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CME Group

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

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 Listing of Western Canadian Select (WCS) Crude Oil Futures Contract for Trading on CME Globex and Clearing through CME ClearPort
NYMEX Submission #11-475

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 Western Canadian Select (WCS) Crude Oil futures contract for trading on CME Globex and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, December 11, 2011, for trade date Monday, December 12, 2011. The futures contract will be physically delivered at the Husky Pipeline in Hardisty, Alberta.

The futures contract specifications are as follows:

Title: Western Canadian Select (WCS) Crude Oil Futures

Commodity Code: WCE

Rule Chapter: 1108

Listing Convention: 24 consecutive months

First Listed Month: February 2012

Contract Unit: 1,000 barrels

Minimum Price Fluctuation: $0.01 per barrel

Termination of Trading: Trading shall cease one (1) Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The NOS date occurs on or about the 20th calendar day of the month, subject to confirmation by Enbridge Pipeline. The official schedule for the NOS dates will be made publicly available by Enbridge Pipeline prior to the start of each year.

Exchange Hours:

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

Trading and Clearing Fees:

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	$0.45	$0.70	$0.95	$1.45	
Globex	$0.45	$0.70	$0.95	$1.45	$0.75
ClearPort		$0.70		$1.45	

Processing Fees			
	Member	Non-Member	
Cash Settlement	NA	NA	*only applies to financially settled contracts*
Futures from E/A	NA	NA	*applies to futures contracts*
	House Acct	Cust Acct	
Options E/A Notice	NA	NA	*applies to physical options*
Delivery Notice	$0.50	$1.00	*applies to physical futures*

Additional Fees and Surcharges		
EFS Surcharge	NA	*$2.50 fee typically only charged on our core physical contracts*
Block Surcharge	NA	*$0.10 fee charged on block trades*
Facilitation Desk Fee	$0.20	*fee applies to CPC trades entered by ClearPort Market Ops*

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.

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new futures contract 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 contract. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contract. In addition, the exchange is self-certifying the insertion of terms and conditions for the NYMEX Western Canadian Select Crude Oil 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 product may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in this contract 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 product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- Contracts not Readily Subject to Manipulation: The new contract is not readily subject to manipulation due to the deep liquidity and robustness of the underlying cash market, which provides diverse participation and sufficient transactions to support the final settlement.

- Compliance with Rules: Trading in this contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices.

Additionally, trading in this contract 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 product 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 limit for the new product is set at a conservative level that is approximately 11.4% of the monthly deliverable supply in the cash market.

- Availability of General Information: The Exchange will publish information on the contract's 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 contract is listed for trading on CME Globex and for submission for clearing through CME ClearPort. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. 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 this product.

- 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 this contract 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 this product are identified.

- Dispute Resolution: Disputes with respect to trading in this contract 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.

20 South Wacker Drive, Chicago, Illinois 60606 T 312 930 8167 F 312 930 3323 sean.downey@cmegroup.com cmegroup.com

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Regulation 40.2, the Exchange hereby certifies that the attached contract complies 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.

Sincerely,

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

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

Appendix A
RULE CHAPTER

Chapter 1108
Western Canadian Select (WCS) Crude Oil Futures

1108100. SCOPE OF CHAPTER

This chapter is limited in application to Western Canadian Select (WCS) Crude Oil futures bought or sold for future delivery in Hardisty, Alberta, Canada. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7B shall be governed by the general rules of the Exchange.

The terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.

The provisions of these rules shall apply to all Western Canadian Select (WCS) crude oil. For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

1108101. CONTRACT SPECIFICATIONS

A blend of heavy crude oil streams from Alberta, Canada meeting the grade and quality specifications for Western Canadian Select (WCS) for and within the pipeline facilities of Husky Energy Inc. (including any successor in such capacity, "Husky") at Hardisty, Alberta ("Hardisty") shall be deliverable in satisfaction of contract delivery obligations under these Rules. The quality characteristics for WCS exhibit a five-year average for Density of 929.6 kilograms per cubic meter, 20.6 Degrees API for Gravity, and 3.46 weight percent for Sulfur content. The quality characteristics for WCS can be viewed at http://www.crudemonitor.ca./crude.php?acr=WCS.

1108102. TRADING SPECIFICATIONS

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

1108102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

1108102.B. Trading Unit

The unit of trading shall be 1,000 U.S. barrels (42,000 U.S. gallons). All volumes shall be determined at 15 degrees C (60 degrees Fahrenheit) in accordance with Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky (as defined below) at Hardisty, and using a conversion factor for U.S. barrels to cubic meters of 6.29287 U.S. barrels per cubic meter.

1108102.C. Price Increments

The minimum price fluctuation shall be $0.01 (1 cent) per barrel. Prices shall be quoted in dollars and cents per barrel.

