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CME Group

December 1, 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 # 10-315: Notification Regarding the Listing of Two (2) Plastics Futures 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 two (2) new financially settled plastics futures 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 two (2) plastics contracts, commodity codes, rule chapters and listing schedules are as follows:

Contracts	Code	Rule Chapter	Listing Period
PP Polypropylene (PCW) Calendar Swap Futures	PPP	736	Current year and next 2 consecutive calendar years
PGP Polymer Grade Propylene (PCW) Calendar Swap Futures	PGP	711	Current year and next 2 consecutive calendar years

These new plastics futures contracts will be available during normal trading hours on the NYMEX trading floor and through CME ClearPort. Open outcry trading is conducted Monday through Friday from 9:00 a.m. until 2:30 p.m. (New York prevailing time), except on Exchange holidays. CME ClearPort is available from 6:00 p.m. Sunday until 5:15 p.m. Friday (New York prevailing time). There is a 45-minute halt each day between 5:15 p.m. (current trade date) and 6:00 p.m. (next trade date).

The first listed month for all contracts will be the January 2011 contract month. The listing period is reflected in the table above.

In addition, the Exchange will allow 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.

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 contracts comply 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 Daniel Brusstar at (212) 299-2604 or the undersigned at (212) 299-2200.

Sincerely,

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

Attachments: Contract terms and conditions
Supplemental Market Information

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Chapter 711
PGP Polymer Grade Propylene (PCW) Calendar Swap Futures

711.01. SCOPE

The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

711.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the daily closing price of the PetroChem Wire (PCW) for Mont Belvieu Polymer Grade Propylene (basis FOB Enterprise storage at Mont Belvieu, Texas) for each business day during the contract month. Polymer Grade Propylene is understood to be of 99.5% minimum purity.

711.03. CONTRACT QUANTITY AND VALUE

The contract quantity shall be 100,000 pounds. Each contract shall be valued as the contract quantity (100,000) multiplied by the settlement price.

711.04. CONTRACT MONTHS

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

711.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in dollars and cents per pound. The minimum price fluctuation shall be $0.00001 (0.001 cents) per pound.

711.06. TERMINATION OF TRADING

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

711.07. FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

711.08. EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

711.09. DISCLAIMER

PetroChem Wire licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various PCW price assessments in connection with the trading of the contracts.

NEITHER NYMEX AND ITS AFFILIATES NOR PCW GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN. NYMEX AND ITS AFFILIATES AND PCW MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND PCW MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR PCW 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 736
PP Polypropylene (PCW) Calendar Swap Futures

736.01. SCOPE

The provisions of these Rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

736.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the daily closing price of the PetroChem Wire (PCW) for Polypropylene (basis FOB Houston) for each business day during the contract month. Polypropylene is understood to be Homopolymer of general purpose injection molding grade with Nominal melt flow rate 12 (-2/+3), 20 (+/-3), or 35 (-5/+7) without additives such as slip and anti block; or Homopolymer general-purpose fiber ('raffia') extrusion grade with Nominal melt flow rate 3.5 (-0.6/+1.0) without additives.

736.03. CONTRACT QUANTITY AND VALUE

The contract quantity shall be 47,000 pounds. Each contract shall be valued as the contract quantity (47,000) multiplied by the settlement price.

736.04. CONTRACT MONTHS

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Exchange.

736.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in dollars and cents per pound. The minimum price fluctuation shall be $0.00001 (0.001 cents) per pound.

736.06. TERMINATION OF TRADING

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

736.07. FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

736.08. EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

736.09. DISCLAIMER

PetroChem Wire licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various PCW price assessments in connection with the trading of the contracts.

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SUPPLEMENTAL MARKET INFORMATION

Contracts	Rule Chapter
PP Polypropylene (PCW) Calendar Swap Futures	PPP
PGP Polymer Grade Propylene (PCW) Calendar Swap Futures	PGP

The supplemental market information includes a description of the propylene and polypropylene plastics markets, and the price source for the two new futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort®. These new cash-settled futures contracts will provide a useful hedging instrument for the propylene and plastics producers and end-users.

