CME Group
A CME/Chicago Board of Trade/NYMEX Company

July 30, 2010

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 # 10-223: Notification Regarding the Listing of Nine (9) Gulf Coast Gasoline Futures Contracts for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort®

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of nine (9) new, financially settled, Gulf Coast Gasoline futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, August 08, 2010 for trade date Monday, August 09, 2010.

The contracts, commodity codes, rule chapters and listing schedules are as follows:

Contract	Code	Rule Chapter	First Listed Month	Listing Period
Gulf Coast Unl 87 Gasoline M2 (Platts) vs. RBOB Spread Swap Futures	RVG	973	Sep-10	36 consecutive months
Gulf Coast Unl 87 Gasoline M2 (Platts) Swap Futures	GCM	974	Sep-10	36 consecutive months
Gulf Coast Unl 87 Gasoline M2 (Platts) Crack Spread Swap Futures	GCC	975	Sep-10	36 consecutive months
Gulf Coast CBOB Gasoline A2 (Platts) vs. RBOB Spread Swap Futures	CRB	976	Sep-10	36 consecutive months
Gulf Coast CBOB Gasoline A2 (Platts) Swap Futures	CRG	977	Sep-10	36 consecutive months
Gulf Coast CBOB Gasoline A2 (Platts) Crack Spread Swap Futures	GCG	978	Sep-10	36 consecutive months
Gulf Coast CBOB Gasoline A1 (Platts) vs. RBOB Spread Swap Futures	CBA	979	Sep-10	36 consecutive months
Gulf Coast CBOB Gasoline A1 (Platts) Swap Futures	CBO	980	Sep-10	36 consecutive months
Gulf Coast CBOB Gasoline A1 (Platts) Crack Spread Swap Futures	CBC	981	Sep-10	36 consecutive months

These new petroleum futures contracts will be available during normal trading hours on the NYMEX trading floor and through CME ClearPort. Open outcry trading is conducted Monday through Friday from 9:00 a.m. until 2:30 p.m. (New York prevailing time), except on Exchange holidays. CME ClearPort is

available from 6:00 p.m. Sunday until 5:15 p.m. Friday (New York prevailing time). There is a 45-minute halt each day between 5:15 p.m. (current trade date) and 6:00 p.m. (next trade date).

In addition, the Exchange will allow the exchange for related position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions in these futures contracts will be governed by the provisions of Exchange Rule 538.

Although the analysis of deliverable supply attached herewith includes the recommended position limits for these 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. This submission will be made effective on trade date August 9, 2010.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or the undersigned at (212) 299-2207.

Sincerely,

/s/ Brian Regan
Managing Director and Regulatory Counsel

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

8385

Chapter 973
Gulf Coast Unl 87 Gasoline M2 (Platts) vs. RBOB Spread Swap Futures

973.01 SCOPE

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

973.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast Unl 87 gasoline (Colonial M grade: lowest RVP posted except M1 and M0) pipeline using the Supplemental 9.0 RVP Summer assessment minus the RBOB Gasoline Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

973.03 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

973.04 CONTRACT MONTHS

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

973.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon. There shall be no maximum price fluctuation.

973.06 TERMINATION OF TRADING

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

973.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

973.08 EXCHANGE FOR RELATED POSITION

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

973.09 DISCLAIMER

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Chapter 974
Gulf Coast Unl 87 Gasoline M2 (Platts) Swap Futures

974.01 SCOPE

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

974.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast Unl 87 gasoline (Colonial M grade: lowest RVP posted except M1 and M0) pipeline using the Supplemental 9.0 RVP Summer assessment for each business day that it is determined during the contract month.

974.03 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

974.04 CONTRACT MONTHS

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

974.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon. There shall be no maximum price fluctuation.

974.06 TERMINATION OF TRADING

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

974.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

974.08 EXCHANGE FOR RELATED POSITION

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Chapter 975
Gulf Coast Unl 87 Gasoline M2 (Platts) Crack Spread Swap Futures

975.01 SCOPE

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

975.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast Unl 87 gasoline (Colonial M grade: lowest RVP posted except M1 and M0) pipeline using the Supplemental 9.0 RVP Summer assessment minus the Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

For purposes of determining the Floating Price, the gasoline price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest 0.1 cent.

975.03 CONTRACT QUANTITY AND VALUE

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

975.04 CONTRACT MONTHS

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

975.05 PRICES AND FLUCTUATIONS

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

975.06 TERMINATION OF TRADING

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

975.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

975.08 EXCHANGE FOR RELATED POSITION

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

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Chapter 976
Gulf Coast CBOB Gasoline A2 (Platts) vs. RBOB Spread Swap Futures

976.01 SCOPE

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

976.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast CBOB 87 gasoline (Colonial A grade: lowest RVP posted except A1 and A0) pipeline using the Supplemental 9.0 RVP Summer assessment minus the RBOB Gasoline Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

976.03 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

976.04 CONTRACT MONTHS

Trading shall be conducted in contracts in such months as shall be determined by the Board of Directors.