1108102.D. Position Limits

In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560, Position Accountability:

1. the all-months accountability level shall be 10,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 10,000 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.

1108102.E. Termination of Trading

No trades in Western Canadian Select (WCS) Crude Oil futures deliverable in the current month shall be made after one (1) Canadian business day prior to the Notice of Shipments (NOS) date established and made publicly available by Enbridge Pipelines Inc. (including any successor in such capacity, "Enbridge") prior to the start of each calendar year under the Crude Petroleum Rules and Regulations (as amended, replaced or restated) for Enbridge's Mainline System for the month preceding the delivery month. The NOS date occurs on or about the 20^{th} calendar day of the month prior to the delivery month, subject to confirmation by Enbridge. Enbridge's monthly nomination schedule establishing the NOS date for each month of each calendar year will be posted on the CME website as part of the termination of trading schedule. Enbridge's monthly nomination schedule and the termination of trading schedule will be subject to amendment as permitted by Enbridge's Crude Petroleum Rules and Regulations.

Any contracts remaining open after termination of trading must be either:

1. Liquidated by means of a bona fide Exchange of Futures for Related Position in accordance with Exchange Rule 538, no later than 2:30 p.m. on the last trading day; or
2. Matched for delivery no later than 5:00 p.m. on the last trading day pursuant to Rule 1108105.

1108103. INSPECTION

Any inspection of product shall be conducted only in accordance with, and as permitted by, Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky at Hardisty. All certificates and other documents issued by Husky evidencing the quantity, quality, grade, type and specifications of product delivered and transferred to buyer as recorded by Husky in accordance with such standard operating procedures of Husky shall be determinative and conclusive for all purposes under these Rules and for the purposes of any contract under these Rules.

1108104. DELIVERY

For purposes of this Rule 1108104, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product with reference to "product" in these Rules meaning crude oil of the grade and quality specifications referred to in Rule 1108101.

All deliveries shall be made by in-line transfer of title to product to the buyer within the pipeline facilities of Husky at Hardisty without physical movement of product, free of all duties, liens, encumbrances, unpaid taxes, adverse claims, fees and other charges. All deliveries shall be made in accordance with all applicable laws and regulations, and in accordance with Husky's standard operating procedures for in-line transfer of title to product within the facilities of Husky at Hardisty. The seller retains title to, and bears the risk of, loss for the product until, and the buyer assumes title to, and bears risk of, loss for the product as and after, the time of transfer of title, which shall be deemed to occur when the in-line transfer of title to the buyer is recorded by Husky in accordance with Husky's standard operating procedures.

1108105. DELIVERY PROCEDURES

1108105.A. Responsibilities of Clearing Members Having Open Long Positions (Buyers)

1. Notice of Intention to Accept

   Exchange Clearing Members having open long positions shall provide the Clearing House with a Notice of Intention to Accept delivery by 4:30 p.m. on the final day of trading. The Notice of Intention to Accept must be in the form prescribed by the Exchange, and must be properly completed and, must indicate the name(s) of the buyer's customer(s), the number of contracts to be accepted, and any additional information as may be required by the Exchange.

2. Delivery Instructions

   By 5:00 p.m. on the final day of trading, the buyer shall provide the seller and the Exchange with properly completed Delivery Instructions in the form prescribed by the Exchange. Such Delivery Instructions must include the following information:

   a. Name of seller;
   b. Tender Number
   c. Number of contracts;
   d. Method of delivery (which must conform to Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky at Hardisty in effect with respect to the manner of delivery and the quantity to be delivered); and
   e. Any additional information as may be required by the Exchange.

1108105.B. Responsibilities of Clearing Members Having Open Short Positions (Sellers)

1. Notice of Intention to Deliver

   Exchange Clearing Members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver by 4:30 p.m. on the final day of trading. The Notice of

Intention to Deliver must be in the form prescribed by the Exchange, and must be properly completed and, must indicate the names of the seller's customers, the number of contracts to be delivered, and any additional information as may be required by the Exchange.

2. Scheduling Notice

   As soon as possible following determination of scheduling, but no later than the last business day of the month preceding the delivery month, the seller shall give the buyer and the Exchange a Scheduling Notice in the form prescribed by the Exchange which must state the delivery time.

1108105.C. Amendment of Delivery Instructions

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

1. method of delivery (provided the method of delivery must continue to conform to Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky at Hardisty); or
2. timing of delivery.

1108105.D. Final Settlement Price

The final settlement price shall be the basis for delivery. The final settlement price shall be expressed as a differential versus the Calendar Month Average of the NYMEX Light Sweet Crude Oil futures first nearby settlement price.

1108105.E. Notice Day

The Clearing House shall allocate Delivery Notices and Notices of Intention to Accept by matching size of positions. The Clearing House shall provide copies of the notices to the respective Clearing Members on the final day of trading. The day on which the notices are provided to the Clearing Members shall be referred to as the Notice Day.

