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OFFICE OF THE SECRETARIAT  
2010 DEC 1 PM 1 48

November 30, 2010

**VIA E-MAIL**

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

**Re: Rule Certification. New York Mercantile Exchange, Inc. Submission # 10-324: Notification Regarding the Listing of Three (3) Wet Tanker Freight Option Contracts on NYMEX Trading Floor and 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 three (3) wet tanker freight 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, December 5, 2010 for trade date Monday, December 6, 2010.

The three options contracts, rule chapters and commodity codes are listed below:

Contract	Rule Chapter	Code	Underlying Futures
Freight Route TC2 (Baltic) Average Price Option	947	TCW	Freight Route TC2 (Baltic) Swap Futures (TM)
Freight Route TC5 (Platts) Average Price Option	948	TCF	Freight Route TC5 (Platts) Swap Futures (TH)
Freight Route TD3 (Baltic) Average Price Option	949	TDT	Freight Route TD3 (Baltic) Swap Futures (TL)

Specifications for these new contracts are summarized in the following table.

Contract Size	1,000 metric tons
Quotation	US \$ and cents per metric ton
Minimum Price Increment	US \$ 0.0001 per metric ton
Listed Contracts	Monthly contracts for the current calendar year plus the next calendar year
Strike Price Increments	\$0.10
Type of Option	European Style
Settlement Type	Financial Settlement
Final Settlement Reference Price	Average of daily settlement prices published by Baltic Exchange (in respect of routes TC2 and TD3) or Platts (in respect of route TC5), quoted in percent of the Worldscale flat rate, multiplied by the prevailing Worldscale flat rate, measured in US \$ per metric ton
Last Trading Day	The last UK business day of the month

The first listed month for these options shall be the January 2011 contract month. These options will be listed for the balance of the current year plus one full consecutive year for up to 24 contract months.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contract complies with the Act, including regulations under the Act. This submission will be made effective on trade date December 6, 2010.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or Richard Stevens at 011 44 20 7796 7129.

Sincerely,

/s/Christopher K. Bowen  
Managing Director, Chief Regulatory Counsel

Attachments: Contract terms and conditions  
Cash market overview and analysis of deliverable supply

## Chapter 947

### Freight Route TC2 (Baltic) Average Price Option

#### 947.01 SCOPE

The provisions of these Rules shall apply to all call and put option contracts bought or sold on the Exchange.

#### 947.02 TRADING UNIT

The Freight Route TC2 (Baltic) Average Price Option is an option on the rates for the TC2 freight route published by the Baltic Exchange. The contract size is 1,000 metric tons.

The underlying reference price shall be equal to the arithmetic average of the rates for the TC2\_37 freight route (37,000 metric tons Continent Europe to USAC) published by the Baltic Exchange and multiplied by the prevailing Worldscale rate published by Worldscale Association, for each business day that such rate is published during the contract month.

On expiry or exercise, the Freight Route TC2 (Baltic) Average Price Put option shall be cash settled to the greater value of zero and the strike price minus the underlying reference price, multiplied by 1,000. On expiry or exercise, the Freight Route TC2 (Baltic) Average Price Call option shall be cash settled to the greater value of zero and the underlying reference price minus the strike price, multiplied by 1,000.

#### 947.03 EXPIRATION

The Expiration Day shall be the last business day in the contract month. Options shall expire at the close of business on the Expiration Day, in accordance with Rule 300.08.

#### 947.04 OPTION EXERCISE

Option contracts may be exercised on the Expiration Day only.

#### 947.05 TRADING MONTHS

Trading in the Freight Route TC2 (Baltic) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange.

#### 947.06 HOURS OF TRADING

The hours of trading in Freight Route TC2 (Baltic) Average Price Option contracts on the Exchange shall be the same as the hours of trading as Freight Route TC2 (Baltic) Swap Futures contracts.

