

December 17, 2008

**VIA E-MAIL**

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

**Re: Rule Certification. New York Mercantile Exchange, Inc. Submission #08.129: Notification Regarding the Listing of Four New Average Price Option Contracts, Singapore Fuel Oil 180 cst (Platts), Singapore Gasoil (Platts), Singapore Jet Fuel Kerosene (Platts) and 3.5% Fuel Oil, Rotterdam (Platts) Contracts on NYMEX Division Trading Floor and ClearPort® Clearing**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of four (4) new Average Price Option (APO) contracts. These APO contracts will be financially settled against the average price calendar swaps currently listed on the Exchange ClearPort® clearing platform

The following are the proposed APO contracts with their respective ticker symbols, chapter rule numbers and associated underlying cleared calendar swaps:

CONTRACT	Ticker Symbol	Chapter	Underlying Calendar Swap
Singapore Fuel Oil 180 cst (Platts) Average Price Option	C5	493A	UA
Singapore Gasoil (Platts) Average Price Option	M2	496A	SG
Singapore Jet Fuel Kerosene (Platts) Average Price Option	N2	495A	KS
3.5% Fuel Oil Swap, Rotterdam (Platts) Average Price Option	Q6	660A	UV

These new APO contracts will be listed for open outcry trading during the hours of 9:00 a.m. to 2:30 p.m. (Eastern Prevailing Time), Monday through Friday (except for Exchange Holidays) and on ClearPort® clearing beginning at 6:00 p.m. on Sunday, December 21, 2008 for trade date Monday, December 22, 2008. Each of these new APO contracts will be available during the normal hours for ClearPort® clearing.

The exchange of options for options for these new option contracts will be governed by the provisions of Rule 6.21F.

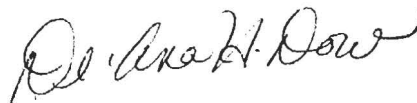
The contract months for the four (4) new APO contracts are listed consecutively, as follows:

<b>Product</b>	<b>First Month Listed</b>	<b>Number of Contract Months</b>
<b>Singapore Fuel Oil 180 cst APO</b>	<b>January 2009</b>	<b>36</b>
<b>Singapore Gasoil APO</b>	<b>January 2009</b>	<b>36</b>
<b>Singapore Jet Fuel Kerosene APO</b>	<b>January 2009</b>	<b>36</b>
<b>3.5% Fuel Oil Rotterdam APO</b>	<b>January 2009</b>	<b>36</b>

Pursuant to Section 5c(c) of the Commodity Exchange Act (“Act”) and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contracts comply with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact Bob Biolsi (212) 299-2610, Adila Mchich (212) 299-2270, or the undersigned at (202) 715-8517.

Sincerely,



De'Ana H. Dow  
Managing Director

Attachments: Contract terms and conditions  
Supplemental Market Information

**Singapore Fuel Oil 180 cst (Platts)  
AVERAGE PRICE OPTION**

**493A.01 EXPIRATION OF SINGAPORE FUEL OIL 180 CST (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

A Singapore Fuel Oil 180 cst (Platts) Average Price Option contract on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

**493A.02 TRADING UNIT SINGAPORE FUEL OIL 180 CST (PLATTS) AVERAGE  
PRICE OPTION CONTRACT**

A Singapore Fuel Oil 180 cst (Platts) average price call option traded on the Exchange represents the differential between the final settlement price of the underlying Singapore Fuel Oil 180 cst Calendar Swap (Platts) Futures contract less the strike price, or zero whichever is greater, multiplied by \$1,000. A Singapore Fuel Oil 180 cst (Platts) average price put option represents the differential between the strike price and the final settlement price of the underlying Singapore Fuel Oil 180 cst Calendar Swap (Platts) Futures contract, or zero, whichever is greater, multiplied by \$1,000.

**493A.03 TRADING MONTHS IN SINGAPORE FUEL OIL 180 CST (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

Trading in Singapore Fuel Oil 180 cst (Platts) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange. Trading shall commence on the day fixed by the resolution of the Exchange.

**493A.04 HOURS OF TRADING AND CLEARING IN SINGAPORE FUEL OIL 180  
CST (PLATTS) AVERAGE PRICE OPTION CONTRACT**

The contract is available for clearing on the ClearPort<sup>®</sup> clearing platform from 6:00 p.m. Sundays through 5:15 p.m. Fridays, with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., (except on Exchange Holidays).

