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CME Group

A CME/Chicago Board of Trade/NYMEX Company

November 17, 2011

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

Re: Rule 40.2 Certification. New York Mercantile Exchange, Inc. Submission # 11-409: Notification Regarding the Listing of Six (6) New Petroleum Futures Contracts and Four (4) New Option Contracts for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort®

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of six (6) new financially settled petroleum futures contracts and four (4) new option contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, November 20, 2011, for trade date Monday, November 21, 2011.

The futures contract specifications are as follows:

CONTRACT NAME	CHAPTER	CODE	CONTRACT UNIT	MINIMUM PRICE FLUCTUATION	EXPIRATION	LISTING CONVENTION
NY ULSD Crack Spread Swap Futures	1157	UCF	1,000 barrels	$0.001	Last business day of the contract month	Current year and next 4 years
RBOB vs. NY ULSD Swap Futures	1158	RVU	42,000 gallons	$0.0001	Last business day of the contract month	Current year and next 4 years
NY ULSD Calendar Swap Futures	1167	USF	42,000 gallons	$0.0001	Last business day of the contract month	Current year and next 4 years
NY ULSD BALMO Swap Futures	1168	UBS	42,000 gallons	$0.0001	Last business day of the contract month	One month and the following month listed 10 business days prior to the start of the contract month
NY ULSD Last Day Financial Swap Futures	1169	ULF	42,000 gallons	$0.0001	Last business day of the contract month	Current year and next 4 years
NY ULSD Crack Spread BALMO Swap Futures	1174	UBC	1,000 barrels	$0.001	Last business day of the contract month	One month and the following month listed 10 business days prior to the start of the contract month

The options contract specifications are as follows:

CONTRACT NAME	CHAPTER	CODE	CONTRACT UNIT	MINIMUM PRICE FLUCTUATION	EXPIRATION	LISTING CONVENTION	STRIKE PRICE INTERVALS
NY ULSD Average Price Option	1170	UAO	42,000 gallons	$0.0001	Last business day of the contract month	Current year and next 4 years	$0.0001
NY ULSD Calendar Spread Option (five separate codes for the 1-, 2-, 3-, 6- and 12-month spreads)	1171	1-month: UCA; 2-mos: UCB; 3-mos: UCC; 6-mos: UMM; 12-mos:UCZ	42,000 gallons	$0.0001	Last business day of the contract month	Current year and next 4 years	$0.0001
NY ULSD Crack Spread Option	1172	UCO	1,000 barrels	$0.01	Last business day of the contract month	Current year and next 4 years	$0.25
NY ULSD Crack Spread Average Price Option	1173	UCP	1,000 barrels	$0.001	Last business day of the contract month	Current year and next 4 years	$0.25

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

Trading and Clearing Hours:

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

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

Trading and Clearing Fees:

- **Futures Contracts Fee Schedule:**

Exchange Fees For Futures Contracts					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	NA	$0.85	$1.10	$1.35	
Globex	NA	NA	NA	NA	NA
ClearPort		$0.85		$1.35	

Processing Fees		
	Member	Non-Member
Cash Settlement	$0.10	$0.10
Futures from E/A	NA	NA
	House Acct	Cust Acct
Options E/A Notice	NA	NA
Delivery Notice	NA	NA

Additional Fees and Surcharges	
EFS Surcharge	NA
Block Surcharge	NA
Facilitation Desk Fee	$0.20

- **Option Contracts Fee Schedule:**
  1. NY ULSD Average Price Option (Chapter: 1170; Code: UAO)
  2. NY ULSD Crack Spread Average Price Option (Chapter: 1173; Code: UCP)

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	$0.45	$0.70	$0.95	$1.45	
Globex	NA	NA	NA	NA	NA
ClearPort		$1.75		$2.50	

Processing Fees		
	Member	Non-Member
Cash Settlement	$0.10	$0.10
Futures from E/A	NA	NA
	House Acct	Cust Acct
Options E/A Notice	NA	NA
Delivery Notice	NA	NA

Additional Fees and Surcharges	
EFS Surcharge	NA
Block Surcharge	NA
Facilitation Desk Fee	$0.20

3. NY ULSD Calendar Spread Option (Chapter: 1171; Code: UCA, UCB, UCC, UMM, UCZ)
4. NY ULSD Crack Spread Option (Chapter: 1172; Code: UCO)

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	$0.45	$0.70	$0.95	$1.45	
Globex	NA	NA	NA	NA	NA
ClearPort		$1.75		$2.50	

Processing Fees		
	Member	Non-Member
Cash Settlement	NA	NA
Futures from E/A	NA	NA
	House Acct	Cust Acct
Options E/A Notice	$0.40	$0.85
Delivery Notice	NA	NA

Additional Fees and Surcharges	
EFS Surcharge	NA
Block Surcharge	NA
Facilitation Desk Fee	$0.20

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new futures and option 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. 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 contracts.

NYMEX business staff responsible for the new products and the NYMEX legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity

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

- Prevention of Market Disruption: Trading in these contracts will be subject to the NYMEX rules ("Rulebook") Chapters 4 and 7 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 products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- Contracts not Readily Subject to Manipulation: The new contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the final settlement.

- Compliance with Rules: Trading in these 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 panoply 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 position limits for the new products are set at conservative levels that are less than 15% of the monthly deliverable supply in the respective underlying markets. Accountability levels are set at approximately half of the monthly deliverable supply in the underlying market.

- Availability of General Information: The Exchange will publish information on the contracts' 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 Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- Execution of Transactions: The new contracts are dually listed for clearing through the CME ClearPort platform and on the NYMEX trading floor for open outcry trading. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. 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 Rulebook. 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 these contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers 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 nonmember is required to participate in the arbitration pursuant to 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 Commodity Exchange Act ("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 market for these new products 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 (312) 930-8167 or Sean.downey@cmegroup.com.

Sincerely,

/s/Sean Downey
Associate Director and Assistant General Counsel

Attachments: Appendix A: Rule Chapter
Appendix B: Chapter 5 Table
Appendix C: Cash Market Overview and Analysis of Deliverable Supply

Appendix A

Chapter 1157
NY ULSD Crack Spread Swap Futures

1157100 **SCOPE OF CHAPTER**

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

1157101 **CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the arithmetic average of the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures first nearby contract month settlement price minus the NYMEX Light Sweet Crude Oil futures first nearby contract month settlement price for each business day that both are determined during the contract month.

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

1157102 **TRADING SPECIFICATIONS**

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

1157102.A. Trading Schedule

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

1157102.B. Trading Unit

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

1157102.C. Price Increments

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

1157102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NY ULSD Last Day Financial Swap futures and Crude Oil Last Day Financial futures. Each position in the contract will be calculated as a single position in the NY ULSD Last Day Financial Swap futures contract and a single position in the Crude Oil Last Day Financial futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 (NY ULSD Last Day Financial Swap futures)/3,000 (Crude Oil Last Day Financial futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 (NY ULSD Last Day Financial Swap futures)/20,000 (Crude Oil Last Day Financial futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 (NY ULSD Last Day Financial Swap futures)/10,000 (Crude Oil Last Day Financial futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1157102.E. Termination of Trading

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

1157103 **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.

1157104 **DISCLAIMER**

NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING

OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 1158
RBOB vs. NY ULSD Swap Futures

1158100 SCOPE OF CHAPTER

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

1158101 CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the NYMEX RBOB Gasoline futures first nearby contract month settlement price minus the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures first nearby contract month settlement price for each business day that both are determined during the contract month.

