Chapter 295
European Naphtha (Platts) Crack Spread Balmo Swap

29501. Description
29501.1 The European Naphtha (Platts) Crack Spread Balmo Swap is a financially settled swap referencing the spread differential between the Platts Naphtha cargoes cif Northwest Europe price assessment and the ICE Brent Crude Oil Futures contract. The reference period for the European Naphtha (Platts) Crack Spread Balmo Swap begins with the date during the Contract Month agreed by the counterparties and ends on the last business day of the month.
29501.2 The CME Clearing Europe commodity code shall be E43.

29502. Contract Size
29502.1 The contract size shall be 1,000 barrels.

29503. Contract Months
29503.1 European Naphtha (Platts) Crack Spread Balmo Swaps shall be available for the current calendar month, and for the following calendar month for ten business days prior to the start of the calendar month. For each available Contract Month, a start date of any business day from and including the current business day may be selected.

29504. Prices
29504.1 Prices shall be quoted in U.S. dollars and cents per barrel.
29504.2 The minimum price fluctuation shall be $0.001 per barrel.
29504.3 There shall be no maximum price fluctuation.

29505. Daily Settlement Prices
29505.1 The Clearing House shall establish settlement prices in respect of open positions for the purposes of position valuation and variation margin calculation, as described in the Clearing Procedures.

29506. Termination of Trading
29506.1 Trade submission shall cease on the last business day of the contract month.
29506.2 On the last trading day, as described in 29506.1, the final time for trade submission shall be 4:30pm London time.

29507. Floating Price
29507.1 The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations published daily in Platts European Marketscan for Naphtha Northwest Europe cargoes under the heading
“Cargoes CIF NWE / Basis ARA” for each business day that it is determined from the selected start date to the end of the contract month inclusive, minus the balance-of-month arithmetic average of the ICE Brent Crude Oil Futures first nearby contract settlement price for each business day that it is determined from the selected start date to the end of the contract month inclusive (using non-common pricing), except as set out in 29507.2 below.

29507.2 The settlement price of the Brent Crude Oil Futures first nearby contract month will be used except on the last day of trading for the expiring ICE Brent Crude Oil Futures contract when the settlement price of the second nearby Brent Crude Oil Futures contract will be used.

29507.3 For purposes of determining the Floating Price, the Platts Naphtha assessment price will be converted each day to U.S. dollars and cents per barrel, rounded to the nearest cent. The conversion factor will be 8.9 barrels per metric ton.

29508. Final Settlement

29508.1 Final settlement for the European Naphtha (Platts) Crack Spread Balmo Swap shall be by financial settlement.

29508.2 Where the Floating Price exceeds the Trade Price, a buyer of a European Naphtha (Platts) Crack Spread Balmo Swap shall receive from the Clearing House the difference between the Floating Price and the Trade Price, multiplied by the contract size. Where the Trade Price exceeds the Floating Price, a buyer of a European Naphtha (Platts) Crack Spread Balmo Swap shall pay to the Clearing House the difference between the Floating Price and the Trade Price, multiplied by the contract size.

29508.3 Where the Floating Price exceeds the Trade Price, a seller of a European Naphtha (Platts) Crack Spread Balmo Swap shall pay to the Clearing House the difference between the Floating Price and the Trade Price, multiplied by the contract size. Where the Trade Price exceeds the Floating Price, a seller of a European Naphtha (Platts) Crack Spread Balmo Swap shall receive from the Clearing House the difference between the Floating Price and the Trade Price, multiplied by the contract size.

29509. Disclaimer

29509.1 Neither CME Clearing Europe Ltd. (“CMECE”) nor Platts, a division of the McGraw-Hill Companies, Inc. (“Platts”) guarantees the accuracy and/or completeness of the index or any of the data included therein. CMECE and Platts make no warranties, express or implied, as to the results to be obtained by any person or entity from use of the assessment, trading based on the assessment, or any data included therein in connection with the trading of any CMECE contract, or, for any other use. CMECE 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 index or any data included therein. Without limiting any of the foregoing, in no event shall CMECE 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 CMECE. Platts does not sponsor, endorse, sell or promote any CMECE contracts and Platts makes no recommendations concerning the advisability of investing in any CMECE contracts.
Last updated: 23 January 2012