



C.F.T.C.
OFFICE OF THE SECRETARIAT

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December 2, 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 # 10-314: Notification Regarding the Listing of Five (5) New Petroleum Futures Contracts and One (1) Option Contract 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 five (5) new financially settled petroleum futures and one (1) option contract 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 contracts, commodity codes, rule chapters, and listing schedules are as follows:

<u>Contract</u>	<u>Code</u>	<u>Rule Chapter</u>	<u>First Listed Month</u>	<u>Listing Period</u>
Singapore Mogas 92 Unleaded (Platts) vs. DME Oman Crude Oil Swap Futures	DNB	127	January 2011	36 consecutive months
Singapore Gasoil (Platts) vs. DME Oman Crude Oil Swap Futures	DZB	128	January 2011	36 consecutive months
DME Oman Crude Oil Swap Futures	DOO	124	January 2011	36 consecutive months
ICE Brent vs. DME Oman Crude Oil Swap Futures	DBO	126	January 2011	36 consecutive months
DME Oman Crude Oil Average Price Option	DOA	131	January 2011	36 consecutive months
DME Oman Crude Oil BALMO Swap Futures	DOB	125	December 2010	One month and the following month listed 10 business days prior to the start of the contract month.

These new petroleum futures and option 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. Clearing is conducted 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).

In addition, 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.

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
Cash Market Overview and Analysis of Deliverable Supply

Chapter 124

DME Oman Crude Oil Swap Futures

124.01. SCOPE

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.

124.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the DME Oman Crude Oil futures contract settlement prices for the contract month that is the first nearby month calculated as of 16:30 (Singapore time) for each trading day that such settlement price is determined.

124.03. CONTRACT QUANTITY AND VALUE

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

124.04. CONTRACT MONTHS

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

124.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

124.06. TERMINATION OF TRADING

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

124.07. 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 as of 16:30 (Singapore time) on the last Trading Day for each contract month.

124.08. EXCHANGE FOR RELATED POSITION

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

124.09. DISCLAIMER

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Chapter 125
DME Oman Crude Oil BALMO Swap Futures

125.01. SCOPE

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.

125.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month of the DME Oman Crude Oil Futures contract Settlement Price for the contract month that is the First Nearby Month starting from the selected start date through the end of the contract month, inclusively. The settlement price shall be calculated as of 16:30 (Singapore time) for each Trading Day that such Settlement Price is determined.

125.03. CONTRACT QUANTITY AND VALUE

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

125.04. CONTRACT MONTHS

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

125.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

125.06. TERMINATION OF TRADING

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

125.07. 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 as of 16:30 (Singapore time) on the last Trading Day for each contract month.

125.08. EXCHANGE FOR RELATED POSITION

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

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Chapter 126

ICE Brent vs. DME Oman Crude Oil Swap Futures

126.01. SCOPE

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.

126.02. FLOATING PRICE

(A) The Floating Price for each contract month is the arithmetic average of the ICE Brent Crude Oil Futures first nearby contract settlement price minus the DME Oman Crude Oil Futures first nearby contract settlement price calculated as of 16:30 (Singapore time) for each business day during the contract month (using non-common pricing), except as noted in (B) below.

(B) The settlement price of the first nearby contract month will be used except on the last day of trading for the expiring ICE Brent Crude Oil Futures contract when the settlement price of the second nearby ICE Brent Futures contract will be used.

126.03. CONTRACT QUANTITY AND VALUE

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

126.04. CONTRACT MONTHS

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

126.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

126.06. TERMINATION OF TRADING

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

126.07. 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 as of 16:30 (Singapore time) on the last trading day for each contract month.

126.08. EXCHANGE FOR RELATED POSITION

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

126.09. DISCLAIMER

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Chapter 127

Singapore Mogas 92 Unleaded (Platts) vs. DME Oman Crude Oil Swap Futures

127.01. SCOPE

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.