1108105.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.

1108106. TIMING OF DELIVERY

For purposes of this Rule 1108106, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product with reference to "product" in these Rules meaning crude oil of the grade and quality specifications referred to in Rule 1108101.

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 as determined by Husky in accordance with Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky at Hardisty.

Transfer of Title — The seller shall give the buyer any quantitative certificates and appropriate documents evidencing the transfer of title to the buyer as recorded by Husky in accordance with Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky at Hardisty upon receipt of payment. The seller shall provide preliminary confirmation of title transfer at the time of delivery by facsimile or in electronic format if and as provided from Husky, or other appropriate form of documentation confirming the transfer of title to product.

1108107. DELIVERY MARGINS AND PAYMENT

1108107.A. Definitions

For purposes of this Rule 1108107,

"Payment date" shall mean the twenty-fifth day of the month following the delivery month, or if such date is a Saturday or an Exchange or Canadian bank holiday other than Monday, payment shall be made on the preceding day which is not an Exchange or Canadian bank holiday. If such day is a Sunday or an Exchange or Canadian bank holiday which occurs on a Monday, payment shall be made on the next day which is not an Exchange or Canadian bank holiday.

"Long" shall mean the customer of a long clearing member or the long clearing member if such clearing member is acting for their own account;

"Short" shall mean the customer of a short clearing member or the short clearing member if such member is acting for their own account.

1108107.B. Margin

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

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.

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 shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

1108107.C. Payment

No later than the business day following the payment date, the short Clearing Member's customer shall advise their 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 no later than the business day following the payment date. Upon receipt of such notice, the delivery shall be complete.

Any payment made on the payment date shall be based on volume actually delivered as determined by Husky in accordance with Husky's standard operating procedures for in-line transfers of title to product within the facilities of Husky at Hardisty. All quantitative certificates and other documents issued by Husky evidencing the transfer of title to the buyer as recorded by Husky in accordance with Husky's standard operating procedures shall be determinative and conclusive for these purposes. If quantitative results are unavailable prior to the time established in these Rules for payment of product, a pro-forma payment based on 1,000 U.S. barrels per contract shall be made. Payment adjustments based on the actual quantity transferred shall be completed by 12:00 p.m. on the fifth business day after initial payment.

In the event that the short Clearing Member receives notification that payment has not been received, they 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 their customer, if any. If the long Clearing Member has advised the Exchange in writing that the short failed to deliver, the matter shall be deemed a failure to deliver pursuant to Exchange Rule 7B.14.

The short shall be responsible for all royalties, charges, fees, duties, taxes and excises (each and collectively, "Governmental Charges") levied, assessed or imposed by any governmental authority before title to product transfers to the long, and the long shall be responsible for all Governmental charges levied, assessed or imposed by any governmental authority as or after title to product transfers to the long pursuant to any contract under these Rules. Subject to the foregoing, any Government Charge that is levied, assessed or imposed by any governmental authority on the transaction pursuant to any contract under these Rules or that is levied, assessed or imposed on, or measured by, the settlement price of or the proceeds of sale from an contract under these Rules (other than any income tax) is not included in the settlement price payable by the long, and the long shall be responsible for all such applicable Governmental Charges, furnish the short with satisfactory certificates evidencing any exemption claimed by the long from any such applicable Governmental Charges, and reimburse the short for any such applicable Governmental Charges paid by the short.

1108108. 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 any document or instrument delivered pursuant to these Rules.

1108109. ALTERNATIVE DELIVERY PROCEDURE

A seller or buyer may agree with the buyer or seller with which it has been matched by the Exchange under Rule 1108105.E. to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter. 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 rules of this Chapter and any other rules regarding physical deliveries. In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense they 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.

1108110. FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM

1108110.A. Definitions

As used in this Rule 1108110, the following terms, as well as variations thereof, shall have the meanings described below.

"Force Majeure" shall mean any circumstance (including but not limited to war, riots, insurrections, explosions, sabotage, strikes, and other labor or industrial disturbances; fire, storm, flood, earthquakes, landslides, and other acts of God; acts of any government or other authority or statutory body or tribunal having jurisdiction; disruption or breakdown of production or transportation facilities, including delays of a pipeline carrier in receiving and delivering Crude Oil rendered; other events recognized as events of "Force Majeure" by Pipelines or Terminals; pipeline or terminal service reductions of general application to shippers announced following the commencement of the applicable delivery month; and any other cause reasonably beyond the control of such Party, whether similar or dissimilar to those stated above) which is beyond the reasonable control of the 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. Force Majeure shall not include a reduction of pipeline or terminal service applicable to a delivery month that has not yet begun (such as apportionment).

"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 1108107.

"Failure to Perform" or "Failed 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 Rule 1108104.

"Contract Value" shall mean the amount equal to the settlement price on the last day of trading in a contract times 1,000 times the number of contracts to be delivered.

