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Sean M. Downey  
Associate Director and Assistant General Counsel  
Legal Department

OFFICE OF THE  
SECRETARIAT

December 8, 2011

**VIA E-MAIL**

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

**Re: Rule 40.2 (a) Certification. Notification Regarding the Listings of Five New Brent Futures and Option Contracts for Trading and Clearing NYMEX Submission #11-471**

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 listings of NYMEX Brent 25-Day (Platts) futures for trading on the NYMEX trading floor, CME Globex and for clearing through CME ClearPort, Brent 25-Day (Platts) Calendar Swap futures and three Brent 25-Day (Platts) option contracts for trading on the NYMEX trading floor and for Clearing through CME ClearPort beginning on Sunday, December 11, 2011, for trade date Monday, December 12, 2011.

Contract Specification Summary:

Contract Name	Code	Type	Rule Chapter	Strike Price Interval	Listing Convention	Venue
NYMEX Brent 25-Day (Platts) Futures	NBZ	Financial	1186	N/A	The current year plus the next 5 years, and the June and December contracts for the following 3 years.	<u>Trading:</u> CME Globex and NYMEX Floor <u>Clearing:</u> CME ClearPort
Brent 25-Day (Platts) Calendar Swap Futures	BDC	Financial	1175	N/A	The current year plus the next 6 years.	<u>Trading:</u> NYMEX Floor <u>Clearing:</u> CME ClearPort

Brent 25-Day (Platts) Option	BDO	American-style Option	1176	\$0.50	The current year plus the next 5 years, and the June and December contracts for the following 3 years.	<u>Trading:</u> NYMEX Floor <u>Clearing:</u> CME ClearPort
Brent 25-Day (Platts) European Option	BDE	European-style Option	1177	\$0.50	The current year plus the next 5 years, and the June and December contracts for the following 3 years.	<u>Trading:</u> NYMEX Floor <u>Clearing:</u> CME ClearPort
Brent 25-Day (Platts) Average Price Option	BDA	European-style Option	1178	\$0.05	The current year plus the next 6 years.	<u>Trading:</u> NYMEX Floor <u>Clearing:</u> CME ClearPort

Additional contract specifications are as follows:

Contract Name	Unit	Minimum Price Fluctuation	Last Trade Date	First Listed Contract
NYMEX Brent 25-Day (Platts) Futures	1,000 barrels	\$0.01 per barrel	<ol style="list-style-type: none"> <li>For the February 2012 contract month, trading shall cease at the close of business on Friday, January 6, 2012.</li> <li>For the March 2012 through February 2015 contract months, trading shall cease on: <ol style="list-style-type: none"> <li>either the business day preceding the 25<sup>th</sup> calendar day prior to the first day of the contract month, if such 25<sup>th</sup> calendar day is a banking day in London, or</li> <li>if such 25<sup>th</sup> calendar day is not a banking day in London, trading shall cease on the second business day preceding the 25<sup>th</sup> calendar day prior to the first day of the contract month.</li> </ol> </li> <li>Beginning with the March 2015 contract month and beyond, trading shall cease on the last business day of the second month preceding the contract month, except for the business day preceding New Year's Day, where trading shall cease on the second business day preceding New Year's Day.</li> </ol>	Feb-2012
Brent 25-Day (Platts) Calendar Swap Futures	1,000 barrels	\$0.01 per barrel	Trading shall cease on the last business day of the contract month.	Jan-2012
Brent 25-Day (Platts) Option	1,000 barrels	\$0.01 per barrel	The option contract shall expire at the close of trading on the third business day immediately preceding the expiration of the underlying NYMEX Brent 25-Day (Platts) futures contract.	Feb-2012

Brent 25-Day (Platts) European Option	1,000 barrels	\$0.01 per barrel	The option contract shall expire at the close of trading on the third business day immediately preceding the expiration of the underlying NYMEX Brent 25-Day (Platts) futures contract.	Feb-2012
Brent 25-Day (Platts) Average Price Option	1,000 barrels	\$0.01 per barrel	Trading shall cease on the last business day of the contract month.	Jan-2012

### **Trading and Clearing Hours:**

CME Globex and CME ClearPort: Sunday - Friday 6:00 pm - 5:15 pm ET (5:00 pm - 4:15 pm Chicago Time/CT) with a 45-minute break each day beginning at 5:15 pm ET (4:15 pm CT).

