



November 1, 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 Three (3) Petroleum Futures Contracts on CME Globex and the NYMEX Trading Floor and for Clearing through CME ClearPort.
NYMEX Submission No. 13-521**

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 three (3) petroleum futures contracts for trading on CME Globex and the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, November 17, 2013, for trade date Monday, November 18, 2013. Specifically, the contracts to be launched are: Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures (code MEB); Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures (code MXR); and Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures (code MXB) (collectively, “the Contracts”).

Pursuant to CFTC Regulation 40.6(a), NYMEX is separately self-certifying block trading minimum thresholds for the Contracts in NYMEX/COMEX Submission No. 13-517 at a block trade minimum threshold of five (5) contracts.

The Contracts specifications are as follows:

Contract Name	Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures
Commodity Code	MEB
Chapter	1239
Settlement Type	Financial
Contract Size	The contract quantity shall be 100 metric tons. Each contract shall be valued as the contract quantity (100) multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last London business day of the contract month.
Minimum Price Fluctuation	\$0.001 per metric ton
Final Settlement Price Tick	\$0.001 per metric ton

First Listed Month	December 2013
Listing Convention	For CME Globex, monthly contracts shall be listed for 12 consecutive calendar months. CME ClearPort and NYMEX PIT shall be listed for the current year plus the next 4 consecutive calendar years.

Contract Name	Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures
Commodity Code	MXR
Chapter	1242
Settlement Type	Financial
Contract Size	The contract quantity shall be 35,000 gallons (equivalent to 100 metric tons). Each contract shall be valued as the contract quantity multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last London business day of the contract month.
Minimum Price Fluctuation	\$0.0001 per gallon
Final Settlement Price Tick	\$0.0001 per gallon
First Listed Month	December 2013
Listing Convention	For CME Globex, monthly contracts shall be listed for 12 consecutive calendar months. CME ClearPort and NYMEX PIT shall be listed for the current year plus the next 4 consecutive calendar years.

Contract Name	Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures
Commodity Code	MXB
Chapter	1243
Settlement Type	Financial
Contract Size	The contract quantity shall be 35,000 gallons (equivalent to 100 metric tons). Each contract shall be valued as the contract quantity multiplied by the settlement price.
Termination of Trading	Trading shall cease on the last London business day of the contract month.
Minimum Price Fluctuation	\$0.0001 per gallon
Final Settlement Price Tick	\$0.0001 per gallon
First Listed Month	December 2013
Listing Convention	For CME Globex, monthly contracts shall be listed for 12 consecutive calendar months. CME ClearPort and NYMEX PIT shall be listed for the current year plus the next 4 consecutive calendar years.

Trading Hours:

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

Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures

Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$0.80	\$0.80	\$0.90	\$1.00	
Globex	\$0.80	\$0.80	\$0.90	\$1.00	\$0.90
ClearPort		\$0.80		\$1.00	

Processing Fees		
	Member	Non-Member
Cash Settlement	\$0.10	\$0.10

Additional Fees and Surcharges	
EFS Surcharge	\$0.00
Block Surcharge	\$0.00
Facilitation Desk Fee	\$0.10

Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures

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 Contracts 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 contracts, as set forth in Appendix B. The terms and conditions establish the diminishing balances, all month/any one month accountability levels, expiration month position limit, reportable level, and aggregation allocations for the new contracts. In addition, the Exchange is self-certifying the insertion of the non-reviewable ranges (“NRR”) for the futures contracts into Rule 588.H, as set forth 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 Commodity Exchange Act (the “Act” or “CEA”). During the review, Exchange staff identified that the Contracts may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in the Contracts 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 Subject to Manipulation: The Contracts are not readily subject 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 the Contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these contracts 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 products 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 speculative position limits for the Contracts are set at less than the threshold of 25% of the deliverable supply in the respective underlying market.
- Availability of General Information: The Exchange will publish information on the Contracts’ specifications 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 Contracts are 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 these products.
- 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 these contracts 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 these products are identified.
- Dispute Resolution: Disputes with respect to trading in the Contracts 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 contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. A description of the cash markets for these new products is attached hereto as Appendix D.

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 Chapters

Appendix B: Position Limit, Position Accountability, and Reportable Level Table in NYMEX Chapter 5
Position Limit Table (attached under separate cover)

Appendix C: NYMEX Rule 588.H – Non-reviewable Range Table

Appendix D: Cash Market Overview and Analysis of Deliverable Supply

Appendix A

Chapter 1239 Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures

1239100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all 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.

1239101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance of the month arithmetic average of the mid-point of the high and low quotations from the Argus Media for Gasoline Euro-bob Oxy NWE Barges for each business day that it is determined during the contract month, starting from the selected start date through the end of the contract month, inclusive.