"Party" shall mean a buyer or seller.

"Other Party" shall mean the corresponding buyer when the seller has Failed to Perform and the corresponding seller when the buyer has Failed to Perform.

1108110.B. Force Majeure

Force Majeure shall be determined by the Exchange in accordance with Exchange Rules.

Notwithstanding Exchange Rule 402.C. upon a finding of Force Majeure, the Exchange may take any one or combination of the following actions as it deems suitable:

1. grant an extension of time for delivery up to three months from the scheduled time;
2. allocate deliveries;
3. modify the method or timing of payment, but not the price; or
4. consider emergency action pursuant to Exchange Rules.

1108110.C. Late Performance

The Parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a Party is late in performance.

Late Performance shall be determined by the Exchange in accordance with Exchange Rules.

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 Exchange arbitration and/or disciplinary procedures.

1108110.D. Failure to Perform

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.

Failure to Perform shall be determined by the Exchange in accordance with Exchange Rules.

A Party which has Failed to Perform its obligations may no longer perform such obligations.

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 Exchange arbitration and/or disciplinary procedures.

Appendix B
CHAPTER 5 TABLE

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

Contract Name	**Rule Chapter**	**Code**	**All Month Accountability Level**	**Any One-Month Accountability Level**	**Expiration Month Limit**	**Reporting Level**	**Aggregate Into**
			Rule 560	**Rule 560**	**Rule 559**	**Rule 561**	
Western Canadian Select (WCS) Crude Oil Futures	**1108**	**WCE**	**10,000**	**10,000**	**1,000**	**25**	**WCE**

Appendix D

RULE 588.G.

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
Brent 25-Day Crude Oil Futures	100	$1.00 per barrel	100
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 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 a physically delivered Western Canadian Select (WCS) Crude Oil futures contract, commodity code WCE, for trading on CME Globex, and submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, December 11, 2011, for trade date Monday, December 12, 2011. The contract will be listed for 24 consecutive months.

The Western Canadian Select (WCS) Crude Oil futures contract is a heavy crude oil blend-futures contract physically delivered at Hardisty, Alberta ("Hardisty"). The futures contract specifies for a blend of heavy crude oil streams from Alberta, Canada meeting the grade and quality specifications for Western Canadian Select (WCS) for and within the pipeline facilities of Husky Energy Inc. (including any successor in such capacity, "Husky") at Hardisty, Alberta ("Hardisty"). The final settlement methodology of the new futures contract is based on the weighted average price of transactions during the last 30 minutes of trading on the termination day on CME Globex.

Description

Western Canadian Select (WCS) is a heavy crude oil blend traded at the Hardisty Terminal in Alberta. The WCS blend is made up of tar-like bitumen from Western Canadian oil sands and conventional crude oil. The quality specifications that satisfy a WCS blend as of 2009 are: 930.1 kilograms per cubic meter Density, 20.5 API Gravity, and 3.51 percent Sulfur, according to Net Energy, the predominant Canadian cash market price publishing company[1]. There are over 50 participants in the WCS cash market trading on Net Energy's Internet-based trading, and no one participant does more than 10% of physical trades in the nearby delivery month, according to the company.

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1 http://www.cenovus.com/operations/doing-business-with-us/marketing/western-canadian-select-fact-sheet.html

The Exchange believes that oil sands production represents a healthy pool of heavy crude oil available for blending into WCS and because of its fungibility, transportation reliability and transparency, WCS is well-positioned to become a North American heavy crude oil benchmark.

There are approximately 25 individual heavy oil streams marketed out of Western Canada[2], some of which can be blended into WCS specifications and delivered at Hardistry. The following list of heavy crude oil streams are sufficiently-close to WCS in quality and, according to industry sources, they have been used in WCS blends as the economics permitted:

- **WCS**: Western Canadian Select
- **CLK**: Cold Lake
- **LLB**: Lloydminster Hardisty
- **LLK**: Lloydminster Kerrobert
- **AHS**: Albian Heavy Synthetic
- **WH**: Wabasca Heavy
- **Fosterton**

The Husky Energy-operated trading terminal Hardisty, and the delivery basis of proposed futures contract in this submission, is the main crude oil hub in Western Canada. Hardisty has actively trading cash and forward markets, and accounts for approximately 25% of total crude oil exports out of the region[3]. Based on conversations with industry participants, the average trading volume of WCS-type crude oil is approximately 400,000 to 500,000 barrels per day, and 40-50 transactions occurring daily. Further, the typical transaction size in the cash market is approximately 10,000 barrels.

Producers of WCS-type heavy crude oil in the region include: Cenovus, Petro-Canada, Canadian Natural Resources, Suncor, Shell Canada, Exxon (Imperial), and Talisman Energy, while the primary consuming market is represented by the refiners in U.S. Midwest and the Rocky Mountains[4].