PRICE SOURCE: PetroChem Wire, LLC

The price reporting service utilized for the final settlement of the PP Polypropylene (PCW) Calendar Swap Futures and PGP Polymer Grade Propylene (PCW) Calendar Swap Futures contracts is PetroChemWire, LLC ("PetroChem Wire" or "PCW"). This price source is the pricing service used in the over-the-counter ("OTC") market for the pricing of petrochemicals and plastics, and their price methodology is well-known in the petrochemical industry. PetroChemWire price services are widely used and serve as benchmarks in the petrochemical industry. PetroChemWire's methodology can be found in the link below for polypropylene (also referred to as resins) and polymer grade propylene (also referred to as olefins).

http://www.petrochemwire.com/PCW_Olefins_Methodology.pdf

http://www.petrochemwire.com/PCW_Resins_Methodology.pdf

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") has a license agreement with PetroChemWire, LLC to utilize their pricing data.

CASH MARKET OVERVIEW

A. U.S. POLYPROPYLENE PLASTICS MARKET

The plastics market is a large global market of 300 million tons of plastics production with a market value of more than $100 billion. The Exchange will be listing a financially-settled plastics contract based on polypropylene (PP) which is utilized as the key input for the production of plastic bottles, garbage bags, and packaging containers.

The grades are related to how a particular grade of polypropylene melts (which is how it is processed), specific to factors including clarity and/or color, and the temperature at which it melts (also called its melt flow number). U.S. polypropylene is mostly traded in the continental North American market where it is transported from plants with the majority located in Texas and Louisiana by rail cars or trucks. When it is exported or imported, it is transported in large bags that are placed in containers for seagoing purposes. Internationally, it is priced in dollars per metric ton; in the U.S., polypropylene is priced in dollars per pound. In the U.S. market, polypropylene benchmarks are priced on a freight-free basis, known as Free On Board (FOB) in Houston. The oil refining and petrochemical companies are the main producers of plastics.

Polypropylene is produced with one raw material: Polymer Grade Propylene, also called PGP. PGP is produced by either upgrading a raw form of propylene, known as Refinery Grade Propylene (or RGP) or by the dehydrogenation of propane. RGP is produced either as a byproduct of steam cracking during the production of ethylene or as a refinery byproduct during the production of naphtha. Polypropylene's historical low prices are around $0.30 per pound; its historical high prices are around $0.90 per pound.

Production

According to the American Chemistry Council (ACC), which is a plastics industry association, the annual production for the U.S. and Canada of polypropylene (PP) is approximately 16.6 billion pounds, with monthly deliverable supply of 1.4 billion pounds.

Table 1. Selected Statistics for Plastics from the American Chemical Council (ACC): United States and Canada[1]

(Millions of Pounds)

	Production			Total Sales		
Plastics	**2009**	**2008**	**% Change**	**2009**	**2008**	**% Chg**
PP	16,623	16,768	-0.9	16,754	17,235	-2.8

Table 2. Selected Statistics for Plastics from the American Chemical Council (ACC): United States and Canada

March 2010 Plastics Production and Sales Stats[2]

RESIN PRODUCTION AND SALES STATS *(Millions of Pounds, Dry Weight Basis)*								
	Sales & Captive Use				Production			
	March		Year-to-Date		March		Year-to-Date	
	2010	2009	2010	2009	2010	2009	2010	2009
Select Resin-Specific Totals:								
LDPE	584	552	1,734	1,623	592	519	1,717	1,583
LLDPE	1,105	987	3,347	2,886	1,169	1,115	3,470	3,055
HDPE	1,411	1,245	4,127	3,831	1,497	1,364	4,220	3,940
PP	1,502	1,329	4,196	4,012	1,505	1,280	4,197	4,006
PS	433	413	1,202	1,219	461	405	1,284	1,158
PVC	1,159	999	3,375	2,869	1,167	949	3,314	2,810

Imports and Exports

In 2009, polypropylene annual exports were at 3 billion pounds while annual imports were at 0.3 billion pounds.[3] Thus, net exports of polyproplylene for 2009 were approxitmately 2.7 billion pounds. Table 3 below provides production capacity data for polypropylene in the United States broken down by plant location and company. According to PetroChemWire, total production capacity was at 17.6 billion pounds.

