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August 4, 2011

OFFICE OF THE  
SECRETARIAT

**VIA E-MAIL**

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: Rule Certification. New York Mercantile Exchange, Inc. Submission # 11-307:  
Notification Regarding the Listing of Micro Brent Crude Oil Penultimate Financial  
Futures Contract 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 Micro Brent Crude Oil Penultimate Financial futures contract for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, August 7, 2011, for trade date Monday, August 8, 2011. The Exchange will allow the exchange for related position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions in this futures contract will be governed by the provisions of Exchange Rule 538.

The specifications for the contract are provided below for your convenience.

<b>Contract Title</b>	<b>Micro Brent Crude Oil Penultimate Financial Futures</b>
<b>Commodity Code</b>	MBZ
<b>Contract Size</b>	1 U.S. barrel
<b>First Listed Month</b>	September 2011
<b>Listing Period</b>	Current year and next 8 consecutive calendar years
<b>Settlement Prices</b>	Based on the ICE Brent Crude Oil Futures contract.
<b>Termination of Trading</b>	Trading shall cease one business day prior to the termination of the ICE Brent Crude Oil Futures contract, i.e., two business days before the fifteenth calendar day prior to the first day of the delivery month, if the fifteenth calendar day is not a holiday or weekend in London. If the fifteenth calendar day is a holiday or weekend in London, trading shall end three business days prior to the last business day preceding the fifteenth calendar day.
<b>Minimum Price Intervals</b>	\$0.01
<b>Value per Tick</b>	\$0.01
<b>Settlement Tick</b>	\$0.01
<b>Rule Chapter</b>	1117

• **Trading and Clearing Hours:**

CME ClearPort: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT)  
with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. CT).

• **Trading and Clearing Fees:**

<u>Contract</u>	<u>CME ClearPort Rates</u>		<u>NY Trading Floor Rates</u>		<u>Cash Settlement Fee</u>	
Micro Brent Crude Oil Penultimate Financial Futures	Member	\$0.00085	Member	\$0.0007	Member	\$0.00085
	Non-Member	\$0.00135	Non-Member	\$0.00145	Non-Member	\$0.00135
			Blended Floor	\$0.00095		

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 contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. This submission will be made effective on trade date August 8, 2011.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604, (917) 319-4119 or [Daniel.brusstar@cmegroup.com](mailto:Daniel.brusstar@cmegroup.com) or the undersigned at (212) 299-2207, (347) 463-5347 or [Felix.Khalatnikov@cmegroup.com](mailto:Felix.Khalatnikov@cmegroup.com).

Sincerely,

/s/Felix Khalatnikov  
Dir & Assoc General Counsel

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

**Chapter 1117**  
**Micro Brent Crude Oil Penultimate Financial Futures**

**1117100. SCOPE OF CHAPTER**

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

**1117101. CONTRACT SPECIFICATIONS**

The Floating Price is equal to the ICE Brent Crude Oil Futures 1<sup>st</sup> nearby settlement price on the penultimate trading day for the contract month.

**1117102. TRADING SPECIFICATIONS**

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

**1117102.A. Trading Schedule**

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

**1117102.B. Trading Unit**

The contract quantity shall be 1 U.S. barrel. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.

**1117102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

**1117102.D. Position Limits and Position Accountability**

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Brent Crude Oil Penultimate Financial futures. Each position in Micro Brent Crude Oil Penultimate Financial futures contract shall be deemed equivalent to 0.001 of the quantity of the Brent Crude Oil Penultimate Financial futures contract into which each Micro Brent Crude Oil Penultimate Financial futures contract aggregates.

In accordance with Rule 559, no person shall own or control positions in excess of 2,000 Brent Crude Oil Penultimate Financial futures-equivalent contracts (or 2,000,000 Micro Brent Crude Oil Penultimate Financial futures contracts) net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 Brent Crude Oil Penultimate Financial futures-equivalent contracts (or 20,000,000 Micro Brent Crude Oil Penultimate Financial futures contracts) net long or net short in all months combined;
2. the any-one month accountability level shall be 20,000 Brent Crude Oil Penultimate Financial futures-equivalent contracts (or 20,000,000 Micro Brent Crude Oil Penultimate Financial futures contracts) net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**1117102.E. Termination of Trading**

Trading shall cease one business day prior to the termination of the ICE Brent Crude Oil Futures contract, i.e., two business days before the fifteenth calendar day prior to the first day of the contract month, if the fifteenth calendar day is not a holiday or weekend in London. If the fifteenth calendar day is a holiday or weekend in London, trading shall end three business days prior to the last business day preceding the fifteenth calendar day.

**1117103. FINAL SETTLEMENT**

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

**1117104. DISCLAIMER**

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

## **CASH MARKET OVERVIEW**

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of Micro Brent Crude Oil Penultimate Financial futures contract for trading on the NYMEX trading floor and for clearing through CME ClearPort. The new Micro Brent Crude Oil Penultimate Financial futures contract is based on the Exchange's existing Brent Crude Oil Penultimate Financial futures contract.

### **PRICE SOURCE**

ICE: The Exchange does not have an information sharing agreement with the IntercontinentalExchange ("ICE"). The ICE Brent Crude Oil Futures contract is the source of the settlement price for the Micro Brent Crude Oil Penultimate Financial futures. The ICE Brent Crude Oil Futures is regulated by the FSA. According to ICE, the average trading activity in the ICE Brent Crude Oil Futures contract represents more than 380,000 contracts traded per day. Based on our discussions with market participants, we believe that there are dozens of active participants in the ICE futures market and that their prices are determined competitively. Since the CFTC has reviewed the FSA regulatory structure and determined it to be comparable to that of the CFTC, the Exchange is assured in placing confidence in the disseminated settlement price for ICE Brent Crude Oil Futures contract.

