Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 4, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.2(a) Certification. Notification of New Product Listing of Gasoline Euro-bob Oxy NWE Barges (Argus) Average Price Option Contract for Trading on CME Globex and the NYMEX Trading Floor, and for Clearing Through CME ClearPort NYMEX Submission #13-489

Dear Ms. Jurgens:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of a new refined product option, RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Option (Chapter 626; Code RGE), for trading on CME Globex and the NYMEX trading floor, and for submission for clearing through CME ClearPort. The effective date for this submission is dependent upon the Commission's resumption of regulatory review activity and will be no earlier than after the expiration of the required review period under Commission Regulation 40.2.

The contract specifications are provided below:

Contract Name	RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Option
Commodity Code	RGE
Underlying Futures	RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Futures (chapter: 1090; code: EXR)*
Chapter	626
Exercise Type	European style; financially settled against underlying futures
Contract Size	350,000 gallons
Termination of Trading	Last business day of the contract month
Minimum Price Fluctuation	$0.0001 per gallon
Value Per Tick	$35
Strike Price Listing	The strike price interval shall be $0.001

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Listing Convention	CME CPC and Open Outcry: 36 consecutive months CME Globex: 1 month
First Listed Month	October 2013 (dependent upon the Commission's resumption of regulatory review activity)

*NYMEX will amend, and separately notify the CFTC of, the product title of the underlying futures contract of this average price option contract from RBOB Gasoline vs. Euro-bob Oxy NWE Barges Argus (1000mt) Futures to RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Futures.

- **Trading Hours:**

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

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

- **Trading and Clearing Fees:**

Exchange Fees					
	Member Day	**Member**	**Cross Division**	**Non-Member**	**IIP**
Pit	$7.00	$7.00	$8.00	$9.00	
Globex	$7.00	$7.00	$8.00	$9.00	$8.00
ClearPort		$7.00		$9.00	

Processing Fees		
	Member	**Non-Member**
Cash Settlement	$1.00	$1.00

Additional Fees and Surcharges	
EFS Surcharge	$0.00
Block Surcharge	$0.00
Facilitation Desk Fee	$0.40

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new option contract into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the new contract. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level, diminishing balance and aggregation allocation for the new contract.

In addition, the Exchange is self-certifying the insertion of the non-reviewable ranges ("NRR") for the option contract into Rule 588.H. These amendments are described in Appendix C.

Exchange business staff responsible for the new products and the Exchange Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities

Exchange Act ("CEA"). During the review, Exchange staff identified that the new products may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in this contract will be subject to the Rules of NYMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- Contracts not Readily Susceptible to Manipulation: The new contract is not readily susceptible to manipulation due to the liquidity and robustness in the underlying cash markets, which provides diverse participation and sufficient spot transactions to support the final settlement index.

- Compliance with Rules: Trading in this contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this contract will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

- Position Limitations or Accountability: The spot month position limit for the new contract is set at a conservative level that is less than 25% of the monthly deliverable supply in the underlying market in accordance with the guidelines included in CFTC Part 151. (See Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover).

- Availability of General Information: The Exchange will publish information on the contract's specification on its website, together with daily trading volume, open interest and price information.

- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.

- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- Execution of Transactions: The new contract is dually listed for trading on CME Globex and on the NYMEX trading floor for open outcry trading, and for clearing through the CME ClearPort platform. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. In addition, the NYMEX trading floor is available as an additional venue to provide for competitive and open execution of transactions.

- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.

- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in this contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.

  Dispute Resolution: Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all non-members to submit a claim for

financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a non-member is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2, 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. A description of the cash markets for this new product is attached.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or Christopher.Bowen@cmegroup.com.

Sincerely,

/s/Christopher Bowen

Managing Director and Chief Regulatory Counsel

Attachments:

Appendix A: Rule Chapter
Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Appendix C: Rule 588.H – Non-reviewable Range Table
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

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Chapter 626
RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Option

626100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) futures contracts. In addition to the rules of this chapter, transactions in options on RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) futures shall be subject to the general rules of the Exchange as applicable.

626101. OPTION CHARACTERISTICS

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

626101.A. Trading Schedule

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

626101.B. Trading Unit

A RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Call Option traded on the Exchange represents the differential between the underlying spread and the strike price, multiplied by 350,000 gallons, or zero, whichever is greater. The underlying spread is equal to the arithmetic average of the RBOB Gasoline Futures first nearby contract month settlement price minus the high and low quotations from Argus Media for Euro-bob Oxy NWE Barges for each business day during the contract month (using non-common pricing). For purposes of determining the Floating Price, the Euro-bob Oxy assessment price will be converted each day to U.S. dollars and cents per gallon, using the conversion factor of 8.33 barrels per metric ton, and 42 gallons per barrel. The underlying spread is also the final settlement price of the underlying RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) futures. A RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Put Option traded on the Exchange represents the differential between the strike price and the underlying spread, multiplied by 350,000 gallons, or zero, whichever is greater. The underlying spread is equal to the arithmetic average of the RBOB Gasoline Futures first nearby contract month settlement price minus the high and low quotations from Argus Media for Euro-bob Oxy NWE Barges for each business day during the contract month (using non-common pricing). For purposes of determining the Floating Price, the Euro-bob Oxy assessment price will be converted each day to U.S. dollars and cents per gallon, using the conversion factor of 8.33 barrels per metric ton, and 42 gallons per barrel. The underlying spread is also the final settlement price of the underlying RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) futures.