127.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts Oilgram Price Report for Singapore Mogas 92 Unleaded Gasoline minus the DME Oman Crude Oil Futures 1st nearby contract settlement price as of 16:30 (Singapore time) for each business day during the contract month (using Non-common pricing).

127.03. CONTRACT QUANTITY AND VALUE

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

127.04. CONTRACT MONTHS

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

127.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

127.06. TERMINATION OF TRADING

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

127.07. 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.

127.08. EXCHANGE FOR RELATED POSITION

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

127.09. DISCLAIMER

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Chapter 128
Singapore Gasoil (Platts) vs. DME Oman Crude Oil Swap Futures

128.01. SCOPE

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.

128.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from the Platts *Asia-Pacific Marketscan* for Singapore Physical Cargoes of Gasoil 0.5% Sulfur minus the DME Oman Crude Oil Futures 1st nearby contract settlement price as of 16:30 (Singapore time) for each business day during the contract month (using Non-common pricing).

128.03. CONTRACT QUANTITY AND VALUE

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

128.04. CONTRACT MONTHS

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

128.05. PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.001 per barrel. There shall be no maximum price fluctuation.

128.06. TERMINATION OF TRADING

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

128.07. 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.

128.08. EXCHANGE FOR RELATED POSITION

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

128.09. DISCLAIMER

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Chapter 131

DME Oman Crude Oil Average Price Option

131.01 EXPIRATION

A DME Oman Crude Oil Average Price Option shall expire on the last business day of the contract month.

131.02 TYPE OF OPTION

A DME Oman Crude Oil Average Price Option contract is a financially settled European-style option. The option cannot be exercised prior to expiration.

131.03 TRADING UNIT

On expiration of a call option, the option will be financially settled by subtracting the strike price from the underlying settlement price of the DME Oman Crude Oil Swap Futures contract times 1,000 barrels, or zero, whichever is greater. On expiration of a put option, the option will be financially settled by subtracting the underlying settlement price of the DME Oman Crude Oil Swap Futures contract from the strike price times 1,000 barrels, or zero, whichever is greater.

131.04 STRIKE PRICES

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

- (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 the underlying DME Oman Crude Oil Swap Futures contract rounded off to the nearest five cent (\$.05) increment, unless such settlement price is precisely midway between two five cent (\$.05) increments in which case it shall be rounded off to the lower five cent (\$.05) increment; (ii) the five strike prices which are five five-cent increments higher than the strike price described in section (i) of this Rule 131.04(A); and (iii) the five strike prices which are five five-cent (\$.05) increments lower than the strike price described in section (i) of this Rule 131.04(A).
- (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 five cent (\$.05) increment strike prices above and below the at-the-money strike price available for trading in all option contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 131.04.
- (C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in financially settled DME Oman Crude Oil Average Price 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 a DME Oman Crude Oil Average Price Option contract in which no new strike prices may be introduced.

131.05 TRADING MONTHS

Trading shall be conducted in the months determined by the Exchange.

131.06 PRICES

Prices shall be quoted in dollars and cents per gallon. The minimum price increment will be one-hundredth cent (\$.001) per gallon.

131.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS

Trading in DME Oman Crude Oil Average Price Option shall not be subject to price fluctuation limitations.

Supplemental Market Information

The New York Mercantile Exchange, Inc. (NYMEX or Exchange) is self-certifying the listing of five (5) financially settled petroleum futures and one (1) option contracts on CME ClearPort and the NYMEX trading floor.

<u>Contract</u>	<u>Code</u>	<u>Rule Chapter</u>	<u>First Listed Month</u>	<u>Listing Period</u>
Singapore Mogas 92 Unleaded (Platts) vs. DME Oman Crude Oil Swap Futures	DNB	127	January 2011	36 consecutive months
Singapore Gasoil (Platts) vs. DME Oman Crude Oil Swap Futures	DZB	128	January 2011	36 consecutive months
DME Oman Crude Oil Swap Futures	DOO	124	January 2011	36 consecutive months
ICE Brent vs. DME Oman Crude Oil Swap Futures	DBO	126	January 2011	36 consecutive months
DME Oman Crude Oil Average Price Option	DOA	131	January 2011	36 consecutive months
DME Oman Crude Oil BALMO Swap Futures	DOB	125	December 2010	One month and the following month listed 10 business days prior to the start of the contract month.

