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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 Mini Singapore Gasoil (Platts) Swap Futures Contract for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort
NYMEX Submission #11-452

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 a financially settled Mini Singapore Gasoil (Platts) Swap futures contract for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning on Sunday, December 11, 2011, for trade date Monday, December 12, 2011.

The contract specifications are as follows:

- **Title:** Mini Singapore Gasoil (Platts) Swap Futures
- **Code:** MSG
- **Chapter:** 1155
- **First Listed Month:** January 2012
- **Listing Period:** 24 consecutive calendar months
- **Contract Size:** 100 barrels
- **Termination of Trading:** Trading shall cease on the last trading day of the contract month (Singapore holiday calendar)
- **Minimum Price Tick:** $0.001 per barrel
- **Value per Tick:** $0.10 per barrel
- **Final Settlement Price:** Settlement tick = $0.001

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- **Trading Hours:**

  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).
  Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. CT).

- **Fees:**

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	n/a	$0.09	$0.11	$0.13	
Globex	n/a	n/a	n/a	n/a	n/a
ClearPort		$0.09		$0.13	

Processing Fees			
	Member	Non-Member	
Cash Settlement	$0.09	$0.13	*only applies to financially settled contracts
Futures from E/A	n/a	n/a	*applies to futures contracts
	House Acct	Cust Acct	
Options E/A Notice	n/a	n/a	*applies to physical options
Delivery Notice	n/a	n/a	*applies to physical futures

Additional Fees and Surcharges		
EFS Surcharge	$0.00	*$2.50 fee typically only charged on our core physical contracts
Block Surcharge	$0.00	*$0.10 fee charged on block trades
Facilitation Desk Fee	$0.05	*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, diminishing balances and aggregation allocation for the new contracts.

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:

- <u>Prevention of Market Disruption</u>: 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 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 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 limits for the new product is set at conservative levels that are approximately 11% of the monthly deliverable supply in its underlying 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 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.

- 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.

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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 this new product 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 Downey
Associate Director and Assistant General Counsel

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

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Appendix A
RULE CHAPTER

Chapter 1155
Mini Singapore Gasoil (Platts) Swap Futures

1155100. 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.

1155101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore Physical Cargoes of Gasoil for each business day that it is determined during the contract month.

1155102. TRADING SPECIFICATIONS

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

1155102.A. Trading Schedule

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

1155102.B. Trading Unit

The contract quantity shall be one hundred (100) barrels. Each contract shall be valued as the contract quantity (100) multiplied by the settlement price.

1155102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.001 (0.1¢) per barrel.

1155102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Singapore Gasoil (Platts) Swap futures. Each position in the contract will be calculated as a 0.10 positions in the Singapore Gasoil (Platts) Swap 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 1,000 contracts (or 10,000 Mini Singapore Gasoil (Platts) Swap futures contracts) net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 5,000 contracts (or 50,000 Mini Singapore Gasoil (Platts) Swap futures contracts) net long or net short in all months combined;
2. the any-one month accountability level shall be 5,000 contracts (or 50,000 Mini Singapore Gasoil (Platts) Swap futures 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.

1155102.E. Termination of Trading

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

1155103. 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.

1155104. DISCLAIMER

NEITHER NEW YORK MERCANTILE EXCHANGE, INC. ("NYMEX") ITS AFFILIATES NOR PLATTS, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC. ("PLATTS") GUARANTEES

THE ACCURACY NOR COMPLETENESS OF THE PLATTS PRICE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX, ITS AFFILIATES OR PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PLATTS PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PLATTS PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX, ITS AFFILIATES AND PLATTS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PLATTS PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PLATTS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

"Platts," is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by New York Mercantile Exchange, Inc. Platts does not sponsor, endorse, sell or promote the contract and Platts makes no recommendations concerning the advisability of investing in the contract.

Appendix B
CHAPTER 5 TABLE

NYMEX Rulebook Chapter 5 Position Limit Table
(Bold/Underlining Indicates Additions)

Position Limit, Position Accountability and Reportable Level Table
Header Notes

1. The following Mini Petroleum contracts shall be deemed equivalent to .10 of the quantity of the corresponding base contract into which each Mini Petroleum contract aggregates:

    Mini Singapore Gasoil (Platts) Swap Futures

Contract Name	**Rule Chap -ter**	**Com-modity Code**	**Diminish-ing Balances Contracts**	**All Month Account-ability Level**	**Any One Month Account-ability Level**	**Expira-tion Month Limit**	**Report-ing Level**	**Aggre-gate Into (1)**
				Rule 560	**Rule 560**	**Rule 559**	**Rule 561**	
Petroleum								
Asia/Pacific								
Singapore								
Mini Singapore Gasoil (Platts) Swap Futures	**1155**	**MSG**	*	**5,000**	**5,000**	**1,000**	**25**	**SG**

Appendix C
CASH MARKET OVERVIEW

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is self-certifying the listing of Mini Singapore Gasoil (Platts) Swap futures for trading on the NYMEX trading floor and for clearing through CME ClearPort.