626101.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of $0.0001 per gallon. The minimum price increment will be $0.0001.

626101.D. Position Limits and Position Accountability

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

626101.E. Termination of Trading

The option contract shall expire at the close of trading on the last business day of the contract month.

626101.F. Type Option

The option is a European-style option cash settled on expiration day.

626102. EXERCISE PRICES

Trading shall be conducted for options with strike prices in increments as set forth below.

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices:

(i) the previous day's settlement price for RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) futures contracts in the corresponding delivery month rounded off to the nearest one-tenth of a cent increment strike price unless such settlement price is precisely midway between two one-tenth of a cent increment strike prices in which case it shall be rounded off to the lower one-tenth of a cent increment strike price; and

(ii) the one-tenth of a cent increment strike price which is one increment higher than the strike price described in subsection (A)(i) of this rule; and

(iii) the one-tenth of a cent increment strike price which is one increment lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one one-tenth of a cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option in which no new strike prices may be introduced.

626103. DISCLAIMER

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

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

NYMEX AND ITS AFFILIATES AND ARGUS 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 ARGUS 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 ARGUS 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.

Appendix B

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5
of the NYMEX Rulebook

(attached under separate cover)

Appendix C

Rule 588.H Globex Non-Reviewable Ranges

Instrument	RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Option
Bid/Ask Reasonability	The greater of the delta times the underlying futures non-reviewable range or 20% of the fair value premium up to the underlying futures non-reviewable range with a minimum reasonability of $.0125
Non-Reviewable Range (NRR)	20% of premium up to 1/4 the underlying futures non-reviewable range with a minimum of 1 tick.

Appendix D

Cash Market Overview and Analysis of Deliverable Supply

The New York Mercantile Exchange, Inc. (NYMEX or Exchange) is self-certifying the listing of financially settled RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Option contract. The contract is European style option and will exercise against the underlying RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Futures upon expiration.

Euro-bob Gasoline

Price Source – Argus

The price reporting services used for the final settlement of the Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Futures contract is Argus. Argus is one of the major pricing services that are used in the over-the-counter (OTC) market for pricing swap contracts, and the methodology utilized is well-known in the oil industry.

NYMEX has license agreements with Argus to utilize their pricing data. Argus has long-standing reputations in the industry in publishing price benchmarks that are fair and not manipulated. The pricing methodology for Argus is derived from telephone surveys and electronic data collected from multiple market participants to determine market value.

The Argus price assessment for the NWE barges Euro-bob oxy gasoline is in U.S. dollars and cents per metric ton. The pricing period is for loading 2-8 days forward. Size is standardized to 1,000-2,000t. The basis is fob Rotterdam/Amsterdam/Antwerp. Prices typically reflect a volume-weighted average of deals done within Argus criteria and published on the Argus Gasoline Bulletin Board[1].

According to Argus methodology and specifications guide, the specifications for NWE barges Euro-bob oxy gasoline reflect grades of gasoline that meet EN228 specifications with a maximum of 10 ppm sulfur after they have been blended with 4.8pc ethanol of minimum 98.7pc purity. Oxygen content is limited to 0.9pc.The assessment time is 9.00 a.m. to 5.30 p.m. London time.

European Gasoline Market

Starting the end of 2009, the premium unleaded gasoline grade was being phased out and replaced by the Euro-bob gasoline grade which currently is the major grade of the European gasoline market. The gasoline market in Northwest Europe (NWE) represents the largest hub in Europe for petroleum products, with extensive storage and refining capacity with approximately one million barrels per day of gasoline supplied by refineries in Belgium, Netherlands, Germany, and France. Monthly production data, consumption data, import and export data for the NWE region are presented in the following tables. These data are provided by Joint Organisations Data Initiative (JODI) and are currently available for up to January 2013.[2]

According to the data, for the three-year period of 2010-2012, average monthly production of gasoline for Belgium, France, Germany and Netherlands was approximately 1,030,000 barrels per day. Further, for the same period, the average monthly consumption of gasoline was 745,000 barrels per day. Total average monthly import

[1] Argus European Gasoline Bulletin Board Procedures
http://d1bs3qurwcoybx.cloudfront.net/~/media/Files/PDFs/Meth/argus_eurogasoline_bulletinboard.pdf

[2] NWE Production, Demand, Imports and Exports from JODI
http://www.jodidb.org/TableViewer/tableView.aspx?ReportId=9620

for motor gasoline was around 316,000 barrels per day, while the total average monthly export was approximately 692,000 barrels per day.

