



Sean M. Downey  
Director and Assistant General Counsel  
Legal Department

April 13, 2012

**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 40.6(a) Certification. Notification Regarding an Amendment to the NY Harbor Heating Oil Futures Contract and Expansion of Listed Months NYMEX Submission #12-118**

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 amendments to (i) Rule 150.03 ("Grade and Quality Specifications) of the New York Harbor No. 2 Heating Oil Futures (Appendix A), (ii) title of chapter 150 such that the revised title shall be "New York Harbor ULSD Heating Oil Futures" (referred to herein by its commodity code "HO") (Appendix A), (iii) 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 amended title of HO contract (Appendix B), (iv) the listed months for HO (currently, the last listed month for HO is April 2013 contract month) (Appendix C), and (v) the listed months for fifteen (15) HO associated products (Appendix C). All amendments shall be effective on Sunday, April 29, 2012, for trade date Monday, April 30, 2012.

As stated above, the HO contract is currently listed through the April 2013 contract month. The Exchange is amending the HO grade and quality specifications under rule 150.03 beginning with the May 2013 HO contract month and thus, the changes will not affect any contract months with open interest. Grade and quality specifications for HO contract months listed through April 2013 will remain unchanged.

The Exchange is amending the HO grade and quality specifications in response to changes in environmental regulations in the U.S. Northeast, requiring cleaner, lower sulfur diesel standards for heating oil. The new grade and quality specifications of the HO contract will require delivery of fuel meeting specifications of the Colonial Pipeline's Fungible Grade 61 for Ultra Low Sulfur Diesel (ULSD), beginning with the May 2013 HO delivery month. As a result of the amendment to the HO grade and quality specifications, the Exchange is also amending the title of the HO rule chapter to "New York Harbor ULSD Heating Oil Futures" from "New York No. 2 Harbor Heating Oil Futures.

In conjunction with the amendment to the HO grade and quality specifications, the Exchange is expanding the listing schedule for the HO contract such that the contract is listed for the balance of the current year, three additional consecutive years and an additional 1 month. The Exchange is also expanding the listing of fifteen products which settle on HO. None of the fifteen products are currently listed beyond April 2013. Therefore, no contract months with open interest will be impacted by the amendment to the HO grade and quality specifications. Appendix C herein provides a table containing the fifteen products, rule chapters, commodity codes, listed venues, current and new listing schedules and first listed contract month which will be based on the new HO grade and quality specifications.

NYMEX business staff responsible for the rule amendments 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 rule amendments may have some bearing on the following Core Principles:

Mr. David Stawick  
Page 2  
April 13, 2012

- Availability of General Information: Pursuant to the Exchange's obligations under this core principle, on the effective date of the rule amendments, the Exchange will publish the amended grade and quality specifications for its HO contract and expanded listing schedule for the HO contract and certain associated products. The rule amendment and listing expansion was previously announced to the marketplace via Special Executive Report 6198, dated April 11, 2012.
- 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 all listing months for above-referenced contracts.

Pursuant to Section 5c(c) of the CEA and CFTC Rule 40.6(a), the Exchange hereby certifies that the rule amendments comply with the CEA, including regulations under the CEA. 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 (312) 930-8167 or [Sean.Downey@cmegroup.com](mailto:Sean.Downey@cmegroup.com).

Sincerely,

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

Attachments: Appendix A – HO Rule Amendment  
Appendix B – Position Limit, Position Accountability and Reportable Level Table -  
Chapter 5 of the NYMEX Rulebook  
Appendix C – Expansion and Listing Schedule (including venues) for HO and Associated  
Products

(**bold/underline** indicates addition; ~~strikethrough~~ indicates deletion)

## Chapter 150 New York Harbor ~~No. 2~~ ULSD Heating Oil Futures

### 150.03. GRADE AND QUALITY SPECIFICATIONS

#### **Grade and Quality Specifications through April 2013 Contract Month.**

The oil shall be a hydrocarbon oil free from alkali, mineral acid, grit, fibrous or other foreign matter and shall meet the following physical and chemical properties.

