



Special Executive Report

DATE: December 22, 2016
SER#: 7823
SUBJECT: Amendments to the NY Harbor ULSD Futures and RBOB Gasoline Futures Contracts

Effective Sunday, January 8, 2017 for trade date Monday, January 9, 2017 and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") will amend NY Harbor ULSD Futures (Rulebook Chapter 150; Commodity Code: HO) and the RBOB Gasoline Futures (Rulebook Chapter 191; Commodity Code: RB) contracts.

Specifically, the Exchange is amending the delivery rules related to tanker delivery in order to further align the Exchange's rules with internal delivery recordkeeping procedures and correcting the spelling of the Norton Point within the rules. In addition, the Exchange is deleting language regarding obsolete references to heating oil specifications from Rule 150101.

The rule amendments are provided below in blackline format.

NYMEX Rulebook

(additions are underscored; deletions are ~~struck through~~)

Chapter 150 NY Harbor ULSD Futures

150101. CONTRACT SPECIFICATIONS

The term "ASTM" refers to the American Society for Testing Materials.

~~150101.A Grade and Quality Specifications through April 2013 Contract Month - No. 2 Heating Oil~~

~~The oil shall be a hydrocarbon oil free from alkali, mineral acid, grit, fibrous or other foreign matter and shall meet the following physical and chemical properties.~~

~~The term "API" refers to the American Petroleum Institute.~~

~~The term "DuPont" refers to Petroleum Chemical Division, E.I. DuPont de Nemours & Company (Inc.), Petroleum Laboratory Test Methods.~~

- ~~1. Gravity: API 30 degrees Fahrenheit minimum (ASTM Test Method D-287)~~
- ~~2. Flash: 130 degrees Fahrenheit minimum (ASTM Test Method D-93)~~
- ~~3. Viscosity: Kinematic, Centistokes at 100 degrees Fahrenheit, minimum 2.0, maximum 3.6 (ASTM Test Method D-445)~~
- ~~4. Water and Sediment: .05% maximum (ASTM Test Method D-1796 or D-2709)~~

- ~~5. Pour Point: 0 degrees Fahrenheit maximum for contract months September through March; 10 degrees Fahrenheit maximum for contract months April through August, (ASTM Test Method D-97)~~
- ~~6. Distillation: 10% Point, 480 degrees Fahrenheit maximum; 90% Point, 640 degrees Fahrenheit maximum, End Point 690 degrees Fahrenheit maximum (ASTM Test Method D-86)~~
- ~~7. Sulfur: 0.20% maximum (ASTM Test Method D-129, D-1552, D-1266, D-2622 or D-4294)~~
- ~~8. Stability: (i) Thermal Stability: 90 minutes 300 degrees Fahrenheit Pad rating 7 maximum (DuPont Test Method); or (ii) Oxidation Stability: mg/100ml., 2.5 maximum (ASTM Test Method D-2274);~~
- ~~9. Haze Rating: 25 degrees Celsius (77 degrees Fahrenheit), Procedure 2, 2 maximum (ASTM Test Method D-4176);~~
- ~~10. Carbon Residue: Weight% on 10% Bottom, 0.35 maximum (ASTM Test Method D-524 or D-4530);~~
- ~~11. Ash: 0.01 wt. % maximum (ASTM Test Method D-482);~~
- ~~12. Corrosion: 3 hours 50 degrees Celsius (122 degrees Fahrenheit), 1 maximum (ASTM Test Method D-130).~~
- ~~13. Cloud Point: 15 degrees Fahrenheit maximum for contract months September through March; 20 degrees Fahrenheit maximum for contract months April through August. (ASTM Test Method D-2500)~~
- ~~14. Dye: All heating oil delivered against this contract, regardless of sulfur content, shall be dyed in satisfaction of the dyeing requirements as prescribed by the Internal Revenue Service (IRS) for tax-free sales or uses of diesel fuel (using the Petro Spec dye analyzer or the IRS Test Method), pursuant to Section 4082 of the Internal Revenue Code of 1986, as amended.~~

~~150101.B. Grade and Quality Specification Effective with the May 2013 Contract Month and Beyond – Ultra Low Sulfur Diesel (“ULSD”)~~