976.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon. There shall be no maximum price fluctuation.

976.06 TERMINATION OF TRADING

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

976.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

976.08 EXCHANGE FOR RELATED POSITION

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

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Chapter 977
Gulf Coast CBOB Gasoline A2 (Platts) Swap Futures

977.01 SCOPE

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

977.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast CBOB 87 gasoline (Colonial A grade: lowest RVP posted except A1 and A0) pipeline using the Supplemental 9.0 RVP Summer assessment for each business day that it is determined during the contract month.

977.03 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

977.04 CONTRACT MONTHS

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

977.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon. There shall be no maximum price fluctuation.

977.06 TERMINATION OF TRADING

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

977.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

977.08 EXCHANGE FOR RELATED POSITION

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

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Chapter 978
Gulf Coast CBOB Gasoline A2 (Platts) Crack Spread Swap Futures

978.01 SCOPE

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

978.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast CBOB 87 gasoline (Colonial A grade: lowest RVP posted except A1 and A0) pipeline using the Supplemental 9.0 RVP Summer assessment minus the Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

For purposes of determining the Floating Price, the gasoline price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest 0.1 cent.

978.03 CONTRACT QUANTITY AND VALUE

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

978.04 CONTRACT MONTHS

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

978.05 PRICES AND FLUCTUATIONS

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

978.06 TERMINATION OF TRADING

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

978.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

978.08 EXCHANGE FOR RELATED POSITION

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

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Chapter 979
Gulf Coast CBOB Gasoline A1 (Platts) vs. RBOB Spread Swap Futures

979.01 SCOPE

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

979.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast CBOB 87 gasoline (Colonial A grade: lowest RVP posted except A0) pipeline using the 7.8 RVP assessment in the summer minus the RBOB Gasoline Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

979.03 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

979.04 CONTRACT MONTHS

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

979.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon. There shall be no maximum price fluctuation.

979.06 TERMINATION OF TRADING

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

979.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

979.08 EXCHANGE FOR RELATED POSITION

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

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Chapter 980
Gulf Coast CBOB Gasoline A1 (Platts) Swap Futures

980.01 SCOPE

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

980.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast CBOB 87 gasoline (Colonial A grade: lowest RVP posted except A0) pipeline using the 7.8 RVP assessment in the summer for each business day that it is determined during the contract month.

980.03 CONTRACT QUANTITY AND VALUE

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

980.04 CONTRACT MONTHS

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

980.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be $0.0001 per gallon. There shall be no maximum price fluctuation.

980.06 TERMINATION OF TRADING

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

980.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

980.08 EXCHANGE FOR RELATED POSITION

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Chapter 981
Gulf Coast CBOB Gasoline A1 (Platts) Crack Spread Swap Futures

981.01 SCOPE

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

981.02 FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from Platts Oilgram Price Report for U.S. Gulf Coast CBOB 87 gasoline (Colonial A grade: lowest RVP posted except A0) pipeline using the 7.8 RVP assessment in the summer minus the Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

For purposes of determining the Floating Price, the gasoline price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest 0.1 cent.

981.03 CONTRACT QUANTITY AND VALUE

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

981.04 CONTRACT MONTHS

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

981.05 PRICES AND FLUCTUATIONS

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

981.06 TERMINATION OF TRADING

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

981.07 FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

981.08 EXCHANGE FOR RELATED POSITION

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CASH MARKET OVERVIEW

Price Sources

The New York Mercantile Exchange, Inc. (NYMEX or Exchange) is self-certifying the listing of nine financially-settled Gulf Coast gasoline contracts consisting of three outright swap futures contracts, three RBOB Gasoline spread swap futures contracts, and three crack spread swap futures contracts. The contracts, rule chapters, commodity codes, and underlying futures are listed in the table below. The price for the three outright swap futures contracts will be based on the price assessment published by Platts, a division of The McGraw-Hill Companies, Inc. ("Platts"). The three RBOB Gasoline spread contracts and the three crack spread futures contracts will utilize price assessments from both the NYMEX (for the RBOB Gasoline Futures (RB) and Light Sweet Crude Oil Futures (CL) legs of the spread) and Platts (for the Gulf Coast Unl 87 Gasoline M2 and Gulf Coast CBOB Gasoline A1 and A2 legs of the spread).