(A) No. 2 Heating oil

(1) Gravity: A.P.I. 30°F minimum (A.S.T.M. Test Method D287)

(2) Flash: 130°F minimum (A.S.T.M. Test Method D93)

(3) Viscosity: Kinematic, Centistokes at 100°F, minimum 2.0, maximum 3.6 (A.S.T.M. Test Method D445)

(4) Water and Sediment: .05% maximum (A.S.T.M. Test Method D1796 or D2709)

(5) Pour Point: 0°F maximum for contract months September through March; 10°F maximum for contract months April through August, (A.S.T.M. Test Method D97)

(6) Distillation: 10% Point, 480°F maximum; 90% Point, 640°F maximum, End Point 690°F maximum (A.S.T.M. Test Method D86)

(7) Sulfur: 0.20% maximum (A.S.T.M. Test Method D129, D1552, D1266, D2622 or D4294)

(8) Stability: (i) Thermal Stability: 90 minutes 300°F Pad rating 7 maximum (DuPont Test Method); or (ii) Oxidation Stability: mg/100ml., 2.5 maximum (A.S.T.M. Test Method D2274);

(9) Haze Rating: 25°C (77°F), Procedure 2, 2 maximum (A.S.T.M. Test Method D4176);

(10) Carbon Residue: Weight% on 10% Bottom, 0.35 maximum (A.S.T.M. Test Method D524 or D4530);

(11) Ash: 0.01 wt. % maximum (A.S.T.M. Test Method D482);

(12) Corrosion: 3 hours 50°C (122°F), 1 maximum (A.S.T.M. Test Method D130).

(13) Cloud Point: 15°F maximum for contract months September through March; 20°F maximum for contract months April through August. (A.S.T.M. Test Method D2500)

(14) Dye: All heating oil delivered against this contract, regardless of sulfur content, shall be dyed in satisfaction of the dyeing requirements as prescribed by the Internal Revenue Service (IRS) for tax-free sales or uses of diesel fuel (using the Petro Spec dye analyzer or the IRS Test Method), pursuant to Section 4082 of the Internal Revenue Code of 1986, as amended.

(B) (1) A.S.T.M. refers to the American Society for Testing Materials.

(2) A.P.I. refers to the American Petroleum Institute.

(3) DuPont refers to Petroleum Chemical Division, E.I. DuPont de Nemours & Company (Inc.), Petroleum Laboratory Test Methods.

#### **Grade and Quality Specification Effective with the May 2013 Contract Month and Beyond.**

The oil delivered shall be a hydrocarbon oil free from alkali, mineral acid, grit, fibrous or other foreign matter, meeting the "Delivery" specifications of the Colonial Pipeline's Fungible Grade 61 for Ultra Low Sulfur Diesel, and being properly designated for sale in New York Harbor in accordance with U.S. Environmental Protection Agency (EPA) regulations. Delivery test results may vary by the smaller of ASTM reproducibility for a given test or any test tolerance as allowed for downstream parties by state or EPA regulations at the point of delivery.

APPENDIX B

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

NYMEX Rulebook Chapter 5 Position Limit Table

| <u>Contract Name</u>                                     | <u>Rule Chapter</u> | <u>Commodity Code</u> | <u>All Month Account-ability Level</u> | <u>Any One Month Account-ability Level</u> | <u>Expira-tion Month Limit</u> | <u>Report-ing Level</u> | <u>Aggre-gate Into (1)</u> |
|--|---------------------|-----------------------|--|--|--------------------------------|-------------------------|----------------------------|
|  |                     |                       | <u>Rule 560</u>                        | <u>Rule 560</u>                            | <u>Rule 559</u>                | <u>Rule 561</u>         |                            |
| <i>Petroleum</i>   |                     |                       |  |  |                                |                         |                            |
| <i>USA</i>   |                     |                       |  |  |                                |                         |                            |
| <i>New York Harbor</i>                                   |                     |                       |  |  |                                |                         |                            |
| New York Harbor No. 2<br><u>ULSD</u> Heating Oil Futures | 150                 | HO                    | 7,000                                  | 5,000                                      | 1,000                          | 250                     | HO                         |

