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CME Group
A CME/Chicago Board of Trade/NYMEX Company

December 3, 2009

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# 09-286: Notification Regarding the Listing of, and Implementation of Incentive Program for, Gulf Coast Sour Crude Oil Futures Contract on CME Globex®, 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 physically delivered Gulf Coast Sour Crude Oil Futures contract (commodity code MB, rule chapter 506) for trading on CME Globex and the NYMEX trading floor and for clearing through CME ClearPort.

Effective December 6 for trade date December 7, 2009, this contract will be available for trading on CME Globex and the NYMEX trading floor for clearing through CME ClearPort. The new contract will be available during normal trading hours on NYMEX trading floor from 9:00 a.m. until 2:30 p.m. (New York prevailing time). The contract will also be available on CME Globex and CME ClearPort 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 this contract will be the February 2010 contract month. The physically delivered contract will be listed for thirty-six consecutive months. In addition, the Exchange will allow an Exchange for Related Position transaction which shall be governed by the provisions of Exchange Rule 538.

The Exchange is further notifying the Commission that it is self-certifying the implementation of an incentive for this contract whereby the program will waive trading and clearing fees for the contract until June 30, 2010.

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 and incentive program comply with the Act, including regulations under the Act. The effective date of this listing shall be Monday, December 7, 2009.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or me at (312) 648-5422.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

Attachments: Contract terms and conditions
Supplemental Market Information

Gulf Coast Sour Crude Oil Futures

506.01. SCOPE

The provisions of these rules shall apply to crude oil bought or sold for future delivery in Clovelly, Louisiana.

506.02. REFERENCE TO SELLER AND BUYER

(A) Except with respect to Rules 506.08 and 506.10, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.

(B) In Rules 506.08 and 506.10, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

506.03. CONTRACT UNIT

The contract unit shall be 1,000 U.S. barrels (42,000 U.S. gallons). Except for delivery made by book-out, in-tank transfer, or in-line transfer pursuant to Rule 506.08(B), a tolerance of two percent (2%) above or below (1020 U.S. Barrels or 980 U.S. Barrels) the contract unit is permitted. All volumes shall be determined at 60 degrees Fahrenheit.

506.04. DELIVERY MONTHS

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

506.05. PRICE FLUCTUATIONS

The minimum price fluctuation shall be $0.01 (1 cent) per barrel. There shall be no maximum price fluctuation.

506.06. TERMINATION OF TRADING

Trading in the current delivery month shall cease on the third business day prior to the twenty-fifth calendar day of the month preceding the delivery month. If the twenty-fifth calendar day of the month is a non-business day, trading shall cease on the third business day prior to the last business day preceding the twenty-fifth calendar day. Any contracts remaining open after termination of trading must be either:

(A) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the business day following termination of trading; or

(B) Matched for delivery no later than the second business day following termination of trading.

506.07. GRADE AND QUALITY SPECIFICATIONS

Crude oil meeting the following designations shall be deliverable in satisfaction of futures contract delivery obligations under this rule:

(A) U.S. Domestic Crude Streams:

(1) Mars blend type crude oil shall be delivered in accordance with the standard operating procedures used by the Louisiana Offshore Oil Port (LOOP) LLC facility.

(B) Deliverable Foreign Crude Streams:

(1) Foreign crude oil from LOOP LLC's Segregated 17 (Seg 17) stream is deliverable at a discount of 50 cents per barrel below the final settlement price, in accordance with the standard operating procedures used by LOOP LLC;

(2) Russian Urals, of normal export quality, is deliverable at a premium of 75 cents per barrel above the final settlement price, in accordance with the standard operation procedures used by LOOP LLC.

(C) In the event that a Federal U.S. Superfund tax and/or Oil spill tax is in effect at the time of delivery for foreign crude oil, the buyer shall reimburse seller for all such taxes as had been or will be paid by the seller.

(D) No blending of crude oil streams is permitted.

506.08. **DELIVERY**

(A) Delivery shall be made F.O.B. at any storage facility owned or operated by LOOP LLC at Clovelly, Louisiana. Delivery shall be made in accordance with all applicable Federal executive orders and all applicable Federal, State and local laws and regulations.

For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller: (1) provides crude oil to the point of connection between LOOP LLC's facilities and the buyer's outgoing pipeline or storage facility which is free of all import duties, liens, encumbrances, unpaid taxes, fees and other charges; (2) retains title to and bears the risk of loss for the product to the point of connection between the buyer's outgoing and the seller's incoming pipeline or storage facility.