1158102 TRADING SPECIFICATIONS

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

1158102.A. Trading Schedule

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

1158102.B. Trading Unit

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

1158102.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.

1158102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in RBOB Gasoline Last Day Financial futures and NY ULSD Last Day Financial Swap futures. Each position in the contract will be calculated as a single position in the RBOB Gasoline Last Day Financial futures contract and a single position in the NY ULSD Last Day Financial Swap futures.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 (RBOB Gasoline Last Day Financial futures)/1,000 (NY ULSD Last Day Financial Swap futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 (RBOB Gasoline Last Day Financial futures)/7,000 (NY ULSD Last Day Financial Swap futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 5,000 (RBOB Gasoline Last Day Financial futures)/7,000 (NY ULSD Last Day Financial Swap futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1158102.E. Termination of Trading

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

1158103 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.

1158104 DISCLAIMER

NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF

MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Appendix A

Chapter 1167
NY ULSD Calendar Swap Futures

1167100 SCOPE OF CHAPTER

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

1167101 CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures first nearby contract month settlement price for each business day that it is determined during the contract month.

1167102 TRADING SPECIFICATIONS

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

1167102.A. Trading Schedule

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

1167102.B. Trading Unit

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

1167102.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.

1167102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NY ULSD Last Day Financial Swap futures. Each position in the contract will be calculated as a single position in the NY ULSD Last Day Financial Swap futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 contracts net long or net short in any single contract month excluding the spot month.

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

1167102.E. Termination of Trading

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

1167103 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.

1167104 DISCLAIMER

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Appendix A

Chapter 1168
NY ULSD BALMO Swap Futures

1168100 SCOPE OF CHAPTER

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

1168101 CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures first nearby contract month settlement price for each business day that the Floating Price is determined during the contract month, starting from the selected start date through the end of the contract month, inclusive.

1168102 TRADING SPECIFICATIONS

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

1168102.A. Trading Schedule

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

1168102.B. Trading Unit

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

1168102.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.

1168102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NY ULSD Last Day Financial Swap futures. Each position in the contract will be calculated as a single position in the NY ULSD Last Day Financial Swap futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 contracts net long or net short in any single contract month excluding the spot month.

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

1168102.E. Termination of Trading

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

1168103 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.

1168104 DISCLAIMER

NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Appendix A

Chapter 1169
NY ULSD Last Day Financial Swap Futures

1169100 SCOPE OF CHAPTER

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

1169101 CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures first nearby contract month settlement price on the last trading day.

1169102 TRADING SPECIFICATIONS

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

1169102.A. Trading Schedule

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

1169102.B. Trading Unit

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

1169102.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.

1169102.D. Position Limits and Position Accountability

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 contracts net long or net short in any single contract month excluding the spot month.

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

1169102.E. Termination of Trading

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

1169103 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.

1169104 DISCLAIMER

NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 1174
NY ULSD Crack Spread BALMO Swap Futures

1174100 SCOPE OF CHAPTER

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

1174101 CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures first nearby contract month settlement price minus the NYMEX Light Sweet Crude Oil futures first nearby contract month settlement price for each business day that both prices are determined during the contract month, starting from the selected start date through the end of the contract month, inclusive.

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

1174102 TRADING SPECIFICATIONS

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

1174102.A. Trading Schedule

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

1174102.B. Trading Unit

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

1174102.C. Price Increments

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

1174102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NY ULSD Last Day Financial Swap futures and Crude Oil Last Day Financial futures. Each position in the contract will be calculated as a single position in the NY ULSD Last Day Financial Swap futures contract and a single position in the Crude Oil Last Day Financial futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 (NY ULSD Last Day Financial Swap futures)/3,000 (Crude Oil Last Day Financial futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 (NY ULSD Last Day Financial Swap futures)/20,000 (Crude Oil Last Day Financial futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 (NY ULSD Last Day Financial Swap futures)/10,000 (Crude Oil Last Day Financial futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1174102.E. Termination of Trading

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

1174103 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.

1174104 DISCLAIMER

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ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX OR ITS AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 1170
NY ULSD Average Price Option

1170100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on NY ULSD Calendar Swap futures contract. In addition to the rules of this chapter, transactions in options on NY ULSD Calendar Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

1170101. OPTION CHARACTERISTICS

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

1170101.A. Trading Schedule

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

1170101.B. Trading Unit

On expiration of a call option, the value will be the difference between the final settlement price of the underlying NY ULSD Calendar Swap futures contract and the strike price multiplied by 42,000 gallons, or zero, whichever is greater. On expiration of a put option, the value will be the difference between the strike price and the final settlement price of the underlying NY ULSD Calendar Swap futures contract multiplied by 42,000 gallons, or zero, whichever is greater.

1170101.C. Price Increments

Prices shall be quoted in hundredths of cents per gallon. A cabinet trade may occur at the price of $.0000238 per gallon or $1.00.

1170101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NY ULSD Last Day Financial Swap futures. Each position in the contract will be calculated as a single position in the NY ULSD Last Day Financial Swap futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1170101.E. Termination of Trading

The option contract shall expire on the last business day of the calendar month.

1170101.F. Type Option

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

1170102. EXERCISE PRICES

(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 NY ULSD Calendar Swap futures contracts in the corresponding delivery month rounded off to the nearest one-cent increment strike price unless such settlement price is precisely midway between two one-cent increment strike prices in which case it shall be rounded off to the lower one-cent increment strike price and (ii) the twenty one-cent increment strike prices which are twenty increments higher than the strike price described in subsection (A)(i) of this rule and (iii) the twenty one-cent increment strike prices which are twenty increments lower than the strike price described in subsection (A)(i) of this rule and (iv) an additional ten strike prices for both call and put options will be listed at five-cent increments above the highest one-cent increment as described in subsection (A)(ii) of this rule, beginning with the first available such strike that is evenly divisible by $0.05 and (v) an additional ten strike prices for both call and put options will be listed at five-cent increments below the lowest one-cent increment as described in subsection (A)(iii) of this rule, beginning with the first available such strike that is evenly divisible by $0.05.

(B) Thereafter, on any business day prior to the expiration of the option, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least twenty one-cent increment strike prices above and below the at-the-money strike price available for trading in all option contract months; and (ii) new five-cent increment strike prices will be added such that at all times there shall be ten five-cent strike prices above the highest one-cent strike price. (iii) The at-of-the-money strike price will be determined in accordance with the procedures set forth in subsection (A) of this rule. In addition, options trading can be conducted in strike price increments of $0.0001.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option contract 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.

1170103. DISCLAIMER

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Chapter 1171
NY ULSD Calendar Spread Option

1171100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract. In addition to the rules of this chapter, transactions in options on NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures shall be subject to the general rules of the Exchange insofar as applicable.

1171101. OPTION CHARACTERISTICS

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

1171101.A. Trading Schedule

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

1171101.B. Trading Unit

A NY ULSD Calendar Spread Put Option contract traded on the Exchange represents an option to assume a short position in the first expiring NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract in the spread and a long position in the second expiring NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract in the spread traded on the Exchange. A call option represents an option to assume a long position in the first expiring NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract in the spread and a short position in the second expiring NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract in the spread traded on the Exchange.

1171101.C. Price Increments

Prices shall be quoted in dollars and cents per gallon and prices shall be in multiples of $0.0001 per gallon. A cabinet trade may occur at a price of $0.0000238 per gallon, or $1.00 a contract.