The contract is available for trading by open outcry from 9:00 a.m. to 2:30 p.m. Monday through Friday., (except on Exchange Holidays).

**493A.05 STRIKE PRICES FOR SINGAPORE FUEL OIL 180 CST  
(PLATTS) AVERAGE PRICE OPTION CONTRACTS**

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

(B) 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 Singapore Fuel Oil 180 cst Calendar Swap (Platts) Futures contracts 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 twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 493A.05(B) and (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 493A.05.

- (C) Thereafter, on any business day prior to the expiration of the option (i) new consecutive fifty-cent increment strike prices for both puts and calls will be added such that at all times there will be at least twenty fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months.
- (D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in Singapore Fuel Oil 180 cst (Platts) option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Singapore Fuel Oil 180 cst (Platts) option contract in which no new strike prices may be introduced.

**493A.06 PRICES IN SINGAPORE FUEL OIL 180 CST (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

Prices shall be quoted in dollars and cents per metric ton and prices shall be in multiples of one (1) cent per metric ton. A cabinet trade may occur at a price of \$.001 per metric ton, or \$1.00, however, if it results in the liquidation of positions for both parties to trade.

**493A.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR  
SINGAPORE FUEL OIL 180 CST (PLATTS) AVERAGE PRICE OPTION  
CONTRACT**

Trading in Singapore Fuel Oil 180 cst (Platts) Average Price Option contracts shall not be subject to price fluctuation limitations.

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**Singapore Gasoil (Platts)  
AVERAGE PRICE OPTION**

**496A.01 EXPIRATION OF SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

A Singapore Gasoil (Platts) Average Price Option contract on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

**496A.02 TRADING UNIT SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

A Singapore Gasoil (Platts) average price call option traded on the Exchange represents the differential between the underlying Singapore Gasoil Calendar Swap (Platts) Futures contract final settlement price less the strike price, or zero whichever is greater, multiplied by \$1,000. A Singapore Gasoil (Platts) average price put option represents the differential between the strike price and the final settlement price of the underlying Singapore Gasoil Calendar Swap (Platts) Futures contract or zero, whichever is greater, multiplied by \$1,000.

**496A.03 TRADING MONTHS IN SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

Trading in Singapore Gasoil (Platts) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange. Trading shall commence on the day fixed by the resolution of the Exchange.

**496A.04 HOURS OF TRADING AND CLEARING IN SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

The contract is available for clearing on the ClearPort<sup>®</sup> clearing platform from 6:00 p.m. Sundays through 5:15 p.m. Fridays, with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., (except on Exchange Holidays).

The contract is available for trading by open outcry from 9:00 a.m. to 2:30 p.m. Monday through Friday, (except on Exchange Holidays).

**496A.05 STRIKE PRICES FOR SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

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

(B) 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 Singapore Gasoil Calendar Swap (Platts) Futures contracts 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 twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 496A.05(B) and (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 496A.05(B).

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

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in Singapore Gasoil (Platts) option contracts 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 Singapore Gasoil (Platts) option contract in which no new strike prices may be introduced.

#### **496A.06 PRICES IN SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$.001 per barrel, or \$1.00, however, if it results in the liquidation of positions for both parties to trade.

#### **496A.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR SINGAPORE GASOIL (PLATTS) AVERAGE PRICE OPTION CONTRACT**

Trading in Singapore Gasoil (Platts) Average Price Option contracts shall not be subject to price fluctuation limitations.

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**SINGAPORE JET FUEL KEROSENE (PLATTS)  
AVERAGE PRICE OPTION**

**495A.01 EXPIRATION OF SINGAPORE JET FUEL KEROSENE (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

A Singapore Jet Fuel Kerosene (Platts) Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

**495A.02 TRADING UNIT SINGAPORE JET FUEL KEROSENE (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

A Singapore Jet Fuel Kerosene (Platts) average price call option traded on the Exchange represents the differential between the final settlement price of the underlying Singapore Jet Fuel Kerosene Calendar Swap (Platts) Futures contract less the strike price, or zero whichever is greater, multiplied by \$1,000. A Singapore Jet Fuel Kerosene (Platts) average price put option represents the differential between the strike price and the final settlement price of the underlying Singapore Jet Fuel Kerosene Calendar Swap (Platts) Futures contract, or zero, whichever is greater, multiplied by \$1,000.