Table 1: Production of Motor Gasoline (Thousand Barrels per Day)

Month	Belgium	France	Germany	Netherlands
Jan-10	95	312	513	155
Feb-10	90	313	464	184
Mar-10	83	331	414	185
Apr-10	74	343	472	187
May-10	74	347	491	190
Jun-10	77	340	502	187
Jul-10	69	356	509	207
Aug-10	86	351	510	198
Sep-10	88	346	533	169
Oct-10	94	185	542	164
Nov-10	86	249	540	136
Dec-10	79	336	498	128
Jan-11	79	343	508	138
Feb-11	76	309	512	134
Mar-11	63	274	454	128
Apr-11	65	258	491	125
May-11	71	300	489	152
Jun-11	68	314	480	146
Jul-11	59	321	516	165
Aug-11	64	313	510	171
Sep-11	78	304	484	164
Oct-11	81	291	508	180
Nov-11	70	303	515	163
Dec-11	83	325	524	172
Jan-12	83	290	493	166
Feb-12	73	245	479	215
Mar-12	68	259	454	145
Apr-12	79	272	469	146
May-12	68	279	455	178
Jun-12	94	283	449	185
Jul-12	89	316	472	167
Aug-12	82	308	475	191
Sep-12	71	264	497	166
Oct-12	68	268	510	152
Nov-12	64	271	489	98
Dec-12	67	265	475	163
Jan-13	71	265	500	146

Average	76	299	492	164

Table 2: Demand of Motor Gasoline (Thousand Barrels per Day)

Month	Belgium	France	Germany	Netherlands
Jan-10	35	149	380	86
Feb-10	33	181	410	95
Mar-10	33	175	468	100
Apr-10	29	205	473	97
May-10	28	186	478	95
Jun-10	29	205	472	102
Jul-10	29	215	486	98
Aug-10	32	199	469	93
Sep-10	33	197	487	101
Oct-10	31	179	470	98
Nov-10	35	178	457	101
Dec-10	30	175	404	92
Jan-11	25	156	414	93
Feb-11	27	171	431	100
Mar-11	26	174	443	101
Apr-11	25	198	456	101
May-11	26	194	488	99
Jun-11	27	202	457	102
Jul-11	29	199	441	87
Aug-11	31	195	482	96
Sep-11	30	185	473	98
Oct-11	27	173	471	102
Nov-11	28	164	469	100
Dec-11	28	164	422	105
Jan-12	26	148	406	93
Feb-12	29	154	422	96
Mar-12	26	159	436	96
Apr-12	30	167	437	96
May-12	31	170	432	99
Jun-12	29	183	440	98
Jul-12	28	186	431	93
Aug-12	29	183	443	91
Sep-12	28	163	421	92
Oct-12	30	167	434	98
Nov-12	29	161	420	98
Dec-12	26	145	390	97

Jan-13	26	138	375	90
Average	29	177	443	97

Table 3: Imports of Motor Gasoline (Thousand Barrels per Day)

Month	Belgium	France	Germany	Netherlands
Jan-10	10	20	33	211
Feb-10	8	11	38	190
Mar-10	5	17	66	209
Apr-10	9	13	69	239
May-10	8	10	67	282
Jun-10	8	16	62	219
Jul-10	6	16	46	219
Aug-10	7	27	59	181
Sep-10	6	19	39	228
Oct-10	7	27	34	218
Nov-10	7	55	30	181
Dec-10	8	13	29	236
Jan-11	8	10	18	231
Feb-11	12	11	40	281
Mar-11	10	8	73	225
Apr-11	19	23	58	236
May-11	20	23	74	207
Jun-11	18	14	74	284
Jul-11	20	10	40	212
Aug-11	21	8	30	228
Sep-11	29	16	55	241
Oct-11	24	11	28	232
Nov-11	21	22	23	291
Dec-11	14	11	20	234
Jan-12	13	14	16	271
Feb-12	12	5	27	207
Mar-12	14	14	25	279
Apr-12	35	10	47	295
May-12	20	3	51	308
Jun-12	11	13	63	291
Jul-12	14	5	66	321
Aug-12	22	9	31	237
Sep-12	19	12	33	278
Oct-12	15	2	30	284
Nov-12	11	6	28	232

Dec-12	25	6	18	307
Jan-13	12	5	20	261
Average	14	14	42	245

Table 4: Exports of Motor Gasoline (Thousand Barrels per Day)

Month	Belgium	France	Germany	Netherlands
Jan-10	64	147	104	335
Feb-10	78	167	136	470
Mar-10	62	182	111	395
Apr-10	51	138	94	436
May-10	51	125	107	473
Jun-10	54	98	108	360
Jul-10	48	143	111	425
Aug-10	60	166	108	366
Sep-10	67	95	100	420
Oct-10	69	64	111	334
Nov-10	70	133	106	312
Dec-10	65	149	156	294
Jan-11	64	144	125	278
Feb-11	66	154	132	305
Mar-11	48	119	100	289
Apr-11	64	112	102	378
May-11	63	86	81	368
Jun-11	58	81	107	348
Jul-11	56	101	124	382
Aug-11	47	129	105	376
Sep-11	77	130	104	364
Oct-11	84	91	97	340
Nov-11	60	143	97	398
Dec-11	79	143	141	384
Jan-12	64	150	117	346
Feb-12	49	135	118	443
Mar-12	67	137	110	346
Apr-12	77	64	120	575
May-12	47	73	107	537
Jun-12	77	135	111	498
Jul-12	83	80	108	447
Aug-12	83	115	112	507
Sep-12	62	79	118	432
Oct-12	46	113	106	453

Nov-12	55	117	85	399
Dec-12	65	105	156	421
Jan-13	47	99	146	400
Average	63	120	113	395

RBOB Gasoline

The New York Harbor RBOB Gasoline Futures Contract is the main benchmark used for pricing of gasoline in the U.S. petroleum products market. The U.S. gasoline market represents a large physical market, with total U.S. refinery capacity of 9.0 million to 9.5 million barrels per day of gasoline.

