Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

March 14, 2014

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: CFTC Regulation 40.6(a) Certification. Notification of Amendments to the Final Settlement for Two (2) Chicago Unleaded Gasoline (Platts) Futures Contracts.
NYMEX Submission No. 14-095

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying rule amendments for the Chicago Unleaded Gasoline (Platts) Futures (code 2C) and the Chicago Unleaded Gasoline (Platts) vs. RBOB Futures (code 3C) effective on Sunday, March 30, 2014 for trade date Monday, March 31, 2014. The Exchange is implementing changes to the product titles and floating price rules due to the phase-out of the existing grade of unleaded gasoline, which is being replaced by a similar gasoline grade, called "CBOB" gasoline that refers to conventional blendstock gasoline that requires the addition of a 10% blend of ethanol. These contracts are listed for trading on the NYMEX trading floor and CME Globex and for submission for clearing though CME ClearPort.

These rule amendments will become effective beginning with the March 2014 contract month and beyond. Currently there are 199 positions of open interest in the Chicago Unleaded Gasoline (Platts) vs. RBOB Futures (code 3C) in the March 2014 contract month and beyond. As of this correspondence, the Exchange has obtained the consent of all of the holders of open interest of this contract to proceed with these rule amendments. There is currently no open interest in the Chicago Unleaded Gasoline (Platts) Futures contract (code 2C).

These rule amendments are in response to a change in the underlying gasoline market because the existing grade of finished unleaded gasoline has been phased-out due to the federal mandate that requires the increasing use of ethanol, as specified in the Renewable Fuel Standard (RFS). Consequently, the unleaded gasoline assessment has been replaced by a similar grade of gasoline, called "CBOB" gasoline, which is a blendstock that requires the addition of a 10% blend of ethanol. Under the RFS mandate, companies are required to utilize an increasing share of ethanol and other renewable fuels in the production of gasoline, and as a result the gasoline market has transitioned to the use of "CBOB" gasoline which requires the addition of ethanol. The proposed rule amendments are presented below in Appendix A.

The Exchange is also notifying the CFTC that it is self-certifying amendments to the chapter titles within 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 order to reflect the new index reference in the titles of two contracts. The amendments are presented below in Appendix C (attached under separate cover).

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

- Daily Publication of Trading Information: NYMEX will continue to comply with this Core Principle by making public daily information on settlement prices, volume, open interest, and opening and closing ranges for the futures contract listed above.
- Availability of General Information: Pursuant to the Exchange's obligations under this core principle, on or prior to the effective date of the rule amendments, the Exchange will publish the amendment to floating price to the marketplace via Special Executive Report.
- Contract Not Readily Subject to Manipulation: Pursuant to the Exchange's obligations under this core principle, the revised settlement index is based on the monthly average of the daily Platts assessments, which include transactions, bids, and offers. Therefore, the contract is not readily susceptible to manipulation.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the listing rule amendment complies with the Act, including regulations under the Act. The open interest holders have provided written approval of their consent to the rule amendments, and there were no substantive opposing views to this proposal.

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 (212) 299-2200 or via e-mail at Christopher.Bowen@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Rule Amendments
Appendix B – Cash Market Overview and Analysis of Deliverable Supply
Appendix C – NYMEX Chapter 5 Position Limit Table (attached under separate cover)

Appendix A

(underline indicates addition; ~~strikethrough~~ indicates deletion)

Chapter 450
Chicago ~~Unleaded~~ CBOB Gasoline (Platts) Futures

450.02 FLOATING PRICE
The Floating Price for each contract month is equal to the arithmetic average of the Platts Chicago CBOB ~~Unleaded 87~~ gasoline (pipeline) mean for each business day that it is determined during the contract month.

Chapter 451
Chicago ~~Unleaded~~ CBOB Gasoline (Platts) vs. RBOB Gasoline Futures

451.02 FLOATING PRICE
The Floating Price for each contract month is equal to the arithmetic average of Platts Chicago CBOB ~~Unleaded 87~~ Gasoline mean minus the NYMEX RBOB Gasoline Futures first nearby contract month settlement price for each business day that both prices are determined during the contract month. For purposes of determining the Floating Price, the Platts Chicago CBOB ~~Unleaded 87~~ Gasoline mean will be rounded each day to the nearest thousandth of a cent.