~~The oil delivered shall be a pure hydrocarbon oil free from renewable fuel, biodiesel, alkali, mineral acid, grit, fibrous or other foreign matter, meeting the "Delivery" specifications of the Colonial Pipeline's Fungible Grade 62 for Ultra Low Sulfur Diesel, and being properly designated for sale in New York Harbor in accordance with U.S. Environmental Protection Agency (EPA) regulations. Delivery test results may vary by the smaller of ASTM reproducibility for a given test or any test tolerance as allowed for downstream parties by state or EPA regulations at the point of delivery. The ULSD delivered shall fully comply with specifications of the Colonial Pipeline Fungible Grade 62 for on-road ULSD, including the requirement that the on-road diesel fuel must contain no renewable diesel or biodiesel.~~

150105. DELIVERY

Delivery shall be made free-on-board (“F.O.B.”) seller's ex-shore facility in New York Harbor with all duties, entitlements, taxes, fees and other charges imposed prior to, or as a result of, delivery paid by the seller. Delivery shall be made in accordance

with applicable Federal, State and local laws. Buyer shall reimburse seller for any heating oil tax as had been or will be paid by the seller. At buyer's option, such delivery shall be made by any of the following methods:

1. By delivery into buyer's barge;
2. **By delivery into buyer's tanker, if buyer can take delivery in such manner at the facility used by seller;**
- ~~3.~~ 2. By delivery into buyer's tanker or pipeline, if buyer can take delivery in such manner at the facility used by seller;
- ~~4.~~ 3. By stock transfer of title to the buyer; if the facility used by seller allows such transfer;
- ~~5.~~ 4. By book transfer if the seller agrees to such transfer;
- ~~6.~~ 5. By intra-facility transfer ("pump-over"), if the facility used by seller allows such transfer; or
- ~~7.~~ 6. By inter-facility transfer ("pump-over"), if both facilities used by seller and buyer allow such transfer.

For purposes of these rules, any seller delivering an aggregate of twenty-five (25) contracts or less in a delivery month, shall deliver all such contracts into the same facility.

On-road ULSD Designation: At the time of delivery, the seller shall provide the buyer a Product Transfer Document, and shall make available to the Exchange such documentation and any additional information as may be required by the Exchange upon request, including documentation that will verify tracking of the product from receipt at origin to seller's facility.

For the purpose of these rules, New York Harbor shall extend from the East River west of Hunts Point; Gowanus Bay west of the Hamilton Avenue Bridge; the Hudson River south of the George Washington Bridge; the Upper Bay; the Narrows; the Lower Bay west of ~~N~~Morton Point; the Newark Bay; the Hackensack River south of the Witt-Penn Bridge; the Passaic River south of the Pulaski Skyway Bridge; the Kill Van Kull; the Arthur Kill and the Raritan River east of the Garden State Parkway Bridge.

Chapter 191 RBOB Gasoline Futures

191105. DELIVERY

Delivery shall be made free-on-board ("F.O.B.") sellers ex-shore facility in New York Harbor with all duties, entitlements, taxes, fees and other charges imposed prior to, or as a result of, delivery paid by the seller. Delivery shall be made in accordance with applicable Federal, State and local laws. Delivery shall comply with all State laws related to oxygen content. Buyer shall reimburse seller for any gasoline tax as had been or will be paid by the seller. At buyer's option, such delivery shall be made by any of the following methods:

1. By delivery into buyer's barge;

2. By delivery into buyer's tanker, if buyer can take delivery in such manner at the facility used by seller;

3. ~~2.~~ By delivery into buyer's tanker or pipeline, if buyer can take delivery in such manner at the facility used by seller;

4. ~~3.~~ By stock transfer of title to the buyer; if the facility used by seller allows such transfer;

5. ~~4.~~ By book transfer if the seller agrees to such transfer;

6. ~~5.~~ By intra-facility transfer ("pump-over"), if the facility used by seller allows such transfer; or

7. ~~6.~~ By inter-facility transfer ("pump-over"), if both facilities used by seller and buyer allow such transfer.

RBOB Designation: At the time of the delivery, the seller shall provide the buyer, with a copy to the seller's clearing member, a Product Transfer Document prepared in accordance with EPA regulations.

For purposes of these rules, any seller delivering an aggregate of twenty-five (25) contracts or less in a delivery month, shall deliver all such contracts into the same facility.

For the purpose of these rules, New York Harbor shall extend from the East River west of Hunts Point; Gowanus Bay west of the Hamilton Avenue Bridge; the Hudson River south of George Washington Bridge; the Upper Bay; the Narrows; the Lower Bay west of ~~NY~~ Morton Point; the Newark Bay; the Hackensack River south of the Witt-Penn Bridge; the Passaic River south of the Pulaski Skyway Bridge; the Kill Van Kull; the Arthur Kill and the Raritan River east of the Garden State Parkway Bridge.

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