Open Outcry: Monday – Friday 9:00 am – 2:30 pm ET (8:00 am – 1:30 pm CT).

The final settlement price on the last day of trading of the NYMEX Brent 25-Day (Platts) futures contract will be based on the Platts Brent 25-day cash market assessment at the London close, using the Platts *Market on Close (MOC)* methodology.

The first listed month for the Brent 25-Day (Platts) Futures will be the February 2012 contract month, with the first expiry date occurring on January 6, 2012. Thereafter, for the March 2012 through February 2015 contract months, trading shall cease on the business day preceding the 25<sup>th</sup> calendar day prior to the first day of the contract month. Beginning with the March 2015 contract month and beyond, trading shall cease on the last business day of the second month preceding the contract month, except for the business day preceding New Year's Day where trading shall cease on the second business day preceding New Year's Day, in order to align the settlement of the contract with the shift in the underlying Brent cash market from a 30-day basis to a 25-day basis.

### **Fee Schedule**

#### 1. NYMEX Brent 25-Day (Platts) futures (NBZ)

Please note that the fees for NYMEX Brent 25-Day (Platts) futures (NBZ) contract will be waived through December 31, 2012. Thereafter, the Exchange fees for the contract shall be as follows:

Exchange Fees for NYMEX Brent 25-Day (Platts) Futures					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$0.35	\$0.60	\$0.75	\$0.75	
Globex	N/A	\$0.60	\$0.75	\$0.75	\$0.00
ClearPort		\$0.60		\$0.75	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$0.60	\$0.75	<i>*only applies to financially settled contracts</i>		
Futures from E/A	\$0.60	\$0.75	<i>*applies to futures contracts</i>		

	House Acct	Cust Acct	
Options E/A Notice	N/A	N/A	<i>*applies to physical options</i>
Delivery Notice	N/A	N/A	<i>*applies to physical futures</i>
Additional Fees and Surcharges			
EFS Surcharge	N/A		<i>*\$2.50 fee typically only charged on our core physical contracts</i>
Block Surcharge	\$0.10		<i>*\$0.10 fee charged on block trades</i>
Facilitation Desk Fee	\$0.20		<i>*fee applies to CPC trades entered by ClearPort Market Ops</i>

2. Brent 25-Day (Platts) Calendar Swap futures (BDC) – effective upon listing

Exchange Fees for Brent 25-Day (Platts) Calendar Swap					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	N/A	\$0.85	\$1.10	\$1.35	
Globex	N/A	N/A	N/A	N/A	N/A
ClearPort		\$0.85		\$1.35	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$0.85	\$1.35			
Futures from E/A	N/A	N/A			
	House Acct	Cust Acct			
Options E/A Notice	N/A	N/A			
Delivery Notice	N/A	N/A			
Additional Fees and Surcharges					
EFS Surcharge	N/A				
Block Surcharge	N/A				
Facilitation Desk Fee	\$0.20				

3. Brent 25-Day (Platts) Option (BDO) – effective upon listing

Exchange Fees for American-style Brent 25-Day (Platts) Option					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$0.45	\$0.70	\$0.95	\$1.45	
Globex	N/A	N/A	N/A	N/A	N/A
ClearPort		\$0.70		\$1.45	
Processing Fees					
	Member	Non-Member			
Cash Settlement	N/A	N/A			
Futures from E/A	N/A	N/A			
	House Acct	Cust Acct			
Options E/A Notice	\$0.40	\$0.85			
Delivery Notice	N/A	N/A			
Additional Fees and Surcharges					
EFS Surcharge	N/A				
Block Surcharge	N/A				
Facilitation Desk Fee	\$0.20				

4. Brent 25-Day (Platts) European Option (BDE) and Brent 25-Day (Platts) Average Price Option (BDA) – effective upon listing

Exchange Fees for Brent 25-Day Average Price and European Options					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$0.45	\$0.70	\$0.95	\$1.45	
Globex	N/A	N/A	N/A	N/A	N/A
ClearPort		\$0.70		\$1.45	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$0.90	\$1.15			
Futures from E/A	N/A	N/A			
	House Acct	Cust Acct			
Options E/A Notice	N/A	N/A			
Delivery Notice	N/A	N/A			
Additional Fees and Surcharges					
EFS Surcharge	N/A				
Block Surcharge	N/A				
Facilitation Desk Fee	\$0.20				

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

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new futures and option contracts into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the new contracts. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level, diminishing balances and aggregation allocation for the new contracts. In addition, the exchange is self-certifying the insertion of terms and conditions for the NYMEX Brent 25-day (Platts) Futures into Rule 588.G.