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[1] American Chemical Council (ACC) Production and Sales Data, http://www.americanchemistry.com/s_acc/sec_policyissues.asp?CID=996&DID=6872

[2] American Chemical Council (ACC) Production and Sales Data, http://www.americanchemistry.com/s_acc/sec_news_article.asp?CID=206&DID=11003

[3] Import and Export Data, PetroChemWire, LLC

Table 3. Polypropylene Production: United States[4]

COMPANY	PLANT	MIL LB/YR
Braskem	La Porte, Texas	800
	Neal, West Virginia	530
ConocoPhillips	Linden, New Jersey	775
Dow Chemical	Freeport, Texas	600
	Seadrift, Texas	400
	Cyprus, Louisiana	600
Epsilon (JV of Sunoco and Audia Group)	Marcus Hook, Pennsylvania	760
ExxonMobil	Baton Rouge, Louisiana	600
	Baytown, Texas	1,800
Flint Hills Resources	Longview, Texas	720
	Odessa, Texas	210
Formosa	Point Comfort, Texas	1,500
Ineos	Chocolate Bayou, Texas	1,400
	Carson, California	440
LyondellBasell	Bayport, Texas	1,392
	Lake Charles, Louisiana	1,007
Phillips Sumika (JV of Chevron Phillips & Sumitomo)	Pasadena, Texas	520
Pinnacle Polymers	Garyville, Louisiana	850
Total Petrochemical	La Porte, Texas	2,700
Total Capacity		**17,604**

Cash Market

The plastics market has an actively traded cash market with the main trading hub in Houston where delivery against the futures contract will occur. There are two main electronic platforms that transact cash market and forward market transactions: the ICE Chemconnect platform and the Plastics Exchange system. The typical transaction size in the cash market is 47,000 pounds, which is equivalent to the contract size. The main modes of transportation for plastics are via railcar and truck. The market participation in the plastics market is diverse and includes industrial companies in the U.S.

[4] Polypropylene Production Data, PetroChemWire, LLC

Prices

Table 4 below provides monthly price data for polypropylene in the United States. According to data provided by PetroChemWire, in 2009, the average price of polypropylene was $0.38834 per pound. According to the most recent data available, polypropylene prices averaged $0.56107 per pound for the month of October in 2010.

Table 4. Polypropylene Prices: United States[5]

(U.S. Dollars per Pound)

	Polypropylene			
Monthly Average	**2007**	**2008**	**2009**	**2010**
January	NA	0.67932	0.35100	0.61263
February	NA	0.66550	0.37868	0.66711
March	NA	0.67238	0.36818	0.68870
April	NA	0.70455	0.40205	0.72364
May	NA	0.75738	0.43750	0.61238
June	NA	0.83667	0.50591	0.57318
July	0.59000	0.92591	0.50773	0.57929
August	0.60565	0.88405	0.54476	0.61750
September	0.59211	0.79000	0.61952	0.63762
October	0.62543	0.67109	0.56977	0.54286
November	0.65477	0.37947	0.58053	--
December	0.65400	0.32523	0.62136	--

Over-The-Counter (OTC) Market

In addition, the OTC swaps market is growing in liquidity. The London Metal Exchange (LME) lists several plastics contracts globally, with two U.S. contracts for physical delivery. The LME has listed contracts based on polypropylene (PP) and linear low-density polyethylene (LLDPE) since 2006, with traded volumes of more than 1.6 billion pounds of PP and 1.4 billion pounds of LLDPE in its first three years of operation. Further, there is a growing OTC swaps market transacted by telephone brokers and by the Houston Mercantile Exchange platform.