1239102. TRADING SPECIFICATIONS

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

1239102.A. Trading Schedule

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

1239102.B. Trading Unit

The contract quantity shall be 100 metric tons. Each contract shall be valued as the contract quantity (100) multiplied by the settlement price.

1239102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton.

1239102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

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.

1239102.E. Termination of Trading

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

1239103. 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.

1239104. 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.

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Chapter 1242

Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures

1242100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all 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.

1242101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance of the month arithmetic average of the RBOB Gasoline Futures first nearby contract month settlement price minus the high and low quotations from Argus Media for Euro-ob Oxy NWE Barges for each business day during the contract month, starting from the selected start date through the end of the contract month, except as noted below.

For purposes of determining the Floating Price, the Argus Euro-bob Oxy assessment price will be converted each day to U.S. dollars and cents per gallon, using a conversion factor of 8.33 barrels per metric ton and 42 gallons per barrel.

The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated by using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1242102. TRADING SPECIFICATIONS

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

1242102.A. Trading Schedule

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

1242102.B. Trading Unit

The contract quantity shall be 35,000 gallons (equivalent to 100 metric tons). Each contract shall be valued as the contract quantity (35,000) multiplied by the settlement price.

1242102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon.

1242102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

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.

1242102.E. Termination of Trading

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

1242103. 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.

1242104. 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.

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Chapter 1243
Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures

1243100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all 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.

1243101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month 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, except as noted below.

For purposes of determining the Floating Price, the Argus Euro-bob Oxy assessment price will be converted each day to U.S. dollars and cents per gallon, using a conversion factor of 8.33 barrels per metric ton and 42 gallons per barrel.

The Floating Price is calculated using the non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated by using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

1243102. TRADING SPECIFICATIONS

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

1243102.A. Trading Schedule

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

1243102.B. Trading Unit

The contract quantity shall be 35,000 gallons (equivalent to 100 metric tons). Each contract shall be valued as the contract quantity (35,000) multiplied by the settlement price.

1243102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon.

1243102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

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.

1243102.E. Termination of Trading

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

1243103. 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.

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Appendix B

**Position Limit, Position Accountability, and Reportable Level Table
in NYMEX Chapter 5 Position Limit Table**

(attached under separate cover)

Appendix C

NYMEX Rule 588.H Globex Non-Reviewable Range Table

Instrument	Non-Reviewable Range (NRR) in Globex format	NRR including Unit of Measure	NRR Ticks
Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures	2000	\$2.00 per metric ton	2000
Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures	250	\$0.025 per gallon	250
Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures	250	\$0.025 per gallon	250

Appendix D

Cash Market Overview and Analysis of Deliverable Supply

Three new cash settled futures contracts for Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures ; Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures ; and Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures (collectively, “the Contracts”) are being prepared for trading on CME Globex and the NYMEX trading floor. All trades will be submitted for clearing through CME ClearPort.

Euro-bob Gasoline

Price Source: Argus

The price reporting service used for the Euro-bob NWE Barge market is Argus. Argus is one of the major price reporting services that are used in the over-the-counter (OTC) market for pricing contracts and the methodology utilized is well-known in the oil industry.

The New York Mercantile Exchange, Inc. (“NYMEX” or the “Exchange”) has entered into a license agreement with Argus to utilize its pricing data. Argus has a long-standing reputation 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.

European Gasoline Market

Starting at the end of 2009, premium unleaded gasoline was phased out across several countries in Northwest Europe and replaced by Euro-bob Gasoline which is blended component grade of Gasoline rather than a finished grade. The Mediterranean markets remained on premium unleaded Gasoline which is a finished grade of Gasoline.

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 (120,000 metric tons) supplied by refineries in Belgium, Netherlands, Germany and France. For France, we have taken 50% of the total numbers to reflect the fact that oil flows into the Mediterranean and the Northwest European markets. Monthly production data, consumption data and imports and export data for the NWE region are presented in the following tables. The data is provided by the Joint Organizations Data Initiative Oil¹ (“JODI”) and is currently available up to April 2013.

