

Chapter 242 Mont Belvieu Spot Ethylene In-Well (PCW) Futures

242100. SCOPE OF CHAPTER

This chapter is limited in application to Mont Belvieu Spot Ethylene In-Well (PCW) futures. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

The provisions of these rules shall apply to Ethylene bought or sold for future delivery on the Exchange with delivery in Mont Belvieu, Texas.

The terms "seller" and "buyer" shall mean the seller of the physical product and the buyer of the physical product, respectively.

The term "Williams" shall mean Williams Olefins, L.L.C., a Delaware limited liability company, with offices at One Williams Center, Tulsa, Oklahoma 74172.

The term "Williams Storage Facility" shall mean the storage wells in the salt structure and all associated surface facilities used in connection with storage in these wells, which are owned and operated by Lonestar NGL Energy Transfer (formerly Louis Dreyfus Highbridge (LDH)) facility in Mont Belvieu, Texas, and leased by Williams as a storage facility for Ethylene.

For purposes of these rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

242101. CONTRACT SPECIFICATIONS

Ethylene shall conform to the Williams ethylene specifications as outlined below, which may be amended from time to time:

Components	Specifications (weight basis)	Test Method	Specifications (mole basis)
Ethylene (Minimum)	99.90 wt. %	ASTM D 2505	99.90 mol %
Methane + Ethane + Nitrogen	1,000 ppm wt.	ASTM D-2505/D-2504	
Methane	200 ppm wt.	ASTM D 2505	350 ppm mol
Ethane	500 ppm wt.	ASTM D 2505	465 ppm mol
Acetylene	1.5 ppm wt.	ASTM D 2505	1.6 ppm mol
Propylene & Heavier	5 ppm wt.	ASTM D 2505	3.3 ppm mol
Carbon Dioxide	1.5 ppm wt.	ASTM D-2505	1.0 ppm mol
Carbon Monoxide	0.15 ppm wt.	ASTM D 2504	0.15 ppm mol
Water	1 ppm wt.	Panametrics	1.6 ppm mol
Total Sulfur	1 ppm wt.	ASTM D-3246	0.9 ppm mol
Oxygen	1 ppm wt.	ASTM D 2504	1.75 ppm mol
Hydrogen	0.4 ppm wt.	ASTM D 2504	0.5 ppm mol
Methanol	1 ppm wt.	ASTM D 5234	

242102. TRADING SPECIFICATIONS

Trading in Mont Belvieu Spot Ethylene In-Well (PCW) futures is regularly conducted in all calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

242102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

242102.B. Trading Unit

The unit of trading shall be 100,000 U.S. pounds. There shall be no volume tolerance permitted under these rules.

242102.C. Price Increments

The minimum price fluctuation shall be \$0.00001 (0.001¢) per pound. Prices shall be quoted in dollars and cents per pound.

242102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

242102.E. Termination of Trading

No trades in Mont Belvieu Spot Ethylene In-Well (PCW) futures in the expiring contract month shall be made after the second-to-last business day of the expiring contract month (the "last trade date"). In the event that the originally listed last trade date is declared a holiday, the last trade date will move to the business day immediately prior. Any contracts remaining open after the last trade date must be either:

- (A) Settled by delivery which shall take place on the last business day of the delivery month.
- (B) Liquidated by means of a bona fide Exchange for Related Position ("EFRP") pursuant to Rule 538. An EFRP is permitted in an expired futures contract until 3:30 p.m. on the last trade date of the expiring futures contract. An EFRP which establishes a futures position for either the buyer or the seller in an expired futures contract shall not be permitted following the termination of trading of an expired futures contract.

242103. INSPECTION

Inspection of product shall be conducted in accordance with Williams' standard operating practice.

242104. DELIVERY

Delivery shall be made free-on-board ("F.O.B.") at the Williams Storage Facility in Mont Belvieu, Texas, or, with the mutual agreement of the buyer and the seller, at any pipeline or storage facility in Mont Belvieu, Texas. Delivery shall be made with all applicable Federal, State and local laws and regulations.

For the purposes of this rule, the term F.O.B. shall mean a delivery in which the seller delivers Ethylene to the buyer that shall be free and clear of all liens, claims, encumbrances, fees and other charges.

The title to, and the risk of loss of, Ethylene shall be passed between counterparties on the effective date specified in the transfer document.