Contract	Code	Rule Chapter	Underlying Futures Commodity Codes
Gulf Coast Unl 87 Gasoline M2 (Platts) vs. RBOB Spread Swap Futures	RVG	973	GCM vs. RB
Gulf Coast Unl 87 Gasoline M2 (Platts) Swap Futures	GCM	974	Not applicable
Gulf Coast Unl 87 Gasoline M2 (Platts) Crack Spread Swap Futures	GCC	975	GCM vs. CL
Gulf Coast CBOB Gasoline A2 (Platts) vs. RBOB Spread Swap Futures	CRB	976	CRG vs. RB
Gulf Coast CBOB Gasoline A2 (Platts) Swap Futures	CRG	977	Not applicable
Gulf Coast CBOB Gasoline A2 (Platts) Crack Spread Swap Futures	GCG	978	CRG vs. CL
Gulf Coast CBOB Gasoline A1 (Platts) vs. RBOB Spread Swap Futures	CBA	979	CBO vs. RB
Gulf Coast CBOB Gasoline A1 (Platts) Swap Futures	CBO	980	Not applicable
Gulf Coast CBOB Gasoline A1 (Platts) Crack Spread Swap Futures	CBC	981	CBO vs. CL

Platts is one of the major pricing services used in the over-the-counter (OTC) market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing methodology[1] is derived from telephone surveys and electronic data collected from multiple market participants to determine market value. Platts has a long-standing reputation in the industry for

[1] http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/usoilproductspecs.pdf.

price benchmarks that are fair and not manipulated. CME Group is a party to license agreements with Platts to utilize their pricing data.

U.S. Gasoline Market

The U.S. gasoline market represents a large physical market, with total U.S. refinery capacity to produce 9.0 million to 9.5 million barrels per day of gasoline[2]. The market participation is diverse and includes many of the same commercial entities that are active in the Gulf Coast and New York Harbor markets.

Each grade of gasoline is categorized according to its octane rating: regular, midgrade, and premium. Regular gasoline has an octane rating of greater than or equal to 85 and less than 88; midgrade gasoline, greater than or equal to 88 and less than or equal to 90; and premium gasoline, greater than 90. Each of these grades' octane requirements may vary in altitude and also in various regions in the United States.

In addition, there are two main formulations for gasoline: Reformulated gasoline and Conventional gasoline, as required by a complex regulatory network of Federal and State regulations. The U.S. Environmental Protection Agency (EPA) administers the Clear Air Act (CAA) requirements, and various State agencies regulate their own specific air rules. Under the CAA, the urban areas with the highest levels of smog pollution are required to use clean-burning "Reformulated Gasoline" with 10% ethanol. These urban areas include the entire Northeast U.S., as well as California, Chicago, Atlanta, and Houston. This area accounts for approximately 40% of U.S. gasoline demand. Further, there is a 10% ethanol blending requirement in Reformulated Gasoline, and the ethanol must be segregated from the gasoline at the wholesale level in the pipeline distribution system. In the wholesale market, the gasoline is shipped unfinished except for the 10% addition of ethanol, and is called Reformulated Blendstock for Oxygen Blending (RBOB). The 10% ethanol blending occurs at the last stage of the delivery process when the gasoline is loaded into the tanker truck for retail delivery.

[2] http://www.eia.gov/dnav/pet/pet_pnp_wprodrb_dcu_nus_w.htm.

Similarly, for the majority of the U.S., the EPA requires a "Conventional" gasoline, which accounts for 60% of U.S. gasoline demand, in areas that have less smog pollution. There are two types of conventional gasoline: regular gasoline blended with 10% ethanol, and regular gasoline without ethanol (also called "clear" gasoline). In the wholesale market, the ethanol-blended conventional gasoline is shipped unfinished, and is called Conventional Blendstock for Oxygen Blending (CBOB).

In the summertime, there is an additional EPA regulation for "Northern" and "Southern" grades of gasoline, because Southern states have higher temperatures that cause higher levels of smog pollution than in Northern states. Hence, the Northern half of the U.S. has a less-stringent Reid Vapor Pressure (RVP) requirement equivalent to 9.0 pounds per square inch (psi) maximum RVP for gasoline, while the Southern states have a maximum RVP level of 7.8 psi.

The new Gulf Coast gasoline swap futures reference the most actively traded grades of gasoline in the Gulf Coast gasoline market. Specifically, the new gasoline swap futures reference three different grades of gasoline using the Colonial Pipeline designations for gasoline. The Colonial Pipeline is the main pipeline that connects the Houston refineries to the Eastern U.S. market and serves as the benchmark for physical gasoline and refined products. The Gulf Coast gasoline is priced at a differential to the NYMEX RBOB Gasoline Futures contract. Further specifications for the Colonial Pipeline are available at the following website:

http://www.colpipe.com/pdfs/Sect%203%20Prod%20Spec%20June%201%202010%20update.pdf

The new gasoline swap futures specify the following three grades of gasoline, using the Colonial Pipeline terminology:

1. Colonial Pipeline "M2" grade refers to regular Conventional Gasoline without ethanol used in the Northern half of the U.S. with a summertime RVP level of maximum 9.0 psi. This is the dominant grade of regular gasoline consumed in the Northern part of the U.S. with a summertime Reid Vapor Pressure (RVP) standard of maximum 9.0 pounds per square inch (psi). The Exchange will list three types of swap futures that utilize the "M2" grade of gasoline, given that gasoline swaps are priced in three ways. The Exchange will list (i) a gasoline spread swap futures that is priced as a differential to the NYMEX RBOB Gasoline Futures contract, (ii) an outright gasoline

swap, and (iii) a gasoline crack spread swap which will be priced in dollars per barrel using the differential between gasoline and the NYMEX Light Sweet Crude Oil Futures settlement price. The three new Gulf Coast Gasoline M2 swap futures are:

- **Gulf Coast Unl 87 Gasoline M2 (Platts) vs. RBOB Spread Swap Futures**
- **Gulf Coast Unl 87 Gasoline M2 (Platts) Swap Futures**
- **Gulf Coast Unl 87 Gasoline M2 (Platts) Crack Spread Swap Futures**

2. Colonial Pipeline "A2" grade refers to the ethanol-blended Conventional Gasoline (CBOB) used in the Northern part of the U.S. with a summertime RVP level of maximum 9.0 psi. In the wholesale market, the ethanol-blended CBOB is shipped unfinished, and the 10% ethanol is blended at the last stage of the delivery process when the gasoline is loaded into the tanker truck for retail delivery. The Exchange will list (i) a gasoline spread swap futures that is priced as a differential to the NYMEX RBOB Gasoline Futures contract, (ii) an outright gasoline swap, and (iii) a gasoline crack spread swap which will be priced in dollars per barrel using the differential between gasoline and the NYMEX Light Sweet Crude Oil Futures settlement price. The three new Gulf Coast gasoline swap futures that utilize the "A2" grade of gasoline are:

   - **Gulf Coast CBOB Gasoline A2 (Platts) vs. RBOB Spread Swap Futures**
   - **Gulf Coast CBOB Gasoline A2 (Platts) Swap Futures**
   - **Gulf Coast CBOB Gasoline A2 (Platts) Crack Spread Swap Futures**

3. Colonial Pipeline "A1" grade refers to the ethanol-blended Conventional Gasoline (CBOB) used in the Southern part of the U.S. with a summertime RVP level of maximum 7.8 psi. In the wholesale market, the ethanol-blended CBOB is shipped unfinished, and the 10% ethanol is blended at the last stage of the delivery process when the gasoline is loaded into the tanker truck for retail delivery. The Exchange will list (i) a gasoline spread swap futures that is priced as a differential to the NYMEX RBOB Gasoline Futures contract, (ii) an outright gasoline swap, and (iii) a gasoline crack spread swap which will be priced in dollars per barrel using the differential between gasoline and the NYMEX Light Sweet Crude Oil Futures settlement price. The three new Gulf Coast gasoline swap futures that utilize the "A1" grade of gasoline are:

   - **Gulf Coast CBOB Gasoline A1 (Platts) vs. RBOB Spread Swap Futures**
   - **Gulf Coast CBOB Gasoline A1 (Platts) Swap Futures**
   - **Gulf Coast CBOB Gasoline A1 (Platts) Crack Spread Swap Futures**

The Colonial Pipeline is the world's largest refined petroleum products pipeline system by volume. It consists of a 5,519-mile pipeline system that transports petroleum products mainly from the Gulf Coast region (Petroleum Administration for Defense District III or PADD III): Alabama, Mississippi, Louisiana, and Texas to marketing terminals in the Eastern and Southern U.S.[3] There are currently 38 different grades of gasoline, including Reformulated gasoline (RFG) and Conventional gasoline, with different seasonal vapor pressures for each grade.[4] The batch sizes for product flowing through the pipeline vary from 75,000 to 3,000,000 barrels. The Colonial Pipeline is also connected directly with other pipeline systems in the Gulf Coast which transport petroleum products to the Mid-Continent and PADD II region.

In 2007, the Colonial pipeline delivered over 868 million barrels of fuel which translates to roughly 36.5 billion gallons during the year or approximately 2.4 million barrels per day.[5] Ownership of the pipeline is comprised of five companies: Koch Capital Investments LLC, Chevron Midstream Investments, ConocoPhillips Pipe Line Company, Shell Pipeline Company LP, and IFM (US) Colonial Pipeline 2.[6]

In addition, ethanol-blended conventional gasoline (CBOB) is transported from the Gulf Coast to the Midwest markets through the Explorer pipeline. The Explorer pipeline is another major pipeline connecting Houston to Chicago. The Explorer pipeline transports petroleum products including gasoline, diesel fuel and jet fuel from the Gulf Coast refineries into the Dallas/Fort Worth, Tulsa, St. Louis and Chicago markets. The southern part of the system has a current capacity of 660,000 barrels per day, and the northern system north of Tulsa has a current capacity of 450,000 barrels per day (see recent press release at the link below).

http://www.expl.com/Portals/0/pdfs/LDH%20Energy%20&%20Explorer%20PressRelease.pdf

Consumption, Production, Import/Export

The U.S. Department of Energy's Energy Information Administration (EIA), provides detailed consumption, production, stocks, and trade statistics for Gulf Coast gasoline. The data contained in