The cash market overview contains a description of the following markets:

- I. Singapore Gasoline Market
- II. Singapore Gasoil (also referred to as Distillate Fuel Oil) Market
- III. Oman Crude Oil and Brent Crude Oil Markets

CASH MARKET OVERVIEW

PRICE SOURCES

Platts: Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") is the price reporting service used for the final settlement of two new petroleum futures contracts. Platts is one of the major pricing services used in the over-the-counter (OTC) market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing methodology¹ is derived from telephone surveys and electronic data collected from multiple market participants to determine market value. Platts has a long-standing reputation in the industry for price benchmarks that are fair and not manipulated. CME Group is a party to license agreements with Platts to utilize their pricing data.

DME: The Exchange has entered into a license agreement with the Dubai Mercantile Exchange ("DME") to utilize their settlement prices. The DME Oman Futures contract is the source of the settlement prices for one leg of the three listed spread contracts, two futures and one option contracts. The DME Oman Futures is regulated by the Dubai Financial Services Authority (DFSA). According to DME, the average activity in the DME Oman Futures contract represents more than 3,000 contracts traded per day. Since the CFTC has reviewed the DFSA regulatory structure and determined it to be comparable to that of the CFTC, the Exchange is assured in placing confidence in the disseminated settlement price.

ICE: The Exchange does not have an information sharing agreement with the IntercontinentalExchange ("ICE"). The ICE Brent Crude Oil Futures contract is the source of the settlement prices for one leg of the DME Oman Crude Oil vs. ICE Brent Swap Futures contract. The ICE Brent Crude Oil Futures is regulated by the FSA. According to ICE, the average activity in the ICE Brent Futures contract represents more than 390,000 contracts traded per day. Based on our discussions with market participants, we believe that there are dozens of active participants in the ICE futures market and that their prices are determined competitively. Since the CFTC has reviewed the FSA regulatory structure and determined it to be comparable to that of the CFTC, the Exchange is assured in placing confidence in the disseminated settlement price.

¹ <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/usoilproductspecs.pdf>.

I. SINGAPORE GASOLINE MARKET

Singapore is the main refining, storage, and trading hub for the Asian oil marketplace. The Singapore petroleum markets are highly diverse and actively traded by refiners, traders, importers, and smaller distributors.

Production, Consumption, Imports and Exports

Table 1 below reflects refinery production data for Singapore motor gasoline and "other" petroleum products from the EIA. The category of "Other" petroleum products refers to products that are used primarily as motor gasoline blending components, such as naphtha and normal butane. The EIA data in Table 1 report the refinery production of motor gasoline and "other" petroleum products at around 345,000 barrels per day on average over the three-year period of 2005 through 2007.

During the 2005 to 2007 period, the total average demand for motor gasoline in Singapore was more than 170,000 barrels per day. According to the EIA, during the 2005 to 2007 period, the total average motor gasoline imports for Singapore were approximately 269,000 barrels per day, while exports were over 500,000 barrels per day during the same period.