2 http://www.cenovus.com/operations/doing-business-with-us/marketing/western-canadian-select-fact-sheet.html
3 http://www.huskyenergy.com/operations/midstream/hardistyterminal.asp
4 Western Canadian Select description, Energy Intelligence Research (2008) The International Crude Oil Handbook 2008

Production

Crude oil reserves in Canada are estimated at 175 billion barrels, the second largest in the world, according to The Oil and Gas Journal. Canadian crude oil is chiefly sourced from Western Provinces, Northwest Territories and Atlantic Canada. The country is also the largest exporter of crude oil to the United States, with exports averaging at 1.9 million barrels per day from 2007 – 2009, according to the U.S. Energy Information Administration (EIA).

There are two major kinds of oil production methods in Canada: conventional and unconventional, or oil sands. As conventional crude oil fields have matured and output declined, crude production from oil sands has surpassed that of conventional sources to meet demand. Oil sands production represented more than 50% of total Canadian crude oil production in 2009, according to the EIA.

Oil sands production employs two main technologies to recover oil; mining and in-situ, or "in-place". Mining is an open pit operation that is effective in extracting oil sand deposits near the surface. After extraction, deposits are loaded into trucks and transported to a cleaning facility where bitumen is separated from the mixture with hot water. The bulk (75%) of Canada's estimated oil sands deposits are too deep below the surface to employ open pit mining, according to the EIA[5].

The second method, in-situ, can reach the deeper sand deposits, which involves the use of steam to heat and separate bitumen from the surrounding sands, causing it to pool closer to the surface. The bitumen is then pumped from these pools using horizontal drain wells. Oil sands producers must add lighter hydrocarbons, such as natural gasoline or condensate, to the bitumen, once extracted, to allow it to flow through pipelines. According to the Canadian Association of Petroleum Producers (CAPP), roughly 20% of Canadian oil is recovered by mining while the remaining 80% is recovered through in-situ production[6].

Oil sand deposits in Alberta are concentrated in three regions: Athasbasca, Cold Lake, and Peace River. There are several active oil sands projects in Alberta where WCS-type crude oil is produced. These oil sands projects are connected and gathered via pipelines at Hardisty.

[5] http://www.eia.gov/countries/cab.cfm?fips=CA

[6] http://www.capp.ca/rce/reports/oilsands/Pages/default.aspx#CHvyfTN5LSXF

Consumption

The U.S. market is the biggest consumer of Canadian crude oil. The main refinery demand area for WCS-type heavy crude oil is Midwestern U.S. or the Petroleum Administration for Defense District (PADD) II. Approximately 2.6 million barrels of crude oil flow per day through Canada's pipeline system.

The two major pipeline systems from Canada to the U.S. are Enbridge and Kinder Morgan pipelines. The Enbridge system is the largest crude oil pipeline in the world and is the main transporter of crude oil from Western Canada to PADD II. Enbridge is also connected to U.S. pipelines that deliver oil to Cushing, Oklahoma and the U.S. Gulf Coast. In 2008, 1.6 million barrels per day of crude oil, products, and Natural Gas Liquids flowed through the Enbridge system[7].

Kinder Morgan operates the Express Pipeline, which originates in Hardisty and carries crude oil to Colorado, Montana, Utah, and Wyoming, and eventually connects with the Platte pipeline in Casper, Wyoming that supplies markets in Wood River, Illinois.[8]

With greater Canadian oil sands production, companies have proposed new pipeline projects to better link Alberta with the U.S. Gulf Coast, including plans for:

- The Keystone system to link Hardisty with Patoka, Illinois and Cushing, Oklahoma. The system will have an initial capacity of 435,000 bbl/d, later expanded to 590,000 bbl/d. The project also includes plans to later expand the system to 1.1 million bbl/d and extend it to Port Arthur, Texas. The Keystone project is a joint venture of TransCanada and ConocoPhillips[9].
- The 450,000-bbl/d Texas Access Pipeline to link Patoka, Illinois with Nederland, Texas. The project, a joint venture between Enbridge and ExxonMobil, could be online as early as 2012.
- Enbridge and BP intending to build a new system to connect the Chicago area with Houston, using a combination of new, existing, and reversed pipelines. The system has a target capacity of 250,000 bbl/d and start-up in 2012.

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[7] http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/trnsprttn/trnsprttnssssmnt2009/trnsprttnssssmnt2009-eng.pdf
[8] http://www.eia.gov/countries/cab.cfm?fips=CA
[9] http://www.eia.gov/countries/cab.cfm?fips=CA

Data

Table 1 below indicates that Canadian crude oil production averaged at 3.35 million barrels per day during the 2007 – 2009 period. Meanwhile Canadian domestic consumption of crude oil averaged at approximately 2.1 million barrels per day in the same period.