1171101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract. Each position in the contract will be calculated as a single position in the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1171101.E. Termination of Trading

The option contract shall expire at the close of trading on the business day immediately preceding the expiration of the first expiring futures contract in the spread.

1171101.F. Type Option

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

1171102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices; (i) the difference between the previous day's settlement price for the first NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract in the spread and the second NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract in the spread, whether positive or negative in sign, and rounded off to the nearest one-tenth of a cent increment, unless such settlement price is precisely midway between two one-tenth of a cent increments in which case it shall be rounded off to the lower one-tenth of a cent increment and (ii) the ten strike prices which are ten one-tenth of a cent increments higher than the strike price described in subsection (A)(i) of this rule, and (iii) the ten strike prices which are ten one-tenth of a cent increments lower than the strike price described in subsection (A)(i) of this rule and (iv) an additional five strike prices for both call and put options will be listed at $0.002 increments above the highest one-tenth of a cent increment as described in subsection (A)(ii) of this rule, beginning with the first available such strike that is evenly divisible by $0.002 and (v) an additional five strike prices for both call and put options will be listed at $0.002 increments below the lowest one-tenth of a cent increment as described in subsection (A)(iii) of this rule, beginning with the first available such strike that is evenly divisible by $0.002.

(B) Thereafter, on any business day prior to the expiration of the option, new strike prices for both puts and calls will be added, such that at all times there will be at least ten one-tenth of a cent increment and five $0.002 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) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in NY ULSD Calendar Spread 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 a NY ULSD Calendar Spread Option in which no new strike prices may be introduced.

1171103. DISCLAIMER

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Appendix A

Chapter 1172
NY ULSD Crack Spread Option

1172100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures and NYMEX Light Sweet Crude Oil futures contracts. In addition to the rules of this chapter, transactions in options on NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures and NYMEX Light Sweet Crude Oil futures shall be subject to the general rules of the Exchange insofar as applicable.

1172101. OPTION CHARACTERISTICS

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

1172101.A. Trading Schedule

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

1172101.B. Trading Unit

A NY ULSD Crack Spread Put Option contract traded on the Exchange represents an option to assume a short position in the underlying NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract and a long position in the underlying NYMEX Light Sweet Crude Oil futures contract traded on the Exchange. A NY ULSD Crack Spread Call Option represents an option to assume a long position in the underlying NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract and a short position in the underlying NYMEX Light Sweet Crude Oil futures contract traded on the Exchange.

1172101.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of $0.01 (1 cent) per barrel; provided, however, that those out-of-the-month call (put) options which either trade at or are bid (offered) at a price of 5 cents per barrel ($.05 per barrel) or less, on a particular business day may be quoted in multiples of one-half cent per barrel ($0.005 per barrel) on that business day. A cabinet trade may occur at a price of $0.001 per barrel, or $1.00 per contract.

1172101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures and NYMEX Light Sweet Crude Oil futures. Each position in the contract will be calculated as a single position in the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures and a single position in the NYMEX Light Sweet Crude Oil futures contract.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 (NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures)/3,000 (NYMEX Light Sweet Crude Oil futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 (NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures)/20,000 (NYMEX Light Sweet Crude Oil futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 (NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures)/10,000 (NYMEX Light Sweet Crude Oil futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1172101.E. Termination of Trading

The option contract shall expire at the close of trading on the business day immediately preceding the expiration of the underlying crude oil futures contract.

1172101.F. Type Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

1172101.G. Futures Prices at Exercise

The prices assigned to the underlying futures contracts upon exercise of the option shall be determined by adding the option strike price to the NYMEX Light Sweet Crude Oil futures settlement price on the day of exercise and dividing by 42, and

(a) if the resulting quotient is equal to .XX00 or .XX50, the NYMEX Light Sweet Crude Oil futures contract will be priced at the NYMEX Light Sweet Crude Oil futures contract settlement price and the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract will be priced at the

NYMEX Light Sweet Crude Oil futures contract settlement price plus the option strike price divided by 42; or

(b) if the resulting quotient is greater than .XX00 but less than .XX50, the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract will be priced at the quotient rounded up to .XX50 and the NYMEX Light Sweet Crude Oil futures contract will be priced at the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract price derived above multiplied by 42, less the option strike price; or

(c) if the resulting quotient is greater than .XX50, but less than or equal to .XX99, the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract will be priced at the quotient rounded up to .XX00 and the NYMEX Light Sweet Crude Oil futures contract will be priced at the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract price derived above multiplied by 42, less the option strike price.

1172102. EXERCISE PRICES

(A) Trading shall be conducted for options with strike prices in increments of 25 cents ($0.25).

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the differential between the previous day's settlement prices for NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures (on a per barrel basis) and NYMEX Light Sweet Crude Oil futures contracts in the corresponding delivery month rounded off to the nearest strike price unless such differential is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the five strike prices which are five increments higher than the strike price described in subsection (A)(i) of this rule and (iii) the five strike prices which are five increments lower than the strike price described in subsection (A)(i) of this rule, provided that such strike prices are not less than zero.

(C) Thereafter, on any business day prior to the expiration of the option, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least five strike prices above and below the at-the-money strike price available for trading in all option contract months, provided that such strike prices are not less than zero. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (B) of this rule. Except as provided in subsection (D) below, strike prices will only be added such that additions result in increasing the total number of either the above-the-money or below-the-month strike prices to five.

(D) In addition to the strike prices provided for in subsections (B) and (C), three strike prices above the settlement price will be listed. These strike prices will be determined by taking the highest strike price provided for in subsections (B) and (C), and rounding it to the nearest higher $1.00 increment. If no strike price at such levels is then listed, it will be added and two additional strike prices will be added at $2.00 increments above that.

(E) Notwithstanding the provisions of subsections (A) through (D) of this rule, if the Exchange determines that trading in NY ULSD Crack Spread 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 a NY ULSD Crack Spread Option in which no new strike prices may be introduced.

1172103. DISCLAIMER

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Appendix A

Chapter 1173
NY ULSD Crack Spread Average Price Option

1173100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on NY ULSD Crack Spread Swap futures contract. In addition to the rules of this chapter, transactions in options on NY ULSD Crack Spread Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

1173101. OPTION CHARACTERISTICS

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

1173101.A. Trading Schedule

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

1173101.B. Trading Unit

On expiration of a call option, the value will be the difference between the final settlement price of the underlying NY ULSD Crack Spread Swap futures contract and the strike price multiplied by 42,000 gallons, or zero, whichever is greater. On expiration of a put option, the value will be the difference between the strike price and the final settlement price of the underlying NY ULSD Crack Spread Swap futures contract multiplied by 42,000 gallons, or zero, whichever is greater.

1173101.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of $0.001 (0.1 cent) per barrel. A cabinet trade may occur at the price of $0.001 per barrel or $1.00 per contract.

1173101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NY ULSD Last Day Financial Swap futures and Crude Oil Last Day Financial futures. Each position in the contract will be calculated as a single position in the NY ULSD Last Day Financial Swap futures contract and a single position in the Crude Oil Last Day Financial futures contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 (NY ULSD Last Day Financial Swap futures)/3,000 (Crude Oil Last Day Financial futures) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 7,000 (NY ULSD Last Day Financial Swap futures)/20,000 (Crude Oil Last Day Financial futures) futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 7,000 (NY ULSD Last Day Financial Swap futures)/10,000 (Crude Oil Last Day Financial futures) futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

1173101.E. Termination of Trading

The option contract shall expire on the last business day of the calendar month.