Appendix B

Cash Market Overview

The Chicago gasoline market refers to the refining and trading hub that exists in Chicago, Illinois which is the main supply point for the Midwest region of the U.S. There are seven refineries in Illinois, Indiana, and Kentucky that are directly linked to the Chicago hub via pipeline. In addition, the Explorer pipeline is a major pipeline connecting Houston to the Chicago market. The Explorer pipeline transports petroleum products including gasoline, diesel fuel and jet fuel from the Gulf Coast refineries into the Chicago market. The southern part of the system has a current capacity of 660,000 barrels per day, and the northern system north of Tulsa has a current capacity of 450,000 barrels per day.

The “unleaded” grade of gasoline has been phased out due to the federal mandate that requires the increasing use of ethanol as specified in the Renewable Fuel Standard (RFS), and has been replaced by conventional gasoline blendstock that requires the addition of 10% ethanol, referred to as “CBOB”. In the wholesale gasoline market, the CBOB grade is shipped unfinished, and the 10% ethanol is blended at the last stage of the delivery process when the gasoline is loaded into the tanker truck for retail delivery.

Chicago Area Consumption and Production

The U.S. Department of Energy’s Energy Information Administration (EIA), provides consumption and production statistics for the Midwest area, which is called the PADD 2 district, which encompasses the Chicago area where significant refining capacity exists, including Illinois, Indiana, and Kentucky. Table 2 below reflects the EIA data for gasoline production data within the Chicago market. For the 2011-2013 period, refinery and blender production of conventional gasoline blended with ethanol averaged nearly 1.2 million barrels per day, which is equivalent to 35.5 million barrels per month (or 35,500 contract equivalents).

Table 2. Chicago Area Gasoline Statistics: Ilinois, Indiana, Kentucky (in PADD 2)

(Thousand Barrels per Day)

Item and Region	2011	2012	2013	3-Year Average

Refinery and Blender Net Production of Conventional Gasoline Blended with Fuel Ethanol (Annual Average)	1,141	1,195	1,227	1,188

EIA Refiner and Blender Net Production:
http://www.eia.gov/dnav/pet/pet_pnp_refp_dc_r2a_mbblpd_a.htm

Inventories

Table 3 below provides monthly EIA data for PADD 2 inventories for Conventional gasoline blended with ethanol (CBOB). Over the annual period of 2011 to present, PADD 2 stocks varied from a high of 24 million barrels in December 2013 to a low of 12.7 million barrels in March 2011. According to the most recent EIA data, gasoline inventory levels were at 24 million barrels in December 2013.

Table 3. PADD 2 Gasoline Stocks: Conventional Gasoline blended with Ethanol (CBOB).[1]

(Thousand Barrels)

	2011	2012	2013
January	13,960	14,985	15,474
February	13,169	15,211	14,748
March	12,687	13,753	15,852
April	12,985	14,112	15,020
May	13,633	13,466	13,963
June	14,678	14,086	13,869
July	14,811	14,460	14,254
August	13,068	14,296	14,010
September	13,241	14,516	21,700
October	12,870	13,536	21,801
November	12,892	13,758	22,278
December	14,307	15,811	24,015

EIA Inventory Data, http://www.eia.gov/dnav/pet/pet_stoc_wstk_dcu_r20_w.htm

Cash Market Activity

The Platts price reporters monitor the Chicago gasoline markets during the trading day for transactions, bids, and offers as reported via telephone or electronic media by multiple market participants. The Platts price reporters monitor the Chicago CBOB gasoline market during the trading

[1] EIA Inventory Data, http://www.eia.gov/dnav/pet/pet_stoc_wstk_dcu_r20_w.htm

day for transactions, bids, and offers as reported via telephone or electronic media by multiple market participants. The Chicago gasoline market is not assessed in the Platts MOC window. The end of day assessment is based on deals, bids, and offers at the end of the day. The final settlement index is based on the monthly average of the daily Platts assessments.