**APPENDIX C**

**Expansion of Listing Schedule for HO and Associated Products**

| <b>Rule</b> | <b>Contract</b>                                   | <b>Code</b> | <b>Current Listing Schedule</b> | <b>New Listing Schedule (effective April 30, 2012)</b>               | <b>First Listed Contract Month with NEW grade and quality specifications</b> | <b>Venue</b>                 |
|-------------|---|-------------|---------------------------------|--|--|------------------------------|
| 150         | New York Harbor ULSD Heating Oil Futures          | HO          | April 2013                      | Current Year + 3 Years + 1 Month                                     | May-2013   | CME ClearPort, Globex, NXPIT |
| 320         | Heating Oil Option                                | OH          | April 2013                      | Current Year + 3 Years + 1 Month                                     | May-2013   | CME ClearPort, Globex, NXPIT |
| 321         | Heating Oil Average Price Option                  | AT          | March 2013                      | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 523         | Heating Oil Crack Spread Swap Futures             | HK          | March 2013                      | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 558         | RBOB Gasoline vs. Heating Oil Swap Futures        | RH          | March 2013                      | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 603         | Heating Oil Calendar Swap Futures                 | MP          | March 2013                      | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 725         | Heating Oil Arb: NYMEX Heating Oil vs. ICE Gasoil | HA          | March 2013                      | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 1097        | Heating Oil vs. Brent Crack Spread Swap Futures   | HOB         | December 2012                   | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 328         | Heating Oil BALMO Swap Futures                    | 1G          | December 2012                   | 1 month + following month listed 10 bus days prior to start of month | April-2013   | CME ClearPort, NXPIT         |
| 329         | Heating Oil Crack Spread BALMO Swap Futures       | 1H          | December 2012                   | 1 month + following month listed 10 bus days prior to start of month | April-2013   | CME ClearPort, NXPIT         |
| 551         | Heating Oil Look-Alike Option                     | LB          | April 2013                      | Current Year + 3 Years   | May-2013   | CME ClearPort, NXPIT         |
| 350         | Heating Oil Crack Spread Option                   | CH          | April 2013                      | Current Year + 3 Years + 1 Month                                     | May-2013   | CME ClearPort, Globex, NXPIT |
| 392         | Heating Oil Calendar Spread Option                | FA          | March 2013                      | Any one-month spread combination for first 4 listed months           | May-2013   | CME ClearPort, Globex, NXPIT |
| 392         | Heating Oil Calendar Spread Option                | FB          | February 2013                   | Any two-month spread combination for first 4 listed months           | May-2013   | CME ClearPort, NXPIT         |
| 392         | Heating Oil Calendar Spread Option                | FC          | January 2013                    | Any three-month spread combination for first 4 listed months         | May-2013   | CME ClearPort, NXPIT         |
| 392         | Heating Oil Calendar Spread Option                | FM          | June 2012                       | Jun-Dec spread for first 13 months                                   | June-2013  | CME ClearPort, NXPIT         |
| 392         | Heating Oil Calendar Spread Option                | FZ          | December 2012                   | Dec-Dec spread for first 13 months                                   | Dec-2013   | CME ClearPort, NXPIT         |
| 523A        | Heating Oil Crack Spread Average Price Option     | 3W          | March 2013                      | Current Year + 3 Years   | April-2013   | CME ClearPort, NXPIT         |
| 825         | Heating Oil Financial Futures                     | BH          | January 2013                    | Current Year + 3 Years   | May-2013   | CME ClearPort, NXPIT         |
| 829         | Heating Oil Last Day Financial Futures            | 23          | December 2012                   | Current Year + 3 Years   | May-2013   | CME ClearPort, NXPIT         |