(B) At buyer's option, such delivery shall be made by any of the following methods:

(1) By intrafacility or interfacility transfer ("pumpover") into a designated storage facility or pipeline;

(2) By in-line transfer, or by in-tank transfer of title to the buyer without physical movement of product, if the facility allows such transfer.

506.09. **DELIVERY PROCEDURES**

(A) RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN LONG POSITIONS (BUYERS)

(1) Notice of Intention to Accept

Exchange Clearing Members having open long positions shall give the Clearing House a Notice of Intention to Accept delivery by 3:00 PM on the first business day after the final day of trading. The Notice of Intention to Accept in the form prescribed by the Exchange, which shall be properly completed and signed, shall indicate the name(s) of the buyer's customer(s), the number of contracts to be accepted, the buyer's preference of sour crude oil by origin (foreign or domestic) and such additional information as may be required by the Exchange. The indication of a preference by a buyer does not assure that the buyer actually will receive that preference.

(2) Delivery Instructions

On the first business day following Notice Day, the buyer shall give to the seller, with a copy to the Exchange, properly completed and signed Delivery Instructions in the form prescribed by the Exchange, which shall include the following information:

(a) Name of seller;

(b) Tender Number;

(c) Name of the seller's designated crude stream (either a specific foreign crude oil stream(s) or domestic crude oil) specified in the Notice of Intention to Deliver;

(d) Name of incoming pipeline or storage facility specified in the Notice of Intention to Deliver;

(e) Number of contracts;

(f) Method of delivery (which must conform to the normal capabilities of the facility named in the Notice of Intention to Deliver with respect to the manner of delivery and the quantity to be delivered);

(g) Name of the outgoing pipeline or storage facility with access to the incoming pipeline or storage facility designated in the Notice of Intention to Deliver (buyer must confirm access with the incoming pipeline or storage facility designated in the Notice of Intention to Deliver);

(h) For inter-facility transfers, name of receiving facility with access to the facility designated in the Notice of Intention to Deliver; and (i) Such additional information as may be required by the Exchange.

(B) RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN SHORT POSITIONS (SELLERS)

(1) Notice of Intention to Deliver

Exchange Clearing Members having open short positions shall give the Clearing House a Notice of Intention to Deliver by 3:00 PM the first business day after the final day of trading. The Notice of Intention to Deliver in the form prescribed by the Exchange, which shall be properly completed and signed, shall indicate the names of the seller's customers, the number of contracts to be delivered and whether the designated crude stream shall be domestic or a specific foreign crude oil stream. Seller shall designate qualified pipeline or storage facility, and shall also provide such additional information as may be required by the Exchange.

(2) Scheduling Notice

As soon as possible following determination of scheduling, but not later than the last business day of the month preceding the delivery month, seller shall give the buyer a Scheduling Notice in the form prescribed by the Exchange stating delivery time, with a copy to the Exchange.

(C) AMENDMENT OF DELIVERY INSTRUCTIONS

The foregoing notwithstanding, at any time prior to the last business day of the month, the buyer and the seller may, by mutual agreement, elect to change the delivery terms with respect to:

(1) Method of delivery.

(2) Timing of delivery.

(3) Type and/or quality of crude oil to be delivered.

(4) Designation of buyer's and/or seller's facility. Any such change must be made on the form prescribed by the Exchange. Any changes made with respect to the foregoing must be made in conformance with all contract requirements and specifications.

(D) FINAL SETTLEMENT PRICE

The final settlement price as determined on the last trading day at the termination of trading for the delivery month shall be the basis for delivery.

(E) NOTICE DAY

The Clearing House shall allocate Delivery Notices and Notices of Intention to Accept by matching size of positions and considering the type of sour crude oil by origin to the extent possible. The Clearing House shall pass copies of the notices to the respective Clearing Members on the morning of the next business day. The day the notices are passed to the Clearing Members shall be referred to as the Notice Day. The Notice Day shall be the second business day after the final day of trading.

(F) NON-TRANSFERABLE

The Clearing Member who receives a Delivery Notice or a Notice of Intention to Accept from the Clearing House shall be deemed to have agreed to accept or deliver product. Delivery Notices or Notices of Intention to Accept are not transferable.

506.10. TIMING OF DELIVERY

(A) Delivery shall take place no earlier than the first calendar day of the delivery month and no later than the last calendar day of the delivery month.