On average, there are 7 to 10 active commercial participants in the Chicago gasoline market. There is active trading in forward cash deals on the Explorer Pipeline (which links Houston with the Chicago market). The bid/ask spreads are typically in increments of one-quarter cent, although this can tighten to one-tenth cent spreads when the cash market is active. The cash market is actively quoted by dozens of cash brokers.

ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange concentrated on data for the refinery and blender net production for gasoline in the vicinity of the Chicago market. 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 launch of products, we would rather not condition recommended position limits based on stock data.

For the two Chicago CBOB gasoline contracts, the proposed spot month position limits are 1,000 contracts. The Chicago CBOB Gasoline (Platts) Futures is an outright contract, and does not aggregate into another contract. The Chicago CBOB Gasoline (Platts) vs. RBOB Futures aggregates into the two legs: the Chicago CBOB Gasoline (Platts) contract and the RBOB financial futures, code 27.

The deliverable supply analysis for the Chicago market is focused on conventional gasoline production in Illinois, Indiana, and Kentucky using the EIA data in Table 2 above. Based on the refinery and blender net production data from Table 2, we have estimated the total conventional gasoline deliverable supply in the Chicago market was approximately 1.2 million barrels per day, which is equivalent to 35.5 million barrels per month or 35,500 contract equivalents (contract size: 1,000 barrels). Thus, the spot month position limits of 1,000 contract units, which is equivalent to one million barrels, is approximately 3% of the 35,500 contract equivalents of monthly supply for the Chicago gasoline contracts.

The deliverable supply analysis for the RBOB leg of the gasoline contracts has been recently updated. The Exchange estimates the monthly deliverable supply of RBOB gasoline to the New York Harbor to be approximately 29 million barrels, which is equivalent to 29,000 contracts per month. Thus, the spot month position limits of 1,000 contract units, which is equivalent to one million barrels, is approximately 3.5% of the 29,000 contract equivalents of monthly supply for the RBOB leg of the A9 contract.

Appendix C

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5

of the NYMEX Rulebook

(attached under separate cover)

Contract Name	Rule Chapter	Commodity Code	Contract Size	Contract Units	Type
Chicago ~~Unleaded~~ **CBOB** Gasoline (Platts) vs. RBOB Gasoline Futures	451	3C	42,000	Gallons	Futures
Chicago ~~Unleaded~~ **CBOB** Gasoline (Platts) Futures	450	2C	42,000	Gallons	Futures

Settlement	Group	Diminishing Balance Contract	Reporting Level	Spot-Month position comprised of futures and deliveries	Spot-Month Aggregate Into Futures Equivalent Leg (1)	Spot-Month Aggregate Into Futures Equivalent Leg (2)	Spot-Month Aggregate Into Ratio Leg (1)
Financially Settled Futures	Refined Products	Y	25		2C	27	1 3C : 1 2C
Financially Settled Futures	Refined Products	Y	25		2C		

Spot-Month Aggregate Into Ratio Leg (2)	Spot-Month Accountability Level	Daily Accountability Level (For Daily Contract)	Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
1 3C : -1 27			1,000/1,000
			1,000

Spot-Month
Initial Spot-Month Limit Effective Date
For 2C: Close of trading 3 business days prior to last trading day of the contract and for 27: Close of trading 3 business days prior to last trading day of the con
Close of trading 3 business days prior to last trading day of the contract

	Single Month							
Spot-Month Limit (In Contract Units) Leg (1) / Leg (2)	Single Month Aggregate Into Futures Equivalent Leg (1)	Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Into Ratio Leg (1)	Single Month Aggregate Into Ratio Leg (2)	Single Month Accountability Level Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Aggregate Into Futures Equivalent Leg (1)	All Month Aggregate Into Futures Equivalent Leg (2)
42,000,000/42,000,000	2C	27	1 3C : 1 2C	1 3C : -1 27	5,000/5,000		2C	27
42,000,000	2C				5,000		2C	

All Month			
All Month Aggregate Into Ratio Leg (1)	All Month Aggregate Into Ratio Leg (2)	All Month Accountability Level Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
1 3C : 1 2C	1 3C : -1 27	7,000/7,000	
		7,000	