¹ The Joint Organizations Data Initiative Oil: <http://www.jodidb.org/TableViewer/tableView.aspx>

Refinery Production	2010	2011	2012	Average 2010-2012
Belgium	83	71	75	77
France	159	152	138	150
Germany	499	499	479	492
Netherlands	174	153	164	164
Total	915	876	857	883

Demand	2010	2011	2012	Average 2010-2012
Belgium	31	27	29	29
France	93	91	83	89
Germany	455	454	29	312
Netherlands	97	99	96	97
Total	676	671	235	527

Imports	2010	2011	2012	Average 2010-2012
Belgium	8	18	18	14
France	10	7	4	7
Germany	48	44	36	43
Netherlands	218	242	276	245
Total	283	311	334	310

Exports	2010	2011	2012	Average 2010-2012
Belgium	61	64	65	63
France	67	60	54	60
Germany	113	110	115	113
Netherlands	385	351	450	395
Total	626	584	684	631

Source: Joint Organizations Data Initiative (Units 000's b/d)

New York Harbor Gasoline market

The RBOB Gasoline Futures Contract (commodity code: RB) 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,

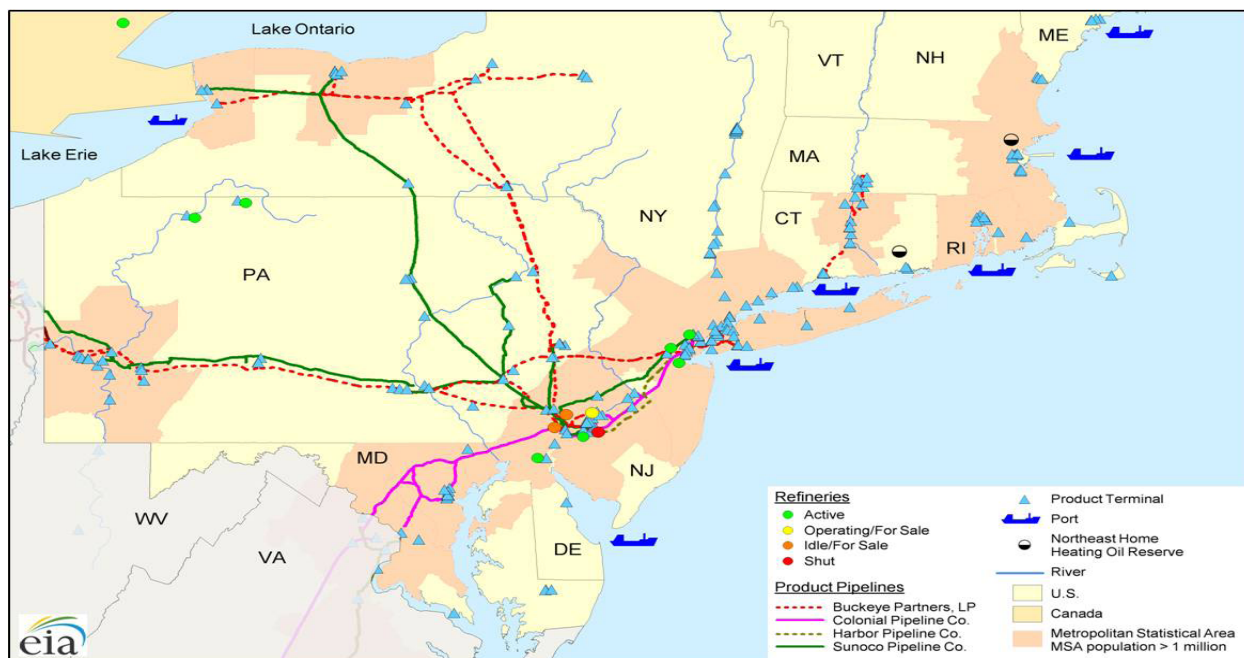
and Houston. These areas account for approximately 40% of U.S. gasoline demand. Further, there is a 10% ethanol blending requirement in Reformulated Gasoline, and the ethanol must be segregated from the gasoline at the wholesale level in the pipeline distribution system. In the wholesale market, the 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 US 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 Pennsylvania².

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 Logistics³



² <http://www.eia.gov/analysis/petroleum/nerefining/prelim/>

³ 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. Earlier 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 distillates⁴ 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 early 2013⁵ 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 Midwest⁶.

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

⁴ http://www.eia.gov/pressroom/presentations/sieminski_10102012.pdf

⁵ http://www.colpipe.com/press_release/pr_114.asp

⁶ <http://205.254.135.7/state/state-energy-profiles-analysis.cfm?sid=NY>

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

Early 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 challenges⁷. Delta Airline's 185,000 b/d Trainer Refinery has restarted operations late 2012 after being idle during the majority of the year⁸. 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 RBOB Gasoline Futures contract, we relied on the Commodity Futures Trading Commission's ("CFTC" or "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. Most recently, the Commission stated in its final position limit rulemaking that:

⁷ <http://www.eia.gov/oog/info/twip/twiparch/120725/twipprint.html>

⁸ http://www.eia.gov/pressroom/presentations/sieminski_10102012.pdf

[t]he term "deliverable supply" generally means the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce⁹.

Accordingly, there are three key components that the Exchange took into account when updating the deliverable supply estimates of the 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.

