) Except as provided for below, an EFP or EFS transaction must take place during the hours of futures trading for the Liquefied Propane Gas futures contract. An EFP or EFS transaction is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP or EFS transaction which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.
- (C) Any EFP or EFS transaction shall be governed by the provisions of this Rule and by the provisions of Rules 6.21 and 6.21A respectively.
- (D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP or EFS transaction. All documentary evidence relating to the EFP or EFS transaction, including, without limitation, evidence as to change of ownership of the physical commodity or swap commitment, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.
- (E) A report of an EFP or EFS transaction shall be given, and notice thereof shall be posted for clearing on the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP or EFS transactions shall be cleared through the Exchange in accordance with normal procedures and shall be recorded as such by the Exchange and by the Clearing Members involved.

364.18 Alternative Delivery Procedure

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

364.19 Force Majeure, Late Performance and Failure to Perform

(A) DEFINITIONS. As used in this Rule 364.19 the following terms, as well as variations thereof, shall have the meanings described below.

- (1) "Force Majeure" shall mean any circumstance (including, but not limited to, a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
- (2) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 364.
- (3) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times 42,000 times the number of contracts to be delivered.
- (4) (a) "Party" means a buyer or seller.
(b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

- (1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.
- (2) A party which has failed to perform its obligations may no longer perform such obligations.
- (3) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

- (1) Force majeure, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (a) when the Chairman of the Delivery Committee is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;
 - (b) upon written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or,
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.
- (4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (5) Absent a declaration of a force majeure, the Panel may, with the consent of both the buyer and the seller, take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed no later than the fifth business day of the

calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;

- (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery; or,
- (c) modify the method of taking delivery.

This Subsection shall not preclude a party of the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.

(6) Upon a finding of a failed performance, the Panel shall:

- (a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.
- (b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Liquefied Propane Gas futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.

(7) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:

- (a) grant an extension of time for delivery up to two months from the scheduled time;
- (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery;
- (c) modify the method of taking delivery if such method is acceptable to the buyer;
- (d) allocate deliveries; or,
- (e) refer the matter to the Exchange, represented by the Market Regulation Department, for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

- (1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment in accordance with subsection (2) of this section (D), specifying the findings of the Panel with respect to the failed delivery.
- (2) When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value, but not less than \$3,000 per contract, to be paid to the Exchange.
- (3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.

(b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.

- (4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the opportunity to appeal, a Notice of Assessment, the Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.
- (5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.
- (6) In the event of an appeal by a party, the President, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the President, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.
- (7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:
 - (a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.
 - (g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (8) The Performance Appeal Panel shall consider, and make recommendations to the President concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the President shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 6A of the Rules with the following exceptions:
 - (a) The President or his designee shall appoint an Arbitration Panel.
 - (b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.
 - (c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.
 - (d) Failure to comply with the terms of the award may subject the party which fails to comply to disciplinary proceedings pursuant to Chapter 6A Rule 618.

364.20 Time References

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

364.21 Disclaimer

OPIS licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contracts.

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS 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 ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS 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.

Mont Belvieu Physical LDH Propane (OPIS) Futures

365.01 Scope

The provisions of these rules shall apply to all Liquefied Propane Gas bought or sold for clearing on the Exchange with delivery at the LDH facility in Mont Belvieu, Texas.

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- (B) In Rules 365.11, 365.17 and 365.18, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

365.03 Final Settlement Price

The final settlement price for the delivery month shall be the Oil Price Information Service ("OPIS") average price on the last trading day for physical propane (LDH).

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The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). There shall be no volume tolerance permitted under these rules.

The volume delivered shall be determined at 60 degrees Fahrenheit using GPA Standard 2142. GPA refers to the Gas Processors Association.

365.05 Grade and Quality Specifications

Liquefied Propane Gas meeting the specifications of GPA-HD-5 (GPA Publication 2140-84, or revisions thereto), as specified by the LDH Facility, shall be deliverable in satisfaction of futures contract delivery obligations under these rules.

365.06 Delivery Months

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

365.07 Prices and Fluctuations

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.00001 (.001¢) per gallon.

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- (A) Delivery shall be made Free-On-Board (F.O.B.) at the LDH facility or, with the mutual agreement of the buyer and the seller, at any pipeline, storage facility, or fractionation facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations.
- (B) For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller delivers to the buyer liquefied propane gas which is free of all liens, encumbrances, unpaid taxes, fees and other charges.

- (C) The seller shall retain title to and bear the risk of loss for the product until the product is delivered to the buyer.

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- (A) By in-well transfer at the LDH facility. For purposes of this rule, in-well transfer is defined as the transfer of title on the books of an eligible facility from the seller to the buyer as a result of the issuance of a Product Transfer Order or an equivalent document.
- (B) By book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer which is not documented on the books of an eligible facility.

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By 6:00 p.m. on the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:
- (a) Name of the seller's customer;
 - (b) Number of contracts to be delivered;
 - (c) The name and location of the eligible pipeline, storage facility or fractionation facility from which the seller will supply the product; and,
 - (d) Any additional information as may be required by the Exchange.
- (2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange, and shall include:
- (a) Name of the buyer's customer;
 - (b) Number of contracts to be accepted;
 - (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members on the morning of the second business day after the final day of trading. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.

(C) BUYER'S DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Tender Allocation Notice, but not later than 12:00 noon on the last business day of the delivery month, the buyer shall deliver to the seller identified in such Tender Allocation Notice, with copy to the Exchange, properly completed and signed Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (1) Name of seller;
- (2) Tender number;
- (3) Seller's choice of the eligible facility;
- (4) Number of contracts;
- (5) The method of delivery;
- (6) Any additional information as may be required by the Exchange.

(D) AMENDMENT OF DELIVERY INSTRUCTIONS

Except as provided in this Section (D), Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been given. However, upon mutual consent of the parties and upon written notice to the Exchange, the parties may change the delivery facility and/or the method of delivery named by the buyer. Notwithstanding the previous provisions of this Section (D), a seller may unilaterally amend the method of delivery from interfacility pumpover to an in-well transfer at TEPPCO.

365.13 Timing of Delivery

The timing of delivery shall be no later than the last calendar day of the delivery month.

365.14 Delivery Margins and Payment

(A) Margins.

The seller shall obtain from its customer margin in an amount fixed, from time to time, by the Exchange.

(B) On the first business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Exchange.

(C) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(D) Payment Net 5 Days.

The buyer shall pay the seller at the office of the seller by certified check by 12:00 noon of the fifth business day following completion of delivery. The amount of payment shall be based on the volume delivered as determined in Rule 365.04. If the seller requires multiple delivery dates, payment for partial delivery shall be required for each portion of product transferred. The seller, upon receipt of payment, shall give the buyer all appropriate documents necessary to transfer ownership of the product to the buyer. Alternatively, buyer and seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

365.15 Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

365.16 Inspection

Inspection of product shall be conducted in accordance with standard LDH practice.