Table 1. Selected Statistics for Motor Gasoline: Singapore
(Thousand Barrels per Day)

Singapore Motor Gasoline and Blending Components	2005	2006	2007	Average 2005-2007
Annual Consumption²	176.60	160.71	184.42	173.91
Annual Exports³	491.22	489.16	528.27	502.88
Annual Imports⁴	271.21	235.93	301.15	269.43

² EIA Consumption Data appear under category of motor gasoline and other products, <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=2&cid=r7,&syid=2005&eyid=2008&unit=TBPD> and <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=68&aid=2&cid=r7,&syid=2005&eyid=2008&unit=TBPD>

³ EIA Export Data appear under category of motor gasoline and other products, <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=4&cid=r7,&syid=2005&eyid=2008&unit=TBPD> and <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=68&aid=4&cid=r7,&syid=2005&eyid=2008&unit=TBPD>

⁴ EIA Import Data appear under the category of motor gasoline and other products, <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=3&cid=r7,&syid=2005&eyid=2008&unit=TBPD> and <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=68&aid=3&cid=r7,&syid=2005&eyid=2008&unit=TBPD>

Singapore Motor Gasoline and Blending Components	2005	2006	2007	Average 2005-2007
Annual Production, Refinery Output ⁵	356.28	356.15	322.75	345.06

Cash Market

The Singapore gasoline market is actively traded. The estimated trading volume of motor gasoline in the Singapore cash market is approximately 250,000 barrels per day. Similar to crude oil, the gasoline market is priced in units of dollars per barrel. There is active trading in both forward cash deals and in OTC swaps. The transaction size is typically 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. The bid/ask spreads are typically in increments of 25 cents per barrel which reflects robust liquidity in the market.

Settlement Index Methodology

One leg of the final settlement price for the Singapore Mogas 92 Unleaded (Platts) vs. DME Oman Crude Oil Swap Futures is based on Platts price references. The Platts methodology for Singapore gasoline is provided in detail at the link below.

<http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/asiaoilproductspecs.pdf>

Singapore Petroleum Market Participants

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

⁵ EIA Production Data appear under the category of motor gasoline and other products, <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=62&aid=1&cid=r7,&syid=2005&eyid=2008&unit=TBPD> and <http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=68&aid=1&cid=r7,&syid=2005&eyid=2008&unit=TBPD>

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Sinochem (China)	Vitol	PVM	Deutsche Bank
Unipecc (China)	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	BankAmerica
BP	Sempra	Aspen Oil	
Singapore Refining	Cargill	GFI Spectron	
Shell	Morgan Stanley	TFS	
SK Corp. (Korea)	Goldman Sachs	Amerex	
Hyundai (Korea)	Koch	Ginga Petroleum	
LG-Caltex (Korea)	Trafigura		
Itochu (Japan)	Phibro		
Idemitsu (Japan)	Mercuria		
Nippon (Japan)	Koch Petroleum		
Mitsubishi (Japan)			
Mitsui (Japan)			
Marubeni (Japan)			
Sumitomo (Japan)			
Cosmo Oil Co. (Japan)			
Reliance (India)			
Bharat (India)			
Indian Oil Company			
Reliance (India)			
Bharat (India)			
Indian Oil Company			

Analysis of Deliverable Supply for Singapore Motor Gasoline

In establishing the spot month position limits, the Exchange has focused on the refinery production as a reasonable estimate of deliverable supply in Singapore. According to the EIA data in Table 1, the three-year average refinery production of motor gasoline and "other" petroleum products was 345,000 barrels per day, or 10 million barrels per month. The Exchange has set the spot month limit for Singapore Mogas 92 Unleaded (Platts) vs. DME Oman Crude Oil Swap Futures contract at 1,000 contracts, equivalent to one million barrels per month, which is approximately 10% of the monthly deliverable supply for motor gasoline in the Singapore market.

II. SINGAPORE GASOIL MARKET (also referred to as Distillate Fuel Oil Market)

Singapore is the main refining, storage, and trading hub for the Asian oil marketplace. In addition, the Singapore over-the-counter (OTC) gasoil, fuel oil and gasoline swaps markets are the main hedging tools for the Asian marketplace. The Singapore petroleum markets are highly diverse and actively traded by

refiners, traders, importers, and smaller distributors. The OTC oil swaps are typically based on the Platts assessments.