NYMEX business staff responsible for the new products and the NYMEX legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, NYMEX staff identified that the new products may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in these contracts will be subject to the NYMEX rules ("Rulebook") Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- Contracts not Readily Subject to Manipulation: The new contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the final settlement index as assessed by Platts (methodology provided herewith under Cash Market Overview).
- Compliance with Rules: Trading in these contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- Position Limitations or Accountability: The spot month position limits for the new products are set at conservative levels that are approximately 6.3% of the monthly deliverable supply in its underlying market.
- Availability of General Information: The Exchange will publish information on the contracts' specification on its website, together with daily trading volume, open interest and price information.
- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.
- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Execution of Transactions: The new contracts are dually listed for clearing through the CME ClearPort platform and on the NYMEX trading floor for open outcry trading. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. In addition, the NYMEX trading floor is available as an additional venue to provide for competitive and open execution of transactions.

In addition to being listed on the NYMEX trading floor and CME ClearPort, the NYMEX Brent 25-Day (Platts) futures (NBZ) contract will also be available for trading on CME Globex. The CME Globex electronic trading platform provides for a competitive and open execution of transactions due to its advanced functionality, high reliability and global connectivity. It runs continuously, so it is not restricted by borders or time zones. CME Globex remains among the fastest global electronic trading systems.

- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these products.
- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in these contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.
- Dispute Resolution: Disputes with respect to trading in these contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Regulation 40.2, the Exchange hereby certifies that the attached contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. A description of the cash market for these new products is attached.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167 or [Sean.downey@cmegroup.com](mailto:Sean.downey@cmegroup.com).

Sincerely,

/s/Sean M. Downey  
Associate Director and Assistant General Counsel

Attachments: Appendix A: Rule Chapters  
Appendix B: Chapter 5 Table  
Appendix C: Rule 588.G  
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

# Appendix A

## RULE CHAPTERS

### Chapter 1186 NYMEX Brent 25-Day (Platts) Futures

#### 1186100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The Floating Price is equal to the Platts Brent front month forward assessment from the 16:30 London close on the final trading day for the contract month. The Platts Brent forward assessment is also referred to as 25-day cash BFOE, which is a combination of Brent, Forties, Oseberg, and Ekofisk grades. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

#### 1186101. CONTRACT SPECIFICATIONS

The Floating Price on the final trading day for the contract month shall be the the Platts Brent front month forward assessment from the 16:30 London close as published in the Platts Crude Oil Marketwire.

#### 1186102. TRADING SPECIFICATIONS

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

##### 1186102.A. Trading Schedule

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

##### 1186102.B. Trading Unit

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

##### 1186102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

##### 1186102.D. Position Limits and Position Accountability

In accordance with Rule 559, no person shall own or control positions in excess of 2,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 20,000 contracts net long or net short in any single contract month excluding the spot month.

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

##### 1186102.E. Termination of Trading

4. For the February 2012 contract month, trading shall cease at the close of business on Friday, January 6, 2012.
5. For the March 2012 through February 2015 contract months, trading shall cease on:
  - (iii) either the business day preceding the 25<sup>th</sup> calendar day prior to the first day of the contract month, if such 25<sup>th</sup> calendar day is a banking day in London, or
  - (iv) if such 25<sup>th</sup> calendar day is not a banking day in London, trading shall cease on the second business day preceding the 25<sup>th</sup> calendar day prior to the first day of the contract month.
6. Beginning with the March 2015 contract month and beyond, trading shall cease on the last business day of the second month preceding the contract month, except for the business day preceding New Year's Day, where trading shall cease on the second business day preceding New Year's Day.



**1186103. FINAL SETTLEMENT**

Final settlement under the contract shall be by cash settlement based on the Platts Brent front month cash assessment from the 16:30 London close on the final trading day for the contract month. Final settlement, following termination of trading for a contract month, will be based on the Floating Price.

**1186104. DISCLAIMER**

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## Chapter 1175 Brent 25-Day (Platts) Calendar Swap Futures

### 1175100. SCOPE OF CHAPTER

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

### 1175101. CONTRACT SPECIFICATIONS

The Floating Price is equal to the arithmetic average of the NYMEX Brent 25-Day (Platts) futures first nearby contract settlement price for each business day that it is determined during the contract month, except as noted below.

