



Special Executive Report

DATE: December 15, 2017
SER#: 8065
SUBJECT: Amendments to Four (4) European Physically-Delivered Natural Gas Futures Contracts

Effective January 1, 2018, and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") will amend four (4) European physically-delivered natural gas futures contracts (the "Contracts") as provided in the table below.

Contract Title	Commodity Code	Rulebook Chapter
UK NBP Natural Gas Calendar Month Futures	UKG	1157
UK NBP Natural Gas Daily Futures	NBD	1158
Dutch TTF Natural Gas Calendar Month Futures	TTF	1159
Dutch TTF Natural Gas Daily Futures	TTD	1160

Specifically, the Exchange is amending the language in the Value Added Tax ("VAT") rule of the Contracts in an effort to provide market participants enhanced clarity regarding the applicable VAT treatment of the Contracts. The amendments are set forth in blackline format in Appendix A.

Please refer questions on this subject to:

Henrik Hasselknippe
Richard Stevens

henrik.hasselknippe@cmegroup.com
richard.stevens@cmegroup.com

+44 20 3379 3735
+44 20 3379 3790

Appendix A
NYMEX Rulebook

(additions underlined; deletions ~~overstruck~~)

Chapter 1157
UK NBP Natural Gas Calendar Month Futures

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1157109. VAT

While contract prices shall be exclusive of any taxes or duties, should Value Added Tax (VAT) be payable on UK NBP Natural Gas Calendar Month Futures, the relevant buyer shall be responsible for ensuring that it accounts for such VAT to the relevant tax authority under the reverse charge procedure where applicable, provided that the Clearing House issues it with a valid VAT invoice for the purchase. Where VAT is due and payable and the reverse charge procedure does not apply, the buyer must make payment of such VAT to the Clearing House as seller at the same time as the payment of the purchase price and the Clearing House shall issue it with a valid VAT invoice for the purchase.

Where the reverse charge procedure applies, the Clearing Member warrants and represents that the relevant buyer has a valid VAT registration and will account for any applicable VAT to the relevant tax authority under the reverse charge procedure. Clearing Members must ensure that the buyer of natural gas provides the Clearing House with its valid VAT registration details prior to entry into any UK NBP Natural Gas Calendar Month Futures Contract, and the Clearing Member is deemed to represent and warrant that the information it has provided with respect to the buyer under this Rule is complete and accurate each time a contract is entered into.

Where the reverse charge procedure does not apply, the Clearing Member must notify the Clearing House prior to the entry into any UK NBP Natural Gas Calendar Month Futures contract and the Clearing Member shall provide such information reasonably requested by the Clearing House for the purposes of accounting for any applicable VAT to a tax authority. The Clearing Member agrees to indemnify the Clearing House in respect of any VAT, interest, penalties and associated costs of the Clearing House in the event that the Clearing House does not receive any applicable VAT from the relevant buyer when due under this rule.

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The remainder of the rule is unchanged.

Chapter 1158
UK NBP Natural Gas Daily Futures

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1158109. VAT

While contract prices shall be exclusive of any taxes or duties, should Value Added Tax (VAT) be payable on UK NBP Natural Gas Daily Futures, the relevant buyer shall be responsible for ensuring that it accounts for such VAT to the relevant tax authority under the reverse charge procedure where applicable, provided that the Clearing House issues it with a valid VAT invoice for the purchase. Where VAT is due and payable and the reverse charge procedure does not apply, the buyer must make payment of such VAT to the Clearing House as seller at the same time as the payment of the purchase price and the Clearing House shall issue it with a valid VAT invoice for the purchase.

Where the reverse charge procedure applies, the Clearing Member warrants and represents that the relevant buyer has a valid VAT registration and will account for any applicable VAT to the relevant tax authority under the reverse charge procedure. Clearing Members must ensure that the buyer of natural gas provides the Clearing House with its valid VAT registration details prior to entry into any UK NBP Natural Gas Daily Futures Contract, and the Clearing Member is deemed to represent and warrant that the information it has provided with respect to the buyer under this Rule is complete and accurate each time a contract is entered into.

Where the reverse charge procedure does not apply, the Clearing Member must notify the Clearing House prior to the entry into any UK NBP Natural Gas Daily Futures contract and the Clearing Member shall provide such information reasonably requested by the Clearing House for the purposes of accounting for any applicable VAT to a tax authority. The Clearing Member agrees to indemnify the Clearing House in respect of any VAT, interest, penalties and associated costs of the Clearing House in the event that the Clearing House does not receive any applicable VAT from the relevant buyer when due under this rule.