1173101.F. Type Option

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

1173102. EXERCISE PRICES

(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 NY ULSD Crack Spread Swap futures contract in the corresponding delivery month rounded off to the nearest twenty-five cent increment strike price unless such settlement price is precisely midway between two twenty-five cent increment strike prices in which case it shall be rounded off to the lower twenty-five cent increment strike price and (ii) the ten twenty-five cent increment strike prices which are ten increments higher than the strike price described in subsection (A)(i) of this rule and (iii) the ten twenty-five cent increment strike prices which are ten increments 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, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least ten twenty-five cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-of-the-money strike price will be determined in accordance with the procedures set forth in subsection (A) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in NY ULSD Crack Spread Average Price 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 a NY ULSD Crack Spread Average Price Option in which no new strike prices may be introduced.

1173103. DISCLAIMER

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Appendix B

NYMEX Rulebook Chapter 5 Position Limit Table
(Bold/underlining indicates additions)

Contract Name	Rule Chapter	Commodity Code	Diminishing Balances Contracts	All Month Accountability Level	Any One Month Accountability Level	Expiration Month Limit	Reporting Level	Aggregate Into (1)	Aggregate Into (2)
				Rule 560	Rule 560	Rule 559	Rule 561		
New York Harbor									
NY ULSD Last Day Financial Swap Futures	**1169**	**ULF**		**7,000**	**7,000**	**1,000**	**25**	**ULF**	
NY ULSD Calendar Swap Futures	**1167**	**USF**	*****	**7,000**	**7,000**	**1,000**	**25**	**ULF**	
NY ULSD BALMO Swap Futures	**1168**	**UBS**	*****	**7,000**	**7,000**	**1,000**	**25**	**ULF**	
NY ULSD Average Price Option	**1170**	**UAO**	*****	**7,000**	**7,000**	**1,000**	**25**	**ULF**	
NY ULSD Calendar Spread Option	**1171**	**UCA, UCB, UCC, UMM, UCZ**		**7,000**	**7,000**	**1,000**	**25**	**LH**	
NY ULSD Crack Spread Swap Futures	**1157**	**UCF**	*****	**7,000/ 20,000**	**7,000/ 10,000**	**1,000/ 3,000**	**25**	**ULF**	**26**
NY ULSD Crack Spread Option	**1172**	**UCO**		**7,000/ 20,000**	**7,000/ 10,000**	**1,000/ 3,000**	**25**	**LH**	**CL**
NY ULSD Crack Spread Average Price Option	**1173**	**UCP**	*****	**7,000/ 20,000**	**7,000/ 10,000**	**1,000/ 3,000**	**25**	**ULF**	**26**
NY ULSD Crack Spread BALMO Swap Futures	**1174**	**UBC**	*****	**7,000/ 20,000**	**7,000/ 10,000**	**1,000/ 3,000**	**25**	**ULF**	**26**
RBOB vs. NY ULSD Swap Futures	**1158**	**RVU**	*****	**7,000/ 7,000**	**5,000/ 7,000**	**1,000/ 1,000**	**25**	**27**	**ULF**

Appendix C

CASH MARKET OVERVIEW

These new ULSD-related futures and option contracts are based on the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract. The NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract is intended to ultimately replace the NYMEX New York Harbor No. 2 Heating Oil futures contract as a result of regulatory changes in New York State related to the sulfur levels in heating oil. Consequently, the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract will become the main benchmark for pricing of the distillate products, including diesel fuel, heating oil, and jet fuel.

U.S. Distillates Market

Distillate fuel oil is a general classification for one of the petroleum product categories produced by distillation operations, a boiling process that separates crude oil into fractions[1]. The lightest and the first fraction of distillate fuel is jet kerosene, followed by on-road diesel, heating oil/off-road diesel, and residual fuel oils.

The U.S. distillates market represents a large physical market. Total U.S. refining capacity averaged at 17.736 million barrels per day (b/d) in 2010[2], with average distillates production representing about 24%, or 4.22 million b/d[3] of this capacity. During the same year, approximately 82%, or 3.44 million b/d of distillates production consisted of Ultra-low Sulfur Diesel (ULSD)[4].

The Colonial Pipeline[5] is the main pipeline that connects the U.S. Gulf Coast (USGC) refineries to the New York Harbor market, and delivers 2.3 million b/d of refined products. Colonial has seven grades of kerosene and 16 grades of home heating oil and diesel fuel oil. The Colonial pipeline's specifications serve as the benchmark for physical refined products[6]. Colonial Pipeline grade 61 refers to the main grade of ULSD which is a dual-use fuel for heating oil and on-road use. Further, Colonial Pipeline grade

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1 http://www.epa.gov/otaq/regs/nonroad/marine/ci/fr/dfuelrpt.pdf
2 http://www.eia.gov/dnav/pet/pet_pnp_cap1_dcu_nus_a.htm
3 http://www.eia.gov/dnav/pet/pet_sum_snd_a_EPDXL0_mbblpd_a_cur.htm
4 http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WDIRPUS2&f=W
5 http://www.colpipe.com/ab_main.asp
6 http://www.colpipe.com/pdfs/Sect%203%20Prod%20Spec%20Jan%201%202011%20update%20ver%202.pdf

54 refers to the main grade of jet fuel and has maximum sulfur specification of 3,000 parts per million ("ppm")[7].

ULSD Market

The distillate fuels sector consists of several grades of fuel, as follows: No.1 fuel oil (ULSD for on-road and heating); No.2 (off-road diesel fuel and heating oil), and No.4 (commercial/industrial heating oil). These grades of fuel oils are used in diesel engines, boilers and power generators. Diesel fuel containing a maximum of 15ppm of sulfur is called Ultra-low Sulfur Diesel (ULSD).

The ULSD cash and futures market participation is diverse and includes many commercial entities that are active in USGC and in the New York Harbor markets.

The estimated trading volume of ULSD in the New York Harbor cash market is approximately 250,000 to 300,000 barrels per day. The typical transaction size is 25,000 barrels, with dozens of separate transactions occurring per day. The volume of spot transactions is more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals on the Colonial Pipeline (which links Houston with the New York Harbor market) and in the New York Harbor cash market. The bid/ask spreads are typically in increments of one-quarter cent, although this can tighten to one-tenth cent spreads when the cash market is active. There are approximately 30 to 40 participants in the New York Harbor ULSD cash market. The cash market is competitively traded, and is actively quoted by dozens of cash brokers.

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

Regulatory Changes

The U.S. Environmental Protection Agency ("EPA") "2007 Highway Rule"[8] mandated the use of ULSD in all heavy-duty highway engine and vehicles beginning June 2006, and effectively reducing the

[7] http://www.colpipe.com/pdfs/Sect%203%20Prod%20Spec%20Jan%201%202011%20update%20ver%202.pdf

sulfur content of highway diesel from 500ppm to 15ppm. In addition, the "temporary compliance" rule, or the 80/20 rule, provisioned that 80% of total U.S. production and imports of highway diesel fuel (No.1 and No.2) had to meet the 15ppm cap starting in June 2006. Effective June 2010, full compliance replaced the "80/20" rule for imports and production, and 100% of all highway diesel fuel was capped by the 15ppm level. By the end of 2010, all highway fuel terminals and diesel retailers had converted to 100% ULSD in compliance with EPA guidelines.

