



Special Executive Report

DATE: September 6, 2019
SER#: 8426
SUBJECT: Administrative Amendments to the Freight Futures and Option Contracts

Effective Sunday, September 22, 2019 for trade date Monday September 23, 2019 and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) will implement non-substantive amendments to its freight futures and option contracts (the “Rule Amendments”).

The Rule Amendments to the thirty-three (33) freight futures contracts listed in Appendix A below are intended to: (i) clarify the termination date for December contract months, (ii) clarify the reference period used to determine the floating price, (iii) clearly define the floating price of the Contracts to more appropriately reflect the calculation methodology for the establishment of the final settlement price, and (iv) harmonize the rulebook language with to reflect NYMEX’s most current format of product rulebook chapters.

Th amendments to the five (5) freight futures and options contracts in table directly below are exclusively to harmonize the rulebook language to reflect NYMEX’s most current format of product rulebook chapters.

Contract Title	Commodity Code	Rulebook Chapter
Freight Route TC12 (Baltic) Futures	FRS	522
Freight Route TD22 (Baltic) Futures	ACB	675
Freight Route Liquid Petroleum Gas (Baltic) Average Price Option	FLO	681
Freight Route TD7 (Baltic) Futures	TK	686
Freight Route TC2 (Baltic) Average Price Option	TCW	947
Freight Route TC5 (Platts) Average Price Option	TCF	948
Freight Route TD3C (Baltic) Average Price Option	TDT	949

The Rule Amendments are intended to provide clarity and uniformity and will not alter the Exchange’s existing practice of determining the floating price.

For freight futures or options contract utilizing assessments which are quoted in percentage of Worldscale, the Exchange multiplies this value by the fixed rate for the route that is specified by the Worldscale Association. The Worldscale fixed rate used in this process reflects the route definition. For the routes that are defined by the Baltic Exchange, the Worldscale fixed rate reflecting this route definition is used. Therefore, for example, in respect of the Freight Route TC5 (Platts) Futures Contract (commodity code TH, rulebook chapter 682), the Freight Route TD3C (Platts) Futures Contract (commodity code TD3, rulebook chapter 871), and associated balance-of-month and options contracts, the final settlement price follows established market convention and reflect the route definition established by the Baltic Exchange. By agreement with Worldscale Association, CME Group does not publish the Worldscale fixed rate values used in final settlement price calculations.

For additional clarity, it is important to note that the eight (8) freight futures and option contracts in table directly below do not follow the pricing process described above. The final settlement price for these contracts is and will continue to be established according to the description in the table below.

Contract Title	Commodity Code	Rulebook Chapter	Calculation for Final Settlement Price
Freight Route TD22 (Baltic) Futures	ACB	675	Lumpsum freight price assessment published by Baltic Exchange, converted to a US dollar per metric ton value based on the reference vessel size (currently 270,000 metric tons).
USGC to China (Platts) Dirty Freight Futures	USC	677	USD per metric ton price for the reference route published by Platts
USGC to UK Continent (Platts) Dirty Freight Futures	USE	678	USD per metric ton price for the reference route published by Platts
Freight Route Liquid Petroleum Gas (Baltic) Futures	FLP	679	USD per metric ton price for the reference route published by Baltic Exchange
Freight Route Liquid Petroleum Gas (Baltic) Average Price Options	FLO	681	USD per metric ton price for the reference route published by Baltic Exchange
Freight Route Liquid Petroleum Gas (Baltic) BALMO Futures	FLB	877	USD per metric ton price for the reference route published by Baltic Exchange
Freight Route TC15 (Baltic) BALMO Futures	T5B	884	USD per metric ton price for the reference route published by Baltic Exchange
Freight Route TC15 (Baltic) Futures	T5C	946	USD per metric ton price for the reference route published by Baltic Exchange

The Rule Amendments may be viewed [HERE](#) with additions underscored and deletions ~~struck through~~.

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Appendix A

Contract Title	Commodity Code	Rulebook Chapter
Freight Route TC12 (Baltic) Futures	FRS	522
Freight Route Liquid Petroleum Gas (Baltic) Futures	FLB	679
Freight Route TC5 (Platts) Futures	TH	682
Freight Route TC2 (Baltic) Futures	TM	683
Freight Route TD3C (Baltic) Futures	TL	684
Freight Route TD7 (Baltic) Futures	TK	686
Freight Route TD3C (Platts) Futures	TD3	871
Freight Route TD3C (Platts) BALMO Futures	T3B	872
Freight Route Liquefied Petroleum Gas (Baltic) BALMO Futures	FLB	877
Freight Route TC2 (Baltic) BALMO Futures	TMB	878
Freight Route TC5 (Platts) BALMO Futures	THB	879
Freight Route TC6 (Baltic) BALMO Futures	T6B	880
Freight Route TC9 (Baltic) BALMO Futures	T9B	881
Freight Route TC12 (Baltic) BALMO Futures	TB2	882
Freight Route TC14 (Baltic) BALMO Futures	T4B	883
Freight Route TC15 (Baltic) BALMO Futures	T5B	884
Freight Route TD3C (Baltic) BALMO Futures	TLB	885
Freight Route TD7 (Baltic) BALMO Futures	TKB	886
Freight Route TD8 (Baltic) BALMO Futures	T8B	887
Freight Route TD20 (Baltic) BALMO Futures	T2B	888
Mini Freight Route TC2 (Baltic) Daily Futures	TMD	889
Mini Freight Route TC14 (Baltic) Daily Futures	T4D	890
Mini Freight Route TD20 (Baltic) Daily Futures	T2M	891
Mini Freight Route TD3C (Baltic) Daily Futures	TLD	892
Freight Route TD8 (Baltic) Futures	TD8	943
Freight Route TD20 (Baltic) Futures	T2D	944
Freight Route TC9 (Baltic) Futures	TC9	945
Freight Route TC15 (Baltic) Futures	T5C	946
Freight Route TC2 (Baltic) Average Price Option	TCW	947
Freight Route TC5 (Platts) Average Price Option	TCF	948
Freight Route TD3C (Baltic) Average Price Option	TDT	949
Freight Route TC6 (Baltic) Futures	TC6	1053
Freight Route TC14 (Baltic) Futures	FRC	1103