[5] Polypropylene Prices, PetroChemWire, LLC

Market Participants

The polypropylene cash market and OTC market participants are diverse and include 30 to 40 wholesalers and retailers. A partial listing is as follows:

Refiners	Traders/Retailers	Brokers	Financial
BP	3M	Lozier Energy	Barclays
Chevron Phillips	ALCOA	Houston Merc	Deutsche Bank
Dow Chemical	BASF Chemical	ICAP	Goldman Sachs
ExxonMobil Chemical	Bemis	Man Financial	JP Morgan
Formosa Plastics USA	Berry Plastics	Plastics Exchange	Macquarie Bank
Hess	Birds Eye		
Huntsman	Cargill		
INEOS	Clorox		
Koch Petroleum	Coca Cola Bottling Companies		
LyondellBasell	Consolidated Container		
Shell	Crown, Cork and Seal		
Total Petrochemicals	General Mills		
Westlake Petrochemicals	Heritage Bag Company		
	ITW Industrial Packaging		
	Kimberly Clark		
	Kraft		
	Myers Industries		
	Nestle		
	Pactiv		
	Procter & Gamble		
	Rubbermaid		
	Sempra		
	Tupperware		
	Unilever		
	Wal-Mart		

Analysis of Deliverable Supply for Polypropylene

In its analysis of deliverable supply, the Exchange concentrated on the production data from the American Chemical Council, which shows monthly production of polypropylene at 1.4 billion pounds. Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability of the Polypropylene 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.

Thus, the Exchange has set the spot month limit for the Polypropylene (PP) contract at 2,500 contracts (of 47,000 pounds size) which is equivalent to around 250 million pounds, which is less than 18% of the monthly deliverable supply of 1.4 billion pounds.

B. PROPYLENE MARKET

Propylene is called a "base chemical" because it is utilized as a feedstock for nearly every other petrochemical. There are two main types of propylene: 1) Polymer grade propylene (PGP), which is a highest quality grade of propylene used for plastics production, and 2) Refinery grade propylene (RGP) and Co-product propylene, which are raw forms of propylene that are produced as by-products from either oil refineries or petrochemical cracking facilities. RGP and Co-product Propylene are used to produce gasoline blending components, for cosmetics, coatings, solvents, ink and other petrochemicals. RGP is produced as a byproduct of an oil refinery, and Co-product Propylene is a by-product of steam cracking during the production of ethylene. PGP is produced by upgrading Refinery Grade Propylene (RGP) and Co-product Propylene, or by the dehydrogenation of propane.

Production

The National Petrochemical and Refiners Association (NPRA) data provides production data only for "Co-product Propylene" and "Refinery Sourced Propylene" (or Refinery Grade Propylene), which are raw forms of propylene which are produced as by-products of refineries and petrochemical plants. The NPRA does not report the production of Polymer Grade Propylene, which is made in processing facilities that upgrade the RGP and Co-product Propylene. The PetrochemWire (PCW) has provided a list of production facilities for Polymer Grade Propylene, and the capacity for each plant (see the list below). According to PCW, the total U.S. production capacity of Polymer Grade Propylene is approximately 27 billion pounds per year, or 2.25 billion pounds per month. The actual production of Polymer Grade Propylene is not reported, and it fluctuates based on industrial demand. Polymer Grade Propylene is the highest quality of propylene at 99% purity, and is used for plastics production.