In the U.S. gasoline market, there are two main formulations for gasoline: Reformulated gasoline and Conventional gasoline, as required by a complex network of Federal and State regulations. The U.S. Environmental Protection Agency ("EPA") administers the Clean 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 Northeastern United States, California, Chicago, Atlanta, and Houston. These areas account 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.

New York Harbor Delivery Region

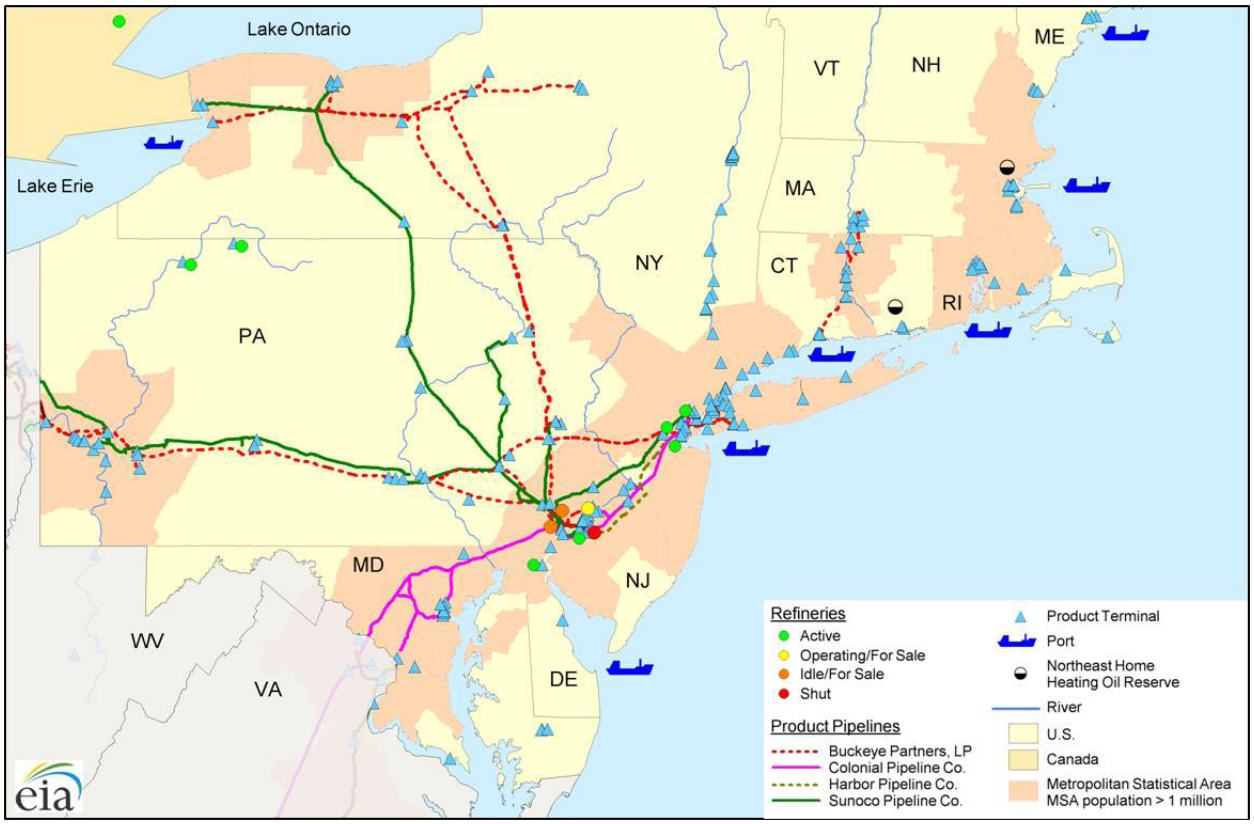
New England and the Central Atlantic Coast of the United States, collectively defined by the U.S. Energy Information Administration ("EIA") as the "Northeast", is a well-connected and integrated geographical region in terms of oil and products infrastructure. The region is part of the larger PADD 1 (Petroleum Administration Defense District), and more specifically defined by PADD 1a and PADD1b, which include: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania[3].

Located in both New York and New Jersey, the New York Harbor area is the largest oil importing and third largest container port in the nation, and is the main oil and refined products pricing and trading hub. Petroleum products in New York Harbor are supplied by refineries located in New Jersey, Delaware and Pennsylvania, all located within 100 miles of the New York Harbor area. East Coast refineries, a majority of which are located in New Jersey and Philadelphia, send products by local pipelines into New York Harbor. The Colonial Pipeline connects the Northeast to refinery output from the US Gulf Coast and foreign imports, principally from Canada, Virgin Islands, Caribbean and Europe, are additional supply sources to the New York Harbor area.