365.17 Exchange of Futures for Physical and Exchange of Futures for Swap

(A) An exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions consist of two discrete, but related, transactions; a physical commodity or swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the physical product or swaps agreement covered by this Section (or any derivative, by-product or related product). The quantity of physical product or swap agreement must be approximately equivalent to the quantity covered by the futures contracts.

(B) Except as provided for below, an EFP or EFS transaction must take place during the hours of futures trading for the Liquefied Propane Gas futures contract. An EFP or EFS transaction is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP or EFS transaction which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.

(C) Any EFP or EFS transaction shall be governed by the provisions of this Rule and by the provisions of Rules 6.21 and 6.21A respectively.

(D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP or EFS transaction. All documentary evidence relating to the EFP or EFS transaction, including, without limitation, evidence as to change of ownership of the physical commodity or swap commitment, shall be

obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.

- (E) A report of an EFP or EFS transaction shall be given, and notice thereof shall be posted for clearing on the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP or EFS transactions shall be cleared through the Exchange in accordance with normal procedures and shall be recorded as such by the Exchange and by the Clearing Members involved.

365.18 Alternative Delivery Procedure

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

365.19 Force Majeure, Late Performance and Failure to Perform

- (A) DEFINITIONS. As used in this Rule 365.19 the following terms, as well as variations thereof, shall have the meanings described below.

- (1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
- (2) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 365.
- (3) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times 42,000 times the number of contracts to be delivered.
- (4) (a) "Party" means a buyer or seller.
(b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

- (1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.
- (2) A party which has failed to perform its obligations may no longer perform such obligations.
- (3) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

- (1) Force majeure, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (a) when the Chairman of the Delivery Committee is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;

- (b) upon written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or,
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.
- (4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (5) Absent a declaration of a force majeure, the Panel may, with the consent of both the buyer and the seller, take any one or combination of the following actions as it deems suitable:
- (a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed no later than the fifth business day of the calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery; or,
 - (c) modify the method of taking delivery.

This Subsection shall not preclude a party of the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.

- (6) Upon a finding of a failed performance, the Panel shall:
- (a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.
 - (b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Liquefied Propane Gas futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.
- (7) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:
- (a) grant an extension of time for delivery up to two months from the scheduled time;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery;
 - (c) modify the method of taking delivery if such method is acceptable to the buyer;
 - (d) allocate deliveries; or,

(e) refer the matter to the Exchange, represented by the Market Regulation Department, for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

- (1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment in accordance with subsection (2) of this section (D), specifying the findings of the Panel with respect to the failed delivery.
- (2) When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value, but not less than \$3,000 per contract, to be paid to the Exchange.
- (3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.

(b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.
- (4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the opportunity to appeal, a Notice of Assessment, the Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.
- (5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.
- (6) In the event of an appeal by a party, the President, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the President, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.
- (7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:
 - (a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.

- (e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.
 - (g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (8) The Performance Appeal Panel shall consider, and make recommendations to the President concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the President shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 6A of the Rules with the following exceptions:
 - (a) The President or his designee shall appoint an Arbitration Panel.
 - (b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.
 - (c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.
 - (d) Failure to comply with the terms of the award may subject the party which fails to comply to disciplinary proceedings pursuant to Chapter 6A Rule 618.

365.20 Time References

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

365.21 Disclaimer

OPIS licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contracts.

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS 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 ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS 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.

Mont Belvieu Physical Normal Butane (OPIS) Futures

366.01 Scope

The provisions of these rules shall apply to all Normal Butane bought or sold for clearing on the Exchange with delivery at the Enterprise facility in Mont Belvieu, Texas.

366.02 Reference to Seller and Buyer

- (A) Except with respect to Rules 366.11, 366.17 and 366.18, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.
- (B) In Rules 366.11, 366.17 and 366.18, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

366.03 Final Settlement Price

The final settlement price for the delivery month shall be the Oil Price Information Service ("OPIS") average price on the last trading day for physical normal butane (non-LDH).

366.04 Contract Unit

The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). There shall be no volume tolerance permitted under these rules.

The volume delivered shall be determined at 60 degrees Fahrenheit using GPA Standard 2142. GPA refers to the Gas Processors Association.

366.05 Grade and Quality Specifications

Normal Butane shall meet the specifications of the Enterprise Products facility outlined below, which may be amended from time to time:

NORMAL BUTANE		
COMPONENT	TEST METHODS	SPECIFICATIONS
Propane & Lighter	ASTM D-2163	0.35 Liq. Vol.% max.
Isobutane	ASTM D-2163	6.0 Liq. Vol.% max.
Normal Butane	ASTM D-2163	94.0 Liq. Vol.% min.
Pentanes & Heavier	ASTM D-2163	1.5 Liq. Vol. % max.
Hexanes & Heavier	ASTM D-2163	0.050 Liq. Vol. % max.
Total Olefins	ASTM D-2163	0.35 Liq. Vol. % max.
Butadiene	ASTM D-2163	0.01 Liq. Vol. % max.
Total Oxygenates	UOP-845	50.0 ppm wt. max.
Methanol	UOP-845	50.0 ppm wt. max.
IPA & Heavier Alcohols	UOP-845	5.0 ppm wt. max.
MTBE & Other Ethers	UOP-845	2.0 ppm wt. max.
Other Oxygenates	UOP-845	5.0 ppm wt. max.
Total Sulfur	ASTM D-4045	140 ppm wt. max.
Water Content	VISUAL	No Free Water
Fluoride	UOP-619	1.0 ppm wt. max.
Vapor Pressure at 100°F	ASTM D-1267	50 psig max.
Volatile Residue: Temperature @ 95% evaporation	ASTM D-1837	+36°F max.
Corrosion, Copper Strip	ASTM D-1838	No.1

366.06 Delivery Months

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

366.07 Prices and Fluctuations

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.00001 (.001¢) per gallon.

366.08 Termination of Trading

Trading or clearing in a current delivery month shall cease on the second-to-last business day of the delivery month.

366.09 Product Placement

For purposes of Rule 9A.19, a Clearing Member shall fulfill his contractual obligation on a maturing contract only if, prior to 12:00 noon on the last trading day for the applicable delivery month, such seller has received from his customer a certification, in the form prescribed by the Exchange, stating that the customer has or will have in position, not later than the last day of the delivery month, at one or more eligible delivery facilities at which delivery may be made under this Chapter, a quantity and quality of normal butane gas sufficient to meet such customer's obligation to make delivery when and as prescribed in these Rules; provided, however, that the receipt of such certification shall not relieve the seller of any obligations under any Rule other than Rule 9A.19.