**495A.03 TRADING MONTHS IN SINGAPORE JET FUEL KEROSENE (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

Trading in Singapore Jet Fuel Kerosene (Platts) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange. Trading shall commence on the day fixed by the resolution of the Exchange.

**495A.04 HOURS OF TRADING AND CLEARING IN SINGAPORE JET FUEL  
KEROSENE (PLATTS) AVERAGE PRICE OPTION CONTRACT**

The contract is available for clearing on the ClearPort<sup>®</sup> clearing platform from 6:00 p.m. Sundays through 5:15 p.m. Fridays, with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., (except on Exchange Holidays).

The contract is available for trading by open outcry from 9:00 a.m. to 2:30 p.m. Monday through Friday, (except on Exchange Holidays).

**495A.05 STRIKE PRICES FOR SINGAPORE JET FUEL KEROSENE (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

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

(B) 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 Singapore Jet Fuel Kerosene Calendar Swap (Platts) Futures contracts 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 twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 495A.05(B) and (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 495A.05(B).

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

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in Singapore Jet Fuel Kerosene (Platts) option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Singapore Jet Fuel Kerosene (Platts) option contract in which no new strike prices may be introduced.

**495A.06 PRICES IN SINGAPORE JET FUEL KEROSENE (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$.001 per barrel, or \$1.00, however, if it results in the liquidation of positions for both parties to trade.

**495A.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR  
SINGAPORE JET FUEL KEROSENE (PLATTS) AVERAGE PRICE  
OPTION CONTRACT**

Trading in Singapore Jet Fuel Kerosene (Platts) Average Price Option contracts shall not be subject to price fluctuation limitations.

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**3.5% FUEL OIL SWAP, ROTTERDAM (PLATTS)  
AVERAGE PRICE OPTION**

**660A.01 EXPIRATION OF 3.5% FUEL OIL SWAP, ROTTERDAM (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

A 3.5% Fuel Oil Swap, Rotterdam (Platts) Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

**660A.02 TRADING UNIT 3.5% FUEL OIL SWAP, ROTTERDAM (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

A 3.5% Fuel Oil Swap, Rotterdam (Platts) average price call option traded on the Exchange represents the differential between the final settlement price of the underlying 3.5% Fuel Oil Swap, Rotterdam Calendar Swap (Platts) Futures contract less the strike price, or zero whichever is greater, multiplied by \$1,000. A 3.5% Fuel Oil Swap, Rotterdam (Platts) average price put option represents the differential between the strike price and the final settlement price of the underlying 3.5% Fuel Oil Swap, Rotterdam Calendar Swap (Platts) Futures contract, or zero, whichever is greater, multiplied by \$1,000.

**660A.03 TRADING MONTHS IN 3.5% FUEL OIL SWAP, ROTTERDAM (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

Trading in 3.5% Fuel Oil Swap, Rotterdam (Platts) Average Price Option contracts shall be conducted in the months as shall be determined by the Exchange. Trading shall commence on the day fixed by the resolution of the Exchange.

**660A.04 HOURS OF TRADING IN 3.5% FUEL OIL SWAP, ROTTERDAM  
(PLATTS) AVERAGE PRICE OPTION CONTRACT**

The contract is available for clearing on the ClearPort<sup>®</sup> clearing platform from 6:00 p.m. Sundays through 5:15 p.m. Fridays, with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., (except on Exchange Holidays).

The contract is available for trading on open outcry trading from 9:00 a.m. to 2:30 p.m. Monday through Friday, (except on Exchange Holidays).

**660A.05 STRIKE PRICES FOR 3.5% FUEL OIL SWAP, ROTTERDAM (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

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

(B) 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 3.5% Fuel Oil Swap, Rotterdam Calendar Swap (Platts) Futures contracts 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 twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 660A.05(B) and (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 660A.05(B).

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

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in 3.5% Fuel Oil Swap, Rotterdam (Platts) options contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a 3.5% Fuel Oil Swap, Rotterdam (Platts) option contract in which no new strike prices may be introduced.