(B) It is the short's obligation to ensure that the crude oil is available to begin flowing ratably, to the extent possible, in Clovelly, LA by the first day of the delivery month, subject to LOOP LLC's or the pipeline's scheduling practices. The timing of delivery shall be determined by either LOOP LLC's or the pipeline's scheduler. The buyer and seller can mutually agree to the delivery timing, subject to LOOP LLC's or the pipeline's schedule for delivery.

(C) Transfer of Title — The seller shall give the buyer pipeline ticket, any other quantitative certificates and all appropriate documents upon receipt of payment. The seller shall provide preliminary confirmation of title transfer at the time of delivery by facsimile or other appropriate form of documentation.

506.11. DELIVERY MARGINS AND PAYMENT

(A) The seller shall obtain from its customer delivery margin in an amount fixed, from time to time, by the Exchange.

(B) On the third business day following the last day of trading, the long Clearing Member shall obtain from its customer any such additional margin as may be needed so that the total margin collected from such customer is at least equal to the full value of the product to be delivered.

(C) The long Clearing Member and the short Clearing Member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins, which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(D) The payment date shall occur on the twentieth day of the month following the delivery month, or if such date is a Saturday or an Exchange or New York bank holiday other than Monday, payment shall be made on the preceding day which is not an Exchange or New York bank holiday. If such day is a Sunday or an Exchange or New York bank holiday which occurs on a Monday, payment shall be made on the next day which is not an Exchange or New York bank holiday. Any payment made on payment date shall be based on volume actually delivered as determined at sixty degrees Fahrenheit. If quantitative results are unavailable prior to the time established in the Rules for payment of product, a pro-forma payment based on 1,000 U.S. barrels per contract shall be made. Payment adjusts based on the actual quantity transferred shall be completed by 12:00 noon on the fifth business day after initial payment.

(E) Not later than the business day following the payment date, the short Clearing Member's customer shall advise its Clearing Member of receipt of payment. The short Clearing Member shall deliver a notice of payment to the long Clearing Member with a copy to the Clearing House not later than the business day following the payment date. Upon receipt of such notice, the delivery shall be complete.

(F) In the event that the short Clearing Member receives notification that payment has not been received, it shall advise the Exchange in writing. On the following business day, unless the long Clearing Member has advised the Exchange in writing that the short failed to deliver, the Exchange shall liquidate the margins held and, when the liquidation is complete, shall pay the short Clearing Member which shall pay its customer, if any. If the long Clearing Member has advised the Exchange in writing that the short failed to deliver, the matter shall be referred to the Petroleum Delivery Committee for resolution.

506.12. VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Inspection Certificate, Notice of Intention to Deliver, Notice of Intention to Accept, Check or of any document or instrument delivered pursuant to these Rules.

506.13. INSPECTION

(A) Inspection of product shall be conducted in accordance with pipeline practices.

(B) A buyer or seller may appoint an Inspection Company to inspect the quality of product delivered. The buyer or seller who requests inspection shall notify the seller or buyer that such inspection will take place. The buyer or seller who requests inspection will pay the costs of the inspection.

506.14. ALTERNATIVE DELIVERY PROCEDURE

The matched counterparties may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Contract. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

506.15. FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM

(A) DEFINITIONS. As used in this Rule 506.15 the following terms, as well as variations thereof, shall have the meanings described below.

(1) "Force Majeure" shall mean any circumstance (including, but not limited to, a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of such buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.

(2) "Late Performance" shall mean the failure of a customer of the long Clearing Member to make payment on the payment date as defined in Rule 506.11(D)

(3) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of product in accordance with the requirements set forth in this Chapter 506.

(4) "Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a futures contract times one thousand (1,000) times the number of contracts to be delivered, plus or minus any discount or premium set forth in Rule 506.07(B).

(5) (a) "Party" means a buyer or seller.

(b) "Other Party" means the corresponding buyer when the seller has failed to perform and the corresponding seller when the buyer has failed to perform.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

(1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.

(2) A party which has failed to perform its obligations may no longer perform such obligations.

(3) When a long Clearing Member's customer is late in performance, the buyer shall be liable to the seller for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments pade pursuant to Section (D) of this Rule.

(4) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) DELIVERY COMMITTEE

(1) Force majeure, late performance, and failure to perform shall be determined by a Panel of the Delivery Committee as set forth below.