[3]Colonial Pipeline, http://www.colpipe.com/sv_main.asp
[4] Colonial Pipeline, http://www.colpipe.com/ab_faq.asp
[5] Colonial Pipeline, http://www.colpipe.com/ab_main.asp
[6] Colonial Pipeline, http://www.colpipe.com/ab_oc.asp

Table 1 reflects the key statistics for the EIA categories of "finished motor gasoline" and "motor gasoline blending components", which includes finished gasoline and the key gasoline components. Finished motor gasoline[7] is defined by the EIA as a complex mixture of relatively volatile hydrocarbons with or without small quantities of additives, blended to form a fuel suitable for use in spark-ignition engines. Motor Gasoline includes conventional gasoline; all types of oxygenated gasoline, including gasohol; and reformulated gasoline, however, it excludes aviation gasoline. Finished motor gasoline includes all ethanol blended gasoline. Motor gasoline blending components[8] are defined as naphthas (e.g., straight-run gasoline, alkylate, reformate, benzene, toluene, xylene) used for blending or compounding into finished motor gasoline. These components include reformulated gasoline blendstock for oxygenate blending (RBOB) but exclude oxygenates (alcohols, ethers), butane, and pentanes plus.

Table 1 below provides annual data for the U.S. Gulf Coast (PADD III) region for consumption, production, and imports/exports. This region is the main refinery production center for the U.S. gasoline and refined products market.

According to the EIA, during the 2007 – 2009 period, Gulf Coast consumption averaged 1.4 million barrels per day, with approximately 75% of Gulf Coast gasoline demand consisting of conventional gasoline.

Further, the EIA reported that during the annual period of 2007 – 2009 exports of motor gasoline were approximately 134,000 barrels per day, while imports were almost 98,000 barrels per day, with the majority originating from Canada, France, and the Netherlands. Over the 2007 – 2009 period, Gulf Coast production of motor gasoline was 3.0 million barrels per day which is equivalent to 90 million barrels per month.

[7] Motor Gasoline, http://www.eia.gov/dnav/pet/TblDefs/pet_cons_psup_tbldef2.asp
[8] Motor Gasoline Blending Components, http://www.eia.gov/dnav/pet/TblDefs/pet_cons_psup_tbldef2.asp

Table 1. Selected Statistics for Gasoline: United States Gulf Coast (PADD III).[9]

(Thousand Barrels per Day)

Item and Region	2007	2008	2009	Average 2007-2009
Annual Consumption, Finished Motor Gasoline and Motor Gasoline Blending Components	1,416	1,359	1,408	1,394
Annual Consumption, Conventional Finished Motor Gasoline	1,100	1,027	1,044	1,057
Share, Conventional gasoline of total Finished Motor Gasoline and Motor Gasoline Blending Components	77.7%	75.6%	74.1%	75.8%
Annual Exports, Finished Motor Gasoline and Motor Gasoline Blending Components	110	119	174	134
Annual Imports, Finished Motor Gasoline and Motor Gasoline Blending Components	91	116	88	98
Weekly Refiner and Blender Net Production, Finished Motor Gasoline	3,314	2,951	2,703	2,989

The Gulf Coast gasoline market is linked directly to the New York Harbor market via the Colonial Pipeline, and the Eastern part of the U.S. is a key demand area for gasoline produced in the Gulf Coast region. Further, Gulf Coast gasoline is priced at a differential to the NYMEX RBOB Gasoline Futures contract. The New York Harbor gasoline market is a vibrant hub for gasoline pricing, with sources of supply that include local refineries, imports, and the Colonial Pipeline flows from Houston.

Table 2 below reflects the consumption, production, import and export data within the PADD I region, which encompasses the U.S. Eastern seaboard. Over the annual period from 2007-2009, gasoline consumption averaged 3.2 million barrels per day, with approximately 40% of PADD Igasoline demand in Reformulated gasoline. Gasoline imports (including gasoline blending components) averaged more than 900,000 barrels per day from 2007-2009, mainly originating from Canada, France and The Netherlands.

Over the 2007-2009 period, PADD I refinery production of motor gasoline was 2.0 million barrels per day, which is equivalent to 60 million barrels per month.

[9] EIA Consumption Data, http://www.eia.gov/dnav/pet/pet_cons_psup_dc_r30_mbblpd_a.htm (Please note that the header "Product Supplied" is a measure of Consumption and Sales in the particular region)
EIA Export Data, http://www.eia.gov/dnav/pet/pet_move_exp_dc_R30-Z00_mbblpd_a.htm
EIA Import Data, http://www.eia.gov/dnav/pet/pet_move_imp_dc_R30-Z00_mbblpd_a.htm
EIA Production Data, http://www.eia.gov/dnav/pet/pet_pnp_wprodrb_dcu_r30_4.htm

Table 2. Key Statistics for Gasoline: United States East Coast (PADD I).[10]

(Thousand Barrels per Day)