Settlement Index Methodology

The Platts methodology for its price assessments for the Singapore oil markets are explained in the two links below:

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/shippingspecs.pdf?S=n>

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/asiaoilproductspecs.pdf?S=n>

Cash Market

The Singapore gasoil (or distillate fuel oil) market is also actively traded, and includes diesel and heating oil. According to the EIA data, the Singapore refiners produce around 285,000 barrels per day of distillate fuel oil, which is called gasoil (see the Table 2 below). The Singapore gasoil market is priced in dollars per barrel. The estimated trading volume of gasoil in the Singapore cash market is approximately 400,000 to 500,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC gasoil swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which shows robust liquidity in the cash market.

<http://www.eia.doe.gov/pub/international/iea2005/table32.xls>

<http://www.eia.doe.gov/pub/international/iea2005/table33.xls>

Production, Consumption, Imports and Exports

During the annual period from 2005 to 2007 period, the total average demand for distillate fuel in Singapore was 60,000 barrels per day. According to the EIA, during the 2005 to 2007 period, total average distillate fuel oil imports for Singapore were approximately 110,000 barrels per day, while exports reached over 330,000 barrels per day.

Table 2. Selected Statistics for Distillate Fuel Oil: Singapore

(Thousand Barrels per Day)

Singapore Distillate Fuel	2005	2006	2007	Average 2005-2007
Annual Consumption ⁶	65.0	53.2	61.6	59.9
Annual Production ⁷	296.0	285.1	277.3	286.1
Imports ⁸	78.9	125.2	127.0	110.4
Exports ⁹	300.0	341.3	359.4	333.6

Analysis of Deliverable Supply for Singapore Gasoil

In establishing the spot month position limits, the Exchange has focused on the refinery production as a reasonable estimate of deliverable supply in Singapore. According to the EIA data in Table 2, the three-year average refinery production of gasoil (also known as distillate fuel oil) was 286,000 barrels per day, or 8.6 million barrels per month. The Exchange has set the spot month limit for the new Singapore Gasoil (Platts) vs. DME Oman Crude Oil Swap Futures contract at 1,000 contracts, which is equivalent to 1.0 million barrels. This limit represents approximately 12% of the monthly deliverable supply of 8.6 million barrels.

⁶ EIA Consumption Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=2&cid=SN.&syid=2004&eyid=2008&unit=TBPD>

⁷ EIA Production Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=1&cid=SN.&syid=2005&eyid=2009&unit=TBPD>

⁸ EIA Import Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=3&cid=SN.&syid=2004&eyid=2008&unit=TBPD>

⁹ EIA Export Data,

<http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=4&cid=SN.&syid=2004&eyid=2008&unit=TBPD>

III. OMAN AND BRENT CRUDE OIL MARKETS

Oman crude oil is seen by many market participants as a preferred benchmark for Middle East sour crude oil for a number of reasons. Oman crude oil quality is broadly representative of other Middle East crude oils. The production levels and tradability of Oman crude oil are sufficient to support benchmark status. The market for Oman crude oil is deep, liquid, and transparent, consisting of a physical forward market, physical spot market and an active OTC swaps and options market. There are numerous participants in the market with no single party dominating the secondary market trading of physical cargoes or financial contracts. The average daily crude oil production in Oman is currently 800,000 barrels per day in 2009, according to data from the Government of Oman's state-owned oil company, called Petroleum Development Oman (PDO). At present, approximately 650,000 barrels per day (or approximately 80% of total Oman crude oil production) is controlled by the Petroleum Development Oman ("PDO"), which is a joint venture owned 60% by the Oman government, 34% by Shell, 4% by Total, and 2% by Partex. In addition, Occidental Petroleum and other private oil companies have extensive oil production in Oman, which account for another 150,000 barrels per day of oil production. Accordingly, there are multiple producers of Oman crude, rather than a monopoly. Further, PDO announced it had discovered three new oil fields that will help to expand crude oil production after 2011 to approximately 900,000 barrels per day. Thus, while the percentage of oil controlled by the PDO may fluctuate over time, the overall crude supply that is delivered at the DME's delivery point is quite large and is expected to increase in the next several years.