(2) The Chairman of the Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:

(a) when the Chairman of the Delivery Committee is advised by the President of the Exchange or any person designated by the President of the Exchange that it appears that a party to the delivery has failed or may fail to perform;

(b) upon written request of both the buyer and seller;

(c) when the President of the Exchange or any person designated by the President of the Exchange requests such appointment; or,

(d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.

(3) The Chairman of the Delivery Committee shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman of the Delivery Committee any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.

(4) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or seller has failed to perform its obligations as provided in the Rules, and advise the Market Regulation Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously

as possible.

(5) Upon a finding of a failed performance, the Panel shall:

(a) in the case of a failure to perform by a seller: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.

(b) in the case of a failure to perform by a buyer: (i) notify the President, or his designee, of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Gulf Coast Sour Crude Oil futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.

(6) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:

(a) grant an extension of time for delivery up to three months from the scheduled time;

(b) change the delivery site, provided that the seller has deliverable product at the new site or will have deliverable product at such site in time for delivery; and such alternate delivery site is acceptable to buyer.

(c) modify the method of taking delivery if such method is acceptable to the buyer; and such modification is acceptable to seller.

(d) allocate deliveries;

(e) modify the method or timing of payment, but not the price, or

(f) refer the matter to the Exchange, represented by the Market Regulation Department, for consideration of emergency action pursuant to Exchange Rules.

(D) EXCHANGE ACTION

(1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Market Regulation Department, shall issue a Notice of Assessment specifying the findings of the Panel with respect to the failed delivery. When a party has failed to perform, the Market Regulation Department shall issue a Notice of Assessment assessing penalties of twenty percent of the contract value to be paid to the Exchange.

(2) Whenever a long Clearing Member's customer is late in performance, the Market Regulation Department shall issue a Notice of Assessment assessing a penalty to the buyer of $1,000.

(3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Market Regulation Counsel, within two business days of receipt of Notice of Assessment from the Market Regulation Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Market Regulation Counsel.

(b) The Market Regulation Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.

(4) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in Chapter 4. In the event a party fails to appeal, or waives the opportunity to appeal, a Notice of Assessment, the

Assessment and Findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.

(5) Within ten (10) days after receipt of the Market Regulation Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied upon by the Market Regulation Department or are otherwise relevant to the matter.

(6) In the event of an appeal by a party, the Market Regulation Department, or its designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. No member of the Performance Appeal Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Market Regulation Department, or its designee, any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Performance Appeal Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Performance Appeal Panel.

(7) The procedures for the hearing of the appeal before the Performance Appeal Panel shall be as follows:

(a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Market Regulation Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.

(b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.

(c) The Market Regulation Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Market Regulation Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.

(d) The Appellant shall be entitled to rebut the Market Regulation Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.

(e) The Market Regulation Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.

(f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Performance Appeal Panel by either party shall constitute the record of the hearing. The decision of the Performance Appeal Panel shall be based upon the record of the hearing.

(g) The Performance Appeal Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.

(h) The Performance Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.

(i) The decision of the Performance Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.

(8) The Performance Appeal Panel shall consider, and make recommendations to the Exchange concerning acceptance or rejection, of any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Exchange shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

(1) Any claim for damages arising between a buyer and a seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.

(2) Notice of Intent to Arbitrate must be submitted to the Market Regulation Department within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such delivery dispute under the special or Regular Arbitration Rules.

(3) The Arbitration will be governed by Chapter 6 of the Rules with the following exceptions:

(a) The Market Regulation Department or its designee shall appoint an Arbitration Panel.

(b) The Arbitration Panel shall render its award, if any, in writing, which award shall be based on the damages proven by the injured party which may include such other relief which the Panel deems just and equitable.

(c) The award of the Arbitration Panel shall be final and binding upon each of the parties to the arbitration.

(d) Failure to comply with the terms of the award may subject the party that fails to comply with such terms to disciplinary proceedings pursuant to Chapter 6 Rule 618.

506.16. TIME REFERENCES

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

Supplemental Market Information

U.S. Gulf Coast Crude Oil Market

Description

The U.S. Gulf Coast crude oil market represents a robust trading hub which consists of storage facilities and major pipelines for distribution of crude oil to the Gulf Coast and Midcontinent refineries. The domestic production of sour crude oil is mainly centered in the deepwater Gulf of Mexico. According to estimates from Argus Media and Purvin & Gertz, an independent energy industry consultancy, daily domestic U.S. production of sour crude oil is approximately 1.2 million barrels, and is expected to climb to 1.9 million over the next four years. The Mars blend crude oil accounts for production of 350,000 to 400,000 barrels per day. The demand for sour crude oil comes from refineries located in the Gulf Coast region and the Midcontinent.