The EPA implemented a similar sulfur program in non-road diesel fuel, binding diesel fuel used in industries like agriculture to the 15ppm standard in June 2010. Starting in June 2012[9], the 15ppm sulfur cap will apply to marine and locomotive diesel fuel, effectively making the entirety of the diesel complex a 15ppm maximum sulfur market at the federal level.

New York State mandated all No. 2 heating oil sold for residential, commercial and industrial heating applications within the State to contain no more than 15ppm of sulfur as of July 1, 2012. With EPA's pre-existing sulfur regulations, ULSD in New York has effectively become a dual-use (heating and transportation) low sulfur fuel oil product. Following New York's footsteps, the New Jersey Department of Environmental Protection amended its sulfur content standards to phase out high sulfur heating oil, and gradually implementing a 15ppm sulfur cap by July 1, 2016. The first phase of the rule will take effect in July 2014, with an initial limit of 500ppm[10].

Due to regulatory changes in New York State, the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract will become the main benchmark for pricing of the distillate products, including diesel fuel, heating oil, and jet fuel.

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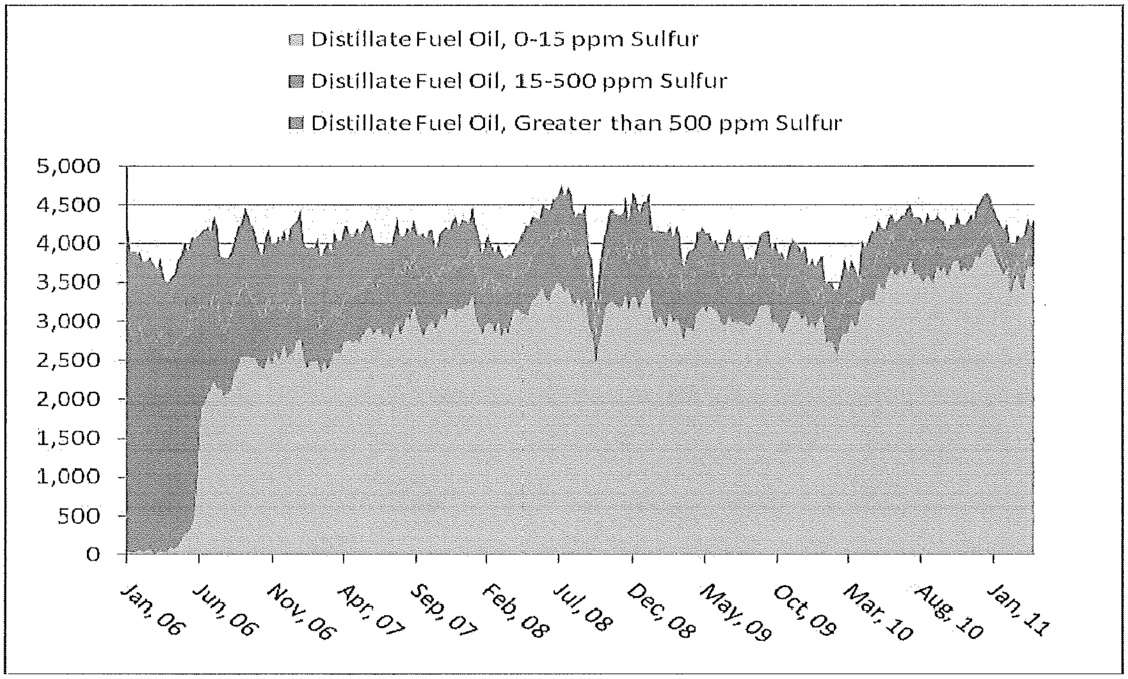
[8] http://www.epa.gov/oms/highway-diesel/regs/f00057.pdf
[9] http://www.epa.gov/nonroad-diesel/2004fr/420r04007a.pdf
[10] http://www.nj.gov/dep/newsrel/2010/10_0086.htm

Figure 1. US Distillates Production by Sulfur Content, 2006-2077
(Thousand barrels per day)



Source: http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WDIRPUS2&f=W

Demand and Supply Analysis

The U.S. Department of Energy's Energy Information Administration ("EIA"), provides detailed consumption, production, stocks, and trade statistics for ULSD with maximum 15ppm sulfur.

The data contained in Tables 1 and 2 reflect supply and demand statistics for ULSD in 2008-2010 in Petroleum Administration for Defense District ("PADD") I (U.S. Atlantic Coast) and PADD III (U.S. Gulf Coast). These tables contain data on refinery production, shipments between PADD regions, imports, exports, and consumption. The EIA uses "Product Supplied" data as a proxy for consumption as "it measures the disappearance of these products from primary sources, i.e., refineries, natural gas processing plants, blending plants, pipelines, and bulk terminals."

Appendix C

Table 1. Selected Statistics for ULSD: U.S Atlantic Coast (PADD I)
(Annual, Thousand Barrels per Day)

Distillate Fuel Oil, 15 ppm and under Sulfur	2008	2009	2010	Average 2008-2010
Refinery and Blender Net Production	262	214	222	233
Net Receipts from Other PADDs (pipeline, tanker, barge)	391	417	475	428
Imports	110	101	107	106
Exports	NA	5	7	6
Consumption (Product Supplied)	758	706	801	755

http://www.eia.gov/dnav/pet/pet_sum_snd_a_EPDXL0_mbblpd_a_cur.htm

Table 2. Selected Statistics for ULSD: U.S. Gulf Coast (PADD III)
(Annual, Thousand Barrels per Day)

Distillate Fuel Oil, 15 ppm and under Sulfur	2008	2009	2010	Average 2008-2010
Refinery and Blender Net Production	1,397	1,435	1,710	1,514
Net Receipts from Other PADDs (pipeline, tanker, barge)	-628	-604	-689	-640
Imports	1	0	NA	0.5
Exports	NA	203	287	245
Consumption (Product Supplied)	723	577	704	668

http://www.eia.gov/dnav/pet/pet_sum_snd_a_EPDXL0_mbblpd_a_cur.htm

According to the EIA, during the 2008 to 2010 period, PADD III refinery production of ULSD averaged 1.5 million barrels per day, with approximately 42% of Gulf Coast production shipped to other U.S. PADD regions via pipeline, tanker or barges.

Meanwhile, the main consuming region, PADD I, received approximately 57% of its ULSD fuel via shipments from other PADDs, mostly from PADD III. Further, PADD I production and imports production made up approximately 43% of the 755,000 b/d total ULSD consumption.

Tables 3 and 4 below indicate monthly stocks of ULSD in PADD I and PADD III, respectively. Changes in stocks reflect changes in the fundamentals of a market, and vary with demand and supply. Stocks in both regions grew in the January 2008 – August 2011 period.