366.10 Delivery Location

- (A) Delivery shall be made Free-On-Board (F.O.B.) at the Enterprise facility or, with the mutual agreement of the buyer and the seller, at any pipeline, storage facility, or fractionation facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations.
- (B) For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller delivers to the buyer normal butane which is free of all liens, encumbrances, unpaid taxes, fees and other charges.
- (C) The seller shall retain title to and bear the risk of loss for the product until the product is delivered to the buyer. For the purposes of a pumpover, delivery will occur when product is delivered into the Enterprise facility.

366.11 Delivery Methods

Delivery shall be made by any of the following methods:

- (A) By in-well transfer at the Enterprise facility. For purposes of this rule, in-well transfer is defined as the transfer of title on the books from the seller to the buyer as a result of the issuance of a Product Transfer Order or an equivalent document.
- (B) By book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer which is not documented on the books of an eligible facility.

366.12 Delivery Procedure

(A) NOTICE OF INTENTION TO DELIVER AND NOTICE OF INTENTION TO ACCEPT

By 6:00 p.m. on the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:
 - (a) Name of the seller's customer;
 - (b) Number of contracts to be delivered;
 - (c) The name and location of the eligible pipeline, storage facility or fractionation facility from which the seller will supply the product; and,

- (d) Any additional information as may be required by the Exchange.
- (2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange, and shall include:
 - (a) Name of the buyer's customer;
 - (b) Number of contracts to be accepted;
 - (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members on the morning of the second business day after the final day of trading. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.

(C) BUYER'S DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Tender Allocation Notice, but not later than 12:00 noon on the last business day of the delivery month, the buyer shall deliver to the seller identified in such Tender Allocation Notice, with copy to the Exchange, properly completed and signed Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (1) Name of seller;
- (2) Tender number;
- (3) Seller's choice of the eligible facility;
- (4) Number of contracts;
- (5) The method of delivery;
- (6) Any additional information as may be required by the Exchange.

(D) AMENDMENT OF DELIVERY INSTRUCTIONS

Except as provided in this Section (D), Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been given. However, upon mutual consent of the parties and upon written notice to the Exchange, the parties may change the delivery facility and/or the method of delivery named by the buyer. Notwithstanding the previous provisions of this Section (D), a seller may unilaterally amend the method of delivery from interfacility pumpover to an in-well transfer.

366.13 Timing of Delivery

The timing of delivery shall be no later than the last calendar day of the delivery month.

366.14 Delivery Margins and Payment

(A) Margins.

The seller shall obtain from its customer margin in an amount fixed, from time to time, by the Exchange.

- (B) On the first business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Exchange.
- (C) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(D) Payment Net 5 Days.

The buyer shall pay the seller at the office of the seller by certified check by 12:00 noon of the fifth business day following completion of delivery. The amount of payment shall be based on the volume delivered as determined in Rule 366.04. If the seller requires multiple delivery dates, payment for partial

delivery shall be required for each portion of product transferred. The seller, upon receipt of payment, shall give the buyer all appropriate documents necessary to transfer ownership of the product to the buyer. Alternatively, buyer and seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

366.15 Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

366.16 Inspection

Inspection of product shall be conducted in accordance with the standard practice at the Enterprise facility.

366.17 Exchange of Futures for Physical and Exchange of Futures for Swap

- (A) An exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions consist of two discrete, but related, transactions; a physical commodity or swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the physical product or swaps agreement covered by this Section (or any derivative, by-product or related product). The quantity of physical product or swap agreement must be approximately equivalent to the quantity covered by the futures contracts.
- (B) Except as provided for below, an EFP or EFS transaction must take place during the hours of futures trading for the Liquefied Propane Gas futures contract. An EFP or EFS transaction is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP or EFS transaction which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.
- (C) Any EFP or EFS transaction shall be governed by the provisions of this Rule and by the provisions of Rules 6.21 and 6.21A respectively.
- (D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP or EFS transaction. All documentary evidence relating to the EFP or EFS transaction, including, without limitation, evidence as to change of ownership of the physical commodity or swap commitment, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.
- (E) A report of an EFP or EFS transaction shall be given, and notice thereof shall be posted for clearing on the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP or EFS transactions shall be cleared through the Exchange in accordance with normal procedures and shall be recorded as such by the Exchange and by the Clearing Members involved.

366.18 Alternative Delivery Procedure

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

366.19 Force Majeure, Late Performance and Failure to Perform

- (A) DEFINITIONS. As used in this Rule 366.19 the following terms, as well as variations thereof, shall have the meanings described below.

- (1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
- (2) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 235.
- (3) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times 42,000 times the number of contracts to be delivered.
- (4) (a) "Party" means a buyer or seller.
(b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

- (1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.
- (2) A party which has failed to perform its obligations may no longer perform such obligations.
- (3) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

- (1) Force majeure, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (a) when the Chairman of the Delivery Committee is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;
 - (b) upon written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or,
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.
- (4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (5) Absent a declaration of a force majeure, the Panel may, with the consent of both the buyer and the seller, take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed no later than the fifth business day of the calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;

- (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery; or,
- (c) modify the method of taking delivery.

This Subsection shall not preclude a party of the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.

- (6) Upon a finding of a failed performance, the Panel shall:
 - (a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.
 - (b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Liquefied Propane Gas futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.
- (7) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time for delivery up to two months from the scheduled time;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery;
 - (c) modify the method of taking delivery if such method is acceptable to the buyer;
 - (d) allocate deliveries; or,
 - (e) refer the matter to the Exchange, represented by the Market Regulation Department, for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

- (1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment in accordance with subsection (2) of this section (D), specifying the findings of the Panel with respect to the failed delivery.
- (2) When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value, but not less than \$3,000 per contract, to be paid to the Exchange.
- (3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.
 - (b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.
- (4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the

opportunity to appeal, a Notice of Assessment, the Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.

- (5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.
- (6) In the event of an appeal by a party, the President, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the President, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.
- (7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:
 - (a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.
 - (g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (8) The Performance Appeal Panel shall consider, and make recommendations to the President concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the President shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery

Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.

- (3) The Arbitration will be governed by Chapter 6A of the Rules with the following exceptions:
- (a) The President or his designee shall appoint an Arbitration Panel.
 - (b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.
 - (c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.
 - (d) Failure to comply with the terms of the award may subject the party which fails to comply to disciplinary proceedings pursuant to Chapter 6A Rule 618.

366.20 Time References

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

366.21 Disclaimer

OPIS licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contracts.

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS 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 ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS 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.