Table 1. Selected EIA Statistics for Crude Oil: Canada and US[10]

(Thousand Barrels per Day)

Item and Region	2007	2008	2009	2010	Average
Annual Production, Crude Oil, Canada	3,433	3,349	3,294	3,457	3,359
Annual Consumption, Crude Oil, Canada	2,307	1,852	2,151	NA	2,103
U.S. Annual Imports of Crude Oil from Canada	1,888	1,956	1,943	1,970	1,929

The Canadian Association of Petroleum Producers (CAPP) provides data on crude oil production. Accordingly, total oil sands production averaged approximately 1.3 million barrels per day or approximately 48% of the total Canadian oil production for the 2007– 2010 period. In addition, in 2010, more than 2.5 million barrels per day of crude oil were produced in Western Canada alone.

Table 2. Canadian Crude Oil Production[11]

(Thousand Barrels per Day)

	2007	2008	2009	2010	Average
Total Oil Sands Production	1,190	1,201	1,341	1,470	1,300
Total Production, Western Canada	2,373	2,366	2,454	2,552	2,421
Total Production, Atlantic Canada	369	342	268	276	314
Total Canadian Oil production	2,742	2,709	2,722	2,828	2,735

[10] http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=53&aid=1&cid=CA,&syid=2006&eyid=2010&unit=TBPD
http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=54&aid=2&cid=CA,&syid=2006&eyid=2010&unit=TBPD.http://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_epc0_im0_mbblpd_a.htm

[11] http://www.capp.ca/library/publicationsdoe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=53&aid=1&cid=CA,&syid=2006&eyid=2010&unit=TBPD
http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=54&aid=2&cid=CA,&syid=2006&eyid=2010&unit=TBPD.http://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_epc0_im0_mbblpd_a.htm

[11] http://www.capp.ca/library/publications/crudeOilAndOilSands/pages/pubInfo.aspx?DocId=191090#tOJSyV4S5bkv

Share, oil sands vs. Total Canadian production	44%	45%	50%	52%	48%

While the Exchange used oil sands production figures in developing the deliverable supply estimate, the Exchange believes the COLC data provide relevant information supplemental to oil sands production figures in developing its deliverable supply estimate.

Table 3 below provides monthly Canadian crude oil production statistics provided by the EIA for the period beginning January 2007 through Dec 2010.

Table 3. EIA Statistics for Total Canadian Crude Oil Production: Monthly[12]

(Thousands of Barrels per Day)

	2007	**2008**	**2009**	**2010**
January	3,405	3,350	3,403	3,166
February	3,467	3,357	3,484	3,430
March	3,547	3,444	3,358	3,349
April	3,455	3,299	3,111	3,440
May	3,427	3,179	3,063	3,503
June	3,297	3,201	3,220	3,536
July	3,411	3,424	3,419	3,527
August	3,647	3,435	3,329	3,549
September	3,459	3,305	3,272	3,382
October	3,466	3,348	3,340	3,434
November	3,475	3,456	3,477	3,747
December	3,325	3,394	3,319	3,736
Total	**41,381**	**40,191**	**39,793**	**41,800**

According to Canadian Oil Logistics Committee Calgary ("COLC"), WCS production averaged approximately at 280,000 barrels per day in 2009. As mentioned previously, WCS is a heavy blend of crude oil that can be delivered from a basket of similar-grades. The Exchange believes the COLC data provides additional relevant information in developing a deliverable supply estimate.

The COLC website provides detailed information about the pipeline flows in Canada as well as relevant capacity information. For recent time periods, the COLC data show that WCS flows are rising steadily,

12http://tonto.eia.doe.gov/cfapps/ipdbproject/iedindex3.cfm?tid=50&pid=53&aid=1&cid=CA,&syid=2006&eyid=2010&freq=M&unit=TBPD

and are currently over 300,000 barrels per day. In addition, the recent COLC capacity estimates show that the WCS pipeline capacity is in the range of 330,000 barrels per day during March 2011. Furthermore, NYMEX recently spoke with a number of industry sources who confirmed that WCS production has been in the range of 300,000 to 330,000 barrels per day.

WCS production is limited only by the Hardistry terminal facility blending capacity and not the current WCS production figures, as the WCS production fluctuates depending on market conditions. The COLC data show the Husky terminal has WCS capacity of up to 350,000 barrels per day and that monthly volumes have recently ranged from 300,000 to 330,000 barrels per day. In addition, industry sources state that the WCS blending capacity has risen in 2011, and will continue to rise in the coming years. Several industry sources have additionally provided estimates for WCS production "capacity."[13]

As WCS is blended from different crude oil streams and crude-related components, its production can fluctuate depending on market conditions. Industry sources provided estimates ranging from 350,000 to 750,000 barrels per day potential capacity upon capital improvements at the Hardistry terminal allowing for blending of additional volumes of WCS. Currently, approximately 600,000 barrels per day are produced from the main streams that are used to blend WCS (LLK, Cold Lake, LLB, and Bow River).[14] Of those 600,000 barrels per day, 300,000 to 330,000 barrels were used to blend WCS while the remainder of the 600,000 barrels was not used to blend but has rather been sold as that specific grade. Approximately 70% of the WCS stream is typically LLK, Cold Lake, LLB, and Bow River production while the remaining 30% is some combination of light conventional crude, either derived from oil sands production or synthetic crude, depending on seasonality and price.