Table 5. Polymer Grade Propylene (PGP) Production Capacity: United States[6]

COMPANY	Plant	BIL LBS/YR
BASF/FINA LP	Port Arthur, TX	1.20
	Port Arthur, TX	0.69
BP	Carson, CA	0.65
	Whiting, IN	0.37
Chevron Phillips	Cedar Bayou, TX	0.76
	Cedar Bayou, TX	0.25

[6] Polymer Grade Propylene Production Data, PetroChemWire, LLC

COMPANY	Plant	BIL LBS/YR
	Port Arthur, TX	0.25
	Port Arthur, TX	0.50
	Sweeny, TX	0.19
	Sweeny, TX	0.60
	Sweeny, TX	0.37
ConocoPhillips	Linden, NJ	0.70
Dow	Freeport, TX	0.38
	Freeport, TX	1.00
	Plaquemine, LA	0.68
	Plaquemine, LA	0.16
Eastman	Longview, TX	0.33
	Longview, TX	0.20
Enterprise	Mont Belvieu, TX	0.90
	Mont Belvieu, TX	1.00
Enterprise/Basell jv	Mont Belvieu, TX	1.10
Enterprise/Total	Mont Belvieu, TX	1.00
	Mont Belvieu, TX	0.72
	Mont Belvieu, TX	1.00
Epsilon C3 Polymers	Marcus Hook, PA	0.73
Equistar	Channelview, TX	0.80
	Channelview, TX	0.45
	Channelview, TX	0.60
	Corpus Christi, TX	0.70
	La Porte, TX	0.77
	Morris, IL	0.30
ExxonMobil	Baytown, TX	0.70
	Baytown, TX	0.70
	Baytown, TX	0.70
	Beaumont, TX	0.37
	Beaumont, TX	0.07
FPC USA	Point Comfort, TX	0.70
	Point Comfort, TX	0.45
	Point Comfort, TX	0.66
Gulf Liquids	Geismar, LA	0.60
Ineos	Choc. Bayou, TX	0.67
	Texas City, TX	0.35
Marathon Petrol.	Garyville, LA	0.90
PL Propylene	Houston, TX	0.60
Sunoco	Neal, WV	0.19
Williams/SABIC	Geismar, LA	0.09
TOTAL CAPACITY		27.11

The National Petrochemical Refiners Association surveys the following companies for their propylene inventory data.

Table 6. NPRA Survey Companies: United States[7]

NPRA Propylene Survey Companies	
BASF Corporation	Huntsman Polymers Corporation
Chevron Phillips Chemical Company, LP	INEOS
The Dow Chemical Company	Koch Supply & Trading
E. I. DuPont de Nemours & Co. Inc.	MarkWest Energy Partners L.P
Eastman Chemical Company	SABIC Innovative Plastics
Equistar/LyondellBasell Industries	Sasol North America
ExxonMobil Chemical Company	Shell Chemical Company
Flint Hills Resources, L.P.	Westlake Chemical Corporation
Formosa Plastics Corporation, USA	The Williams Companies
Huntsman Company, LLC	

Inventory

The NPRA reports the inventory levels for Propylene, which is broken down into two sections: 1) "Chemical and Polymer Grade Propylene" and 2) "Other" which refers mainly to Refinery Grade Propylene and Co-product propylene. Polymer grade propylene inventory data is reported in the NPRA data under the category of "Chemical and Polymer Grade Propylene", which is shown in Table 7 below during the period of 2007-2009. The annual average inventory levels for 2007 and 2008 were 1,021,313 pounds and 908,332 pounds, respectively. The most recent data illustrates Polymer grade propylene inventories averaging 892,579 pounds in 2009.

Table 7. Polymer Grade Propylene Inventory: United States[8]

(Thousand Pounds)

Polymer Grade Propylene Inventory			
	2007	**2008**	**2009**
Q1	1,154,610	755,779	1,024,647
Q2	1,102,174	787,727	795,863
Q3	903,335	1,060,768	834,114
Q4	925,131	1,029,053	915,691

[7] Propylene Production Data, PetroChemWire, LLC
[8] Propylene Inventory Data, NPRA

Import and Export

Table 8 below provides import and export data for Polymer grade propylene in the United States from PetroChemWire. For the period of 2007 to 2009, propylene imports varied from a high of 711 million pounds in 2008 to a low of 564 million pounds in 2007. During this same period, Polymer grade propylene exports varied from a high of 862 million pounds in 2007 to a low of 505 million pounds in 2008.