Item and Region	2007	2008	2009	Average 2007-2009
Annual Consumption, Finished Motor Gasoline and Motor Gasoline Blend. Comp. PADD I	3,331	3,223	3,232	3,262
Annual Consumption, Reformulated Finished Motor Gasoline	1,275	1,289	1,256	1,273
Share, Conventional gasoline of total Finished Motor Gasoline and Motor Gasoline Blending Components	38.3%	40.0%	38.9%	39.0%
Annual Exports, Finished Motor Gasoline and Motor Gasoline Blending Components	18	20	6	15
Annual Imports, Finished Motor Gasoline and Motor Gasoline Blending Components	974	933	805	904
Weekly Refiner and Blender Net Production, Finished Motor Gasoline	1,776	1,959	2,330	2,022

Inventories

Table 3 below provides monthly EIA data for PADD 3 inventories for Finished Motor Gasoline. Over the annual period of 2007 to present, PADD 3 stocks varied from a high of over 74 million barrels in March 2010 to a low of approximately 60 million barrels in August 2008. According to the most recent EIA data, gasoline inventory levels were at 72 million barrels in April 2010.

Table 3. Gasoline: PADD III Stocks, Finished Motor Gasoline.[11]

(Thousand Barrels)

	2007	2008	2009	2010
January	71,626	71,983	68,965	73,343
February	67,002	71,347	69,387	71,601
March	63,684	72,103	72,541	74,199
April	63,703	68,616	72,629	72,394
May	66,415	67,368	68,722	NA
June	65,293	65,799	71,249	NA
July	65,679	65,761	68,490	NA

[10] EIA Consumption Data, http://www.eia.gov/dnav/pet/pet_cons_psup_dc_r10_mbblpd_a.htm (Please note that the header "Product Supplied" is a measure of Consumption and Sales in the particular region)
EIA Export Data, http://www.eia.gov/dnav/pet/pet_move_exp_dc_R10-Z00_mbblpd_a.htm
EIA Import Data, http://www.eia.gov/dnav/pet/pet_move_imp_dc_R10-Z00_mbblpd_a.htm
EIA Production Data, http://www.eia.gov/dnav/pet/pet_pnp_wprodrb_dcu_r10_4.htm

[11] EIA Inventory Data, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MGTSTP31&f=M

	2007	2008	2009	2010
August	61,732	59,756	68,222	NA
September	63,295	62,539	67,908	NA
October	67,821	66,676	66,789	NA
November	68,886	65,588	71,222	NA
December	67,241	68,709	71,481	NA
Total	**792,377**	**806,245**	**837,605**	**291,537**

Cash Market

The estimated trading volume of gasoline in the U.S. cash market is approximately 3 million to 5 million barrels per day. The typical transaction size is 25,000 barrels, with hundreds of separate transactions occurring per day. The volume of spot transactions is more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals on the Colonial Pipeline (which links Houston with the New York Harbor market) and in the New York Harbor cash market. The bid/ask spreads are typically in increments of one-quarter cent, although this can tighten to one-tenth cent spreads when the cash market is active. There are approximately 50 to 60 participants in the Gulf Coast gasoline cash market. The Gulf Coast gasoline cash market is competitively traded. The cash market is actively quoted by dozens of cash brokers.

Over-the-Counter (OTC) Market

Further, there is an active OTC gasoline swaps market, with daily trading volume of approximately 600,000 to 800,000 barrels per day. The typical OTC transaction size consists of 25,000 barrels, with 25 to 30 transactions traded daily in the OTC swaps market. The bid/ask spreads are typically in increments of 10 cents per barrel, which reflects robust liquidity in the OTC market.

Prices

Table 4 below provides the monthly average settlement prices in U.S. dollars and cents per barrel for each of the NYMEX's Light Sweet Crude Oil Futures and RBOB Gasoline Futures contracts for the period beginning January 2007 through June 2010.

Table 4. Monthly Prices for NYMEX Light Sweet Crude Oil Futures and RBOB Gasoline Futures

Year	Date	Monthly Average of NYMEX WTI Prices (U.S. dollars and cents per barrel)	Monthly Average of RBOB Gasoline (U.S. dollars and cents per gallon)
2007	Jan	54.35	144.4750
	Feb	59.39	164.8095
	Mar	60.74	195.5850
	Apr	64.04	216.4890
	May	63.53	230.1309
	Jun	67.53	222.6271
	Jul	74.15	219.2395
	Aug	72.36	198.3039
	Sep	79.63	204.0132
	Oct	85.66	212.7083
	Nov	94.63	238.5686
	Dec	91.74	234.5325
2008	Jan	92.93	236.1986
	Feb	95.35	243.3540
	Mar	105.42	265.8800
	Apr	112.46	288.2264
	May	125.46	322.3857
	Jun	134.02	342.5214
	Jul	133.48	328.3709
	Aug	116.69	294.0395
	Sep	103.76	262.6419
	Oct	76.72	178.7578
	Nov	57.44	123.7979
	Dec	42.04	96.6655