Consequently, based on COLC data on WCS blending capacity, as well as other industry sources, we believe it is reasonable to include the blending capacity at the Husky terminal as a key factor in the deliverable supply estimates. Therefore, we believe the COLC production figure of 330,000 barrels per day for WCS production is a reasonable estimate of deliverable supply.

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[13] Capacity here does not refer to what could be extracted from the ground; rather, it refers to how to combine what is being extracted from the ground and blended into different streams.

[14] These four streams are LLK (65,000 bpd), Cold Lake (194,000 bpd), LLB (174,000 bpd), and Bow River (163,000 bpd). http://www.colcomm.com/statistics/MonthlyCapabilityNumbers/2011CapabilityReports/index.phtml (accessed on 08/05/2011)

Stocks

Table 4 below provides monthly total petroleum stocks of Canada in million barrels for the period beginning January 2007 through December 2010. The minimum level for inventories was 165 million barrels whereas the maximum level reached 195 million barrels. According to the most recent available data from EIA, inventories averaged at 185 million barrels in 2010.

Table 4. Total Petroleum Stocks of Canada[15]

	Total Petroleum Stocks, End of Period (Millions Barrels)
Jan-2007	171
Feb-2007	165
Mar-2007	167
Apr-2007	167
May-2007	170
Jun-2007	169
Jul-2007	173
Aug-2007	178
Sep-2007	178
Oct-2007	176
Nov-2007	176
Dec-2007	175
Jan-2008	178
Feb-2008	175
Mar-2008	174
Apr-2008	176
May-2008	174
Jun-2008	174
Jul-2008	181
Aug-2008	179
Sep-2008	179
Oct-2008	183
Nov-2008	180
Dec-2008	174
Jan-2009	177
Feb-2009	177
Mar-2009	175

15 http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=50&pid=5&aid=5&cid=&syid=2007&eyid=2011&freq=M&unit=MBBL

	Total Petroleum Stocks, End of Period (Millions Barrels)
Apr-2009	178
May-2009	178
Jun-2009	177
Jul-2009	181
Aug-2009	182
Sep-2009	177
Oct-2009	179
Nov-2009	177
Dec-2009	169
Jan-2010	172
Feb-2010	174
Mar-2010	180
Apr-2010	181
May-2010	177
Jun-2010	178
Jul-2010	187
Aug-2010	193
Sep-2010	194
Oct-2010	194
Nov-2010	195
Dec-2010	195

Prices

Canadian crude oil is typically traded at a differential to the NYMEX Light Sweet Crude Oil futures contract and is priced in U.S. dollars and cents per barrel. Price differentials of heavy crude oil are determined by various factors including pipeline capacity, supply and demand fundamentals, seasonality and quality.

Figure 1 below reflects the historical settlement prices of NYMEX Canadian Heavy Crude Oil (Net Energy) Index futures, a financial futures contract based on the Net Energy Index. The contract represents a differential to the NYMEX Light Sweet Crude Oil futures contact in U.S. dollars per barrel. On average, the average spread for Western Canadian Select crude oil was -16.82 dollars per barrel in the past 12 months.

Figure 1. NYMEX Canadian Heavy Crude Oil (Net Energy) Index Futures Front Month Settlement Prices