#### 947.07 EXCHANGE FOR RELATED POSITION

Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

#### 947.08 TERMINATION OF TRADING

Trading shall cease at 5:30pm London time on the Expiration Day.

#### 947.09 STRIKE PRICES

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

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Freight Route TC2 (Baltic) Swap Futures contracts in the corresponding delivery month (or implied previous day's settlement price if listing is concurrent) rounded off to the nearest \$0.10 strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the four \$0.10 increment strike prices which are four \$0.10 increments higher than the strike price described in (i) of this Rule 947.09(B) and (iii) the four \$0.10 increment strike prices which are four \$0.10 increments lower than the strike price described in (i) of this Rule 947.09(B).

(C) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least four \$0.10 strike prices above and below the at-the-money strike price available for trading in all options contract months, provided that each such strike price shall be above zero. The at-the-money strike

price will be determined in accordance with the procedures set forth in Subsection (B)(i) of this Rule 947.09.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in Freight Route TC2 (Baltic) Average Price Options 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 Freight Route TC2 (Baltic) Average Price Option in which no new strike prices may be introduced.

**947.10 PRICES AND FLUCTUATIONS**

Prices, strike prices and the underlying reference price shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.0001 per metric ton (\$0.10 per contract). The minimum fluctuation for the underlying reference price shall be \$0.0001 per metric ton (\$0.10 per contract).

**947.11 ABSENCES OF PRICE FLUCTUATION LIMITATIONS**

Trading in Freight Route TC2 (Baltic) Average Price Option contracts shall not be subject to price fluctuation limitations.

**947.12 DISCLAIMER**

The Baltic Exchange licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various Baltic Exchange price assessments in connection with the trading or posting of the contracts.

NEITHER NYMEX, ITS AFFILIATES NOR THE BALTIC EXCHANGE GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE TC2 FREIGHT ROUTE PUBLISHED BY THE BALTIC EXCHANGE OR ANY OF THE DATA INCLUDED THEREIN. NYMEX, ITS AFFILIATES AND THE BALTIC EXCHANGE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE TC2 FREIGHT ROUTE PUBLISHED BY THE BALTIC EXCHANGE, TRADING BASED ON THE TC2 FREIGHT ROUTE PUBLISHED BY THE BALTIC EXCHANGE, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX, ITS AFFILIATES AND THE BALTIC EXCHANGE 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 TC2 FREIGHT ROUTE PUBLISHED BY THE BALTIC EXCHANGE OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR THE BALTIC EXCHANGE 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 DAMAGE.

**Chapter 948**  
**Freight Route TC5 (Platts) Average Price Option**

**948.01**

**SCOPE**

The provisions of these Rules shall apply to all call and put option contracts bought or sold on the Exchange.

**948.02**

**TRADING UNIT**

The Freight Route TC5 (Platts) Average Price Option is an option on the rates for the TC5 freight route published by Platts. The contract size is 1,000 metric tons.

The underlying reference price shall be equal to the arithmetic average of the rates for the TC5 freight route (55,000 metric tons Middle East to Japan) published by Platts and multiplied by the prevailing Worldscale rate published by Worldscale Association, for each business day that such rate is published during the contract month.

On expiry or exercise, the Freight Route TC5 (Platts) Average Price Put option shall be cash settled to the greater value of zero and the strike price minus the underlying reference price, multiplied by 1,000. On expiry or exercise, the Freight Route TC5 (Platts) Average Price Call option shall be cash settled to the greater value of zero and the underlying reference price minus the strike price, multiplied by 1,000.

**948.03**

**EXPIRATION**

The Expiration Day shall be the last business day in the contract month. Options shall expire at the close of business on the Expiration Day, in accordance with Rule 300.08.

**948.04**

**OPTION EXERCISE**

Option contracts may be exercised on the Expiration Date only.

**948.05**

**TRADING MONTHS**

Trading in the Freight Route TC5 (Platts) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange.