Description

Gasoil is part of the "middle distillate" fuel segment which also includes heating oil and jet fuel. Gasoil is used to produce diesel for the transportation sector. The main trading hub for the Asian gasoil market is Singapore, where extensive storage capacity and refining infrastructure exists.

Singapore is a vibrant import/export center for petroleum products and, as a result, the majority of Asian gasoil is sold in relation to the price of gasoil exported from Singapore. Singapore is also the primary location for energy trading firms in Singapore and the majority of the active participants in the physical and financial gasoil markets are located in the city-state.

The Asian gasoil market traditionally prices both physical cargoes and risk management derivatives in relation to the Singapore Gasoil price assessment, which Platts has produced since 1983. NYMEX already lists a calendar swap based on the Platts Singapore Gasoil assessment under the code "SG".

Singapore Gasoil (Platts) Swap futures (code SG) is the most actively traded Asian energy product listed for trading on the NYMEX trading floor and for clearing through CME ClearPort. There is now demand for a mini version of this contract from Asian market participants.

Demand for Mini Singapore Gasoil (Platts) Swap Futures

The current Singapore gasoil swaps contract, Singapore Gasoil (Platts) Swap Futures (code SG), establishes a minimum lot size of 1,000 barrels. There is now demand for a smaller version of this contract for customers that are looking to manage the risk of smaller deliveries of gasoil or who would like the ability to clear deals that are not divisible by the current 1,000 lot size, such as for example deals totaling 5,500 barrels.

NYMEX already lists a number of mini contracts for Asian energy products, such as mini naphtha swaps, mini propane swaps and mini fuel oil swaps for trading on the NYMEX trading floor and for clearing through CME ClearPort.

Existing Use of Derivatives in the Gasoil Market

The Asian gasoil market has made use of derivatives for risk management for some time, and usage of derivatives is widespread across the region, in part as a response to the fluctuations in price experienced in recent years.

Price movements in the Asian gasoil markets are highly correlated to crude oil prices. This has ensured that prices for Asian gasoil cargoes have been relatively volatile in recent years, encouraging a trend towards greater use of risk management tools.

NYMEX currently lists several Asian gasoil swap futures on its trading floor and through the CME ClearPort platform, virtually all of which have open interest.

Size of the Underlying Cash Market

The Singapore gasoil market is a large physical market, as Singapore is the trading hub for petroleum products. Overall consumption of gasoil is growing in Asia and this is reflected in higher Singapore production and higher traded volumes.

Based on figures provided by the U.S. Energy Information Agency ("EIA") in Table 1 below, the average output of gasoil from Singapore's refineries for the three-year period from January 2006 to December 2008 was approximately 0.3 million barrels per day, which is equivalent to 9.0 million barrels per month[1].

Table 1: Singapore gasoil output

(Thousand Barrels per Day)

	2003	2004	2005	2006	2007	2008
Singapore gasoil production	203	239	296	285	277	306

[1] Data from the EIA:
http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=1&cid=SN,&syid=2001&eyid=2010&unit=TBPD

Gasoil Stocks

Singapore has major storage capacity for petroleum products and the country's stocks of middle distillates are substantial, making Singapore an ideal trading center for gasoil. The high availability of storage for gasoil gives market participants the ability to execute diverse trading strategies and serves to prevent any participants from exercising untoward influence on price by withholding physical gasoil from the market.

Price Source

The Mini Singapore Gasoil (Platts) Swap Futures contracts utilize settlement indices supplied by Platts, a division of The McGraw-Hill Companies, Inc. ("Platts").

Platts is one of the major pricing services used in the over-the-counter (OTC) market for the pricing of swap contracts, and the methodology utilized by Platts is well-known in the oil industry. Their pricing methodology[2] is derived from telephone surveys and electronic data collected from multiple market participants to determine market value. Platts has a long-standing reputation in the industry for price benchmarks that are fair and not manipulated.

Platts describes its business as follows: Platts is the leading global provider of energy and metals information, and the world's foremost source of price assessments in the physical energy markets. Since 1909, Platts has enabled the markets to operate with transparency and efficiency, and helped traders, risk managers, analysts, and industry leaders make better trading and business decisions[3].

CME Group is a party to license agreements with Platts to utilize their pricing data.