Table 8. Polymer Grade Propylene Imports and Exports: United States[9]

(Pounds)

	Polymer Grade Propylene			
	2007	**2008**	**2009**	**2007-2009 Average**
Imports	564,694,661	711,541,649	579,551,979	618,596,096
Exports	862,024,010	505,061,218	527,529,424	631,538,217

Prices

Table 9 below provides monthly price data for Polymer grade propylene in the United States from PetroChemWire. According to data provided by PetroChemWire, in 2009, the average price of Polymer grade propylene was $0.38834 per pound, and averaged $0.56107 per pound for the month of October in 2010.

Table 9. Polymer Grade Propylene (PGP) Prices: United States

(U.S. Dollars per Pound)

	Polymer Grade Propylene[10]			
Monthly Average	**2007**	**2008**	**2009**	**2010**
January	NA	0.59839	0.23876	0.58220
February	NA	0.57052	0.26513	0.66607
March	NA	0.59154	0.25902	0.73790
April	NA	0.64444	0.26645	0.66309
May	NA	0.69690	0.32294	0.55152
June	NA	0.77672	0.37635	0.51500
July	NA	0.79770	0.41677	0.54143
August	NA	0.74218	0.50648	0.56955
September	0.49115	0.64648	0.53537	0.57429
October	0.54622	0.48833	0.47715	0.56107
November	0.58716	0.31333	0.48482	--
December	0.59325	0.18722	0.51089	--

[9] Polymer Grade Propylene Import and Export Data, PetroChemWire, LLC
[10] Polymer Grade Propylene Prices, PetroChemWire, LLC

Cash Market

The propylene cash market has become an active trading hub in Mont Belvieu, Texas which is the main storage location in the Gulf Coast region of the United States, and liquidity in the cash market has increased. Prices are quoted in U.S. dollars per pound. Propylene is actively quoted by brokers, and is typically traded in transaction sizes of 2 to 5 million pounds.

Propylene Market Participants

The propylene cash market and OTC market participants are diverse and include 30 to 40 wholesalers and retailers. A partial listing is as follows:

Producers	Traders	Brokers	Financial
BP	Koch	Lozier Energy	Barclays
Chevron Phillips	DAK Americas	Houston Merc	Deutsche Bank
Dow Chemical	Cargill	Liquidity Partners	Goldman Sachs
ExxonMobil Chemical	Muehlstein	Man Financial	JP Morgan
Formosa Plastics USA	Berry Plastics	ICAP	Macquarie Bank
Hess	B&H Polymers		
Huntsman	Bamberger Polymers Inc.		
INEOS			
Koch Petroleum			
LyondellBasell			
Shell			
Total Petrochemicals			
Westlake Petrochemicals			

Analysis of Deliverable Supply for Propylene

With regard to the methodology for determining the deliverable supply, we have focused on the U.S. production capacity for Polymer Grade Propylene, and most of the production from plants in Texas and Louisiana. For the year 2009, the monthly U.S. production capacity of Polymer grade Propylene was 2.25 billion pounds. The Exchange has set the position limit at 300 contracts, which is equivalent to 300 million pounds of Polymer Grade Propylene (each contract is 100,000 pounds in size). This position limit is approximately 13% of the monthly Polymer Grade Propylene supply capacity of 2.25 billion pounds. We believe that the position limit of 300 contracts is a reasonable number.

Further, we prefer not to adjust the deliverable supply estimate based on the spot availability of propylene, because spot market liquidity is not restrictive, and tends to vary depending on the market

fundamentals of demand and supply. In addition, the spot trading volume are estimates of reported deals that are done by market participants, and many deals are done confidentially, as there is no requirement to report spot deals. As a market matures, the spot trading volume tends to increase. 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.