Table 3. ULSD Stocks: U.S. Atlantic Coast (PADD I)

(Monthly, Thousand Barrels)

	2008	2009	2010	2011
January	16,327	19,849	24,728	26,182
February	13,003	19,712	22,119	24,213
March	13,970	18,858	20,850	22,785
April	14,305	20,139	19,741	22,769
May	14,646	21,572	22,528	25,064
June	17,328	23,294	23,982	23,143
July	16,650	22,492	25,662	25,907
August	17,716	23,486	26,260	24,175
September	15,949	24,282	26,393	NA
October	14,749	23,202	25,801	NA
November	16,253	26,838	24,446	NA
December	18,350	25,266	22,844	NA
Average	**15,771**	**22,416**	**23,780**	**24,280**

http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MD0ST_R10_1&f=M

Table 4. ULSD Stocks: U.S. Gulf Coast (PADD III)

(Monthly, Thousand Barrels)

	2008	2009	2010	2011
January	17,521	25,298	31,994	41,698
February	16,688	25,065	30,922	39,007
March	18,878	25,645	33,142	41,621
April	19,124	27,453	32,804	36,876
May	20,580	28,892	32,989	38,132
June	20,181	30,459	36,322	37,814
July	22,708	32,508	37,719	36,644
August	22,190	35,095	39,896	41,655
September	20,053	35,606	36,294	NA
October	20,634	35,223	36,358	NA
November	22,156	33,035	35,237	NA
December	25,746	36,511	39,595	NA
Average	**20,527**	**30,899**	**35,273**	**39,181**

http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MD0ST_R30_1&f=M

Crude Oil Market

WTI CRUDE OIL MARKET OVERVIEW

The West Texas Intermediate ("WTI") crude oil market, also called "domestic sweet", is traded at the hub in Cushing, Oklahoma. The Cushing hub consists of storage facilities and major pipelines for distribution of crude oil from West Texas to refineries in the Midcontinent. Sweet crude oil is defined as having an API gravity of 30 or higher with sulfur content of less than 1%, whereas heavy crude has an API gravity below 28, and contains sulfur of greater than 1%.

Description of Cushing

Cushing, Oklahoma is one of the largest commercial crude oil storage terminals in the United States and is the physical delivery point for the NYMEX West Texas Intermediate crude oil contract – the Light Sweet Crude Oil futures (CL). It is located in the Midcontinent region which is within Petroleum Administration Defense District 2 (PADD II). The Cushing hub is directly connected to several pipelines.

Table 1 below provides storage capacity by operator in Cushing, Oklahoma. As of late 2009, working capacity reached 51.5 million barrels. Ownership of the Cushing storage is comprised of a total of 8 operators. Enbridge, Plains, and Magellan (formerly BP storage) are the main operators with the majority of storage amounting to roughly 75%.

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Table 5. Selected Statistics for Crude Oil: Cushing, Oklahoma Storage Capacity[11]

CRUDE STORAGE CAPACITY AT CUSHING (Million Barrels)		
Operator	January 2009 Shell Capacity	November 2009 Shell Capacity
Enbridge	15.7	14.9
Plains	10.8	10.8
SemGroup	7.8	4.1
Blueknight	--	6.7
BP	7.8	7.8
Enterprise/TEPPCO	3.1	6.1
ConocoPhillips	0.8	0.8
Sunoco	0.3	0.3
Total	46.3	51.5

The refineries in PADD II are connected via various pipeline systems that supply both domestic and foreign crude oil. Refineries are located in Oklahoma, Kansas, Illinois, Indiana and Texas. Below are a summary of the refineries in each state associated with the Midcontinent PADD II region.

Oklahoma

- ConocoPhillips owns the largest refinery located in Ponca City with capacity of 190,000 barrels per day. It is supplied with crude oil from Cushing, via a northbound pipeline.
- There are two refineries located in Tulsa with production capacity of 70,000 and 85,000 barrels per day, respectively. The plants are supplied by the West Tulsa pipeline from Cushing and are owned by Holly Corporation.
- Southern Oklahoma has two refineries: the Ardmore refinery, owned by Valero, with capacity of 84,000 barrels per day and the Wynnewood refinery, owned by Gary Williams Energy, with capacity of 72,000 barrels per day. The refineries are primarily supplied by regional crude production and by pipelines from Cushing.

[11] Purvin & Gertz Inc. Study, 2009.

Kansas

There are three refineries located in Kansas, the Frontier refinery, and the NCRA refinery and the Coffeyville refinery.

- The Frontier refinery in El Dorado and the NCRA refinery in McPherson have capacities of 118,000 barrels and 81,000 barrels per day, respectively. These refineries are supplied by the Osage Pipeline and others from Cushing.
- The Coffeyville refinery, located in Coffeyville and owned by Coffeyville Resource, LLC, has a capacity of 122,000 barrels supplied by the Plains pipeline from Cushing.

Illinois/Indiana

- The primary locations of refineries in Illinois are concentrated in two areas: Chicago and the central part of Illinois. The two terminals, located in Patoka and Wood River, receive domestic crude oil from Cushing, Canadian crude oil from the north and foreign cargoes from the Gulf Coast.
- The Wood River refinery is owned by Encana, ConocoPhillips, and WRB Refining with a capacity of 306,000 barrels per day. The Marathon refinery in Illinois has a capacity of 204,000 barrels per day. Both refineries are located in the central part of the state and are supplied with crude from various sources.
- Three refineries are located in the Chicago area. The largest is owned by BP in Whiting, IN with a capacity of 410,000 barrels per day. ExxonMobil owns a refinery located in Joliet, IL with a capacity of 239,000 barrels per day. CITGO's refinery located in Lemont, IL has a capacity of 167,000 barrels per day. These refineries can receive both domestic and foreign crude oil from the Wood River area via the Chi-Cap pipeline and Canadian crude via the Lakehead system.

Texas

There are two refineries located in the Texas Panhandle that are supplied by Cushing.

- The WRB Refining, LLC Borger refinery (Encana and ConocoPhillips) receives crude from Cushing and West Texas and also had the ability to receive foreign crude through company-owned pipelines. It has a capacity of roughly 146,000 barrels per day.

- The second refinery is located in Sunray, TX and owned by Valero. Crude oil is supplied via pipeline from regional areas as well as Cushing and the refinery can receive foreign crudes delivered via the Gulf Coast.

Production, Consumption and Import/Export

The production of domestic sweet WTI is mainly concentrated in West Texas, Oklahoma, and Kansas. According to estimates from Purvin & Gertz Inc., an independent energy industry consultancy, and other industry sources, production of domestic sweet WTI is approximately 500,000 barrels per day. In addition, according to industry sources, the pipeline flow of imported foreign "light-sweet" crude oil from Canada and other sources is approximately 100,000 barrels per day. Imported crude oil is transported to Cushing via the Seaway Pipeline from Houston, and via the Enbridge Spearhead line, which brings Canadian crude oil from the Chicago area. In addition, the Keystone Pipeline was recently completed connecting Hardisty, Alberta to the Cushing market.

Table 2 below provides annual U.S. Department of Energy's Energy Information Administration (EIA) production, consumption, and import/export data for crude oil in PADD II. According to EIA data, for the annual average 2008-2010 period, the refinery input of crude oil in PADD II was approximately 3.2 million barrels per day. Further, crude oil production averaged 606,000 barrels per day during the 2008-2010 period. Also, there was a net import balance of approximately 1.17 million barrels of crude oil during the three year period.

Table 6. EIA PADD II Statistics for Crude Oil[12]

(Thousand Barrels per Day)

Item and Region	2008	2009	2010	Average 2007-2009
Refinery Input, Crude Oil	3,221	3,135	3281	3,212
Annual Production, Crude Oil	538	591	690	606
Annual Imports of Crude Oil	1,188	1,204	1211	1,201
Annual Exports, Crude Oil	22	35	33	30

[12] EIA Refinery Input Data, http://www.eia.gov/dnav/pet/pet_pnp_inpt2_dc_r20_mbblpd_a.htm
EIA Production Data, http://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbblpd_a.htm
EIA Import Data, http://www.eia.gov/dnav/pet/pet_move_imp_dc_R20-Z00_mbblpd_a.htm
EIA Export Data, http://www.eia.gov/dnav/pet/pet_move_exp_dc_R20-Z00_mbblpd_a.htm

Inventories

Table 3 below provides monthly EIA inventory data for crude oil in the Cushing area of PADD II. In the past three years, the Cushing stocks have fluctuated from a low of approximately 11.7 million barrels in September 2008 to a record high of approximately 42.3 million barrels in March 2011. The EIA also reports the weekly stocks in the Cushing area. Although the EIA does not provide a breakdown of sweet vs. sour crude oil in their stocks data, we estimate that WTI accounts for approximately one third of the Cushing stocks, so at current inventory levels there are approximately 12 million barrels of WTI in Cushing storage.