Oman is not a member of OPEC. Consequently, Oman crude oil is not subject to OPEC production, destination or end-user restrictions. The Oman government sells most of its equity share of production through term contracts, and some of these term cargoes are resold in the spot market. The remaining share of Oman crude oil production that is owned by private oil companies is typically sold in the spot market. Thus, there is robust trading activity in the Oman crude oil spot market. The standard cargo size is 500,000 barrels, and there are typically around 40 cargoes loaded per month at Oman's port, Mina al Fahal.

Export Terminal

Typically, oil exports run at a rate of approximately 650,000 barrels per day from the Oman port at Mina al Fahal, which is the delivery point for the DME's Oman Crude Oil futures contract. The Mina al Fahal port is a deep water port that is located approximately 100 miles outside of the entrance to the Straits of Hormuz and can accommodate variable cargo sizes and ultra large crude carriers. The terminal is able to load three vessels simultaneously, has minimal load port restrictions on vessel draft and also has best in-class loading measurement and delivery procedures. In addition, as this is a warm weather port, there are no seasonality factors that would restrict the loading activity. Oil exports from Iran, Iraq, Kuwait and Saudi Arabia pass through the strategically important Straits of Hormuz, but Omani crude oil does not. The Straits of Hormuz narrows at its northern-most end to several miles, but the southern end, which opens into the Indian Ocean, is roughly fifty miles wide. A significant U.S. naval presence is positioned on an ongoing basis adjacent to the Mina al Fahal port. The terminal is jointly owned by the Oman government and Shell, and is operated by Shell. Scheduling of deliveries is determined by the Oman Ministry of Oil and Gas.

Cash Market

There is a large and diverse number of cash market participants in the Oman crude oil market.¹⁰ There are approximately 20 companies that are long-term customers of the Oman government, and there are an additional 15 to 20 oil companies that actively participate in the Oman cash market. The list of companies active in the Oman cash market includes large oil refiners (such as Chinese, Korean, and Japanese refiners), the super-majors (such as BP, Shell, ExxonMobil, and Total), and oil traders (such as Occidental Petroleum, Vitol, Morgan Stanley, Goldman Sachs, Glencore, Phibro, Arcadia, Trafigura, and Sempra).

The deliverable supply of Oman crude oil is mainly based on the export quantity, which is 650,000 barrels per day, or 19.5 million barrels per month.

¹⁰ Cash market participants in the Oman crude oil market include Shell, BP, ExxonMobil, Total, Occidental Petroleum, Vitol, Phibro Trading, Glencore, Koch Petroleum, Sempra Oil Trading, Trafigura, Arcadia, Mercuria Energy Trading, Idemitsu (Japanese), Nippon (Japanese), Itochu (Japanese), Mitsubishi (Japanese), Mitsui (Japanese), Marubeni (Japanese), Sumitomo (Japanese), Cosmo Oil Co. (Japanese), Sinochem (Chinese), UNIPEC (Chinese), SK (Korean), Hyundai (Korean), LG-Caltex (Korean), Reliance (Indian), Singapore Refining Company, and PTT (Thai).

OTC Financial Market

Further, there is a liquid derivatives or “paper” swaps and options market that is used for hedging Oman and Middle East crude oil price exposure.¹¹ The primary OTC hedging vehicles used to manage price risk for Oman and Middle East crude oil are various types of Dubai and Oman crude oil swaps and options.

There is an active OTC swaps market in the Middle East-Asia Pacific region, which consists mainly of the Oman calendar swap and the Dubai calendar swap. In addition, there is a liquid OTC market in Brent-Oman and Brent-Dubai spread swaps, which are priced as a spread differential to the ICE Brent Crude oil. Further, there is a growing market that consists of OTC average price options which are cash-settled based on the Oman calendar swap and the Dubai calendar swap. The liquidity in the OTC swaps and options market based on Dubai and Oman crude oil is robust, with an estimated average daily trading volume of 10 to 12 million barrels per day. There are several OTC brokerage firms that are active in the OTC markets, including PVM, Tullet Prebon, TFS, Ginga Petroleum, and GFI Group. As discussed above, the OTC market participation is deep and diverse, and includes both cash market and OTC market players. Many of the same companies that are trading Brent and WTI are also active in the Oman and Dubai markets.

