Chapter 616
European Propane cif ARA (Argus) vs European Naphtha (Platts) Spread Balmo Swap

61601. Description
61601.1 The European Propane cif ARA (Argus) vs European Naphtha (Platts) Spread Balmo Swap is a financially settled swap referencing the spread differential between the Argus Propane cif ARA (large cargoes) price assessment and the Platts cargoes cif Northwest Europe physical Naphtha price assessment. The reference period for the European Propane cif ARA (Argus) vs European Naphtha (Platts) 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.

61601.2 The CME Clearing Europe commodity code shall be PNE.

61602. Contract Size
61602.1 The contract size shall be 1,000 metric tons.

61603. Contract Months
61603.1 European Propane cif ARA (Argus) vs European Naphtha (Platts) 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.

61604. Prices
61604.1 Prices shall be quoted in U.S. dollars and cents per metric ton.
61604.2 The minimum price fluctuation shall be $0.001 per metric ton.
61604.3 There shall be no maximum price fluctuation.

61605. Daily Settlement Prices
61605.1 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.

61606. Termination of Trading
61606.1 Trade submission shall cease on the last business day of the contract month.
61606.2 On the last trading day, as described in 61606.1, the final time for trade submission shall be 4:30pm London time.
Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the midpoint between the high and low quotations published daily by Argus Media for Propane cif ARA (large cargoes) 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 high and low quotations from the Platts European Marketscan for physical Naphtha 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 (using non-common pricing).

Final Settlement

Final settlement for the European Propane cif ARA (Argus) vs European Naphtha (Platts) Spread Balmo Swap shall be by financial settlement.

Where the Floating Price exceeds the Trade Price, a buyer of a European Propane cif ARA (Argus) vs European Naphtha (Platts) 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 Propane cif ARA (Argus) vs European Naphtha (Platts) Spread Balmo Swap shall pay to the Clearing House the difference between the Floating Price and the Trade Price, multiplied by the contract size.

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