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OFFICE OF THE SECRETARIAT

October 28, 2008

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: New Product Rule Certification. New York Mercantile Exchange, Inc. Submission # 08.95: Notification regarding the listing of New Gasoil European-Style and Average Price Option Contracts on the NYMEX Trading Floor and ClearPort® clearing.

Dear Mr. Stawick:

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 the following two new Option Contracts based on Gasoil futures:

- European-Style Gasoil Options (code F7, NYMEX Rules 713.01-713.07)
- European Average Price Option (code F8, NYMEX Rules 715.01-715.07).

These new Gasoil Option contracts will be listed for open outcry trading during the hours of 9.00 a.m. to 2:30 p.m. New York prevailing time, and will also be listed on ClearPort® clearing for submission of Exchange of Options for Options ("EOO") transactions pursuant to NYMEX Rule 6.21F.

These Gasoil Option contracts will be listed beginning at 6:00 p.m. on Sunday evening, November 2, 2008 for trade date November 3, 2008. The Exchange will list 36 monthly contracts consecutively starting from November 2008 for the European Style Options.

The Exchange will list November and December for 2008 and the calendar months for 2009 and 2010 for the Average Price Options. With the expiration of the December 2008 contract, the Exchange will list 12 new calendar months for 2011 for the Average Price Options.

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.

Should you have any questions concerning the above, please contact Bob Biolsi 212-299-2610, Dan Brusstar 212-299-2604, or the undersigned at (202) 715-8517.

Sincerely,

A handwritten signature in black ink, appearing to read "De'Ana H. Dow". The signature is written in a cursive style with a large initial "D".

De'Ana H. Dow
Managing Director
Government Relations

Attachments: Contract terms and conditions
Supplemental Information

European-Style Gasoil Option Contract

713.01 Expiration of European-Style Gasoil Option Contracts

A European-Style Gasoil Option contract on the Exchange shall expire at the close of trading four business days prior to the expiration of the underlying European Gasoil Bullet Swap contract. The expiration date shall be announced prior to the listing of the option contract.

713.02 Trading Unit for European-Style Gasoil Option Contracts

A European-Style Gasoil Option is a financially settled option. On expiration, the European-Style Gasoil call option will be financially settled by subtracting the strike price from the Settlement Price of the Underlying European Gasoil Bullet Swap contract multiplied by 1,000 metric tons, or zero, whichever is greater. On expiration, the European-Style Gasoil put option will be financially settled by subtracting from the Settlement Price of the underlying European Gasoil Bullet Swap contract from the strike price multiplied by 1,000 metric tons, or zero, whichever is greater.

713.03 Trading Months for European-Style Gasoil Option Contracts

Trading in European-Style Gasoil option contracts shall be conducted in the contract months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.

713.04 Hours of Trading in European-Style Gasoil Option Contracts

The hours of trading in European-Style Gasoil option contracts on the Exchange shall be the same as the hours of trading for NYMEX Crude Oil Option contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

713.05 Strike Prices for European-Style Gasoil Option Contracts

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

(B) 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 European Gasoil Bullet Swap contracts in the corresponding delivery month rounded off to the nearest five dollar increment strike price unless such settlement price is precisely midway between two five dollar increment strike prices in which case it shall be rounded off to the lower five dollar increment strike price and (ii) the twenty five-dollar increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 713.05(B) and (iii) the twenty five-dollar increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 713.05(B).

(C) Thereafter, on any business day prior to the expiration of the option: (i) new consecutive five dollar increment striking prices for both puts and calls will be added such that at all times there will be at least twenty five-dollar increment strike prices above and below the at-the-money strike price available for trading in all options contract months.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in European-Style Gasoil options will be facilitated thereby, the Board 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 a European-Style Gasoil option in which no new strike prices may be introduced.

713.06 Prices in European-Style Gasoil Option Contracts

Prices shall be quoted in dollars and cents per metric ton. The minimum price increment will be \$.01 per metric ton. A cabinet trade may occur at a price of \$0.001 per metric ton, or \$1.00 per contract, however, if it results in the liquidation of positions for both parties to the trade.

713.07 Absence of Price Fluctuation Limitations for European-Style Gasoil Option Contracts

Trading in European-Style Gasoil Option contracts shall not be subject to price fluctuation limitations.

Gasoil Average Price Option

715.01 Expiration of Gasoil Average Price Option Contracts

A Gasoil Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

715.02 Trading Unit for Gasoil Average Price Option Contracts

A Gasoil Average Price Option is a cash settled option. On expiration, a Gasoil Average Price call option traded on the Exchange represents the differential between the underlying European Gasoil (ICE) Calendar Swap Futures contract less the strike price multiplied by 1,000 metric tons, or zero whichever is greater. On expiration, a Gasoil Average Price put option represents the differential between the strike price and the settlement price of the underlying European Gasoil (ICE) Calendar Swap Futures multiplied by 1,000 metric tons, or zero whichever is greater.

715.03 Trading Months for Gasoil Average Price Option Contracts

Trading in Gasoil Average Price Option contracts shall be conducted in the months as shall be determined by the Board of Directors (the "Board"). Trading shall commence on the day fixed by the resolution of the Board.