Figure I - Northeast Refined Products Market Logistics[4]

3 http://www.eia.gov/analysis/petroleum/nerefining/prelim/

[4] Source: EIA, http://www.eia.gov/analysis/petroleum/nerefining/update/pdf/neprodmkts.pdf



The Colonial Pipeline is the largest refined products pipeline in the US and a key products supply link for the Northeast. The pipeline provides a link from the US Gulf Coast to the New York Harbor area through the south and across the Eastern seaboard. The Trainer, Marcus Hook and Philadelphia refineries are strategically located along the pipeline. According to the EIA, more than 500,000 b/d of gasoline and distillates are delivered into the Northeast via the Colonial pipeline, which terminates in Linden, NJ. It generally takes from 14 to 24 days for a product batch on the Colonial Pipeline to get from Houston, Texas to the New York Harbor, with 18.5 days the average time.

In 2010, Colonial Pipeline delivered nearly 850 million or 2.3 million b/d of refined products. In 2011, Colonial expanded the northern end of its Houston-to-New York system, adding 100,000 b/d of capacity. In addition, the company completed a series of system upgrades leading to more than 100,000 b/d capacity for distillates[5] specifically serving the New Jersey, Pennsylvania, and New York markets. In addition, Colonial Pipeline slated an additional 100,000 b/d of gasoline and distillates capacity to be available in 2013[6] to meet demand in the Northeast.

Many of the petroleum products delivered to New York Harbor are redistributed to smaller ports where they supply local demand. In particular, the Hudson River, which meets the Atlantic Ocean in New York Harbor, provides a major inland water route for petroleum product barges supplying eastern New York and parts of western New England. Significant volumes are shipped to New England via barge from New York Harbor. On the other side of the State, western New York product markets are primarily supplied from Canada at the Port of Buffalo, and via the Buckeye and Sunoco pipeline systems from Pennsylvania and the Midwest[7].

[5] http://www.eia.gov/pressroom/presentations/sieminski_10102012.pdf

[6] http://www.colpipe.com/press_release/pr_114.asp

[7] http://205.254.135.7/state/state-energy-profiles-analysis.cfm?sid=NY

The majority of PADD 1 refineries are located in New Jersey, Delaware and Pennsylvania, and within 100 miles of the New York Harbor area. Further, these refineries are directly connected to the New York Harbor market by local pipelines and/or waterborne barges. A list of Northeast refineries is provided in Table I.

Table I - Northeast Refineries

Name	Location	Owner/Operator	Crude Distillation Capacity	Status
Delaware City Refinery	DE	PBF Energy	182,200 b/d	Operational
Port Reading	Port Reading, NJ	Hess	70,000 b/d. Processes straight run residual fuel oil.	Operational
Perth Amboy	Perth Amboy, NJ	Buckeye Partners	80,000 b/d, asphalt only.	Operational
Bayway Refinery	Linden, NJ	Phillips 66	238,000 b/d. Crude is supplied to the refinery by tanker, primarily from the North Sea, Canada and West Africa.	Operational
Paulsboro Asphalt	Paulsboro, NJ	Nustar Asphalt Refining	70,000 b/d. The refinery purchases heavy crude and produces asphalt only.	Operational
Paulsboro Refining	Paulsboro, NJ	PBF	160,000 b/d	Operational
Bradford	Bradford, PA	American Refining Group	10,000 b/d	Operational
Trainer	Trainer, PA	Monroe Energy (Delta Subsidiary)	185,000 b/d	**Resumed operations in Q4-2012**.
Marcus Hook	Marcus Hook, PA	Sunoco/Energy Transfer Partners	178,000 b/d. Processes light sweet oil from Nigeria, some Bakken.	Idle
Philadelphia	Philadelphia, PA	Sunoco/Energy Transfer Partners and Carlyle Group	330,000 b/d	**Operational**
Warren	Warren, PA	United Refining Co.	70,000 b/d	Operational

Prior concerns on the availability supply of refined products on the US East Coast early in 2012 as a result of potential and existing refinery closures have eased considerably in recent months. According to the EIA, reflecting both an improved outlook for regional refining activity and success in meeting logistical challenges[8]. Delta Airline's

8 http://www.eia.gov/oog/info/twip/twiparch/120725/twipprint.html

185,000 b/d Trainer Refinery restarted operations late 2012 after being idle during the majority of the year[9]. The refinery represents 16% of East Coast refining capacity. Other developments, including increased product flows into the region from the Midwest (PADD 2) that were identified as a possible outcome by the EIA and an increased capacity to bring waterborne products into the product pipelines originating in the Philadelphia area, have also contributed to the easing of product supply concerns. Notably, the ability to bring in products to pipelines that feed Pennsylvania and western New York has increased as a result of Sunoco Logistics' Eagle Point Terminal in New Jersey becoming operational. With a connection to the Colonial Pipeline as well as dock capacity to bring in waterborne petroleum products and move them on the pipelines running westward, Eagle Point helps to create a more flexible infrastructure in the region.

Methodology: Key Components of Deliverable Supply

In estimating deliverable supply for the New York Harbor RBOB Gasoline Contract, we relied on Commission long-standing precedent, which prescribes that key components of deliverable supply is estimated based on production and supply levels that could reasonably be considered readily available for delivery.

There are three key components that the Exchange took into account when updating the deliverable supply estimates of the New York Harbor RBOB Gasoline Futures Contract:

A. *Refinery and Blender Production;*
B. *Pipeline flows and net receipts to the delivery area;*
C. *Storage levels in the delivery area.*

The main source of data for the cash market analysis is the EIA which provides detailed data on the key components of deliverable supply. The EIA provides data on a weekly, monthly, and annual basis.