The physical delivery for the new Gulf Coast Sour Crude Oil Contract will be based on Mars blend type crude oil at the Louisiana Offshore Oil Port LLC (LOOP) facilities in Clovelly, Louisiana. The Exchange will allow alternate delivery of two foreign crude oil streams at fixed differentials: Basrah Light and other Arab, foreign grades of equivalent quality comingled as one stream in LOOP LLC's Segregated 17 (Seg 17) stream; and Russian Urals of normal export quality. Delivery will take place F.O.B. out of the storage facilities of LOOP in Clovelly, Louisiana. LOOP operates eight underground caverns and above-ground tank holdings with capacity of 60 million barrels of crude oil. They are also the largest import facility in the U.S. The LOOP facility receives crude oil supplies from two sources: supertankers carrying foreign crude oil, and domestic crude oil produced in the deepwater Gulf of Mexico. Crude oil that is shipped through LOOP is stored in salt caverns or tanks pending delivery to third party pipelines originating at the LOOP storage facility at Clovelly, Louisiana.

The Mars blend crude oil is composed of several off shore fields including: Ursa, Mensa, which flows from the Amberjack pipeline, and Deimos. The main operators and producers of Mars Blend are Shell, BP, ExxonMobil and ConocoPhillips. LOOP started receiving oil from the Mars production system in 1996 and has stored and delivered over 1.2 billion barrels of Mars crude oil. The Mars platform sits in the deepwater Gulf in 3,000 feet of water and is located 125 miles from land. The production of Mars currently consists of 350,000 to 400,000 barrels per day. In addition, the Exchange will allow alternate delivery of two foreign crude oil streams: Basrah Light and other Arab, foreign grades of equivalent quality comingled as one stream, and Russian Urals. Each of these two foreign crude oil streams is imported at the daily rate of 400,000 to 500,000 barrels. The combined monthly deliverable supply of domestic and foreign sour crude oil streams is approximately 35 million barrels of oil.

There are four outgoing pipelines connected to LOOP. LOCAP is the largest line which is a 48-inch diameter pipeline that runs from LOOP to Capline. LOCAP has a capacity of 1.7 million barrels per day with a utilization of less than 1 million barrels per day. The CAM pipeline is a 24-inch diameter pipeline that connects LOOP to ConocoPhillips' Alliance refiner, Murphy's Meraux refinery and ExxonMobil's Chalmette refinery. It has a capacity of approximately 280,000 barrels per day. The Shell Norco pipeline is a 24-inch diameter pipeline connecting LOOP to the Motiva Norco refinery and to Valero's St. James refinery. The Shell Norco pipeline has capacity of approximately 280,000 barrels per day and will be expanded by year end to accommodate for well over 300,000 barrels per day. The Shell Houma pipeline is a 24-inch diameter pipeline that connects LOOP to Shell Pipeline's Houma station. Shell's Houma to Port Arthur pipeline (HoHo) is a 22-inch diameter pipeline with about 320,000 barrel per day capacity.

The estimated trading volume of various sour crude oil streams in the U.S Gulf Coast cash market is approximately 1.0 million to 1.5 million barrels per day. The Mars Blend crude oil stream trades approximately 350,000 to 400,000 barrels per day in the cash market according to data from Argus Media (see Figure 2 "Spot Market Trade Volume" below). The typical transaction size is 35,000 to 45,000 barrels, with hundreds of separate transactions conducted daily.

In addition, all domestic crude oil grades, such as Mars and WTS, are traded and priced at a differential to WTI, and consequently, every physical crude oil transaction in the U.S. crude oil market involves a buy/sell transaction with WTI as one leg in the cash transaction. Typically, the crude oil cash market uses WTI as a unit of currency to establish a differential between WTI and other domestic grades. The volume of spot transactions is more than half of all cash transactions, and the balance of trades are longer-term contracts.