715.04 Hours of Trading Gasoil Average Price Option Contracts

The hours of trading in Gasoil Average Price Option contracts shall be the same as the hours of trading in NYMEX Crude Oil Options contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

715.05 Strike Prices for Gasoil Average Price Option Contracts

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

(B) 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 European Gasoil (ICE) Calendar Swap Futures contracts in the corresponding delivery month rounded off to the nearest five dollar increment strike price unless such settlement price is precisely midway between two five dollar increment strike prices in which case it shall be rounded off to the lower five dollar increment strike price and (ii) the twenty five-dollar increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 715.05(B) and (iii) the twenty five-dollar increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 715.05(B).

(C) Thereafter, on any business day prior to the expiration of the option (i) new consecutive five dollar increment striking prices for both puts and calls will be added such that at all times there will be at least twenty five-dollar increment strike prices above and below the at-the-money strike price available for trading in all options contract months.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Gasoil Average Price options will be facilitated thereby, the Board 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 a Gasoil Average Price option in which no new strike prices may be introduced.

715.06 Prices in Gasoil Average Price Option Contracts

Prices shall be quoted in dollars and cents per metric ton. The minimum price increment will be \$0.01 per metric ton. A cabinet trade may occur at a price of \$.001 per metric ton, or \$1.00 per contract, however, if it results in the liquidation of positions for both parties to trade.

715.07 Absence of Price Fluctuation Limitations for Gasoil Average Price Option Contracts

Trading in Gasoil Average Price Option contracts shall not be subject to price fluctuation limitations.

Supplemental Information

Supplemental Information for Gasoil Option Contracts

<u>European Products Contracts</u>	<u>Code</u>	<u>Contract Size</u>	<u>Rule</u>
European Gasoil Bullet Swap	BG	1000 Metric Tons	561
European Gasoil Calendar Swap	GX	1000 Metric Tons	728

European Market

The European petroleum products market in Amsterdam-Rotterdam-Antwerp (ARA) in the Netherlands represents the largest hub in Europe, with extensive storage capacity and refining capacity. The ARA market is a vibrant import hub for distillate fuel, with around 500,000 to 600,000 barrels per day of distillate fuel supplied by refineries in the Netherlands, Germany, and France. The ARA market is the main supply center for European distillate fuels, which include heating oil (or gasoil), jet fuel and diesel fuel. Distillate demand in the ARA metropolitan area, which includes Netherlands and Northern Germany, is more than 500,000 barrels per day. The EIA compiles consumption data from the International Energy Agency on the European market in their *International Energy Annual* publication at the link below in Table 3.5:

<http://www.eia.doe.gov/iea/pet.html>

The link above also provides import data for the ARA market in Table 3.3, which shows distillate imports for the Netherlands at around 200,000 barrels per day.

The ICE Gasoil Futures Contract, which is the benchmark for pricing European distillate fuels, is based on delivery of gasoil in the ARA market. The ICE Gasoil Futures Contract is physically delivered and is the source of the settlement prices. The 2007 average trading volume of the ICE Gasoil Futures Contract is more than 125,000 lots per day, with current open interest of over 350,000 contracts. Typically, on the penultimate trading day (second to last day of trading), which is the termination day when the final settlement price is determined for the Gasoil Bullet Swap futures contract, the front month trading volume is robust, with more than 25,000 lots traded. Further, we feel confident in the disseminated ICE settlement price especially since the CFTC has reviewed the FSA regulatory structure and determined it to be comparable to the CFTC.

The European gasoil market is priced in units of dollars per metric ton. The conversion factor is 7.45 barrels per metric ton. The estimated trading volume of gasoil (converted to barrel equivalents) in the ARA cash market is approximately 500,000 to 700,000 barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. 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 and in the OTC swaps market. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent).

European Market Participants

The market participation in European gasoil is diverse and includes many of the same commercial entities that are active in the New York Harbor market. The European cash market and OTC market participants number 30 to 40 commercial companies. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	BankAmerica
BP	Northville	Aspen Oil	AIG
Total	Cargill	GFI Spectron	Merrill Lynch
Koch Petroleum	Morgan Stanley	TFS	
Repsol	Goldman Sachs	Amerex	
CEPSA	Koch	Prebon	
Netherlands Refining	Mabanaft		
OMV	Phibro		
	Arcadia		
	Mercuria		
	Sempra		
	Trafigura		

Both Gasoil futures and options are actively traded, especially on ICE Europe. As the below table illustrates, since 2007, futures volumes have averaged about 109,000 contracts/day (about 2 million/month) while options have traded about 610/day. Similar contracts traded on the NYMEX Division of CME Group average 7 and 10 contracts per day.

	ICE GASOIL Volume Futures	Options	NYMEX Volumes	
			GX	BG
Jan-07	2,116,483	11,615	-	-
Feb-07	1,630,420	9,456	10	-
Mar-07	1,887,895	15,706	19	-
Apr-07	1,611,449	9,124	-	-
May-07	1,889,001	15,032	-	-
Jun-07	1,833,481	13,331	-	-
Jul-07	2,028,517	14,835	-	-
Aug-07	2,277,876	21,750	15	-
Sep-07	2,300,491	22,665	-	80
Oct-07	2,580,691	10,215	30	214
Nov-07	2,540,300	10,082	106	195
Dec-07	1,813,280	5,573	40	187
Jan-08	2,541,060	8,390	15	11
Feb-08	2,480,437	21,548	91	487
Mar-08	2,262,006	11,033	234	355
Apr-08	2,131,156	8,383	86	669
May-08	2,144,872	10,624	118	868
Jun-08	2,212,590	5,572	278	800
Jul-08	2,419,832	8,278	434	146
Aug-08	2,164,247	6,667	356	359
Sep-08	2,997,149	17,588	1,283	72