The settlement price of the first nearby contract month will be used except on the last day of trading for the expiring NYMEX Brent 25-Day (Platts) futures contract when the settlement price of the second nearby contract month of NYMEX Brent 25-Day (Platts) futures contract will be used.

### 1175102. TRADING SPECIFICATIONS

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

#### 1175102.A. Trading Schedule

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

#### 1175102.B. Trading Unit

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

#### 1175102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

#### 1175102.D. Position Limits and Position Accountability

For purpose of calculating compliance with position limits, each contract will be aggregated with positions held in NYMEX Brent 25-Day (Platts) futures. Each position in the contract will be calculated as a single position in the NYMEX Brent 25-Day (Platts) futures contract.

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

In accordance with Rule 559, no person shall own or control positions in excess of 2,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 20,000 contracts net long or net short in any single contract month excluding the spot month.

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

#### 1175102.E. Termination of Trading

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

### 1175103. FINAL SETTLEMENT

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

### 1175104. DISCLAIMER

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## Chapter 1176 Brent 25-Day (Platts) Option

### 1176100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on NYMEX Brent 25-Day (Platts) futures contract. In addition to the rules of this chapter, transactions in options on NYMEX Brent 25-Day (Platts) futures shall be subject to the general rules of the Exchange insofar as applicable.

### 1176101. OPTION CHARACTERISTICS

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

#### 1176101.A. Trading Schedule

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

#### 1176101.B. Trading Unit

A Brent 25-Day (Platts) call option traded on the Exchange represents an option to assume a long position in the underlying NYMEX Brent 25-Day (Platts) futures contract. A Brent 25-Day (Platts) put option traded on the Exchange represents an option to assume a short position in the underlying NYMEX Brent 25-Day (Platts) futures contract.

#### 1176101.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.01 per barrel. The minimum price increment will be \$0.01. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per contract.

#### 1176101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NYMEX Brent 25-Day (Platts) futures. Each position in the contract will be calculated as a single position in the NYMEX Brent 25-Day (Platts) futures contract.

In accordance with Rule 559, no person shall own or control positions in excess of 2,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 20,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

#### 1176101.E. Termination of Trading

The option contract shall expire at the close of trading on the third business day immediately preceding the expiration of the underlying NYMEX Brent 25-Day (Platts) futures contract.

#### 1176101.F. Type Option

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

### 1176102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for NYMEX Brent 25-Day (Platts) futures contract in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the ten fifty-cent increment strike prices which are ten increments higher than the strike price described in subsection (A)(i) of this rule and (iii) the ten fifty-cent increment strike prices which are ten increments lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least ten fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the Brent 25-Day (Platts) option will be facilitated thereby, the Exchange

may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent 25-Day (Platts) option in which no new strike prices may be introduced.

1176103.

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**Chapter 1177**  
**Brent 25-Day (Platts) European Option**

**1177100. SCOPE OF CHAPTER**

This chapter is limited in application to put and call options on NYMEX Brent 25-Day (Platts) futures contract. In addition to the rules of this chapter, transactions in options on NYMEX Brent 25-Day (Platts) futures shall be subject to the general rules of the Exchange insofar as applicable.

**1177101. OPTION CHARACTERISTICS**

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

**1177101.A. Trading Schedule**

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

**1177101.B. Trading Unit**

A Brent 25-Day (Platts) European call option traded on the Exchange represents the differential between the final settlement price of the underlying NYMEX Brent 25-Day (Platts) futures and the strike price multiplied by 1,000 barrels, or zero, whichever is greater. A Brent 25-Day (Platts) European put option traded on the Exchange represents the differential between the strike price and the final settlement price of the underlying NYMEX Brent 25-Day (Platts) futures multiplied by 1,000 barrels, or zero, whichever is greater.

**1177101.C. Price Increments**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.01 per barrel. The minimum price increment will be \$0.01. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per contract.

**1177101.D. Position Limits and Position Accountability**

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NYMEX Brent 25-Day (Platts) futures. Each position in the contract will be calculated as a single position in the NYMEX Brent 25-Day (Platts) futures contract.

In accordance with Rule 559, no person shall own or control positions in excess of 2,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 20,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

**1177101.E. Termination of Trading**

The option contract shall expire at the close of trading on the third business day immediately preceding the expiration of the underlying NYMEX Brent 25-Day (Platts) futures contract.