Table 7. EIA Stocks for Crude Oil: Cushing, Oklahoma[13]

(Thousand Barrels)

	2008	2009	2010	2011
January	13,579	32,394	31,994	38,620
February	13,718	31,938	30,739	39,552
March	14,814	31,198	31,583	42,310
April	17,337	30,328	36,138	40,926
May	18,450	29,603	37,222	39,278
June	18,066	30,458	36,070	
July	16,166	33,916	37,578	
August	15,966	30,273	35,540	
September	11,691	25,505	35,921	
October	14,786	25,718	33,444	
November	20,481	32,978	35,143	
December	30,001	35,645	37,832	

Prices

Figure 1, below, illustrates the prices for the NYMEX WTI futures contract from the period beginning January 2008 through June 2011. During this period crude oil futures traded at a record high of $134.02 on June 2008, and a record low of $39.26 February 2009. According to the most recent data provided by the CME Group, the monthly average price for NYMEX WTI crude oil was at 96.29.31 for the month of June 2011. The average daily trading volume in 2010 was 669,565 contracts and 755,285 contracts for year-to-date 2011 through June.

[13] EIA Inventory Data, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRST_YCUOK_1&f=M

Figure 1. NYMEX Light Sweet WTI Prices[14].

WTI Crude Oil Futures				
Monthly Average	**2008**	**2009**	**2010**	**2011**
January	92.93	41.92	78.4	89.58
February	95.35	39.26	76.45	89.74
March	105.42	48.06	81.29	102.98
April	112.46	49.95	84.58	110.04
May	125.46	59.21	74.12	101.36
June	134.02	69.7	75.4	96.29
July	133.48	64.29	76.38	97.34
August	116.69	71.14	76.67	-
September	103.76	69.47	75.55	-
October	76.72	75.82	81.97	-
November	57.44	78.15	84.31	-
December	42.04	74.6	89.23	-

Cash Market/Over-the-Counter Market

The estimated trading volume of WTI crude oil in the Cushing cash market is approximately 4.0 million to 5.0 million barrels per day. The typical transaction size is 30,000 barrels, with hundreds of separate transactions conducted daily. Typically, the crude oil cash market uses WTI as a unit of currency to establish a differential between WTI and other domestic grades. 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 at the Cushing trading hub. Additionally, based on conversations with over-the-counter (OTC) market participants, the OTC market for WTI crude oil is very active and highly robust.

[14] WTI Crude Oil Futures Prices, CME Group.

Appendix C

New York Harbor Gasoline Market

The U.S. gasoline market represents a large physical market, with total U.S. refinery capacity to produce 9.0 million to 9.5 million barrels per day of gasoline[15]. The market participation is diverse and includes many of the same commercial entities that are active in the Gulf Coast and New York Harbor markets.

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

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

The Colonial Pipeline is the main pipeline that connects the Houston refineries to the Eastern U.S. market and serves as the benchmark for physical gasoline and refined products. The Gulf Coast gasoline is priced at a differential to the NYMEX RBOB Gasoline Futures contract. The Colonial Pipeline is the world's largest refined petroleum products pipeline system by volume. It consists of a 5,519-mile

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

pipeline system that transports petroleum products mainly from the Gulf Coast region (Petroleum Administration for Defense District III or PADD III): Alabama, Mississippi, Louisiana, and Texas to marketing terminals in the Eastern and Southern U.S.[16] There are currently 38 different grades of gasoline, including Reformulated gasoline (RFG) and Conventional gasoline, with different seasonal vapor pressures for each grade.[17] The batch sizes for product flowing through the pipeline vary from 75,000 to 3,000,000 barrels. The Colonial Pipeline is also connected directly with other pipeline systems in the Gulf Coast which transport petroleum products to the Mid-Continent and PADD II region.

In 2007, the Colonial pipeline delivered over 868 million barrels of fuel which translates to roughly 36.5 billion gallons during the year or approximately 2.4 million barrels per day.[18] Ownership of the pipeline is comprised of five companies: Koch Capital Investments LLC, Chevron Midstream Investments, ConocoPhillips Pipe Line Company, Shell Pipeline Company LP, and IFM (US) Colonial Pipeline 2.[19]

Table 1 below reflects the consumption, production, import and export data within the PADD I region, which encompasses the U.S. Eastern seaboard. Over the annual period from 2008-2010, gasoline consumption averaged 3.2 million barrels per day, with approximately 39% of PADD I gasoline demand in Reformulated gasoline. Gasoline imports (including gasoline blending components) averaged more than 836,000 barrels per day from 2008-2010, mainly originating from Canada, France and The Netherlands.

Over the 2008-2010 period, PADD I refinery production of motor gasoline was 2.0 million barrels per day, which is equivalent to 69 million barrels per month.

Table 8. Key Statistics for Gasoline: United States East Coast (PADD I).[20]

(Thousand Barrels per Day)

Item and Region	2008	2009	2010	Average 2008-2010

[16]Colonial Pipeline, http://www.colpipe.com/sv_main.asp
[17] Colonial Pipeline, http://www.colpipe.com/ab_faq.asp
[18] Colonial Pipeline, http://www.colpipe.com/ab_main.asp
[19] Colonial Pipeline, http://www.colpipe.com/ab_oc.asp
[20] EIA Consumption Data, http://www.eia.gov/dnav/pet/pet_cons_psup_dc_r10_mbblpd_a.htm (Please note that the header "Product Supplied" is a measure of Consumption and Sales in the particular region)
EIA Export Data, http://www.eia.gov/dnav/pet/pet_move_exp_dc_R10-Z00_mbblpd_a.htm
EIA Import Data, http://www.eia.gov/dnav/pet/pet_move_imp_dc_R10-Z00_mbblpd_a.htm
EIA Production Data, http://www.eia.gov/dnav/pet/pet_pnp_wprodrb_dcu_r10_4.htm

Annual Consumption, Finished Motor Gasoline and Motor Gasoline Blend. Comp. PADD I	3,223	3,227	3,248	3,233
Annual Consumption, Reformulated Finished Motor Gasoline	1,289	1,245	1,262	1,265
Share, Conventional gasoline of total Finished Motor Gasoline and Motor Gasoline Blending Components	40.0%	38.6%	38.9%	39.1%
Annual Exports, Finished Motor Gasoline and Motor Gasoline Blending Components	20	6	7	11
Annual Imports, Finished Motor Gasoline and Motor Gasoline Blending Components	933	808	766	836
Weekly Refiner and Blender Net Production, Finished Motor Gasoline	1,959	2,330	2,637	2,309

Inventories

Table 2 below provides monthly EIA data for PADD 1 inventories for Total Motor Gasoline. Over the annual period of 2008 to March 2011, PADD 1 stocks varied from a high of over 64 million barrels in February 2008 to a low of approximately 45 million barrels in September 2008. According to the most recent EIA data, gasoline inventory levels were at 55 million barrels in March 2011.