Refinery and Blender Production

In recent years, Northeast refineries supplied about 40% of gasoline (and 60% of the ULSD) consumed in the Northeast. Net receipts from the Gulf Coast and imports supply the remainder of the market[10]. The EIA provides gasoline production data for RBOB that is produced by both refiners and blenders, under the category of "refiner and blender net production." The majority of PADD 1 refineries are located in New Jersey, Delaware and Pennsylvania, with direct connection to the New York Harbor market by pipelines and/or waterborne barges. In addition, the "refiner and blender" category includes RBOB produced by blenders that use imported gasoline blending components.

Blenders are significant producers of RBOB gasoline, and a vast amount of RBOB blending components are sourced through imported gasoline blendstocks that enter via the New York Harbor. Generally gasoline blenders are large trading companies that operate in the global market, such as Vitol, Morgan Stanley, JP Morgan, Glencore, Cargill, Koch, Trafigura, and Northville. Given that the blenders' production of RBOB is sourced from imported gasoline blending components, these imported components are imbedded in the category of "blender" production. Therefore, given that imported gasoline blending components are included in the "blender" production category, the Exchange will include only the EIA's "Refiner and Blender Net Production" category as the key component of New York Harbor supply (and not *add* imports).

According to EIA data from 2010-2012, and as presented in Table II below, the three-year average of RBOB production by refiners and blenders in PADD 1 was 1.2 million barrels per day, or 36 million barrels per month. The RBOB gasoline that is produced in PADD 1 is in the vicinity of New York Harbor, and the majority of this RBOB is transshipped and/or stored in NYH terminals. According to input from market participants, approximately 30% to 40% of RBOB production is committed to retail distribution networks, and the remaining portion is available for re-selling in the spot market. Therefore, at least 60% of PADD 1 production of RBOB

9 http://www.eia.gov/pressroom/presentations/sieminski_10102012.pdf

10 http://www.eia.gov/pressroom/testimonies/howard_03192012.pdf

would be available for re-selling in the NYH spot market. Consequently, we estimate that approximately 21 million barrels of RBOB would be deliverable in New York Harbor.

Table II – EIA Statistics: PADD 1 Production and Net Imports

RBOB Gasoline, in thousand b/d	2010	2011	2012	Average
Refinery and Blender Net Production[11]	1,230	1,190	1,180	**1,200**
Imports of RBOB Gasoline Blending Components[12]	195	174	135	**164**
Exports	0	0	0	**0**

The majority of gasoline imports into PADD 1 arrive in the New York Harbor area, the largest oil import hub in the US. According to industry sources, approximately 50% of PADD 1 imports occur in the New York Harbor area. According to EIA data from June-2010 (earliest available) through February-2013, average imports of RBOB blending components into PADD 1 was approximately 164,000 b/d. It is worth emphasizing that blenders have the flexibility to produce RBOB gasoline using either imported blending components or other gasoline blending components. However as previously mentioned, to prevent potential double-counting of imported blending components with domestic as reported by the EIA, the Exchange will not use imports in its deliverable supply analysis.

Pipeline Flows and Net Receipts

The US Gulf Coast, or PADD 3, refining capacity accounts for 50% of total US production of refined products, and provides approximately 273,000 b/d of RBOB gasoline to PADD 1 (See Table III below) via pipeline and water. However, the majority of PADD 1 pipeline receipts of RBOB from PADD 3 do not end up in the New York Harbor area as they are delivered at points further south of NYH in the Washington, DC metropolitan area. According to market participants, only about 25% to 30% of PADD 1 gasoline pipeline receipts are delivered to the New York Harbor area at Linden, NJ. Therefore, using the 25% estimate for RBOB pipeline shipments from PADD 3, the pipeline supply to NYH accounts for approximately 67,650 barrels per day, or about 2 million barrels per month.

Table III – RBOB Movements into PADD 1[13]

	Average of Monthly data in b/d		
Year	**From PADD 2**	**From PADD 3**	**Total**
2010	3,407	278,600	**280,019**
2011	3,638	265,986	**268,411**
2012	4,438	267,182	**270,409**
Average	**3,828**	**270,589**	**272,946**

[11] EIA, http://www.eia.gov/dnav/pet/pet_pnp_wprodrb_dcu_r10_w.htm

[12] EIA, http://www.eia.gov/dnav/pet/pet_move_wkly_dc_R10-Z00_mbblpd_w.htm

[13] EIA, Data is converted to barrels per day, http://www.eia.gov/dnav/pet/pet_move_ptb_dc_R10-R30_mbbl_a.htm

Inventories of Gasoline in the New York Harbor Market

New York Harbor has a petroleum bulk terminal storage capacity of over 75 million barrels, making it the largest petroleum product hub in the country. The three-year average of gasoline stocks held in the Central Atlantic, or PADD1b, region is approximately 27 million barrels (See Table IV below). According to market participants, the New York Harbor RBOB market accounts for 25% to 30% of the inventories reported in EIA's PADD 1b inventory statistics. Using a conservative estimate of 25% of PADD 1b inventories, the average stock level of all gasoline is estimated to be about 7 million barrels in New York Harbor. While the EIA does not report RBOB blending component stocks data for PADD 1b specifically, weekly statistics are provided for PADD 1. Accordingly, stocks of RBOB blending components in PADD 1 averaged at approximately 17 million barrels in 2010-2013[14].