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The remainder of the rule is unchanged.

Chapter 1159

Dutch TTF Natural Gas Calendar Month Futures

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1159109. VAT

While contract prices shall be exclusive of any taxes or duties, should Value Added Tax (VAT) be payable on Dutch TTF Natural Gas Calendar Month Futures, the relevant buyer shall be responsible for ensuring that it accounts for such VAT to the relevant tax authority under the reverse charge procedure where applicable, provided that the Clearing House issues it with a valid VAT invoice for the purchase. Where VAT is due and payable and the reverse charge procedure does not apply, including where VAT must be declared by the buyer under the rules for the place of supply for natural gas delivered within networks, the buyer must make payment of such VAT to the Clearing House as seller at the same time as the payment of the purchase price and the Clearing House shall issue it with a valid VAT invoice for the purchase.

Where the reverse charge procedure applies, the Clearing Member warrants and represents that the relevant buyer has a valid VAT registration and will account for any applicable VAT to the relevant tax authority under the reverse charge procedure. Clearing Members must ensure that the buyer of natural gas provides the Clearing House with its valid VAT registration details prior to entry into any Dutch TTF Natural Gas Calendar Month Futures Contract, and the Clearing Member is deemed to represent and warrant that the information it has provided with respect to the buyer under this Rule is complete and accurate each time a contract is entered into.

Where

(a) the reverse charge procedure is not applicable; or

(b) the relevant buyer under a Dutch TTF Natural Gas Calendar Month Futures contract:

- (i) is not domiciled and has no VAT registration within the Netherlands; and
- (ii) is not a “trader” within the meaning of the rules for the place of supply for natural gas delivered within networks; and
- (iii) uses Dutch TTF Natural Gas within the Netherlands.

the Clearing Member must notify the Clearing House prior to entry into any Dutch TTF Natural Gas Calendar Month Futures contract and the Clearing Member shall provide such information reasonably requested by the Clearing House for the purposes of accounting for any applicable VAT to a tax authority. The Clearing Member agrees to indemnify the Clearing House in respect of any VAT, interest, penalties and associated costs of the Clearing House in the event that the Clearing House does not receive any applicable VAT from the relevant buyer when due under this rule.

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The remainder of the rule is unchanged.

Chapter 1160

Dutch TTF Natural Gas Daily Futures

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1160109. VAT

While contract prices shall be exclusive of any taxes or duties, should Value Added Tax (VAT) be payable on Dutch TTF Natural Gas Daily Futures, the relevant buyer shall be responsible for ensuring that it accounts for such VAT to the relevant tax authority under the reverse charge procedure where applicable, provided that the Clearing House issues it with a valid VAT invoice for the purchase. Where VAT is due and payable and the reverse charge procedure does not apply, including where VAT must be declared by the buyer under the rules for the place of supply for natural gas delivered within networks, the buyer must make payment of such VAT to the Clearing House as seller at the same time as the payment of the purchase price and the Clearing House shall issue it with a valid VAT invoice for the purchase.

Where the reverse charge procedure applies, the Clearing Member warrants and represents that the relevant buyer has a valid VAT registration and will account for any applicable VAT to the relevant tax authority under the reverse charge procedure. Clearing Members must ensure that the buyer of natural gas provides the Clearing House with its valid VAT registration details prior to entry into any Dutch TTF Natural Gas Daily Futures Contract, and the Clearing Member is deemed to represent and warrant that the information it has provided with respect to the buyer under this Rule is complete and accurate each time a contract is entered into.

Where

(a) the reverse charge procedure is not applicable; or

(b) the relevant buyer under a Dutch TTF Natural Gas Daily Futures contract:

- (i) is not domiciled and has no VAT registration within the Netherlands; and
- (ii) is not a “trader” within the meaning of the rules for the place of supply for natural gas delivered within networks; and
- (iii) uses Dutch TTF Natural Gas within the Netherlands.

the Clearing Member must notify the Clearing House prior to entry into any Dutch TTF Natural Gas Daily Futures contract and the Clearing Member shall provide such information reasonably requested by the Clearing House for the purposes of accounting for any applicable VAT to a tax authority. The Clearing Member agrees to indemnify the Clearing House in respect of any VAT, interest, penalties

and associated costs of the Clearing House in the event that the Clearing House does not receive any applicable VAT from the relevant buyer when due under this rule.

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The remainder of the rule is unchanged.