Mont Belvieu Physical Natural Gasoline (OPIS) Futures

367.01 Scope

The provisions of these rules shall apply to all Natural Gasoline bought or sold for clearing on the Exchange with delivery at the Enterprise facility in Mont Belvieu, Texas.

367.02 Reference to Seller and Buyer

(A) Except with respect to Rules 367.11, 367.17 and 367.18, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.

(B) In Rules 367.11, 367.17 and 367.18, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

367.03 Final Settlement Price

The final settlement price for the delivery month shall be the Oil Price Information Service ("OPIS") average price on the last trading day for physical natural gasoline (non-LDH).

367.04 Contract Unit

The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). There shall be no volume tolerance permitted under these rules.

The volume delivered shall be determined at 60 degrees Fahrenheit using GPA Standard 2142. GPA refers to the Gas Processors Association.

367.05 Grade and Quality Specifications

Natural Gasoline shall conform to the specifications as required by the Enterprise Products facility outlined below, which may be amended from time to time:

NATURAL GASOLINE		
COMPONENT	TEST METHODS	SPECIFICATIONS
Normal Butane & Lighter	GPA-2177	6.0 Liq. Vol.% max.
Total Sulfur	ASTM D-3120	1000 ppm wt. max.
Water Content	VISUAL	No Free Water
Vapor Pressure at 100°F	ASTM D-323	14.0 RVP max.
End Point	ASTM D-86	375°F max.
Corrosion, Copper Strip	ASTM D-130	No. 1
Doctor Test	ASTM D-4952 or GPA 1138	Negative
Color, Saybolt Number	ASTM D-156	+25 min.

367.06 Delivery Months

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

367.07 Prices and Fluctuations

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.00001 (.001¢) per gallon.

367.08 Termination of Trading

Trading or clearing in a current delivery month shall cease on the second-to-last business day of the delivery month.

367.09 Product Placement

For purposes of Rule 9A.19, a Clearing Member shall fulfill his contractual obligation on a maturing contract only if, prior to 12:00 noon on the last trading day for the applicable delivery month, such seller has received from his customer a certification, in the form prescribed by the Exchange, stating that the customer has or will have in position, not later than the last day of the delivery month, at one or more eligible delivery facilities at which delivery may be made under this Chapter, a quantity and quality of natural gasoline sufficient to meet such customer's obligation to make delivery when and as prescribed in these Rules; provided, however, that the receipt of such certification shall not relieve the seller of any obligations under any Rule other than Rule 9A.19.

367.10 Delivery Location

- (A) Delivery shall be made Free-On-Board (F.O.B.) at the Enterprise facility or, with the mutual agreement of the buyer and the seller, at any pipeline, storage facility, or fractionation facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations.
- (B) For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller delivers to the buyer natural gasoline which is free of all liens, encumbrances, unpaid taxes, fees and other charges.
- (C) The seller shall retain title to and bear the risk of loss for the product until the product is delivered to the buyer. For the purposes of a pumpover, delivery will occur when product is delivered into the Enterprise facility.

367.11 Delivery Methods

Delivery shall be made by any of the following methods:

- (A) By in-well transfer at the Enterprise facility. For purposes of this rule, in-well transfer is defined as the transfer of title on the books from the seller to the buyer as a result of the issuance of a Product Transfer Order or an equivalent document.
- (B) By book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer which is not documented on the books of an eligible facility.

367.12 Delivery Procedure

(A) NOTICE OF INTENTION TO DELIVER AND NOTICE OF INTENTION TO ACCEPT

By 6:00 p.m. on the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:
 - (a) Name of the seller's customer;
 - (b) Number of contracts to be delivered;
 - (c) The name and location of the eligible pipeline, storage facility or fractionation facility from which the seller will supply the product; and,
 - (d) Any additional information as may be required by the Exchange.
- (2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange, and shall include:
 - (a) Name of the buyer's customer;
 - (b) Number of contracts to be accepted;
 - (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall

provide Tender Allocation Notices to the respective Clearing Members on the morning of the second business day after the final day of trading. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.

(C) BUYER'S DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Tender Allocation Notice, but not later than 12:00 noon on the last business day of the delivery month, the buyer shall deliver to the seller identified in such Tender Allocation Notice, with copy to the Exchange, properly completed and signed Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (1) Name of seller;
- (2) Tender number;
- (3) Seller's choice of the eligible facility;
- (4) Number of contracts;
- (5) The method of delivery;
- (6) Any additional information as may be required by the Exchange.

(D) AMENDMENT OF DELIVERY INSTRUCTIONS

Except as provided in this Section (D), Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been given. However, upon mutual consent of the parties and upon written notice to the Exchange, the parties may change the delivery facility and/or the method of delivery named by the buyer. Notwithstanding the previous provisions of this Section (D), a seller may unilaterally amend the method of delivery from interfacility pumpover to an in-well transfer.

367.13 Timing of Delivery

The timing of delivery shall be no later than the last calendar day of the delivery month.

367.14 Delivery Margins and Payment

(A) Margins.

The seller shall obtain from its customer margin in an amount fixed, from time to time, by the Exchange.

- (B) On the first business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Exchange.
- (C) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(D) Payment Net 5 Days

The buyer shall pay the seller at the office of the seller by certified check by 12:00 noon of the fifth business day following completion of delivery. The amount of payment shall be based on the volume delivered as determined in Rule 367.04. If the seller requires multiple delivery dates, payment for partial delivery shall be required for each portion of product transferred. The seller, upon receipt of payment, shall give the buyer all appropriate documents necessary to transfer ownership of the product to the buyer. Alternatively, buyer and seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

367.15 Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

367.16 Inspection

Inspection of product shall be conducted in accordance with the standard practice at the Enterprise facility.

367.17 Exchange of Futures for Physical and Exchange of Futures for Swap

- (A) An exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions consist of two discrete, but related, transactions; a physical commodity or swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the physical product or swaps agreement covered by this Section (or any derivative, by-product or related product). The quantity of physical product or swap agreement must be approximately equivalent to the quantity covered by the futures contracts.
- (B) Except as provided for below, an EFP or EFS transaction must take place during the hours of futures trading for the Liquefied Propane Gas futures contract. An EFP or EFS transaction is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP or EFS transaction which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.
- (C) Any EFP or EFS transaction shall be governed by the provisions of this Rule and by the provisions of Rules 6.21 and 6.21A respectively.
- (D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP or EFS transaction. All documentary evidence relating to the EFP or EFS transaction, including, without limitation, evidence as to change of ownership of the physical commodity or swap commitment, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.
- (E) A report of an EFP or EFS transaction shall be given, and notice thereof shall be posted for clearing on the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP or EFS transactions shall be cleared through the Exchange in accordance with normal procedures and shall be recorded as such by the Exchange and by the Clearing Members involved.