Table IV – Gasoline Stocks in PADD 1b, average thousands of barrels[15]

2010	**26,161**
2011	29,303
2012	26,150
Average	**27,205**

Based on estimates from industry experts, we determined that the operational minimum levels for storage tanks in the New York Harbor area are approximately 10%. Therefore, we estimate that approximately 1 million barrels of the 7 million barrels of stored gasoline in NYH is used for operations, leaving 6 million barrels available for spot month delivery from inventory.

Summary of Deliverable Supply

The key components NYMEX considered in updating deliverable supply are refinery and blender production, pipeline flows from the US Gulf Coast, and storage levels in the delivery area. The Exchange estimates the monthly deliverable supply of RBOB gasoline to the New York Harbor to be approximately 29 million barrels, which is equivalent to 29,000 contracts per month. Given the CFTC spot month position limit guideline of not exceeding 25% of the available monthly supply, the deliverable supply of RBOB Gasoline to New York Harbor would support a spot month position limit of up to 7,250 contract equivalents. The current spot month position limit for the New York Harbor RBOB Gasoline Futures Contract (RB) contract is 1,000 contracts.

The following are the three components that comprise the deliverable supply estimate of 29 million barrels per month:

A. Refinery and Blender Production = 21 million barrels

B. Pipeline flows to the delivery area = 2 million barrels

C. Storage levels in the delivery area = 6 million barrels

[14] http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=m_epobgrr_sae_r10_mbbl&f=m

[15] http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mgtst1b1&f=a

PADD 1, Refiner and Blender Production[16]

Month	Thousand barrels per Day
Jan-10	1,242
Feb-10	1,106
Mar-10	1,181
Apr-10	1,222
May-10	1,266
Jun-10	1,247
Jul-10	1,278
Aug-10	1,243
Sep-10	1,246
Oct-10	1,249
Nov-10	1,231
Dec-10	1,240
Jan-11	1,155
Feb-11	1,198
Mar-11	1,185
Apr-11	1,174
May-11	1,168
Jun-11	1,212
Jul-11	1,207
Aug-11	1,237
Sep-11	1,175
Oct-11	1,206
Nov-11	1,187
Dec-11	1,194
Jan-12	1,127
Feb-12	1,158
Mar-12	1,163
Apr-12	1,150
May-12	1,201
Jun-12	1,208
Jul-12	1,210
Aug-12	1,219

[16] http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WGRRPP12&f=W

Sep-12	1,184
Oct-12	1,198
Nov-12	1,134
Dec-12	1,172
Three Year Average	**1,199**

1. PADD 1RBOB Imports[17]

Year	Month	Thousand Barrels per Day
2010	Jun	236.75
	Jul	193.00
	Aug	201.25
	Sep	194.25
	Oct	179.60
	Nov	143.75
	Dec	217.20
2011	Jan	237.00
	Feb	191.50
	Mar	116.50
	Apr	169.00
	May	251.00
	Jun	175.50
	Jul	182.80
	Aug	164.25
	Sep	183.40
	Oct	125.50
	Nov	119.50
	Dec	172.80
2012	Jan	126.50
	Feb	131.00
	Mar	99.60
	Apr	83.50
	May	131.50
	Jun	182.60
	Jul	184.00
	Aug	164.20
	Sep	153.25
	Oct	87.75
	Nov	113.80
	Dec	156.50

[17] http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=w_epobgrr_im0_r10-z00_mbbld&f=w

2013	Jan	131.50
	Feb	181.00
Average *(June 2010-Feb 2013)*		**163.07**

2. Net Shipments of RBOB by Tanker/Pipeline/Barge into PADD 1[18]

Date	From PADD III	From PADD II	Total into PADD I Thousand Barrels	Thousand Barrels per Day
Nov-09	7,955	71	8,026	268
Dec-09	8,304		8,304	277
Jan-10	7266		7,266	242
Feb-10	6821	101	6,922	231
Mar-10	7697		7,697	257
Apr-10	8,375		8,375	279
May-10	10,078		10,078	336
Jun-10	9026	92	9,118	304
Jul-10	9848	91	9,939	331
Aug-10	9564	92	9,656	322
Sep-10	7052	135	7,187	240
Oct-10	7324		7,324	244
Nov-10	8376		8,376	279
Dec-10	8,869		8,869	296
Jan-11	9,289	209	9,498	317
Feb-11	8,153		8,153	272
Mar-11	7,161	96	7,257	242
Apr-11	6,569	107	6,676	223
May-11	6,048	80	6,128	204
Jun-11	7,693	64	7,757	259
Jul-11	9,329	106	9,435	315
Aug-11	8,720	52	8,772	292
Sep-11	7,500		7,500	250
Oct-11	8,181		8,181	273
Nov-11	8,898	159	9,057	302
Dec-11	8,214		8,214	274
Jan-12	8529		8,529	284
Feb-12	7177	161	7,338	245
Mar-12	7231	80	7,311	244
Apr-12	6605	239	6,844	228
May-12	8414	281	8,695	290
Jun-12	8201	66	8,267	276
Jul-12	8425	63	8,488	283
Aug-12	8349	100	8,449	282
Sep-12	7594	75	7,669	256
Oct-12	8928		8,928	298
Nov-12	8717		8,717	291
Three Year Average			**8,189**	**273**