Year	Date	Monthly Average of NYMEX WTI Prices (U.S. dollars and cents per barrel)	Monthly Average of RBOB Gasoline (U.S. dollars and cents per gallon)
2009	Jan	41.92	115.0480
	Feb	39.26	118.4763
	Mar	48.06	138.8632
	Apr	49.95	144.2943
	May	59.21	173.6100
	Jun	69.70	195.4782
	Jul	64.29	179.7868
	Aug	71.14	201.8095
	Sep	69.47	175.8652
	Oct	75.82	190.3455
	Nov	78.15	197.6010
	Dec	74.60	193.3227
2010	Jan	78.40	204.5168
	Feb	76.45	199.9311
	Mar	81.29	225.3974
	Apr	84.58	231.8529
	May	74.12	210.6050
	Jun	75.40	208.0627

Figure 1 below provides the Platts M2 Grade Gasoline Prices in U.S. dollars and cents per gallon for the period beginning January 2007 through May 2010.

Figure 1. M2 Grade Gasoline

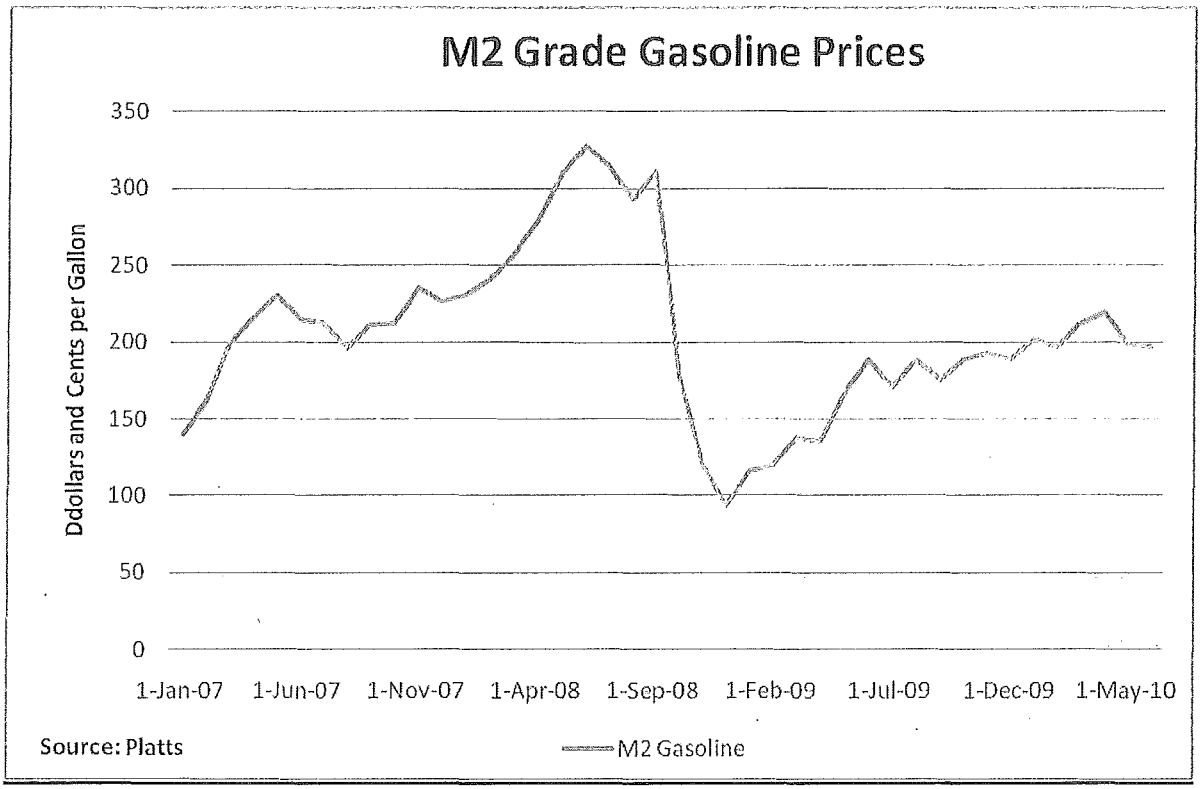
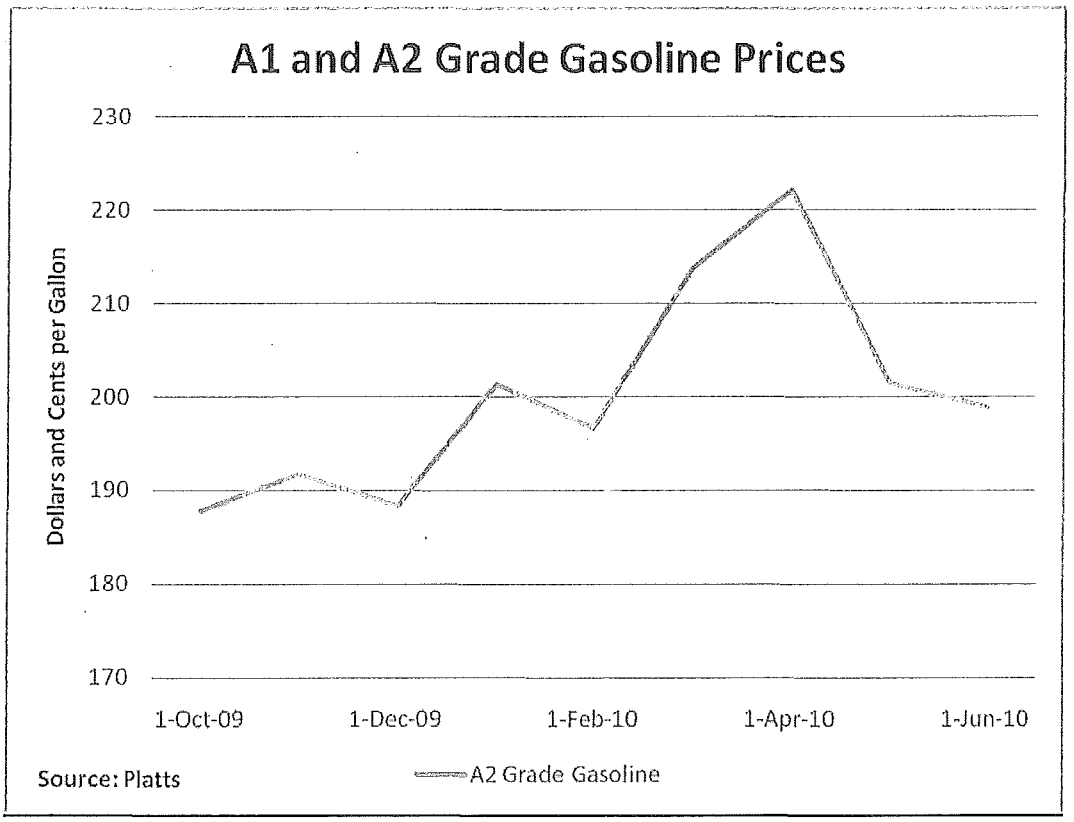