367.18 Alternative Delivery Procedure

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

367.19 Force Majeure, Late Performance and Failure to Perform

- (A) DEFINITIONS. As used in this Rule 367.19 the following terms, as well as variations thereof, shall have the meanings described below.
 - (1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
 - (2) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 367.
 - (3) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times 42,000 times the number of contracts to be delivered.
 - (4) (a) "Party" means a buyer or seller.
 - (b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

- (1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.
- (2) A party which has failed to perform its obligations may no longer perform such obligations.
- (3) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

- (1) Force majeure, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (a) when the Chairman of the Delivery Committee is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;
 - (b) upon written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or,
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.
- (4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (5) Absent a declaration of a force majeure, the Panel may, with the consent of both the buyer and the seller, take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed no later than the fifth business day of the calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery; or,
 - (c) modify the method of taking delivery.

This Subsection shall not preclude a party of the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.

- (6) Upon a finding of a failed performance, the Panel shall:
 - (a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.

- (b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Liquefied Propane Gas futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.
- (7) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time for delivery up to two months from the scheduled time;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery;
 - (c) modify the method of taking delivery if such method is acceptable to the buyer;
 - (d) allocate deliveries; or,
 - (e) refer the matter to the Exchange, represented by the Market Regulation Department, for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

- (1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment in accordance with subsection (2) of this section (D), specifying the findings of the Panel with respect to the failed delivery.
- (2) When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value, but not less than \$3,000 per contract, to be paid to the Exchange.
- (3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.
 - (b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.
- (4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the opportunity to appeal, a Notice of Assessment, the Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.
- (5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.
- (6) In the event of an appeal by a party, the President, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the President, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and

the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.

- (7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:
- (a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.
 - (g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (8) The Performance Appeal Panel shall consider, and make recommendations to the President concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the President shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 6A of the Rules with the following exceptions:
 - (a) The President or his designee shall appoint an Arbitration Panel.
 - (b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.
 - (c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.

(d) Failure to comply with the terms of the award may subject the party which fails to comply to disciplinary proceedings pursuant to Chapter 6A Rule 618.

367.20 Time References

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

367.21 Disclaimer

OPIS licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contracts.

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS 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 ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS 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.

Mont Belvieu Physical Iso-Butane (OPIS) Futures

368.01 Scope

The provisions of these rules shall apply to all Iso-Butane bought or sold for clearing on the Exchange with delivery at the Enterprise facility in Mont Belvieu, Texas.

368.02 Reference to Seller and Buyer

- (A) Except with respect to Rules 368.11, 368.17 and 368.18, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.
- (B) In Rules 368.11, 368.17 and 368.18, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

368.03 Final Settlement Price

The final settlement price for the delivery month shall be the Oil Price Information Service ("OPIS") average price on the last trading day for physical iso-butane (non-LDH).

368.04 Contract Unit

The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). There shall be no volume tolerance permitted under these rules.

The volume delivered shall be determined at 60 degrees Fahrenheit using GPA Standard 2142. GPA refers to the Gas Processors Association.

368.05 Grade and Quality Specifications

Iso-Butane shall conform to the specifications as required by the Enterprise Products facility outlined below, which may be amended from time to time:

STANDARD GRADE ISO-BUTANE		
COMPONENT	TEST METHODS	SPECIFICATIONS
Propane & Lighter	ASTM D-2163	3.0 Liq. Vol. % max.
Isobutane	ASTM D-2163	96.0 Liq. Vol. % min.
Normal Butane & Heavier	ASTM D-2163	4.0 Liq. Vol. % max.
Total Sulfur	ASTM D-4045	140 ppm wt. max.
Water Content	VISUAL	No Free Water
Vapor Pressure at 100° F	ASTM D-1267	70 psig max.
Corrosion, Copper Strip	ASTM D-1838	No. 1

368.06 Delivery Months

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

368.07 Prices and Fluctuations

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.00001 (.001¢) per gallon.

368.08 Termination of Trading

Trading or clearing in a current delivery month shall cease on the second-to-last business day of the delivery month.

368.09 Product Placement

For purposes of Rule 9A.19, a Clearing Member shall fulfill his contractual obligation on a maturing contract only if, prior to 12:00 noon on the last trading day for the applicable delivery month, such seller has received from his customer a certification, in the form prescribed by the Exchange, stating that the customer has or will have in position, not later than the last day of the delivery month, at one or more eligible delivery facilities at which delivery may be made under this Chapter, a quantity and quality of iso-butane sufficient to meet such customer's obligation to make delivery when and as prescribed in these Rules; provided, however, that the receipt of such certification shall not relieve the seller of any obligations under any Rule other than Rule 9A.19.

368.10 Delivery Location

- (A) Delivery shall be made Free-On-Board (F.O.B.) at the Enterprise facility or, with the mutual agreement of the buyer and the seller, at any pipeline, storage facility, or fractionation facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations.
- (B) For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller delivers to the buyer iso-butane which is free of all liens, encumbrances, unpaid taxes, fees and other charges.
- (C) The seller shall retain title to and bear the risk of loss for the product until the product is delivered to the buyer. For the purposes of a pumpover, delivery will occur when product is delivered into the Enterprise facility.

368.11 Delivery Methods

Delivery shall be made by any of the following methods:

- (A) By in-well transfer at the Enterprise facility. For purposes of this rule, in-well transfer is defined as the transfer of title on the books from the seller to the buyer as a result of the issuance of a Product Transfer Order or an equivalent document.
- (B) By book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer which is not documented on the books of an eligible facility.

368.12 Delivery Procedure

(A) NOTICE OF INTENTION TO DELIVER AND NOTICE OF INTENTION TO ACCEPT:

By 6:00 p.m. on the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:
 - (a) Name of the seller's customer;
 - (b) Number of contracts to be delivered;
 - (c) The name and location of the eligible pipeline, storage facility or fractionation facility from which the seller will supply the product; and,
 - (d) Any additional information as may be required by the Exchange.
- (2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange, and shall include:
 - (a) Name of the buyer's customer;
 - (b) Number of contracts to be accepted;
 - (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members on the morning of the second

business day after the final day of trading. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.

(C) BUYER'S DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Tender Allocation Notice, but not later than 12:00 noon on the last business day of the delivery month, the buyer shall deliver to the seller identified in such Tender Allocation Notice, with copy to the Exchange, properly completed and signed Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (1) Name of seller;
- (2) Tender number;
- (3) Seller's choice of the eligible facility;
- (4) Number of contracts;
- (5) The method of delivery;
- (6) Any additional information as may be required by the Exchange.