The foreign crude oil is deliverable at a differential to the Mars Blend crude oil stream, which is the main grade that is delivered in the Gulf Coast Sour Crude Oil Contract. The foreign crude oil from LOOP LLC's Segregated 17 (Seg 17) stream, which includes the Iraqi Basrah Light comingled with other Arab, foreign grades of equivalent quality, will be deliverable at a discount of 50 cents per barrel below the settlement price for the contract, while the Russian Urals grade of normal export quality will be deliverable at the premium of 75 cents above the settlement price. This fixed differential is determined in consultation with the refiners that are the key buyers of sour crude oil in the marketplace. The refiners place a value on each foreign crude oil stream based on its refinery yield, and the Exchange then sets the fixed differential based on a value that the refiners deem as a fair value as substitution for the Mars Blend stream. This similar methodology is used in the Light Sweet Crude Oil contract for setting the differentials for the foreign crude streams. The Exchange will then monitor and re-assess these differentials on a quarterly basis, to ensure that the refiners are paying a fair value for the foreign grade in terms of their refinery yield economics.

Table 1 below provides selected statistics fror crude oil in the U.S. and U.S. Gulf Coast Markets. On average, Gulf Coast production during the 2006-2008 period was 1.2 million barrels per day. Mars crude oil production accounts for approximately 25% of Gulf Coast production. The average annual imports of crude oil for Iraq and Russia is approximately 667,000 barrels per day.

Table 1. Selected Statistics for Crude Oil: U.S. and U.S. Gulf Coast Markets.

(Thousand Barrels per Day)

Item and Region	2006	2007	2008	Average 2006-2008
U.S. Annual Imports, Crude Oil[1]				
Iraq	553	484	627	555
Russia	108	112	116	112
Annual Production, Crude Oil				
Gulf Coast Sour Crude Oil - Federal Offshore (PADD 3)[2]	1,299	1,277	1,152	1,243
Mars Production[3]	300	300	350	317
Annual Stocks, Crude Oil[4]				
Crude Oil PADD 3 (Excluding SPR)	162,696	145,094	163,051	156,947
Gulf Coast (PADD 3) Tank Farms and Pipelines	110,232	87,982	109,484	102,566
Refinery Stocks (PADD 3)	38,845	42,928	39,376	40,383
Refinery Inputs, 4-Week Average[5]	**10/30/2009**	**11/6/2009**	**11/13/2009**	**11/20/2009**
Gulf Coast PADD 3	6,944	6,912	6,891	6,873

[1] Energy Information Administration, U.S. Department of Energy (EIA) Crude Oil Import Data http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_epc0_im0_mbblpd_a.htm.
[2] EIA Crude Oil Production Data http://tonto.eia.doe.gov/dnav/pet/pet_crd_crpdn_adc_mbblpd_a.htm.
[3] Mars Production Data is provided from Shell Pipeline.
[4] EIA Crude Oil Stock Data, http://tonto.eia.doe.gov/dnav/pet/pet_stoc_typ_d_r30_SAX_mbbl_a.htm (Excluding SPR); http://tonto.eia.doe.gov/dnav/pet/pet_stoc_typ_d_r30_STT_mbbl_a.htm (Tank Farms and Pipelines); and http://tonto.eia.doe.gov/dnav/pet/pet_stoc_ref_dc_r30_mbbl_a.htm (Refinery Stocks -- PADD 3).
[5] EIA Refinery Input Data http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_4.htm (Gulf Coast PADD 3).

As illustrated in Figure 1 from Argus Media, the levels of production for Mars have risen close to 400,000 barrels per day. The spot market volume from Argus Media in Figure 2 represents an estimate of the Mars trading activity which has steadily risen since January 2009. Figure 3 illustrates Mars crude oil prices over the last three years.