**1177101.F. Type Option**

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

**1177102. EXERCISE PRICES**

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for NYMEX Brent 25-Day (Platts) futures contract in the corresponding contract month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the ten fifty-cent increment strike prices which are ten increments higher than the strike price described in subsection (A)(i) of this rule and (iii) the ten fifty-cent increment strike prices which are ten increments lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least ten fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in Brent 25-Day (Platts) European option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent 25-Day (Platts) European option in which no new strike prices may be introduced.

**1177103.**

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## Chapter 1178

### Brent 25-Day (Platts) Average Price Option

#### 1178100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Brent 25-Day (Platts) Calendar Swap futures contract. In addition to the rules of this chapter, transactions in options on Brent 25-Day (Platts) Calendar Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

#### 1178101. OPTION CHARACTERISTICS

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

##### 1178101.A. Trading Schedule

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

##### 1178101.B. Trading Unit

A Brent 25-Day (Platts) Average Price call option traded on the Exchange represents the differential between the final settlement price of the underlying Brent 25-Day (Platts) Calendar Swap futures and the strike price multiplied by 1,000 barrels, or zero, whichever is greater. A Brent 25-Day (Platts) Average Price put option traded on the Exchange represents the differential between the strike price and the final settlement price of the underlying Brent 25-Day (Platts) Calendar Swap futures multiplied by 1,000 barrels, or zero, whichever is greater.

##### 1178101.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.01 per barrel. The minimum price increment will be \$0.01. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per contract.

##### 1178101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in NYMEX Brent 25-Day (Platts) futures. Each position in the contract will be calculated as a single position in the NYMEX Brent 25-Day (Platts) futures contract.

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

In accordance with Rule 559, no person shall own or control positions in excess of 2,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 20,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

##### 1178101.E. Termination of Trading

The option contract shall expire at the close of trading on the last business day of the contract month.

##### 1178101.F. Type Option

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

#### 1178102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Brent 25-Day (Platts) Calendar Swap futures contracts in the corresponding contract month rounded off to the nearest five-cent increment strike price unless such settlement price is precisely midway between two five-cent increment strike prices in which case it shall be rounded off to the lower five-cent increment strike price and (ii) the ten five-cent increment strike prices which are ten increments higher than the strike price described in subsection (A)(i) of this rule and (iii) the ten five-cent increment strike prices which are ten increments lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least ten five-cent increment strike prices above and below the at-the-money strike price available for trading in all



options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in Brent 25-Day (Platts) Average Price option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent 25-Day (Platts) Average Price option in which no new strike prices may be introduced.

**1178103.**

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# Appendix B

## CHAPTER 5 TABLE

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

Contract Name	Rule Chapter	Commodity Code	Diminishing Balances Contracts	All Month Accountability Level	Any One Month Accountability Level	Expiration Month Limit	Reporting Level	Aggregate Into (1)
				Rule 560	Rule 560	Rule 559	Rule 561	
<i>Petroleum</i>								
<i>Europe</i>								
<i>Northwest Europe</i>								
<u>NYMEX Brent 25-Day (Platts) Futures</u>	<u>1186</u>	<u>NBZ</u>		<u>20,000</u>	<u>20,000</u>	<u>2,000</u>	<u>25</u>	<u>NBZ</u>
<u>Brent 25-Day (Platts) Calendar Swap Futures</u>	<u>1175</u>	<u>BDC</u>	*	<u>20,000</u>	<u>20,000</u>	<u>2,000</u>	<u>25</u>	<u>NBZ</u>
<u>Brent 25-Day (Platts) Option</u>	<u>1176</u>	<u>BDO</u>		<u>20,000</u>	<u>20,000</u>	<u>2,000</u>	<u>25</u>	<u>NBZ</u>
<u>Brent 25-Day (Platts) European Option</u>	<u>1177</u>	<u>BDE</u>		<u>20,000</u>	<u>20,000</u>	<u>2,000</u>	<u>25</u>	<u>NBZ</u>
<u>Brent 25-Day (Platts) Average Price Option</u>	<u>1178</u>	<u>BDA</u>	*	<u>20,000</u>	<u>20,000</u>	<u>2,000</u>	<u>25</u>	<u>NBZ</u>

# Appendix C

## RULE 588.G.

(Bold/Underlining Indicates Additions)