In addition, a number of reporting services, such as Bloomberg, publish a forward curve of prices for the Oman and Dubai swaps markets. A number of OTC brokers generate their own forward curves and then make them available to their customers and to other interested parties. At present, the practice is to provide OTC forward curves that extend out for three years. Because Dubai crude oil is generally accepted as a substitute for Oman crude oil, the prices for these two products are tightly linked and thus the prices for Dubai swaps activity is understood to be highly relevant for Oman swaps as well.

Prices

Table 3 below reflects the final settlement prices provided by the DME in U.S. dollars and cents per barrel for DME Oman Crude Oil Futures contract. Over the annual period of June 2007 to November 2010,

¹¹ In addition to the cash market participants noted above, significant OTC swap market participants in Oman crude oil include Goldman Sachs, Morgan Stanley, Deutsche Bank, Emirates National Oil Co. (ENOC), ConocoPhillips, Barclays Bank, JP Morgan Chase Bank,

crude oil prices varied from a high of \$131.59 in July 2008 to a low of \$40.26 in December 2008.

According to the most recent data provided by the DME, the monthly average price for crude oil was at \$83.87 for the month of November 2010.

Table 3 Selected Statistics for DME Oman Crude Oil: Prices¹²

Year	Month	DME Oman Crude Oil
2007	Jun	66.33
	Jul	70.51
	Aug	68.03
	Sep	73.98
	Oct	78.00
	Nov	86.80
	Dec	87.23
2008	Jan	88.97
	Feb	90.52
	Mar	98.05
	Apr	104.67
	May	119.26
	Jun	128.58
	Jul	131.59
	Aug	113.11
	Sep	95.43
	Oct	68.06
	Nov	50.23
	Dec	40.26
2009	Jan	44.58
	Feb	43.58
	Mar	46.31
	Apr	50.14
	May	58.10
	Jun	69.48
	Jul	65.19
	Aug	71.87
	Sep	68.14
	Oct	73.83
	Nov	77.64
	Dec	75.18

¹² DME Oman Crude Oil Prices, Dubai Mercantile Exchange

Year	Month	DME Oman Crude Oil
2010	Jan	76.90
	Feb	74.35
	Mar	78.02
	Apr	83.80
	May	76.53
	Jun	74.35
	Jul	72.87
	Aug	74.58
	Sep	75.79
	Oct	80.67
	Nov	83.87

The Brent Crude Oil Market

Production

The Brent market is comprised of four North Sea crude oil grades: Brent, Forties, Oseberg, and Ekofisk ("BFOE" or "Brent"). The standard cargo size in the BFOE market is 600,000 barrels. According to Consilience Energy Advisory Group, an oil industry consulting firm based in London, the BFOE accounts for daily crude oil production of over 1.5 million barrels per day. These four North Sea grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the 21-Day BFOE cash market.

Cash Market

The underlying Brent crude oil cash market is actively traded by dozens of commercial companies. The four crude oil grades are aggregated to form the BFOE or Brent cash market. The Brent spot market is known as Dated Brent, which refers to delivery of any of the BFOE grades within 7 to 21 days forward. The Dated Brent spot market assessment is used to price many grades of physical crude oil in the North Sea, Russia, and West Africa. There are hundreds of commercial and non-commercial participants actively trading in the Brent crude oil market, both in the underlying cash market and futures markets. There is an established futures market, under the regulation of the U.K. Financial Services Authority, in Brent Crude Oil at ICE Futures Europe. The average daily trading volume through November 2007 for the ICE Futures Europe Brent Crude Oil futures is approximately 240,000 contracts traded per day (each

contract is 1000 barrels in size). Further, the NYMEX Brent Crude Oil Last Day Futures Contract is currently trading on the CME Globex® platform under CFTC regulatory authority, and this contract utilizes the ICE Futures Europe Brent settlement price.