(D) AMENDMENT OF DELIVERY INSTRUCTIONS

Except as provided in this Section (D), Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been given. However, upon mutual consent of the parties and upon written notice to the Exchange, the parties may change the delivery facility and/or the method of delivery named by the buyer. Notwithstanding the previous provisions of this Section (D), a seller may unilaterally amend the method of delivery from interfacility pumpover to an in-well transfer.

368.13 Timing of Delivery

The timing of delivery shall be no later than the last calendar day of the delivery month.

368.14 Delivery Margins and Payment

(A) Margins.

The seller shall obtain from its customer margin in an amount fixed, from time to time, by the Exchange.

(B) On the first business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Exchange.

(C) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(D) Payment Net 5 Days.

The buyer shall pay the seller at the office of the seller by certified check by 12:00 noon of the fifth business day following completion of delivery. The amount of payment shall be based on the volume delivered as determined in Rule 368.04. If the seller requires multiple delivery dates, payment for partial delivery shall be required for each portion of product transferred. The seller, upon receipt of payment, shall give the buyer all appropriate documents necessary to transfer ownership of the product to the buyer. Alternatively, buyer and seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

368.15 Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

368.16 Inspection

Inspection of product shall be conducted in accordance with the standard practice at the Enterprise facility.

368.17 Exchange of Futures for Physical and Exchange of Futures for Swap

- (A) An exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions consist of two discrete, but related, transactions; a physical commodity or swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the physical product or swaps agreement covered by this Section (or any derivative, by-product or related product). The quantity of physical product or swap agreement must be approximately equivalent to the quantity covered by the futures contracts.
- (B) Except as provided for below, an EFP or EFS transaction must take place during the hours of futures trading for the Liquefied Propane Gas futures contract. An EFP or EFS transaction is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP or EFS transaction which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.
- (C) Any EFP or EFS transaction shall be governed by the provisions of this Rule and by the provisions of Rules 6.21 and 6.21A respectively.
- (D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP or EFS transaction. All documentary evidence relating to the EFP or EFS transaction, including, without limitation, evidence as to change of ownership of the physical commodity or swap commitment, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.
- (E) A report of an EFP or EFS transaction shall be given, and notice thereof shall be posted for clearing on the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP or EFS transactions shall be cleared through the Exchange in accordance with normal procedures and shall be recorded as such by the Exchange and by the Clearing Members involved.

368.18 Alternative Delivery Procedure

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

368.19 Force Majeure, Late Performance and Failure to Perform

- (A) DEFINITIONS. As used in this Rule 368.19 the following terms, as well as variations thereof, shall have the meanings described below.
 - (1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
 - (2) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 368.
 - (3) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times 42,000 times the number of contracts to be delivered.
 - (4) (a) "Party" means a buyer or seller.
 - (b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

- (1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.
- (2) A party which has failed to perform its obligations may no longer perform such obligations.
- (3) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

- (1) Force majeure, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (a) when the Chairman of the Delivery Committee is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;
 - (b) upon written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or,
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.
- (4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (5) Absent a declaration of a force majeure, the Panel may, with the consent of both the buyer and the seller, take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed no later than the fifth business day of the calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery; or,
 - (c) modify the method of taking delivery.

This Subsection shall not preclude a party of the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.
- (6) Upon a finding of a failed performance, the Panel shall:
 - (a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.
 - (b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to

the buyer in an amount equal to the original margin then in effect for a Liquefied Propane Gas futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.

- (7) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time for delivery up to two months from the scheduled time;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery;
 - (c) modify the method of taking delivery if such method is acceptable to the buyer;
 - (d) allocate deliveries; or,
 - (e) refer the matter to the Exchange, represented by the Market Regulation Department, for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

- (1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment in accordance with subsection (2) of this section (D), specifying the findings of the Panel with respect to the failed delivery.
- (2) When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value, but not less than \$3,000 per contract, to be paid to the Exchange.
- (3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.
 - (b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.
- (4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the opportunity to appeal, a Notice of Assessment, the Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.
- (5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.
- (6) In the event of an appeal by a party, the President, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the President, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.

- (7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:
- (a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.
 - (g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (8) The Performance Appeal Panel shall consider, and make recommendations to the President concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the President shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 6A of the Rules with the following exceptions:
 - (a) The President or his designee shall appoint an Arbitration Panel.
 - (b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.
 - (c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.
 - (d) Failure to comply with the terms of the award may subject the party which fails to comply to disciplinary proceedings pursuant to Chapter 6A Rule 618.

368.20 Time References

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

368.21 Disclaimer

OPIS licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contracts.

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Mont Belvieu Physical Ethane (OPIS) Futures

369.01 Scope

The provisions of these rules shall apply to all Ethane bought or sold for clearing on the Exchange with delivery in Mont Belvieu, Texas.

369.02 Reference to Seller and Buyer

- (A) Except with respect to Rules 369.11, 369.17 and 369.18, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.
- (B) In Rules 369.11, 369.17 and 369.18, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

369.03 Final Settlement Price

The final settlement price for the delivery month shall be the Oil Price Information Service ("OPIS") average price on the last trading day for physical ethane (non-LDH).

369.04 Contract Unit

The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). There shall be no volume tolerance permitted under these rules.

The volume delivered shall be determined at 60 degrees Fahrenheit using GPA Standard 2142. GPA refers to the Gas Processors Association.

369.05 Grade and Quality Specifications

Ethane shall conform to the specifications as required by the Enterprise Products facility outlined below, which may be amended from time to time:

ETHANE		
COMPONENT	TEST METHODS	SPECIFICATIONS
Methane	ASTM D-2163	3.0 Liq. Vol.% max.
Ethane & Ethylene	ASTM D-2163	95.0 Liq. Vol.% min.
Propane & Heavier	ASTM D-2163	3.5 Liq. Vol.% max.
Corrosion, Copper Strip	ASTM D-1838	No. 1
Total Sulfur	ASTM D-4045	30 ppm wt. max.
Water Content	VISUAL	No Free Water
Carbon Dioxide	ASTM D-2504	1000 ppm wt. in Liq. max.

369.06 Delivery Months

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

369.07 Prices and Fluctuations

Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.00001 (.001¢) per gallon.

369.08 Termination of Trading

Trading or clearing in a current delivery month shall cease on the second-to-last business day of the delivery month.

369.09 Product Placement

For purposes of Rule 9A.19, a Clearing Member shall fulfill his contractual obligation on a maturing contract only if, prior to 12:00 noon on the last trading day for the applicable delivery month, such seller has received from his customer a certification, in the form prescribed by the Exchange, stating that the customer has or will

have in position, not later than the last day of the delivery month, at one or more eligible delivery facilities at which delivery may be made under this Chapter, a quantity and quality of ethane sufficient to meet such customer's obligation to make delivery when and as prescribed in these Rules; provided, however, that the receipt of such certification shall not relieve the seller of any obligations under any Rule other than Rule 9A.19.