**660A.06 PRICES IN 3.5% FUEL OIL SWAP, ROTTERDAM (PLATTS)  
AVERAGE PRICE OPTION CONTRACT**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of \$.001 per metric ton, or \$1.00, however, if it results in the liquidation of positions for both parties to trade.

**660A.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR 3.5% FUEL  
OIL SWAP, ROTTERDAM (PLATTS) AVERAGE PRICE OPTION  
CONTRACT**

Trading in 3.5% Fuel Oil Swap, Rotterdam (Platts) Average Price Option contracts shall not be subject to price fluctuation limitations.

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## SUPPLEMENTAL MARKET INFORMATION

### Singapore Petroleum Market

Singapore is the main refining, storage, and trading hub for the Asian oil marketplace. The Singapore balance-of-month swaps are based on existing NYMEX calendar swap futures contracts for partial-month periods, and include the following:

1. Singapore 180cst Fuel Oil Swap
2. Singapore Gasoil Swap
3. Singapore Jet Fuel Kerosene Swap
4. 3.5% Fuel Oil Rotterdam Swap

The Singapore 180cst and 380cst fuel oil swaps are used to hedge the high-sulfur residual fuel oil market. In addition, the Singapore over-the-counter (OTC) gasoil, jet kerosene, and naphtha swaps markets are the main hedging tools for the Asian marketplace. The Singapore petroleum markets are highly diverse and actively traded by refiners, traders, importers, and smaller distributors. The OTC oil swaps are typically based on the Platts assessments. The Platts methodology for its price assessments for the Singapore oil markets are explained in the two links below:

[http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/shippingspecs.pdf?  
S=n](http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/shippingspecs.pdf?S=n)

[http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/asiaoilproductspecs.  
pdf?S=n](http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/asiaoilproductspecs.pdf?S=n)

The Singapore residual fuel oil market is actively traded, and includes high-sulfur 180cst and 380cst fuel oils. Generally, the Asian oil refiners are not as sophisticated as U.S. refiners, and consequently, the Asian refiners produce more high-sulfur residual fuel oil. The 380cst fuel oil is used primarily as a ship bunkering fuel and for utility power generation. According to the Energy Information Administration (EIA) data, the Singapore refiners produce around 140,000 barrels per day of residual fuel oil (see the EIA Table 3.2 at the link below). Further, Singapore is an import hub for residual fuel oil with over 500,000 barrels per day of imports, according to the EIA (see Table 3.3 at the link below). The total supply of high-sulfur fuel oil is around 600,000 to 650,000 barrels per day (or around 100,000 Metric Tons per day). Approximately one quarter of the total residual fuel production is of the 380cst fuel oil quality, and also one quarter of the total production is of 180cst fuel oil quality.

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

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

The Singapore residual fuel market is priced in units of dollars per metric ton. The conversion factor is 6.7 barrels per metric ton. The estimated trading volume of residual fuel oil (converted to barrel equivalents) in the Singapore cash market is approximately 500,000 to 700,000 barrels per day (or 80,000 to 100,000 metric tons per day). The typical transaction size is around 25,000

barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC swaps. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent) which reflects robust liquidity in the market.

The Singapore gasoil market is also actively traded, and includes diesel and heating oil. According to the EIA data, the Singapore refiners produce around 240,000 barrels per day of distillate fuel, which is called gasoil (see the Table 3.2 at the EIA link above). Further, Singapore is an import hub for gasoil with over 100,000 barrels per day of imports, according to the EIA (see Table 3.3 at the EIA link above). The Singapore gasoil market is priced in dollars per barrel. The estimated trading volume of gasoil in the Singapore cash market is approximately 400,000 to 500,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC gasoil swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which shows robust liquidity in the cash market.

Further, the Singapore jet kerosene market is robust, and includes imports and local refinery production. According to the EIA, Singapore imports over 50,000 barrels per day of jet kerosene fuel (see Table 3.3 at the EIA link above). In addition, the Singapore refiners produce around 150,000 barrels per day of jet kerosene fuel (see the Table 3.2 at the EIA link above). The estimated trading volume of jet fuel in the Singapore cash market is approximately 250,000 to 300,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC gasoil swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which indicates good liquidity in the market.