Crude Oil (NYMEX)			
Light Sweet Crude Oil Futures	100	\$1.00 per barrel	100
Crude Oil Volatility Index (VIX) Futures	20	.20 index points	20
E-mini Crude Oil Futures	1000	\$1.00 per barrel	40
Brent Crude Oil Last Day Financial Futures	100	\$1.00 per barrel	100
<b><u>Brent 25-Day Crude Oil Futures</u></b>	<b><u>100</u></b>	<b><u>\$1.00 per barrel</u></b>	<b><u>100</u></b>
REBCO Futures	100	\$1.00 per barrel	100
REBCO Financial Futures	100	\$1.00 per barrel	100
Western Canadian Select (WCS) Crude Oil Futures	100	\$1.00 per barrel	100
Gulf Coast Sour Crude Oil Futures	100	\$1.00 per barrel	100
Argus Sour Crude Index ("ASCI") Financial Futures	100	\$1.00 per barrel	100
Brent Crude Oil Penultimate Financial Futures	100	\$1.00 per barrel	100
DME Oman Crude Oil	100	\$1.00 per barrel	100
NYMEX Crude Oil MACI	200	2.00 index points	40
NYMEX Crude Oil Backwardation/Contango Index	200	2.00 index points	40

# Appendix D

## CASH MARKET OVERVIEW

The new NYMEX Brent 25-Day (Platts) futures contract is financially settled using the Platts Brent forward assessment, which is the main industry reference price for Brent crude oil. The final settlement price on the last day of trading of the NYMEX Brent 25-Day (Platts) futures contract will be based on the Platts Brent 25-day cash market assessment at the London close, using the Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") *Market on Close (MOC)* methodology. While the pricing reference for North Sea light sweet crude is referred to as Brent, pricing no longer refers solely to the product of the Brent oilfield, due to the decline in its production level. The Platts Brent assessment represents prices from the Brent, Forties, Oseberg and Ekofisk fields (also often referred to as BFOE).

As part of its due diligence, the Exchange has analyzed the past 12 months of daily cash market activity in the Platts MOC process, which is commonly called the "window", at 16:30 London time. The standard size traded in the Brent cash market is 100,000 barrels, also called a "partial", which represents a partial-cargo size. The standard cargo size in the BFOE market is 600,000 barrels. Platts MOC methodology is open, clear and transparent, and is focused on obtaining repeatable values in its editorial assessments. Repeatability and incrementability are key features of the MOC process. In addition to actual deals done, Platts also derives its price assessments from bids and offers that are inputted into the window to help with the editorial review. The Exchange believes that the MOC process is robust, and provides for strict oversight that protects against market manipulation.

In addition, the Exchange will list three options contracts and a Brent 25-Day (Platts) calendar swap futures contract. The Brent 25-Day (Platts) Calendar Swap futures contract will cash settle against the arithmetic average of the daily settlement price of the front month NYMEX Brent 25-Day (Platts) futures contract. The three options shall be an American-style option, a European-style option and an average price option. The Brent 25-Day (Platts) option is an American-style option and, upon exercise, will result in a position in the underlying NYMEX Brent 25-Day (Platts) futures contract. The Brent 25-Day (Platts) European option can only be exercised on expiration, and will cash settle against the underlying NYMEX Brent 25-Day (Platts) futures. In addition, the Brent 25-Day (Platts) Average Price option is also a

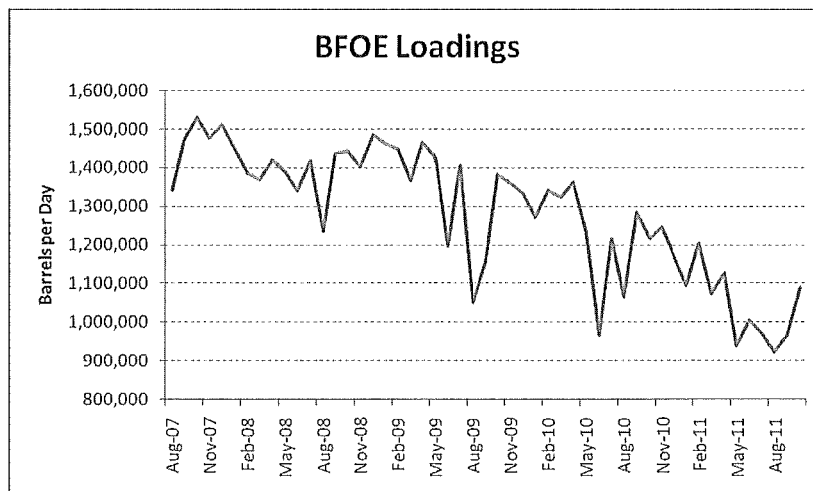
European-style option which, upon expiration, will cash settle against the underlying Brent 25-Day (Platts) Calendar Swap futures.

