



## Special Executive Report

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**DATE:** July 21, 2017

**SER#:** 7955

**SUBJECT: Amendments to Canadian Heavy Crude Oil Index (Net Energy) Average Price Option Contract**

Effective Sunday, August 6, 2017 for trade date Monday, August 7, 2017, and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) will amend the Canadian Heavy Crude Oil Index (Net Energy) Average Price Option contract (the “Contract”) as noted in the table below effective with the September 2017 contract month and beyond (collectively, the “Rule Amendments”).

<b>Contract Title/Rulebook Chapter/Commodity Code</b>	<b>Amended Contract Title as of August 7, 2017/Rulebook Chapter/Commodity Code</b>	<b>Current Underlying Futures Contract/Rulebook Chapter/Rulebook Chapter/Commodity Code</b>	<b>Underlying Futures Contract as of August 7, 2017/Rulebook Chapter/Commodity Code</b>
Canadian Heavy Crude Oil Index (Net Energy) Average Price Option/1151/WCI	Western Canadian Select Oil (Net Energy) Monthly Index Average Price Option/1151/WCI	Canadian Heavy Crude Oil Index (Net Energy) Futures/WCC/263	Western Canadian Select Oil (Net Energy) Monthly Index Futures/WCW/982

Based on feedback and validation by market participants, the Rule Amendments are being implemented as the supporting market has shifted to a monthly average settlement contract. The current underlying Canadian Heavy Crude Oil Index (Net Energy) Futures contract is based on a daily average settlement price. The proposed Western Canadian Select Oil (Net Energy) Monthly Index Futures contract is based on a monthly average settlement price which will more accurately represent the current market pricing.

The Contract is available for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort. There is currently no open interest in the Contract.

Amendments to NYMEX Rulebook Chapter 1151 are provided in Appendix A with additions underscored and deletions struckthrough.

Please refer questions on this subject to:

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## Appendix A

### Chapter 1151

#### Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Average Price Option

#### **1151100. SCOPE OF CHAPTER**

This chapter is limited in application to put and call options on Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) contract. In addition to the rules of this chapter, transactions in options on Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) shall be subject to the general rules of the Exchange insofar as applicable.

#### **1151101. OPTION CHARACTERISTICS**

The number of months open for trading at a given time shall be determined by the Exchange.

##### **1151101.A. Trading Schedule**

The hours of trading for this contract shall be determined by the Exchange.

##### **1151101.B. Trading Unit**

The Call Option traded on the Exchange represents the differential between the final settlement price of the underlying Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) contract less the strike price, or zero whichever is greater, multiplied by 1,000 barrels. A Put Option represents the differential between the strike price and the final settlement price of the underlying Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) contract, or zero, whichever is greater, multiplied by 1,000 barrels.

##### **1151101.C. Price Increments**

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.001 per barrel. The minimum price increment will be \$0.001.

##### **1151101.D. Position Limits and Position Accountability**

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) contract. Each position in the contract will be calculated as a single position in the Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) contract.

For purposes of position limits and position accountability levels, contracts shall diminish ratably as the contract month progresses toward month end.

In accordance with Rule 559, no person shall own or control positions in excess of 1,000 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 20,000 futures-equivalent contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 10,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

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

##### **1151101.E. Termination of Trading**

The option contract shall expire along with the underlying Western Canadian Heavy Crude Select Oil Index (Net Energy) Monthly Index Futures (WCC) (WCW) contract. Trading of the underlying futures ceases one Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The NOS date occurs on or about the 20th calendar day of the month, subject to confirmation by Enbridge Pipeline. The official schedule for the NOS dates will be made publicly available by Enbridge Pipeline prior to the start of each year, and will be posted on the Exchange website as part of the termination schedule.

##### **1151101.F. Type Option**

The option is a European-style option which can be exercised only on the expiration day.

**1151102.      EXERCISE PRICES AND CHARACTERISTICS**

Transactions shall be conducted for option contracts as set forth in Rule 300.20.

**1151103.      DISCLAIMER**

Net Energy licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various Net Energy price assessments in connection with the trading of the contracts.

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