**948.06**

**HOURS OF TRADING**

The hours of trading in Freight Route TC5 (Platts) Average Price Option contracts on the Exchange shall be the same as the hours of trading as Freight Route TC5 (Platts) Swap Futures contracts.

**948.07**

**EXCHANGE FOR RELATED POSITION**

Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

**948.08**

**TERMINATION OF TRADING**

Trading shall cease at 5:30pm London time on the Expiration Day.

**948.09**

**STRIKE PRICES**

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

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Freight Route TC5 (Platts) Swap Futures contracts in the corresponding delivery month (or implied previous day's settlement price if listing is concurrent) rounded off to the nearest \$0.10 strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the four \$0.10 increment strike prices which are four \$0.10 increments higher than the strike price described in (i) of this Rule 948.09(B) and (iii) the four \$0.10 increment strike prices which are four \$0.10 increments lower than the strike price described in (i) of this Rule 948.09(B).

(C) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least four \$0.10 strike prices above and below the at-the-money strike price available for trading in all options contract months, provided that each such strike price shall be above zero. The at-the-money strike

price will be determined in accordance with the procedures set forth in Subsection (B)(i) of this Rule 948.09.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in Freight Route TC5 (Platts) Average Price Options 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 Freight Route TC5 (Platts) Average Price Option in which no new strike prices may be introduced.

**948.10 PRICES AND FLUCTUATIONS**

Prices, strike prices and the underlying reference price shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.0001 per metric ton (\$0.10 per contract). The minimum fluctuation for the underlying reference price shall be \$0.0001 per metric ton (\$0.10 per contract).

**948.11 ABSENCES OF PRICE FLUCTUATION LIMITATIONS**

Trading in Freight Route TC5 (Platts) Average Price Option contracts shall not be subject to price fluctuation limitations.

**948.12 DISCLAIMER**

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## Chapter 949

### Freight Route TD3 (Baltic) Average Price Option

#### 949.01 SCOPE

The provisions of these Rules shall apply to all call and put option contracts bought or sold on the Exchange.

#### 949.02 TRADING UNIT

The Freight Route TD3 (Baltic) Average Price Option is an option on the rates for the TD3 freight route published by the Baltic Exchange. The contract size is 1,000 metric tons.

The underlying reference price shall be equal to the arithmetic average of the rates for the TD3 freight route (260,000 metric tons Middle East Gulf to Japan) published by the Baltic Exchange and multiplied by the prevailing Worldscale rate published by Worldscale Association, for each business day that such rate is published during the contract month.

On expiry or exercise, the Freight Route TD3 (Baltic) Average Price Put option shall be cash settled to the greater value of zero and the strike price minus the underlying reference price, multiplied by 1,000. On expiry or exercise, the Freight Route TD3 (Baltic) Average Price Call option shall be cash settled to the greater value of zero and the underlying reference price minus the strike price, multiplied by 1,000.

#### 949.03 EXPIRATION

The Expiration Day shall be the last business day in the contract month. Options shall expire at the close of business on the Expiration Day, in accordance with Rule 300.08.

#### 949.04 OPTION EXERCISE

Option contracts may be exercised on the Expiration Day only.

#### 949.05 TRADING MONTHS

Trading in the Freight Route TD3 (Baltic) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange.

#### 949.06 HOURS OF TRADING

The hours of trading in Freight Route TD3 (Baltic) Average Price Option contracts on the Exchange shall be the same as the hours of trading as Freight Route TD3 (Baltic) Swap Futures contracts.

#### 949.07 EXCHANGE FOR RELATED POSITION

Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

#### 949.08 TERMINATION OF TRADING

Trading shall cease at 5:30pm London time on the Expiration Day.

#### 949.09 STRIKE PRICES

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

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Freight Route TD3 (Baltic) Swap Futures contracts in the corresponding delivery month (or implied previous day's settlement price if listing is concurrent) rounded off to the nearest \$0.10 strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the four \$0.10 increment strike prices which are four \$0.10 increments higher than the strike price described in (i) of this Rule 949.09(B) and (iii) the four \$0.10 increment strike prices which are four \$0.10 increments lower than the strike price described in (i) of this Rule 949.09(B).