Delivery shall be made by any of the following methods: (1) by "in-well" transfer in the Williams Storage Facility, by mutual agreement of the buyer and seller; (2) by book transfer, provided that both the buyer and the seller mutually agree to such transfer. For purposes of this rule, book transfer is defined as a book adjustment effecting a title transfer between seller and buyer; or (3) at any delivery location in Mont Belvieu, by mutual agreement of the counterparties.

242105. DELIVERY PROCEDURES**242105.A. Notices of Intention to Deliver and Notices of Intention to Accept****1. Notice of Intention to Deliver**

By 4:00 p.m. on the last trade date, Exchange clearing members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver. The Notice of Intention to Deliver must be in the form prescribed by the Exchange and must include: the name of the seller(s); the number of contracts to be delivered; and shall also provide any additional information as may be required by the Exchange.

2. Notice of Intention to Accept

By 4:00 p.m. on the last trade date, Exchange clearing members having open long positions shall provide the Clearing House with a Notice of Intention to Accept. The Notice of Intention to Accept must be in the form prescribed by the Exchange, and must include: the name of the buyer(s); the number of contracts to be accepted; and shall also provide any additional information as may be required by the Exchange.

242105.B. Notice Day

The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions and preferred locations, to the extent possible. The Clearing House shall provide Assignment Allocation Notices to the respective clearing members no later than 6:00 p.m. on the last trade date. The day on which the Assignment Allocation Notices are provided to the clearing members shall be referred to as "Notice Day". Assignment Allocation Notices are not transferable.

242105.C. Buyer's Clearing Member Delivery Instructions

As soon as possible after receipt from the Exchange of an Assignment Allocation Notice, but no later than 10:00 a.m. on the last business day of the contract month, the buyer's clearing member shall provide the Clearing House and the seller's clearing member identified in such Assignment Allocation Notice properly completed Delivery Instructions, in the form prescribed by the Exchange, which must include the following information: the name of seller(s); the assignment number; the seller's choice of eligible facility; the number of contracts to be delivered; the method of delivery; and any additional information as may be required by the Exchange.

242105.D. Amendment to Delivery Instructions

Except as provided in this section 105.D, Notices of Intention to Deliver and Notices of Intention to Accept may not be amended after they have been provided to the counterparty and the Clearing House. However, upon mutual consent of the parties and upon written notice to the Clearing House, the parties may change the delivery facility and/or the method of delivery named by the buyer.

Any such changes must be made on the form prescribed by the Exchange. Any changes made with respect to the foregoing must be made in conformance with all contract requirements and specifications no later than 10:00 a.m. on the last business day of the contract month.

242105.E. Final Settlement Price

The final settlement price for the delivery month shall be the Petrochem Wire ("PCW") closing price on the last trade date. The final settlement price shall be the basis for delivery.

242106. TIMING OF DELIVERY

Delivery shall take place on the last business day of the expiring contract month.

242107. DELIVERY MARGIN AND PAYMENT

242107.A. Margin

On the first business day following the last trade date, the clearing member shall obtain from any buyer margin equal to the full value of the product to be delivered and the clearing member shall obtain from any seller margin in an amount fixed, from time to time, by the Exchange.

The buyer's clearing member and the seller's clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

242107.B. Payment

No later than 12:00 p.m. on the fifth business day following completion of delivery, the buyer shall pay the short contract value by federal funds wire transfer to the account of the seller at the bank nominated by the seller. The term "contract value" shall mean the amount equal to the Final Settlement Price times one hundred thousand (100,000) times the number of contracts to be delivered. Upon receipt of payment, the seller shall provide the buyer with all appropriate documents necessary to transfer ownership of the product to the buyer.

242108. VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity or accuracy of any inspection certificate, Notice of Intention to Deliver, Notice of Intention to Accept, check or any document or instrument delivered pursuant to these rules.

242109. ALTERNATIVE DELIVERY PROCEDURES

A seller and buyer matched by the Exchange under Section 105.B. may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter. In such a case, clearing members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed and executed copy of such notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the clearing members and the Exchange from their respective obligations under the rules of this Chapter and any other rules regarding physical delivery.

In executing such notice, clearing members shall indemnify the Exchange against any liability, cost or expense the Exchange may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the clearing members all margin monies held for the account of each with respect to the contracts involved.

242110. DISCLAIMER

PetroChem Wire, LLC ("PCW") licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various PCW price assessments in connection with the trading and/or clearing of the contract.

NYMEX, ITS AFFILIATES AND PCW MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE PRICE ASSESSMENT, TRADING AND/OR CLEARING BASED ON THE PRICE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING AND/OR CLEARING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX, ITS AFFILIATES AND PCW 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 PRICE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PCW 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.