Figure 2 below provides the Platts A1 and A2 Grade Gasoline Prices in U.S. dollars and cents per gallon for the period beginning October 2009 through June 2010.

Figure 2. A2 Grade Gasoline Prices



Gasoline Market Participants

The market participation in the gasoline market is diverse and includes many of the same commercial entities that are active in the New York Harbor and Gulf Coast cash market. The gasoline cash and OTC market's consist of at least 50 to 60 commercial companies, including the following:

Refiners	Traders/End Users	Brokers	Financial (Swaps)
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore Ltd	Man Financial	Barclays
ExxonMobil	Arcadia	ICAP United Inc.	Bank of America
BP Corporation	Northville	Echo Energy	JP Morgan
Total	Cargill	MOAB Oil Inc.	Credit Suisse
Marathon	Morgan Stanley	TFS Energy	
Chevron	Goldman Sachs	OceanConnect Inc.	
Sunoco	Koch	Sage Refined Products	
	Trafigura	Falcon Products Inc.	
	Musket Energy	TCT Oil Brokers	
	Noble Energy	First National Oil Brokers	
	Lukoil		
	Pilot Travel Centers		
	LDH Energy		
	Musket Energy		
	Colonial Oil		

ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange concentrated on data for the Gulf Coast (PADD III) refinery production for gasoline, which is the main production and trading center for the U.S. At this time, the Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon launch of products, we would rather not condition recommended position limits based on stock data. Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability of the gasoline because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, the spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of the spot trading, because this does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

For the six new Gulf Coast Gasoline A1 and A2 swap futures contracts, the Exchange has set the position limits at 1,000 contracts, with aggregation into the underlying swap contracts. To be conservative, we have focused on the Gulf Coast gasoline production capacity in PADD III using the EIA data in Table 1 above. Based on the refinery production data, we have estimated the total gasoline supply in the Gulf Coast area in the period 2007-2009 was approximately 3.0 million barrels per day, which is equivalent to 90 million barrels per month or 90,000 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limits of 1,000 contract units, which is equivalent to one million barrels, is approximately 1.1% of the 90,000 contract equivalents of monthly supply.

For the three new Gulf Coast Gasoline M2 swap futures contracts, the Exchange has set the position limits at 2,000 contracts, with aggregation into the underlying swap contracts. To be conservative, we have focused on the Gulf Coast gasoline production capacity in PADD III using the EIA data in Table 1 above. Based on the refinery production data, we have estimated the total gasoline

supply in the Gulf Coast area in the period 2007-2009 was approximately 3.0 million barrels per day, which is equivalent to 90 million barrels per month or 90,000 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limit of 2,000 contract units, which is equivalent to two million barrels, is approximately 2.2% of the 90,000 contract equivalents of monthly supply.