The Singapore naphtha market is moderately active, particularly in the OTC swaps market. According to the EIA, the Singapore refiners produce around 200,000 barrels per day of naphtha (see the “Other” category in Table 3.2 at the EIA link above). The Singapore market accounts for naphtha imports of around 50,000 barrels per day (see the “Other” category in Table 3.3 at the EIA link above). The estimated trading volume of naphtha in the Singapore cash market is approximately 200,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which generally shows strong liquidity in the market.

### **Singapore Market Participants**

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

<b><u>Refiners</u></b>	<b><u>Traders/End Users</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Sinochem (China)	Vitol	PVM	Deutsche Bank
Unipecc (China)	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	BankAmerica



BP	Sempra	Aspen Oil	AIG
Singapore Refining	Cargill	GFI Spectron	Merrill Lynch
Koch Petroleum	Morgan Stanley	TFS	
SK Corp. (Korea)	Goldman Sachs	Amerex	
Hyundai (Korea)	Koch	Ginga Petroleum	
LG-Caltex (Korea)	Trafigura		
Shell	Phibro		
Idemitsu (Japan)	Arcadia		
Nippon (Japan)	Mercuria		
Itochu (Japan)			
Mitsubishi (Japan)			
Mitsui (Japan)			
Marubeni (Japan)			
Sumitomo (Japan)			
Cosmo Oil Co. (Japan)			
Reliance (India)			
Bharat (India)			

### **Rotterdam Fuel Oil Market**

### **European Fuel Oil Market**

The European fuel oil market in Amsterdam-Rotterdam-Antwerp (ARA) represents the largest hub in Europe for petroleum products, with extensive storage capacity and refining capacity. The ARA market is a vibrant import and supply center for residual fuel oil, with around 500,000 barrels per day of fuel oil supplied by refineries in The Netherlands, Germany and France. The ARA market is the main supply center for European fuel oil, which includes 1.5% fuel oil, 1.0% fuel oil and 3.5% fuel oil. The demand for fuel oil in the ARA metropolitan area, which includes The Netherlands, Germany and Northern France, is more than 400,000 barrels per day. The EIA compiles consumption data from the International Energy Agency on the European market in their *International Energy Annual* publication at the link below in Table 3.5:

<http://www.eia.doe.gov/iea/pet.html>

The EIA link below provides import data for the ARA market in Table 3.3, which shows fuel oil imports for The Netherlands at around 270,000 barrels per day. In addition, the EIA data in Table 3.2 (see link below) shows local refinery production of fuel oil in The Netherlands is around 230,000 barrels per day. Therefore, the total supply of fuel oil in the ARA market is around 500,000 barrels per day (or equivalent to 75,000 Metric Tons per day).

The European fuel oil market is priced in units of dollars per metric ton. The conversion factor is 6.7 barrels per metric ton. The estimated trading volume of fuel oil (converted to barrel equivalents) in the ARA cash market is approximately 500,000 to 700,000 barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. The volume of spot transactions is typically more than half of all cash transactions. There is active trading in forward cash deals and in the OTC swaps market. The bid/ask spreads are typically in increments of 50 cents per

metric ton (or around 0.10 cents per gallon equivalent), which reflects robust liquidity in the cash market.

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

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

**European Fuel Oil Market Participants**

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

<b><u>Refiners</u></b>	<b><u>Traders/End Users</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Sempra	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Trafigura	ICAP	BankAmerica
BP	Northville	Aspen Oil	AIG
Total	Cargill	GFI Spectron	Merrill Lynch
Koch Petroleum	Morgan Stanley	TFS	
Repsol	Goldman Sachs	Amerex	
CEPSA	Koch	Prebon	
Netherlands Refining	Mabanaft		
OMV	Phibro		
	Arcadia		
	Mercuria		

**Forward and Futures Markets**

Active futures markets have developed around the above proposed option contracts. Below are the average daily volumes and open-interest for the futures contracts underlying the proposed options:

<b>Futures</b>	<b>2008 YTD Average Daily Volume</b>	<b>11/28/08 Open-Interest</b>
Singapore Fuel Oil 180 cst Average Price Swap	246	8,154
Singapore Gasoil Swap	436	15,182

Singapore Jet Fuel Kerosene Swap	426	7,532
3.5% Fuel Oil Rotterdam Swap	233	10,718

OTC forward contracts are also cleared on the AsiaClear unit of the Singapore Futures Exchange. It is estimated that open-interest in the OTC market is more than double that of the NYMEX Division contracts.