Table 9. Gasoline: PADD I Inventories, Total Motor Gasoline.[21]

(Thousand Barrels)

	2008	2009	2010	2011
January	61,817	61,943	59,920	60,646
February	64,395	56,716	61,561	63,352
March	59,434	58,069	56,641	54,966
April	57,300	56,545	58,413	-
May	55,341	55,842	61,339	-
June	58,903	57,150	59,879	-
July	56,839	57,511	61,151	-
August	52,787	55,928	63,140	-
September	45,368	59,524	55,332	-
October	47,467	58,115	52,380	-
November	53,940	60,051	52,859	-
December	62,625	61,681	52,739	-
Total	**676,216**	**699,075**	**695,354**	**178,964**

[21] EIA Inventory Data, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MGTSTP11&f=M

Appendix C

Cash Market

The estimated trading volume of gasoline in the New York Harbor cash market is approximately 400,000 to 500,000 barrels per day. The typical transaction size is 25,000 barrels, with dozens of separate transactions occurring per day. The volume of spot transactions is more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals on the Colonial Pipeline (which links Houston with the New York Harbor market) and in the New York Harbor cash market. The bid/ask spreads are typically in increments of one-quarter cent, although this can tighten to one-tenth cent spreads when the cash market is active. There are approximately 50 to 60 participants in the New York Harbor gasoline cash market. The cash market is actively quoted by dozens of cash brokers.

Over-the-Counter (OTC) Market

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

Prices

Table 10 below provides the monthly average settlement prices in U.S. dollars and cents per gallon for the NYMEX RBOB Gasoline Futures contract for the period beginning January 2008 through May 2011. Over the annual period of 2008 to March 2011, RBOB gasoline prices varied from a high of over $3.4252 per gallon in in June 2008 to a low of $0.9667 per gallon in December 2008. According to the most recent data, gasoline prices were at $3.0957 per gallon in May 2011.

Appendix C

Table 10. Monthly Prices for NYMEX RBOB Gasoline Futures

Year	Date	RBOB Gasoline Futures (U.S. dollars and cents per gallon)
2008	Jan	2.3620
	Feb	2.4335
	Mar	2.6588
	Apr	2.8823
	May	3.2239
	Jun	3.4252
	Jul	3.2837
	Aug	2.9404
	Sep	2.6264
	Oct	1.7876
	Nov	1.2380
	Dec	0.9667
2009	Jan	1.1505
	Feb	1.1848
	Mar	1.3886
	Apr	1.4429
	May	1.7361
	Jun	1.9548
	Jul	1.7979
	Aug	2.0181
	Sep	1.7587
	Oct	1.9035
	Nov	1.9760
	Dec	1.9332
2010	Jan	2.0452
	Feb	1.9993
	Mar	2.2540
	Apr	2.3185
	May	2.1061
	Jun	2.0806
	Jul	2.0614
	Aug	1.9944
	Sep	1.9447
	Oct	2.1097
	Nov	2.1874
	Dec	2.3581
2011	Jan	2.4418
	Feb	2.5524
	Mar	2.9972

	Apr	3.2679
	May	3.0957

Appendix C

ANALYSIS OF DELIVERABLE SUPPLY

These new ULSD-related futures and options contracts that are being listed will replace the existing slate of New York Harbor No. 2 Heating Oil (HO) -related futures and option contracts, which will be delisted after the December 2012 contract month. As stated above, due to regulatory changes in New York State related to the sulfur levels in heating oil, the NYMEX New York Harbor Ultra-Low Sulfur Diesel (ULSD) futures contract will become the main benchmark for pricing of the distillate products, including diesel fuel, heating oil, and jet fuel. Given that these new ULSD-related contracts will replace the existing HO-related contracts, the new position limits will be set at the same levels as the existing position limits, as these new contracts will replace existing contracts after the December 2012 contract month. The Exchange will then de-list the existing slate of HO-related futures and options after the expiration of the December 2012 contract month.

The New York Harbor area is the main trading and distribution hub for the PADD I region of the U.S. Most of the PADD I imports enter via the New York Harbor area. In addition, most of the refining capacity in PADD I is located within 40 miles of the New York Harbor area. Consequently, the Exchange has focused on the PADD I imports and refining production of ULSD as the basis for the spot month position limits. Based on the PADD I refinery production data provided by the EIA from Table 1 above, the average refinery supply of ULSD for the three-year period from January 2008 to December 2010 was approximately 230,000 barrels per day. Further, the PADD I imports of ULSD were approximately 105,000 barrels per day. Therefore, the total PADD I refinery production and imports of ULSD was approximately 335,000 barrels per day, which is equivalent to 10 million barrels per month. Thus, the spot month position limit of 1,000 contracts (or 1.0 million barrels) for the ULSD Last Day Financial Swap futures contract (code ULF) represents approximately 10% of the total monthly deliverable supply of ULSD in the New York Harbor market. The position limits for the other ULSD-related swaps and average price options contracts will be the same as, and aggregate into, the ULSD Last Day Financial Swap futures contract.

There are two American-style options contracts: 1) NY ULSD Crack Spread Option; and 2) NY ULSD Calendar Spread Option (CSO) contracts. These two American-style options contracts exercise into the underlying futures contracts, and the position limits are aggregated into the underlying futures contracts. The NY ULSD Calendar Spread Option Contract consists of five separate product codes to correspond to the five spread products of 1, 2, 3, 6, and 12 month spread contracts.

In addition, there are two average price options contracts: 1) NY ULSD Average Price Option, and 2) NY ULSD Crack Spread Average Price Option contracts. These two average-price options are cash-settled, and the spot month position limits will aggregate into the underlying swap futures contracts.

Please note that for these new futures and option contracts, at this time, the Exchange is not including stocks data in its analysis of deliverable supply. Although ULSD stocks are substantial in PADD I, the stocks data tend to vary and, at least upon initial launch of products, we would rather not condition recommended position limits based on stock data. Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, the spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of the spot trading because this does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

For the crack spread swaps, the crude oil portion of the spread is aggregated with the underlying crude oil financial swap contract. In its analysis of deliverable supply, the Exchange concentrated on the physical flow estimates of light, sweet West Texas Intermediate (WTI) type crude oil in Cushing, Oklahoma. According to consultants at Purvin & Gertz Inc., daily production of domestic sweet WTI is approximately 500,000 barrels per day in Cushing. In addition, there is pipeline flow of imported foreign "light-sweet" crude from Canada and other sources, equivalent to approximately 100,000 barrels per day. Therefore, the total daily flow of light sweet crude is approximately 600,000 barrels per day in Cushing. Therefore, based on the physical flow estimates of light, sweet WTI type crude oil in Cushing, we have estimated the daily supply to be approximately 600,000 barrels per day, or 18 million barrels per month (or 18,000 contract equivalents). The Exchange has set the position limit for the underlying crude oil swap futures contract at 3,000 contracts (equivalent to 3 million barrels) which is 16.7% of the total monthly supply of 18,000 Crude Oil Financial futures contract equivalents.

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With regards to the RBOB gasoline leg of the RBOB vs. NY ULSD swap futures contract, the Exchange has set the position limits at 1,000 contracts, with aggregation into the underlying RBOB gasoline swap contracts. Based on the refinery production data for PADD I, we have estimated the total gasoline supply in the New York Harbor region during the period 2008-2010 was approximately 2.3 million barrels per day, which is equivalent to 69 million barrels per month or 69,000 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limit of 1,000 contract units, which is equivalent to one million barrels, is approximately 1.4% of the 69,000 contract equivalents of monthly gasoline supply.