(C) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least four \$0.10 strike prices above and below the at-the-money strike price available for trading in all options contract months, provided that each such strike price shall be above zero. The at-the-money strike

price will be determined in accordance with the procedures set forth in Subsection (B)(i) of this Rule 949.09.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in Freight Route TD3 (Baltic) Average Price Options 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 Freight Route TD3 (Baltic) Average Price Option in which no new strike prices may be introduced.

**949.10 PRICES AND FLUCTUATIONS IN OPTION CONTRACTS**

Prices, strike prices and the underlying reference price shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.0001 per metric ton (\$0.10 per contract). The minimum fluctuation for the underlying reference price shall be \$0.0001 per metric ton (\$0.10 per contract).

**949.11 ABSENCES OF PRICE FLUCTUATION LIMITATIONS**

Trading in Freight Route TD3 (Baltic) Average Price Option contracts shall not be subject to price fluctuation limitations.

**949.12 DISCLAIMER**

The Baltic Exchange licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various Baltic Exchange price assessments in connection with the trading or posting of the contracts.

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## CASH MARKET OVERVIEW

The United Nations Conference on Trade and Development ("UNCTAD") estimates total international seaborne trade to equal 8.168 billion tons for all cargoes in 2008. This represents an increase of 36.5% over the equivalent number for the year 2000. Of this figure, cargoes of oil and oil products represent 2.749 billion tons<sup>1</sup>. Trade in cargoes of oil and oil products has grown 27% since the year 2000.

The chartering of seaborne freight is a privately negotiated activity between the ship owner and the charterer, with each transaction having unique features. However standards have been established for the marketplace by trade associations, most notably the Baltic Exchange based in London.

The size of a vessel is measured by its deadweight tonnage ('dwt'), which is a measure of the weight in metric tonnes a vessel can safely carry, including cargo, fuel, water etc. Oil tankers are loosely categorized into a range of vessel sizes. Very Large Crude Carrier ('VLCC') is the term given to vessels with a capacity in excess of 250,000 dwt, and the term Ultra Large Crude Carrier ('ULCC') is used for the largest of these vessels – the largest being over 440,000 dwt, the equivalent of over 3 million barrels of oil. These vessels carry crude oil on major trans-ocean routes. Suezmax vessels are smaller in size than VLCCs, and are typically between 130,000 and 160,000 dwt. Suezmax vessels are named as such as they are the largest tankers that can transit the Suez Canal. Aframax vessels are typically between 70,000 and 110,000 dwt. VLCCs, Suezmax and Aframax vessels are typically used for carrying crude oil, and are referred to in the industry as 'dirty' tankers. Refined oil products are usually transported in smaller vessels referred to as 'clean' tankers. These vessels typically range in size from 20,000 to 75,000 dwt.

The US Department of Transport Maritime Administration estimate that the world tanker fleet of vessels greater than or equal to 10,000 dwt comprises 5,850 vessels with a combined deadweight tonnage of 470 million tonnes<sup>2</sup>.

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<sup>1</sup> See [http://www.unctad.org/en/docs/rmt2009ch1\\_en.pdf](http://www.unctad.org/en/docs/rmt2009ch1_en.pdf)

<sup>2</sup> See <http://www.marad.dot.gov/>

There are two main types of vessel charter arrangement. Voyage charters involve the charterer hiring the vessel to carry a cargo between two specified ports. The freight payment for a voyage charter is assessed in terms of dollars per ton of cargo carried. Time charters involve the charterer hiring the vessel for a period of time, during which it can direct the movement of the vessel, although typically the vessel will follow a route between two ports. The freight payment for a time charter is assessed in terms of dollars per day of charter.