Figure 1. Production Volume

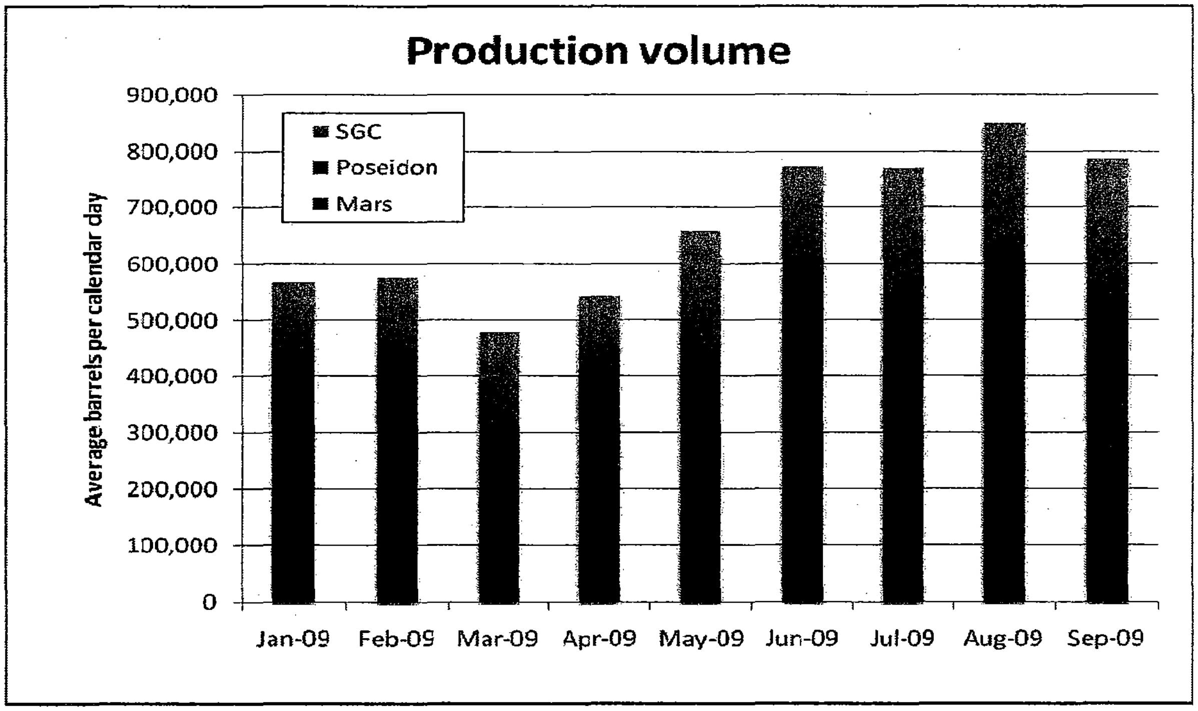


Figure 2. Spot Market Trade Volume

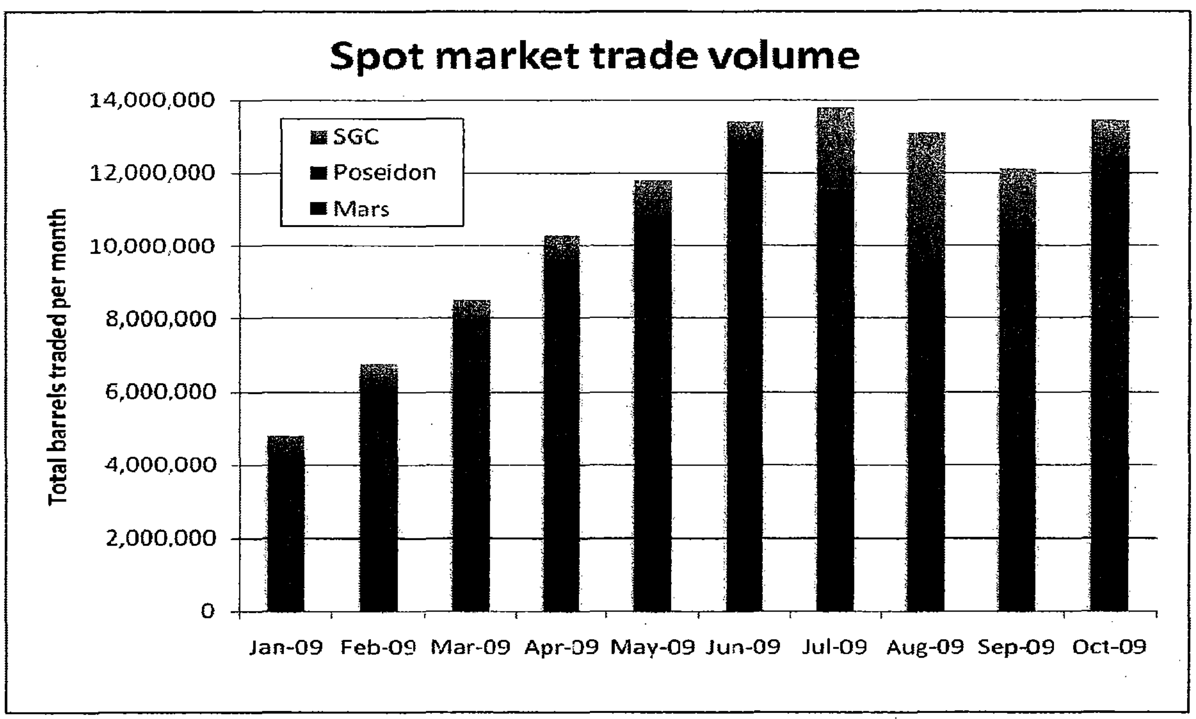
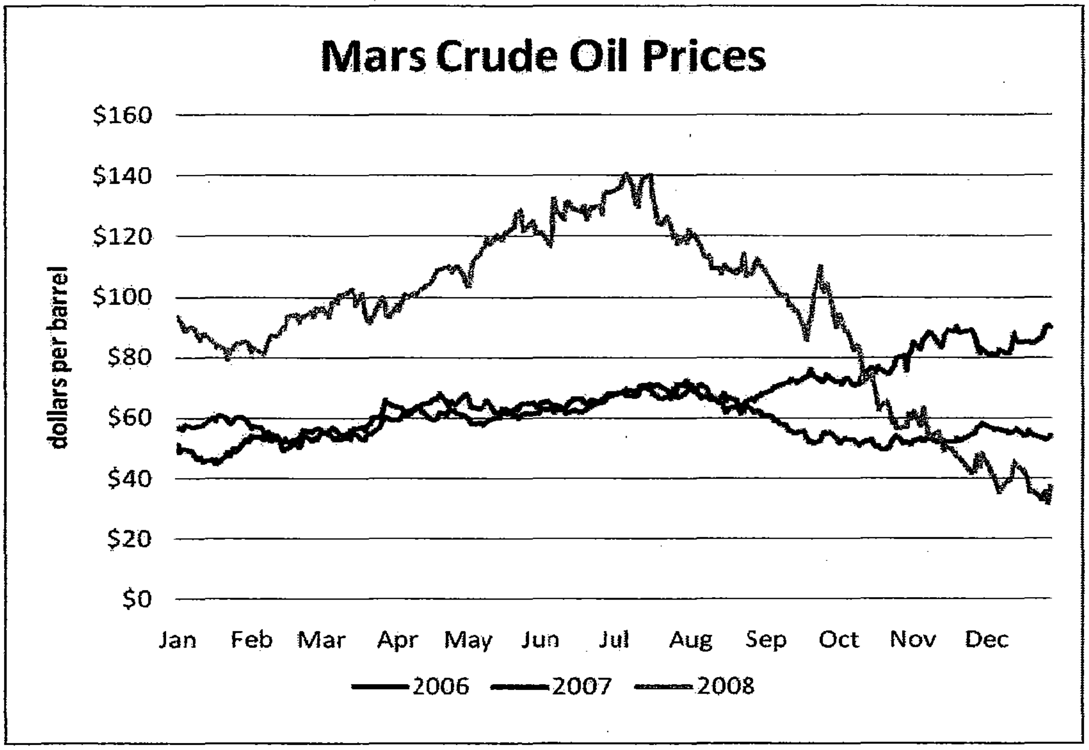


Figure 3. Mars Crude Oil Prices



Market Participants

The U.S. Gulf Coast sour crude oil cash market and OTC market participants are diverse and include approximately 40 to 50 commercial companies. A partial listing is as follows:

Refiners	**Traders/Importers**	**Brokers**	**Financial (Swaps)**
ConocoPhillips	Occidental Petroleum	United	Citibank
Valero	Vitol	GFI Starsupply	Deutsche Bank
Shell	Glencore	United	Barclays
ExxonMobil	Plains	PVM	BankAmerica
BP	Koch	United	Wachovia Bank
Sunoco	Cargill	ARC Oil	JP Morgan Chase
Amerada Hess	Morgan Stanley	Oil Brokers Inc.	Credit Suisse Bank
Marathon	Goldman Sachs (J. Aron)		
Murphy Oil	Trafigura		
Chevron	Hess Energy Trading		
Total	BHP Billiton		
	Anadarko		
	Gunvor		

Speculative Limits for Gulf Coast Sour Crude Oil Futures Contract

A conservative estimate of deliverable supply for the Gulf Coast Sour Crude Oil contract is approximately 1.16 million barrels per day or 35 million barrels per month.

The Exchange has set the speculative limits for the spot month at 5,000 contracts, which represents 14% of the monthly deliverable supply.