

## NOTICE TO MEMBERS

Notice No. XXX

DD/MM/YY

### **Migration of the Listing for Trading of NYMEX Brent Crude Oil Futures and NYMEX Northwest Europe Gas Oil Futures Contracts from the NYMEX Trading Facility in Dublin to NYMEX Europe Limited**

As Members are aware, NYMEX Europe Limited (or "NEL"), a recently formed U.K. affiliate of NYMEX, has applied to the U.K. Financial Services Authority ("FSA") for an order designating it as a U.K. recognized investment exchange ("RIE") in London. The application is in review and as of this writing NYMEX Europe does not have a confirmation of, or firm date for, the issuance of such order by the FSA.

In anticipation of approval of the RIE designation request submitted by NEL, NYMEX wishes to inform its Members and market participants of operational procedures relating to the migration of the listing for trading of Brent Crude Oil Futures (commodity symbol SC) and Northwest Europe Gas Oil Futures (commodity symbol GR) Contracts (the "Affected Contracts") from the NYMEX trading facility in Dublin to NYMEX Europe Limited. NYMEX will further update the Membership as more information becomes available concerning a launch date for trading on NYMEX Europe Limited.

As of the launch date of NYMEX Europe Limited as an RIE, all open positions in the Affected Contracts will no longer be listed or traded on the NYMEX trading facility in Dublin and will be listed and traded only on and subject to the rules of NYMEX Europe Limited. However, all such Affected Contracts will continue to be cleared by NYMEX, Inc. in its capacity as the clearing organization contracted by NYMEX Europe Limited for this service (and NEL will be responsible to the FSA for the applicable requirements as a RIE). In addition, the clearing rules of NYMEX, Inc. will continue to govern the clearing and settlement of all Affected Contracts following the migration of trading.

Pursuant to the authority set forth in NYMEX's Bylaws and Rules, NYMEX intends to delist the Affected Contracts from trading on the NYMEX trading facility in Dublin and provide for the migration of the trading of the Affected Contracts on NEL. This change in listed contracts, will apply to all open positions in the Affected Contracts as of the launch date of NYMEX Europe Limited. All product specifications and other terms and conditions rules then in effect for the Affected Contracts will remain the same.

Following the close of trading in Dublin on the last day that the Affected Contracts are listed in Dublin, the Exchange will direct each Clearing Member carrying open interest in these contracts to execute a "back office" bookkeeping entry for each Affected Contract, involving the Exchange (in its capacity as the clearinghouse) and the Clearing Member, in a bookkeeping entry that (1) closes out the open position in Dublin of such Affected

Contracts. and (2) a simultaneous "back office" bookkeeping entry involving the Exchange and the Clearing Member in which the Clearing Member receives a position in the Affected Contracts on NEL on the same side of the market and in the same quantity as their original position in the Affected Contracts previously carried on the Exchange as of the close of trading of the Dublin facility on the transfer date.

At the option of the customer, these back office bookkeeping entries could occur either at the original trade price of the customer's NYMEX position or at the closing settlement price on the day of the transfer. Unless notified by a Clearing Member to the contrary, all Affected Contracts will be offset and re-established by NYMEX at their original trade prices. Accordingly, FCMs carrying open positions in the Affected Contracts will need to check with each customer seeking to have their account participate in this back office procedure as to the pricing convention preferred by that customer for the back office bookkeeping entry and must notify NYMEX if a customer wishes to close out and re-establish positions in the Affected Contracts at the Dublin closing price.

As noted, the material economic terms of each contract will not change. However, Members and their customers should be aware of the following differences in the Affected Contracts following the migration of trading to NYMEX Europe Limited:

1. On and after the launch date the trading of the Affected Contracts will take place only on NYMEX Europe Limited, which will be an FSA-regulated RIE, and, unlike the NYMEX trading facility in Dublin, will not be a CFTC regulated designated contract market.
2. The rules governing the trading (but not the clearance or settlement) of such contracts will be those of NYMEX Europe Limited, not those of NYMEX, Inc., and the trading of such contracts will be subject to English law, not U.S. law. (The settlement and clearance of the Affected Contracts will continue to be governed by NYMEX, Inc. clearing rules and U.S. law. Subject to receipt of an Order from the CFTC, all Affected Contracts of customers and margin funds supporting such position would continue to be held in customer segregated accounts and subject to CFTC customer segregated account requirements.)
3. It is possible that for some Members and customers the tax treatment of the Affected Contracts may be affected by the migration of trading to NYMEX Europe Limited depending upon each Member's or customer's particular circumstances. Accordingly, each Member and their customers should take the advice of their tax advisors as to the potential effect of the migration of the trading of the Affected Contracts.

Members and their customers should be aware that the trading migration will occur automatically after the close of business of the final day that the Affected Contracts are listed for trading in Dublin. If any Member or its customers do not wish to have their open Affected Contracts become subject to the trading rules of NYMEX Europe Limited, they will need to liquidate or offset such open positions prior to delisting for trading of these contracts on NYMEX's trading facility in Dublin.

Members are advised to notify all customers with positions in the Affected Contracts regarding the information contained in this Notice and to identify the pricing convention preferred by customers seeking to re-establish their positions on the NEL market.

NYMEX will continue to update Members regarding the final day of trading on the Dublin facility and the expected launch date of trading on NYMEX Europe Limited.

Any questions regarding this Notice should be directed to [Name, Title] at [Telephone #].

### **Forward Looking and Cautionary Statements**

NYMEX Holdings has attempted, wherever possible, to make statements in good faith, as of the date of this release, by using words such as anticipates, believes, expects, and words and terms of similar substance in connection with any discussion of its present and future operations within the industry. Any forward-looking statements made by, or on behalf of, NYMEX Holdings and NYMEX Europe involve a number of risks, trends, uncertainties, and other factors which may cause actual results to differ materially, including receipt of the necessary Commodity Futures Trading Commission and Financial Services Authority approval; timely performance and cooperative effort of exchange partners; and changes in financial or business conditions at NYMEX.