## **BRENT CRUDE OIL MARKET OVERVIEW**

### **Production**

The Brent Crude Oil market is comprised of four North Sea crude oil grades: Brent, Forties, Oseberg, and Ekofisk ("BFOE" or "Brent"). The standard cargo size in the BFOE market is 600,000 barrels. According to Consilience Energy Advisory Group, an oil industry consulting firm based in London, the BFOE accounts for daily crude oil production of over 1.5 million barrels per day. These four North Sea grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the 21-day BFOE cash market.

### **Cash Market**

The underlying Brent crude oil cash market is actively traded by dozens of commercial companies. The four crude oil grades are aggregated to form the BFOE or Brent cash market. The Brent

spot market is known as Dated Brent, which refers to delivery of any of the BFOE grades within 7 to 21 days forward. The Dated Brent spot market assessment is used to price many grades of physical crude oil in the North Sea, Russia, and West Africa. There are hundreds of commercial and non-commercial participants actively trading in the Brent crude oil market, both in the underlying cash market and futures markets. There is an established futures market, under the regulation of the U.K. Financial Services Authority, in Brent Crude Oil at ICE Futures Europe. The average daily trading volume through November 2007 for the ICE Futures Europe Brent Crude Oil futures is approximately 240,000 contracts traded per day (each contract is 1000 barrels in size). Further, the NYMEX Brent Crude Oil Last Day futures contract is currently trading on the CME Globex<sup>®</sup> platform under CFTC regulatory authority, and this contract utilizes the ICE Futures Europe Brent settlement price.

### Prices

Table 4 below reflects the final settlement prices provided by the ICE in U.S. dollars and cents per barrel for its ICE Brent Crude Oil futures contract. Over the annual period from January 2008 to June 2011, crude oil prices varied from a high of 134.56 in July 2008 to a low of 43.05 in December 2008. According to the most recent data provided by ICE, the monthly average price for crude oil was at 113.90 for the month of June 2011.

**Table 4 Selected Statistics for ICE Brent Crude Oil: Prices<sup>1</sup>**

Year	Month	ICE Brent Crude Oil
2008	Jan	91.91
	Feb	94.66
	Mar	102.87
	Apr	110.43
	May	124.68
	Jun	133.74
	Jul	134.56
	Aug	115.24
	Sep	100.79
	Oct	73.68
	Nov	54.75
	Dec	43.05

<sup>1</sup> ICE Brent Crude Oil Prices, Intercontinental Exchange

Year	Month	ICE Brent Crude Oil
2009	Jan	45.71
	Feb	43.87
	Mar	47.42
	Apr	51.39
	May	58.59
	Jun	69.27
	Jul	65.75
	Aug	73.06
	Sep	68.15
	Oct	73.93
	Nov	77.58
	Dec	75.21
2010	Jan	77.01
	Feb	74.79
	Mar	79.93
	Apr	85.75
	May	77.00
	Jun	75.66
	Jul	75.36
	Aug	77.12
	Sep	78.42
	Oct	83.54
	Nov	86.16
	Dec	92.25
2011	Jan	96.91
	Feb	104.03
	Mar	114.67
	Apr	123.09
	May	114.52
	Jun	113.90
	Jul	116.75

### OTC Brent Financial Market

Further, BFOE has an active OTC physical and paper market. The liquidity in the OTC Brent swaps market is robust, with an estimated average daily trading volume of 10 to 20 million barrels per day. There are several OTC brokerage firms that are active in the Brent swaps markets, including PVM, Tullet Prebon, TFS, ICAP, Man Financial, Ginga Petroleum, and GFI Group. As discussed above, the OTC market participation is deep and diverse, and includes both cash market and OTC market players.

The Brent cash market and OTC market participants number 50 to 70 commercial companies. A list of some, but not all participants, is as follows:

**Refiners**

ConocoPhillips  
Valero  
Shell  
ExxonMobil  
BP  
Total  
Koch Petroleum  
Repsol  
CEPSA  
Chevron  
OMV  
Lukoil (Russia)  
Statoil (Norway)  
Sunoco

**Traders/End Users**

Hess Energy Trading  
Vitol  
Glencore  
Total  
Northville  
Cargill  
Morgan Stanley  
Goldman Sachs  
RWE Trading  
Mabanaft  
Phibro  
Arcadia  
Mercuria

**Brokers**

GFI Starsupply  
PVM  
Man Financial  
ICAP  
Aspen Oil  
Tullet Prebon  
TFS

**Financial (Swaps)**

Deutsche Bank  
Barclays  
BankAmerica



## ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange concentrated production data for Brent-related (BFOE) crude oil. 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 Brent Crude Oil market, in its analysis of deliverable supply, the Exchange concentrated on production data for Brent-related (BFOE) crude oil. To be conservative, the Exchange has set the position limits at 2 million Micro Brent Crude Oil Penultimate Financial futures contracts (contract size 1 barrel) or 2,000 Brent Crude Oil Penultimate Financial futures contract-equivalent units (contract size 1,000 barrels), with aggregation into the underlying Brent Crude Oil Penultimate Financial futures contract. The production of Brent crude oil is approximately 1.5 million barrels per day, which is equivalent to 45 million barrels per month or 45,000 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limits of 2,000 futures contract-equivalents, which is equivalent to two million barrels, is less than 5% of the 45,000 contract equivalents of monthly supply.