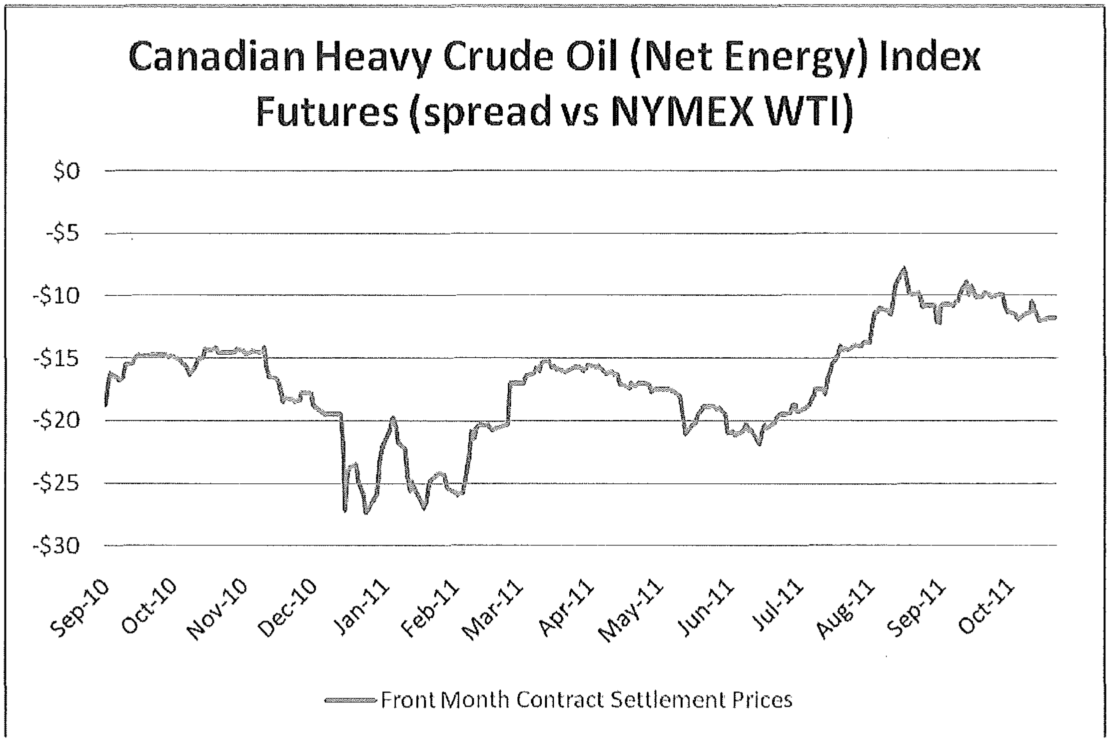

Table 5 below provides the historical settlement prices of NYMEX Canadian Heavy Crude Oil (Net Energy) Index futures for September 2010 through November 2011.

Table 5. Monthly Settlement Prices –Canadian Heavy Crude Oil (Net Energy) Index Futures (dollars per barrel)

Month	Monthly Average Price
9/1/2010	-$16.91
10/1/2010	-$15.08
11/1/2010	-$14.58
12/1/2010	-$17.99
1/1/2011	-$23.26
2/1/2011	-$25.22
3/1/2011	-$18.81
4/1/2011	-$15.80
5/1/2011	-$17.18
6/1/2011	-$19.99
7/1/2011	-$19.48
8/1/2011	-$13.87
9/1/2011	-$10.35
10/1/2011	-$10.42
11/1/2011	-$11.83

The average daily physical WCS trading volume underlying the Net Energy index since January 2010 was 225,000 barrels per day, with an average transaction size of 35,000 barrels. The Exchange believes that this level of spot trading activity is conducive to a highly liquid, diverse and robust market and will prevent price manipulation.

ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange has focused on WCS blending production from the COLC data as the most conservative measure that was accurately representative of deliverable WCS crude oil supply at the Hardisty terminal. At this time, the Exchange is not including stocks data in its analysis of deliverable supply as stocks data tend to fluctuate heavily.

Further, the Exchange preferred to avoid adjusting deliverable crude oil supply estimates for spot market availability. Specifically, a typical cash market term agreement allows the possibility of re-trading the contracted quantity back in the spot market, so deliverable supply is not bound by a restrictive contractual agreement. Industry sources have explained that producers sell their output in accordance with term-agreements or spot sales, which are referred in the industry as "first sales." The Exchange estimates that 90% of WCS is sold on a "first sales" basis, which, according to industry sources and standard oil industry practice, does not remove the quantities sold from retrading in the spot market and this was recently validated by conversations with market participants. Industry sources have provided the following information to NYMEX: approximately 50% of the first-sales buyers are marketers and 50% are refiners. The marketers typically re-sell all of their purchases in the spot market; therefore, 45% of <u>total</u> WCS production that is sold to marketers is re-sold in the spot-market. Also, industry sources estimate that approximately 75% of the first-sale purchases by refiners are re-sold in the spot-market. Thus, another 33.75% of the <u>total</u> WCS production is re-sold in the spot-market by the refiners.

Additionally, 10% of the WCS production is typically sold in the spot-market. The Exchange's estimate, based upon market participants' behavior, is that 88.75% of the production is either first-sold or re-sold in the spot-market. Market participants are consistent in their statements that first sales do not permanently remove these volumes from being re-sold in the spot market. Consequently, the Exchange submits that 88.75% of the WCS production is traded in the physical spot market.

Finally, the COLC data show WCS blending production of 330,000 barrels per day, which is equivalent to 9.9 million barrels per month (9,900 contract equivalents). Further, we make an adjustment to incorporate our spot trading estimate (whereby 88.75% of production is typically traded in the spot market) with the end result that the monthly deliverable supply is approximately 8,785 contract equivalents. The spot month position limit of 1,000 contracts represents 11.4% of the total monthly supply of 8,785 contract equivalents.