369.10 Delivery Location

- (A) Delivery shall be made Free-On-Board (F.O.B.) at the Enterprise facility or, with the mutual agreement of the buyer and the seller, at any pipeline, storage facility, or fractionation facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations.
- (B) For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller delivers to the buyer at the Enterprise facility, or other agreed upon eligible facility, ethane gas which is free of all liens, encumbrances, unpaid taxes, fees and other charges.
- (C) The seller shall retain title to and bear the risk of loss for the product until the product is delivered to the buyer. For the purposes of a pumpover, delivery will occur when product is delivered into the Enterprise facility.

369.11 Delivery Methods

Delivery shall be made by any of the following methods:

- (A) By in-well transfer, if the facility used by the seller allows such transfer. For purposes of this rule, in-well transfer is defined as the transfer of title on the books of an eligible facility from the seller to the buyer as a result of the issuance of a Product Transfer Order or an equivalent document.
- (B) By book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer which is not documented on the books of an eligible facility.

369.12 Delivery Procedure

(A) NOTICE OF INTENTION TO DELIVER AND NOTICE OF INTENTION TO ACCEPT

By 6:00 p.m. on the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:
 - (a) Name of the seller's customer;
 - (b) Number of contracts to be delivered;
 - (c) Any additional information as may be required by the Exchange.
- (2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange, and shall include:
 - (a) Name of the buyer's customer;
 - (b) Number of contracts to be accepted;
 - (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members on the morning of the first business day after the final day of trading. The day the Tender Allocation Notices are provided to the Clearing Members shall be referred to as "Notice Day". Tender Allocation Notices are not transferable.

(C) BUYER'S DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Tender Allocation Notice, but not later than 12:00 noon on the last business day of the delivery month, the buyer shall deliver to the seller identified in such

Tender Allocation Notice, with copy to the Exchange, properly completed and signed Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (1) Name of seller;
- (2) Tender number;
- (3) Seller's choice of facility;
- (4) Number of contracts;
- (5) The method of delivery;
- (6) Any additional information as may be required by the Exchange.

(D) AMENDMENT OF DELIVERY INSTRUCTIONS

Except as provided in this Section (D), Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been given. However, upon mutual consent of the parties and upon written notice to the Exchange, the parties may change the delivery facility and/or the method of delivery named by the buyer. Notwithstanding the previous provisions of this Section (D), a seller may unilaterally amend the method of delivery from interfacility pumpover to an in-well transfer.

369.13 Timing of Delivery

The timing of delivery shall be at seller's option, provided that, delivery shall take place no later than the last calendar day of the delivery month.

369.14 Delivery Margins and Payment

(A) Margins.

The seller shall obtain from its customer margin in an amount fixed, from time to time, by the Exchange.

- (B) On the first business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered. The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Exchange.
- (C) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(D) Payment Net 5 Days.

The buyer shall pay the seller at the office of the seller by certified check by 12:00 noon on the fifth business day following completion of delivery. The amount of payment shall be based on the volume delivered as determined in Rule 230.04. If the seller requires multiple delivery dates, payment for partial delivery shall be required for each portion of product transferred. The seller, upon receipt of payment, shall give the buyer all appropriate documents necessary to transfer ownership of the product to the buyer. Alternatively, buyer and seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

369.15 Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

369.16 Inspection

Inspection of product shall be conducted in accordance with pipeline practice.

369.17 Exchange of Futures for Physical and Exchange of Futures for Swap

- (A) An exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions consist of two discrete, but related, transactions; a physical commodity or swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the physical product or swaps agreement covered by this Section (or any derivative, by-product or related product). The quantity of

physical product or swap agreement must be approximately equivalent to the quantity covered by the futures contracts.

- (B) Except as provided for below, an EFP or EFS transaction must take place during the hours of futures trading for the Liquefied Propane Gas futures contract. An EFP or EFS transaction is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP or EFS transaction which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.
- (C) Any EFP or EFS transaction shall be governed by the provisions of this Rule and by the provisions of Rules 6.21 and 6.21A respectively.
- (D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP or EFS transaction. All documentary evidence relating to the EFP or EFS transaction, including, without limitation, evidence as to change of ownership of the physical commodity or swap commitment, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.
- (E) A report of an EFP or EFS transaction shall be given, and notice thereof shall be posted for clearing on the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP or EFS transactions shall be cleared through the Exchange in accordance with normal procedures and shall be recorded as such by the Exchange and by the Clearing Members involved.

369.18 Alternative Delivery Procedure

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

369.19 Force Majeure, Late Performance and Failure to Perform

- (A) DEFINITIONS. As used in this Rule 369.19 the following terms, as well as variations thereof, shall have the meanings described below.
 - (1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
 - (2) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 369.
 - (3) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times 42,000 times the number of contracts to be delivered.
 - (4) (a) "Party" means a buyer or seller.
(b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.
- (B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY
 - (1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.
 - (2) A party which has failed to perform its obligations may no longer perform such obligations.

- (3) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

- (1) Force majeure, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:
 - (a) when the Chairman of the Delivery Committee is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;
 - (b) upon written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or,
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.
- (4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.
- (5) Absent a declaration of a force majeure, the Panel may, with the consent of both the buyer and the seller, take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed no later than the fifth business day of the calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery; or,
 - (c) modify the method of taking delivery.

This Subsection shall not preclude a party of the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.

- (6) Upon a finding of a failed performance, the Panel shall:
 - (a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.
 - (b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Liquefied Propane Gas futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule

have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.

- (7) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:
 - (a) grant an extension of time for delivery up to two months from the scheduled time;
 - (b) change the delivery site to a site within Mont Belvieu, provided that the seller has product or will have product at such site in time for delivery;
 - (c) modify the method of taking delivery if such method is acceptable to the buyer;
 - (d) allocate deliveries; or,
 - (e) refer the matter to the Exchange, represented by the Market Regulation Department for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

- (1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment in accordance with subsection (2) of this section (D), specifying the findings of the Panel with respect to the failed delivery.
- (2) When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value, but not less than \$3,000 per contract, to be paid to the Exchange.
- (3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.

(b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.
- (4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the opportunity to appeal, a Notice of Assessment, the Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.
- (5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.
- (6) In the event of an appeal by a party, the President, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the President, or his designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.
- (7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:

- (a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.
 - (b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
 - (c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
 - (d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.
 - (g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (8) The Performance Appeal Panel shall consider, and make recommendations to the President concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the President shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 6A of the Rules with the following exceptions:
 - (a) The President or his designee shall appoint an Arbitration Panel.
 - (b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.
 - (c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.
 - (d) Failure to comply with the terms of the award may subject the party which fails to comply to disciplinary proceedings pursuant to Chapter 6A Rule 618.