[18] http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MO1MX_R10R30_1&f=M and http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MO1MX_R10-R20_1&f=M

3. PADD 1 RBOB Blending Components Stocks [19]

Year	Month	Thousand Barrels per Month	Thousand Barrels per Day
2010	Jan	17,784	593
	Feb	18,854	628
	Mar	19,303	643
	Apr	17,559	585
	May	19,099	637
	Jun	20,908	697
	Jul	20,250	675
	Aug	20,241	675
	Sep	18,876	629
	Oct	16,110	537
	Nov	15,244	508
	Dec	16,872	562
2011	Jan	17,578	586
	Feb	20,049	668
	Mar	19,821	661
	Apr	16,481	549
	May	14,930	498
	Jun	15,537	518
	Jul	16,332	544
	Aug	17,180	573
	Sep	15,790	526
	Oct	15,897	530
	Nov	16,290	543
	Dec	17,093	570
2012	Jan	18,536	618
	Feb	19,518	651
	Mar	18,969	632
	Apr	17,771	592
	May	17,587	586
	Jun	16,675	556
	Jul	15,069	502
	Aug	15,608	520
	Sep	14,420	481
	Oct	14,827	494

[19] http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=W_EPOBGRR_SAE_R10_MBBL&f=W

	Nov	13,511	450
	Dec	14,636	488
2013	Jan	16,004	533
Three Year Average		**17,222**	**574**

ANALYSIS OF DELIVERABLE SUPPLY

The proposed new option contracts are all spread option, which means the underlying contract is priced as a differential between two individual outright legs. The underlying contracts for this spread option are: 1) RBOB Gasoline Futures (NYMEX); and 2) Euro-bob Oxy NWE Barges (Argus). Consequently, we propose that the position limits for the new option contract to be aggregated into the existing "parent" outright futures as follow:

Contract Name	Leg 1	Leg 2
RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 gallons) Average Price Option	RBOB Gasoline Last Day Financial Futures	Gasoline Euro-bob Oxy NWE Barges (Argus) Futures

Euro-bob Gasoline

The Northwest European gasoline market is priced in units of dollars per metric ton. The conversion factor is 8.3 barrels per metric ton. The current spot month limits for the Gasoline Euro-bob Oxy (Argus) Futures contract is 500 contracts, which equals to 500,000 metric tons or 4.15 million barrels.

In table 1, the gasoline production of the region was presented. However for calculating the deliverable supply, only half of the production from France is taken into account. As stated above, the total gasoline production in the last three years was 881 thousand barrels per day, or 26.43 million barrels for a 30 day month. The current spot month limits hence is approximately 15.7% of the monthly deliverable supply of gasoline in the market.

RBOB Gasoline

The Exchange's estimate of RBOB gasoline deliverable supply to the New York Harbor delivery area is based on refinery and blender production, pipeline flows and storage levels.

The Exchange estimates the monthly deliverable supply of RBOB gasoline to the New York Harbor (NYH) to be approximately 29 million barrels, which is equivalent to 29,000 contracts per month. Given the CFTC spot month position limit guideline of not exceeding 25% of the available monthly supply, the deliverable supply of NYMEX New York Harbor ULSD Heating Oil would support a spot month position limit of up to 7,250 contract equivalents. The current spot month position limit for the NYMEX New York Harbor RBOB Gasoline Futures Contract is 1,000 contracts. The current spot month position limit represents 3.4% of the monthly deliverable supply.

Contract Name	Rule Chapter	Commodity Code
RBOB Gasoline vs. Euro-bob Oxy NWE Barges (Argus) (350,000 Gallons) Average Price Option	626	RGE

Contract Size	Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level	Spot-Month position comprised of futures and deliveries
350,000	Gallons	Option	Financially Settled Option	Refined Products	Y	25	

Spot-Month Aggregate Into Futures Equivalent Leg (1)	Spot-Month Aggregate Into Futures Equivalent Leg (2)	Spot-Month Aggregate Into Ratio Leg (1)	Spot-Month Aggregate Into Ratio Leg (2)	Spot-Month Accountability Level	Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
27	7H	1 RGE : 8.333 27	1 RGE : -1 7H		1,000/500

Spot-Month

Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units) Leg (1) / Leg (2)	Single Month Aggregate Into Futures Equivalent Leg (1)
For 27: Close of trading 3 business days prior to last trading day of the contract and for 7H: Close of tr	42,000,000/500,000	27

Single Month					All Month			
Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Into Ratio Leg (1)	Single Month Aggregate Into Ratio Leg (2)	Single Month Accountability Level Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Aggregate Into Futures Equivalent Leg (1)	All Month Aggregate Into Futures Equivalent Leg (2)	All Month Aggregate Into Ratio Leg (1)	All Month Aggregate Into Ratio Leg (2)
7H	1 RGE : 8.333 27	1 RGE : -1 7H	5,000/2,500		27	7H	1 RGE : 8.333 27	1 RGE : -1 7H

All Month Accountability Level Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
7,000/3,500	