Tanker charters are typically voyage charter arrangements. The pricing of the transaction is expressed as percentage of the Worldscale flat rate (officially known as the "New Worldwide Tanker Nominal Freight Scale"), assessed and published by the Worldscale Association. This flat rate represents a fixed value in dollars per metric ton for a specific route. The market convention is to quote current tanker freight prices as a percentage of this figure, rather than an explicit dollar value for each transaction.

In order to develop the functioning of the freight market, the Baltic Exchange has developed standard definitions for freight routes which are frequently chartered. The Baltic Exchange collates market price data from shipbrokers on these specified routes, and publishes market price assessments on a daily basis. Other price reporting agencies also collate and publish market price data, most notably Platts, which is seen as the most relevant price reference for certain Pacific Ocean routes.

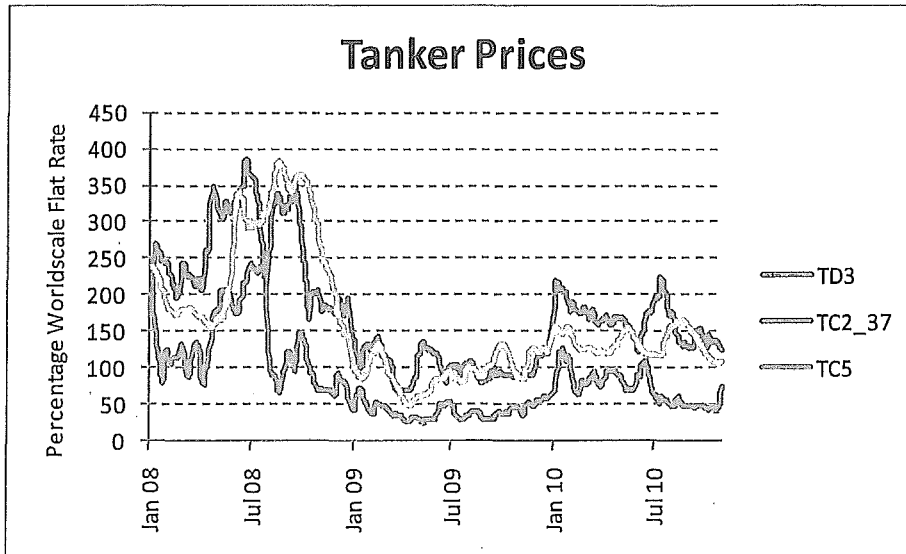
Descriptions of the tanker freight market routes which will be the underlying reference for the forthcoming tanker freight options contracts are as follows:

<b>Dirty Tankers</b>	
<b>Route: TD3</b>	260,000mt, Middle East Gulf to Japan. Ras Tanura to Chiba with laydays/cancelling 15/30 days in advance. Maximum age 15 years.
<b>Clean Tankers</b>	
<b>Route: TC2_37</b>	37,000mt, CPP/UNL Continent to USAC. Rotterdam to New York with laydays/cancelling 10/14 days in advance. Maximum age 15 years.
<b>Route: TC5</b>	55,000mt, CPP/UNL naphtha condensate, Middle East/Japan. Ras Tanura to Yokohama with laydays cancelling 30/35 days in advance. Maximum age 15 years.

Source: Baltic Exchange

**Tanker Prices**

The following chart shows how the price of tanker voyage charters has developed over time.



Source: Baltic Exchange

**Cash/OTC Market**

Derivatives contracts have traded on tanker routes for a number of years. The traded derivatives in the over the counter market are structured as cash settled calendar swaps, where the final settlement price is the average price published by either the Baltic Exchange or Platts during the calendar month. The Baltic Exchange has been collating volume data for traded clean and dirty tanker forwards contracts since Q2 2009, and for combined tanker forwards on a quarterly basis since 2008. Quarterly volumes, measured in 1,000 metric ton lots, are as follows:

	Clean	Dirty	Total
Q1 2008			90,596
Q2 2008			127,240
Q3 2008			119,574
Q4 2008			89,712
Q1 2009			77,133
Q2 2009	50,109	40,183	90,292
Q3 2009	38,897	26,643	65,540

	Clean	Dirty	Total
Q4 2009	33,948	48,202	82,150
Q1 2010	36,364	55,869	92,233
Q2 2010	33,205	60,612	93,817
Q3 2010	36,974	43,135	80,109

Source: Baltic Exchange

The final reference prices for the cleared tanker freight option contracts will be based on data from the Baltic Exchange and Platts. New York Mercantile Exchange, Inc, has a license agreements in place with both the Baltic Exchange and Platts permitting it to use their pricing data to settle futures contracts.

#### **Source Description and Methodology**

As stated above the final reference prices for the cleared tanker freight option contracts will be based on data published by the Baltic Exchange for routes TC2 and TD3, and Platts for route TC5.

The Baltic Exchange is a membership organization based in London, UK, which defines and maintains market standards, and provides independent shipping market information. The Baltic Exchange publishes daily assessments for various dry cargo and tanker freight routes and indices. These published assessments are based on information provided by a panel of physical ship brokers who are asked to assess the open market level for vessels each route based on the route definition published by the Baltic Exchange (see above). The published assessment is calculated as the average of data provided to the Baltic Exchange. The publication methodology is published in the Baltic Exchange's Manual for Panellists, which can be found on their website<sup>3</sup>.

Platts, a division of the McGraw-Hill Companies, is a leading global provider of energy and metals information. Platts assesses open market rates for the chartering of dirty and clean tankers on a daily basis. Assessments reflect market activity information provided to Platts by market participants, or

<sup>3</sup> See <http://www.balticexchange.com/media/pdf/Manual%20for%20Panellists%20November%202010.pdf>

otherwise reflect Platts' assessment of where chartering activity could occur given movements in other markets. A full description of Platts' methodology can be found on their website<sup>4</sup>.

### **Market Participants**

The market for tanker freight chartering and OTC freight is diverse, incorporating vessel owners and operators, brokers, oil companies, trading firms and financial firms. Spot and OTC market participants include:

Vessel owners and operators: Frontline, Teekay Corporation, MOL, Maersk Tanker, COSCO, BP Shipping, TORM

Brokers: ACM Shipping, Braemar, Clarksons, Simpson Spence & Young, BGC, Imarex, ICAP

Oil Companies: BP, Shell, Conoco Phillips, ExxonMobil, Chevron

Commodity Trading Firms: Vitol, Glencore, Trafigura, Toepfer, Noble, Heidmar

Financial Firms: Morgan Stanley, Deutsche Bank, Citibank, Macquarie Bank, UBS, Barclays

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<sup>4</sup> See <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/shippingspecs.pdf>

## ANALYSIS OF DELIVERABLE SUPPLY

As noted above, the United Nations Conference on Trade and Development ("UNCTAD") estimates world seaborne trade in 2008 (the latest period for which data has been published) to be 1,834.1 million tons of crude and 915.3 million tons of oil products on a loaded basis<sup>5</sup>.

In terms of numbers of lots per calendar month, this trade volume equates to approximately 152,000 lots per month for crude transportation and 76,000 lots per month for oil products transportation (contract size 1,000 metric tons).

The Exchange proposes to aggregate positions of the proposed tanker freight average price options into underlying tanker freight futures contracts. For Expiration Months, positions limits for these futures contracts are as follows:

Contract Name	Expiration Month Limit (lots)	Implied Proportion of Global Seaborne Trade
Freight Route TC2 (Baltic) Swap Futures	500	0.7%
Freight Route TC5 (Platts) Swap Futures	1,000	1.3%
Freight Route TD3 (Baltic) Swap Futures	2,500	1.6%

<sup>5</sup> See [http://www.unctad.org/en/docs/rmt2009ch1\\_en.pdf](http://www.unctad.org/en/docs/rmt2009ch1_en.pdf)