369.20 Time References

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

369.21 Disclaimer

OPIS licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contracts.

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

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APPENDIX B

Supplemental Information

Price Source: OPIS

The price reporting service used for the final settlement of the six new physically delivered natural gas liquid (NGL) futures contracts is Oil Price Information Service (OPIS). These physically delivered NGL futures contracts will be settled based on the OPIS price index on the last day of trading.

OPIS is the main pricing service that is used in the NGL market for pricing physical and over-the-counter (OTC) swap contracts, and their methodology is well-known in the industry. The Exchange entered into a licensing agreement with OPIS to utilize their pricing data. OPIS has long-standing reputations in the industry for price benchmarks that are fair and not manipulated. The OPIS pricing methodology relies on telephone surveys and electronic data from dozens and dozens of market participants to determine market value. The OPIS pricing methodology is well-defined and is available at the link below (the OPIS methodology for propane and the various NGLs are listed under the Natural Gas Liquids section in the link):

<http://opisnet.com/methodology.asp#ngl>

Propane and Natural Gas Liquids (NGLs) Market

The natural gas liquids (NGL) complex, also called liquefied petroleum gases (LPGs), is composed of propane and other related natural gas liquids, including natural gasoline, ethane, normal butane, and iso-butane. The natural gasoline is also known as pentane. The NGLs are hydrocarbons. They are not directly produced. NGLs are by-products of either of the following two processes: natural gas processing or petroleum refining. During the natural gas plant production, NGLs are produced as a result of the extraction of materials such as propane and butane from natural gas in order to prevent these liquids from condensing and causing operational problems within the natural gas pipelines. Similarly, when oil refineries produce petroleum products such as gasoline and heating oil, certain NGLs are also produced as a by-product of those processes.

Since NGLs are not directly produced and are a by-product, their production cannot be adjusted to coincide with changes in prices and/or demand. However, NGLs can be imported and/or stored.

The main end-users for the various NGLs are the petrochemical and industrial companies, including plastics manufacturers. The manufacturing sector purchases the NGLs to use as inputs for their production process of plastic products and components. Ethane is a key input for the production of plastics. Butane is used as a gasoline-blending component during cold weather to boost the Reid Vapor Pressure (RVP) and assist with the start of a cold engine. Butane is also used as a petrochemical feedstock. Natural gasoline is used as a petrochemical feedstock and as a gasoline additive.

The Mont Belvieu Physical LDH Propane Futures contract (3N) will be physically delivered at the Louis Dreyfus Highbridge (LDH) facility in Mont Belvieu, Texas. The Mont Belvieu Physical Non-LDH Propane Futures contract (3P), as well as the other four physical NGL futures contracts, will be delivered at the Enterprise facility in Mont Belvieu, Texas. The LDH and Enterprise facilities are the two main facilities in the U.S. for the storage and trading of NGL products. These two hubs provide a liquid trading center for the NGL complex of products.

The EIA publishes monthly inventories data for the NGL or "Liquefied Petroleum Gases" market, with a detailed breakdown for each of the NGLs, including propane, ethane, normal butane, iso-butane, and pentane (natural gasoline). The monthly EIA stocks can be viewed at the link below:

http://tonto.eia.doe.gov/dnav/pet/pet_stoc_typ_d_nus_SAE_mbb1_m.htm

The EIA provides production data on the NGL market under the heading of "propane/propylene" which refers to the NGL complex that includes propane, normal butane, ethane, iso-butane, and natural gasoline. The total U.S. production of NGLs is currently around one million barrels per day. Gulf Coast NGL production is more than 600,000 barrels per day. The production of each of the NGLs (propane, ethane, normal butane, iso-butane, and natural gasoline) is estimated at around 100,000 to 150,000 barrels per day. The EIA refinery production data for NGLs for the U.S. and Gulf Coast area (known as Padd 3) appear at the link below:

http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dc_u_r30_w.htm

The EIA publishes weekly inventory and production data for propane at the link below:
<http://tonto.eia.doe.gov/oog/info/hopu/hopu.asp>

The main consumption areas for propane are in the Midwest and Northeast markets, which are supplied by the Louis Dreyfus pipeline from the Mont Belvieu hub in Houston via Conway, Kansas to the Midwest and New York markets. The monthly deliverable supply of propane in the Gulf Coast is around 8 to 10 million barrels. The average daily trading volume at the Conway hub is around 200,000 to 250,000 barrels per day.

Although imports provide the smallest (about 10 percent) of domestic NGL supply, they are vital when consumption exceeds available domestic supplies. Propane and related NGLs can be imported via pipeline and rail car from Canada, and by sea from countries such as Algeria and Saudi Arabia.

The NGL market has an actively traded cash market which trades via voice brokers and on the ICE Chemconnect platform. The average daily trading volume for each of the NGLs of ethane, normal butane, iso-butane, propane and natural gasoline is in the area of 200,000 to 300,000 barrels per day. The monthly deliverable supply for each of the NGLs is around 4 million barrels. The average size of the typical transaction in the cash market is 5,000 barrels and there are 40 to 50 transactions per day. Participation in this market is diverse.

In addition, there is a robust OTC swaps market in the NGL complex which is transacted by OTC brokers and by the Houston Mercantile Exchange platform. The OTC market typically trades a cash-settled swap instrument based on the OPIS price assessment in increments of 42,000 gallons (or 1,000 barrels). The forward month activity in the OTC market is typically concentrated in the first 12 to 18 months. The key participants are refiners, traders, and financial companies, as listed below.

NGL Market Participants

The NGL cash market and OTC market participants are diverse and number 30 to 40 wholesalers and retailers. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/Retailers</u>	<u>Brokers</u>	<u>Financial</u>
ConocoPhillips	Louis Dreyfus	Liquidity Partners	Barclays
Valero	Vitol	Nuevo	Citibank
Shell	Enterprise	Nordisco	JP Morgan
ExxonMobil	Koch	Houston Merc	Morgan Stanley
BP	Fortis	Echo Energy	Goldman Sachs
Sunoco	Cargill	Man Financial	
Hess	Blue Flame	Newedge Financial	
Lyondell	Amerigas	Lozier Energy	
	Transammonia		
	Suburban Propane		
	Sempre		

Speculative Limits for the Physical NGL Contracts

The Exchange has set the expiration month limit for each of the new NGL futures contracts at 150 contracts (equivalent to 150,000 barrels) which is less than 5% of the monthly deliverable supply for each of the NGLs.