A. 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 market¹⁰. 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 transhipped and/or stored in New York Harbor 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 would be available for re-selling in the New York Harbor spot market. Consequently, we estimate that approximately 21 million barrels of RBOB would be deliverable in New York Harbor.

9 Position Limits for Futures and Swaps, Unofficial Notice of Final Rulemaking, p. 28 (publication in Federal Register forthcoming).

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

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.

B. 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 New York Harbor 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 New York Harbor accounts for approximately 67,650 barrels per day, or about 2 million barrels per month.

Table III – RBOB Movements into PADD 1¹³

Year	Average of Monthly data in b/d		
	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

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_mbbldpd_w.htm

¹³ EIA, Data is converted to barrels per day, http://www.eia.gov/dnav/pet/pet_move_ptb_dc_R10-R30_mbbld_a.htm

Average	3,828	270,589	272,946
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C. 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 2010 – 2012 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 2010-2013¹⁴.

Table IV – Gasoline Stocks in PADD 1b, average thousands of barrels¹⁵

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 New York Harbor 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 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:

¹⁴ http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=m_epobgrr_sae_r10_mbb1&f=m

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

- A. *Refinery and Blender Production = 21 million barrels*
- C. *Pipeline flows to the delivery area = 2 million barrels*
- D. *Storage levels in the delivery area = 6 million barrels*

Analysis of Deliverable Supply

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 JODI data has been used as the basis for this analysis since it has a comprehensive breakdown of the data available. For northwest Europe, the countries included in this analysis are Belgium, the Netherlands, Germany and France. For France, we have taken 50% of the total numbers to reflect the fact that oil flows into the Mediterranean and the Northwest European markets. We have used the three-year annualized averages for the period 2010 to 2012 as we believe that this is the most representative data set available. This is also consistent with other analyses we have provided for the European market. In Northwest Europe according to the JODI data, total Gasoline production for the three-year averages to 2012 across Belgium, France, Germany and the Netherlands was 883,000 barrels per day or 106,002 metric tons per day (3,180,060 metric tons per month). Consequently the current spot month limit of 500 contracts (equivalent to 4.15 million barrels) is approximately 15.7% of the monthly deliverable supply of gasoline in the Northwest Europe (NWE) market (based on a contract size of 1,000 metric tons).

For NYMEX RBOB Gasoline, 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. The current spot month limit of 1,000 contracts represents approximately 3.4% of the available monthly supply of RBOB Gasoline.

Contract Name	Rule Chapter	Commodity Code	Contract Size
Mini Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures	1239	MEB	100
Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) BALMO Futures	1242	MXR	35,000
Mini RBOB Gasoline vs. Gasoline Euro-bob Oxy NWE Barges (Argus) Futures	1243	MXB	35,000

Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level	Spot-Month position comprised of futures and deliveries	Spot-Month Aggregate Into Futures Equivalent Leg (1)	Spot-Month Aggregate Into Futures Equivalent Leg (2)
Metric tons	Futures	Financially Settled Futures	Refined Products	Y	25		7H	
Gallons	Futures	Financially Settled Futures	Refined Products	Y	25		27	7H
Gallons	Futures	Financially Settled Futures	Refined Products	Y	25		27	7H

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)
10 MEB : 1 7H			500
1 MXR : 8.33 27	10 MXR : -1 7H		1,000/500
1 MXB : 8.33 27	10 MXB: -1 7H		1,000/500

Spot-Month

Initial Spot-Month Limit Effective Date

For 7H: Close of trading 3 business days prior to last trading day of the contract

For 27: Close of trading 3 business days prior to last trading day of the contract and for 7H: Close of trading 3 business days prior to last trading day of the con

For 27: Close of trading 3 business days prior to last trading day of the contract and for 7H: Close of trading 3 business days prior to last trading day of the con

Single Month							
Spot-Month Limit (In Contract Units) Leg (1) / Leg (2)	Single Month Aggregate Into Futures Equivalent Leg (1)	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)
500,000	7H		10 MEB : 1 7H		2,500		7H
42,000,000/500,000	27	7H	1 MXR : 8.33 27	10 MXR : -1 7H	5,000/2,500		27
42,000,000/500,000	27	7H	1 MXB : 8.33 27	10 MXB: -1 7H	5,000/2,500		27

All Month

All Month Aggregate Into Futures	All Month Aggregate Into Equivalent Leg (2)	All Month Aggregate Into Ratio Leg (1)	All Month Aggregate Into Ratio Leg (2)	All Month Accountability Level Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
		10 MEB : 1 7H		3,500	
7H	1 MXR : 8.33 27	10 MXR : -1 7H		7,000/3,500	
7H	1 MXB : 8.33 27	10 MXB: -1 7H		7,000/3,500	