The Dated Brent price assessment represents the price of physical cargoes with a known loading date between 10 and 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. Both the Dated Brent assessment and each of the cash Brent assessments are published on daily basis.

## 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. 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. According to data published by Bloomberg<sup>1</sup>, daily crude oil production for these four grades has been declining over the past few years, as shown in Chart 1.

Chart 1: Monthly combined loadings of Brent, Forties, Oseberg, Ekofisk crude grades



Source: Bloomberg LP

For the twelve months ending October 2011, planned production for the four BFOE fields combined averaged 1.07 million barrels per day.

<sup>1</sup> See various news reports at [www.bloomberg.com](http://www.bloomberg.com), for example <http://www.bloomberg.com/news/2011-08-10/north-sea-ekofisk-crude-oil-loadings-at-14-cargoes-in-september.html>, although consolidated loading data requires a subscription to access.

The four BFOE fields lie in the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk and Oseberg are in the Norwegian sector. The U.S. Department of Energy's Energy Information Administration ("EIA") publishes data for crude oil production at a country level. Whilst this country level covers more than the four BFOE fields, it is indicative of the amount of oil production from the region that is traded with reference the Dated Brent price benchmark. Production data is shown in Table 2.

**Table 2: Crude Oil Production (Barrels per Day)**

	2006	2007	2008	2009	2010
<b>Norway</b>	2,786.4	2,564.8	2,463.5	2,350.2	2,133.5
<b>UK</b>	84.6	80.6	80.7	79.4	74.4
<b>UK (Offshore)</b>	1,602.1	1,601.8	1,502.9	1,422.1	1,318.7

Source: Energy Information Administration<sup>2</sup>

### Market Participants

Brent crude oil has active over-the-counter ("OTC") physical and paper markets. The liquidity in the cash and OTC swaps market is robust. The OTC market participation is deep and diverse, and includes both cash market and OTC market players. The Brent cash and OTC market participants include many commercial companies, refiners, end users, brokers and financial institutions with over 50 participants.

### Price Source

Platts is the price reporting service used for the final settlement of the new NYMEX Brent 25-Day (Platts) futures contract and related calendar swap futures and option 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. As previously stated, their MOC pricing methodology is derived from telephone surveys and electronic data collected from multiple market participants throughout the trading day, and culminates in the "window" at 16:30 in the London afternoon, where deals done and bids/offers are used to determine market value. Details of their pricing methodology for the Brent cash forward assessment can be found on Platts' website<sup>3</sup>. 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.

<sup>2</sup> See: <http://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=5&pid=53&aid=1>

<sup>3</sup> See the Platts crude oil methodology at <http://platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/crudeoilspecs.pdf>

## ANALYSIS OF DELIVERABLE SUPPLY

The Exchange is listing five futures and option contracts: NYMEX Brent 25-Day (Platts) futures; Brent 25-Day (Platts) Calendar Swap futures; and three Brent 25-Day (Platts) option contracts. The three option contracts and the calendar swap futures are based on the settlement prices of the underlying NYMEX Brent 25-Day (Platts) futures contract, and therefore, the spot month position limits will aggregate into those of the underlying NYMEX Brent 25-Day (Platts) futures contract.

The Exchange has set the spot month position limit for the Brent 25-Day (Platts) futures contract at 2,000 contracts, which is equivalent to two million barrels of crude oil. The Exchange considers deliverable supply in respect of the Brent crude oil market to be a function of production. As stated above, Bloomberg data in Chart 1 indicates that BFOE production for the past twelve months was 1.07 million barrels per day. We believe this is a conservative figure, as it does not relate to all North Sea production, which is shown in Table 2 above. For a 30-day month, the deliverable supply is therefore on average 32.0 million barrels (equivalent to 32,000 contracts). Therefore, the spot month position limit of 2,000 lots represents 6.3% of the monthly deliverable supply.

Further, the three option contracts and the Brent 25-Day (Platts) Calendar Swap futures will also have a spot month position limit of 2,000, and these contracts will be aggregated into the position limit of the underlying NYMEX Brent 25-Day (Platts) futures contract.