Platts' Methodology for Assessing Singapore Gasoil

Platts' assessments reflect the standard grades of gasoil and therefore market participants can determine more efficiently what the quality differentials should be versus the benchmark grades.

The volumes traded in the market also vary greatly and the prices for the parcels vary depending on the volume. For the gasoil assessments, Platts focuses on volumes for a minimum of 150,000 barrels. In circumstances where Platts reflects a volume range in its Asian crude oil and products assessments, the

[2] http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/asiaoilproductspecs.pdf
[3] For further information, see www.platts.com

smallest volume within the published guidelines will take precedence in the assessment process. For example, a bid for 150,000 barrels of gasoil on a FOB Singapore basis would take priority over an offer for.250,000 barrels, in cases where the bid and offer might cross due to volume differences.

The assessments for Singapore reflect pricing for products loading 15-30 days from the date of publication. For instance, on January 2, Platts' assessments reflect the product market 15-30 days from date of publication, namely January 17 — February 1. Platts is very rigorous in following this important timing specification due to variability in pricing in the various windows, particularly when a market is steeply in contango or backwardation. It is not uncommon in times of tight supply for the backwardation to be over $3.00/month or roughly 10 cts/day. This means that cargoes loading one week apart can vary in price by close to 70 cts/bbl, or even more, depending on the steepness of the curve.

Platts publishes assessments for several locations on a FOB and C+F basis. Platts publishes FOB Arab Gulf, China, Japan, Singapore and South Korea assessments. Platts also publishes C+F Australia, China and Japan assessments. Spot transactions in the region are typically done at a differential versus the Mean of Platts Singapore (MOPS) assessment. The main benchmark is FOB Singapore and FOB bids/offers for any terminal or refinery in Singapore are accepted as a basis for pricing.

In Asia, Platts has offices in Singapore, Tokyo, Hong Kong, Beijing and Dubai. Reporters covering the products markets in Asia are on the phone from around 9:30 a.m. to 7:30 p.m. Singapore time. FOB Singapore assessments reflect trading activity up to 4:30 p.m. Singapore time. All market activity is viewed in light of its market relevance, repeatability and transparency. Transactions between related parties or transactions that do not meet Platts high standards for transparency, verifiability and repeatability may not be taken into account.

The Singapore physical gasoil assessments reflect a minimum of 150,000 bbl, maximum 250,000 bbl, loading 15-30 days from the date of publication.

Market participants should specify loading for a five-day date range. Seven days prior to loading, seller must declare terminal and buyer nominates vessel with loading window narrowed to three days, subject to terminal's acceptance.

Market Activity

The Asian gasoil market is priced in units of dollars per barrel. There is active trading in forward cash deals for cargoes. The bid/ask spreads are typically in increments of 5 cents per barrel and there is a wide range of participants. Deals take place bilaterally, through OTC brokers and many are openly reported on the Platts screen pricing system.

Furthermore, there is an active OTC swaps market with many market participants that utilize gasoil swaps to hedge their fuel price risk. The market participants typically are active in both the cash market and the OTC swaps market.

ANALYSIS OF DELIVERABLE SUPPLY

Please note that for the new mini Singapore gasoil swap futures contract, at this time, the Exchange is not including stocks data in its analysis of deliverable supply. Stocks data tend to vary and, at least upon initial launch of products, we would rather not condition recommended position limits based on stock data. Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of the spot trading because this does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

The new mini Singapore gasoil swap futures contract shall be deemed equivalent to .10 of the quantity of the corresponding base contract (Singapore Gasoil (Platts) Swap Futures (Commodity code: SG; Chapter 669)) into which each mini Singapore gasoil swap futures contract aggregates. Furthermore, staff recommends implementing identical position limits to the existing full-size contract – Singapore Gasoil (Platts) Swap Futures (Commodity code: SG; Chapter 669). For the existing full-size contract, the Exchange has set the spot month position limit at 1,000 contracts, which is equivalent to 1.0 million barrels. We believe this position limit is conservative, when compared to the consumption of gasoil in Asia. Based on figures provided by the EIA in Table 1 above, the average output of gasoil from Singapore's refineries for the three-year period from January 2006 to December 2008 were approximately 0.3 million barrels per day, which is equivalent to 9.0 million barrels per month[4]. Thus, the spot month position limit of 1,000 contracts (equivalent to 1.0 million barrels) is around 11% of total monthly deliverable gasoil supply from Singaporean refineries. For purposes of calculating compliance with position limits, each mini contract will be aggregated with positions held in Singapore Gasoil (Platts) Swap futures (SG). Each position in the contract will be calculated as a .10 positions in the Singapore Gasoil

[4] Data from the EIA:
http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=1&cid=SN,&syid=2001&eyid=2010&unit=TBPD

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