



## Special Executive Report

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**DATE:** August 5, 2016  
**SER#:** 7685  
**SUBJECT:** Amendments to the Tanker Freight Route TD3 (Baltic) Futures Contract

Effective Sunday, August 21, 2016, for trade date Monday, August 22, 2016, and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) will amend the Freight Route TD3 (Baltic) Futures contract (the “Contract”).

Product Title	NYMEX Rulebook Chapter	CME Globex and CME ClearPort Code	Current Listing Schedule	Amended Listing Schedule (as of August 22, 2016)
Freight Route TD3 (Baltic) Futures	684	TL	Monthly contracts listed through and including December 2017	Monthly contracts listed for the current year plus next two calendar years

Specifically, the Exchange will (1) commence listing new contract months as noted above and (2) amend the Floating Price rule commencing with the January 2018 contract month and beyond.

By way of background, on December 21, 2015, NYMEX delisted the previously-listed contract months for the Freight Route TD3 (Baltic) Futures contract (Code: TL). The Baltic Exchange intended to introduce an equivalent route, to be named TD3C, and advised the market that derivatives trades with expiries of January 2018 and later should be based on the new TD3C route.

The TD3C route is assessed by the same existing panelists for TD3. The main change is that the assessment will be for ports of discharge in China instead of Japan, along with cargo size, laydays and commissions. The TD3C route is intended to reflect the significant increase in imports into China and the increased importance of the destination ports in China.

To facilitate the migration from TD3 to TD3C, the Baltic Exchange commenced live reporting of the TD3C on April 4, 2016. The forward curve for TD3 from April 4, 2016 will be on a combined basis. For FFA settlement dates up to December 2017 it will be basis the existing TD3 contract (Japan discharge) and for FFA settlement dates after January 2, 2018 it will utilize the new TD3C contract (China discharge). The Baltic Exchange will cease publishing the spot rate for TD3 on December 22, 2017, and all settlements after January 2, 2018 will be basis the TD3C contract. Forward curves for TD3 (Japan discharge) will not be published beyond December 2017. From January 2, 2018, the Baltic will publish a spot rate for TD3C only, and will only publish the forward curves for TD3C.

The method of transition applied by the Baltic Exchange enables NYMEX to list the new contract months referencing the TD3C starting from the January 2018 contract month and beyond, as an extension of the current TL futures.

For additional information, please contact:

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