Prices

Table 4 below reflects the final settlement prices provided by the ICE in U.S. dollars and cents per barrel for one leg of the DME Oman Crude Oil vs. ICE Brent Swap Futures contract. Over the annual period from January 2007 to November 2010, crude oil prices varied from a high of \$134.56 in July 2008 to a low of \$43.05 in December 2008. According to the most recent data provided by the DME, the monthly average price for crude oil was at \$86.50 for the month of November 2010.

Table 4 Selected Statistics for ICE Brent Crude Oil: Prices¹³

Year	Month	ICE Brent Crude Oil
2007	Jan	54.62
	Feb	58.80
	Mar	62.46
	Apr	67.60
	May	67.86
	Jun	70.54
	Jul	75.82
	Aug	71.24
	Sep	76.96
	Oct	82.48
	Nov	92.20
	Dec	91.44
2008	Jan	91.91
	Feb	94.66
	Mar	102.87
	Apr	110.43
	May	124.68
	Jun	133.74
	Jul	134.56
	Aug	115.24
	Sep	100.79
	Oct	73.68
	Nov	54.75
	Dec	43.05

¹³ ICE Brent Crude Oil Prices, Intercontinental Exchange

Year	Month	ICE Brent Crude Oil
2009	Jan	45.71
	Feb	43.87
	Mar	47.42
	Apr	51.39
	May	58.59
	Jun	69.27
	Jul	65.75
	Aug	73.06
	Sep	68.15
	Oct	73.93
	Nov	77.58
	Dec	75.21
2010	Jan	77.01
	Feb	74.79
	Mar	79.93
	Apr	85.75
	May	77.00
	Jun	75.66
	Jul	75.36
	Aug	77.12
	Sep	78.42
	Oct	83.54
	Nov	86.50

OTC Brent Financial Market

Further, BFOE has an active OTC physical and paper market. The liquidity in the OTC Brent swaps market is robust, with an estimated average daily trading volume of 10 to 20 million barrels per day. There are several OTC brokerage firms that are active in the Brent swaps markets, including PVM, Tullet Prebon, TFS, ICAP, Man Financial, Ginga Petroleum, and GFI Group. As discussed above, the OTC market participation is deep and diverse, and includes both cash market and OTC market players. The Brent cash market and OTC market participants number 50 to 70 commercial companies. A list of some, but not all participants, is as follows:

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	BankAmerica
BP	Northville	Aspen Oil	
Total	Cargill	Tullet Prebon	
Koch Petroleum	Morgan Stanley	TFS	
Repsol	Goldman Sachs		
CEPSA	RWE Trading		
Chevron	Mabanaft		
OMV	Phibro		
Lukoil (Russia)	Arcadia		
Statoil (Norway)	Mercuria		
Sunoco			

Analysis of Deliverable Supply for Oman Crude Oil

The Exchange has set the spot month limit for the new DME Oman Crude Oil Swap Futures contract and related balance-of-month and average price option contract at 4,000 contract units, which is equivalent to 4 million barrels. This limit represents approximately 20% of the total monthly deliverable supply of 19.5 million barrels. Please note that the balance-of-month and average price option contracts aggregate into the DME Oman Crude Oil Swap Futures.

The Exchange has set the spot month limit for the new ICE Brent vs. DME Oman Crude Oil Swap Futures contract at 2,000/4,000 contract units. Please note that the spot month limits for the ICE Brent vs. DME Oman Crude Oil Swap Futures contract will aggregate into the underlying contracts for the ICE Brent Swap Futures and DME Oman Crude Oil Swap Futures contracts.