



Special Executive Report

DATE: September 6, 2019

SER#: 8426

SUBJECT: **Administrative Amendments to the Freight Futures and Option Contracts**

Effective Sunday, September 22, 2019 for trade date Monday September 23, 2019 and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") will implement non-substantive amendments to its freight futures and option contracts (the "Rule Amendments").

The Rule Amendments to the thirty-three (33) freight futures contracts listed in Appendix A below are intended to: (i) clarify the termination date for December contract months, (ii) clarify the reference period used to determine the floating price, (iii) clearly define the floating price of the Contracts to more appropriately reflect the calculation methodology for the establishment of the final settlement price, and (iv) harmonize the rulebook language with to reflect NYMEX's most current format of product rulebook chapters.

The amendments to the five (5) freight futures and options contracts in table directly below are exclusively to harmonize the rulebook language to reflect NYMEX's most current format of product rulebook chapters.

| Contract Title | Commodity Code | Rulebook Chapter |
|--|----------------|------------------|
| Freight Route TC12 (Baltic) Futures | FRS | 522 |
| Freight Route TD22 (Baltic) Futures | ACB | 675 |
| Freight Route Liquid Petroleum Gas (Baltic) Average Price Option | FLO | 681 |
| Freight Route TD7 (Baltic) Futures | TK | 686 |
| Freight Route TC2 (Baltic) Average Price Option | TCW | 947 |
| Freight Route TC5 (Platts) Average Price Option | TCF | 948 |
| Freight Route TD3C (Baltic) Average Price Option | TDT | 949 |

The Rule Amendments are intended to provide clarity and uniformity and will not alter the Exchange's existing practice of determining the floating price.

For freight futures or options contract utilizing assessments which are quoted in percentage of Worldscale, the Exchange multiplies this value by the fixed rate for the route that is specified by the Worldscale Association. The Worldscale fixed rate used in this process reflects the route definition. For the routes that are defined by the Baltic Exchange, the Worldscale fixed rate reflecting this route definition is used. Therefore, for example, in respect of the Freight Route TC5 (Platts) Futures Contract (commodity code TH, rulebook chapter 682), the Freight Route TD3C (Platts) Futures Contract (commodity code TD3, rulebook chapter 871), and associated balance-of-month and options contracts, the final settlement price follows established market convention and reflect the route definition established by the Baltic Exchange. By agreement with Worldscale Association, CME Group does not publish the Worldscale fixed rate values used in final settlement price calculations.

For additional clarity, it is important to note that the eight (8) freight futures and option contracts in table directly below do not follow the pricing process described above. The final settlement price for these contracts is and will continue to be established according to the description in the table below.

| Contract Title | Commodity Code | Rulebook Chapter | Calculation for Final Settlement Price |
|---|----------------|------------------|--|
| Freight Route TD22 (Baltic) Futures | ACB | 675 | Lumpsum freight price assessment published by Baltic Exchange, converted to a US dollar per metric ton value based on the reference vessel size (currently 270,000 metric tons). |
| USGC to China (Platts) Dirty Freight Futures | USC | 677 | USD per metric ton price for the reference route published by Platts |
| USGC to UK Continent (Platts) Dirty Freight Futures | USE | 678 | USD per metric ton price for the reference route published by Platts |
| Freight Route Liquid Petroleum Gas (Baltic) Futures | FLP | 679 | USD per metric ton price for the reference route published by Baltic Exchange |
| Freight Route Liquid Petroleum Gas (Baltic) Average Price Options | FLO | 681 | USD per metric ton price for the reference route published by Baltic Exchange |
| Freight Route Liquid Petroleum Gas (Baltic) BALMO Futures | FLB | 877 | USD per metric ton price for the reference route published by Baltic Exchange |
| Freight Route TC15 (Baltic) BALMO Futures | T5B | 884 | USD per metric ton price for the reference route published by Baltic Exchange |
| Freight Route TC15 (Baltic) Futures | T5C | 946 | USD per metric ton price for the reference route published by Baltic Exchange |

The Rule Amendments may be viewed [HERE](#) with additions underscored and deletions ~~struck through~~.

For further information contact:

Nicolas Dupuis
 Joanna McMaster
 Paul Wightman

Nicolas.Dupuis@cme.com
Joanna.McMaster@cme.com
Paul.Wightman@cme.com

+65 6 593 5521
 +44 203 379 3837
 +44 203 379 3134

Appendix A

| Contract Title | Commodity Code | Rulebook Chapter |
|--|-----------------------|-------------------------|
| Freight Route TC12 (Baltic) Futures | FRS | 522 |
| Freight Route Liquid Petroleum Gas (Baltic) Futures | FLB | 679 |
| Freight Route TC5 (Platts) Futures | TH | 682 |
| Freight Route TC2 (Baltic) Futures | TM | 683 |
| Freight Route TD3C (Baltic) Futures | TL | 684 |
| Freight Route TD7 (Baltic) Futures | TK | 686 |
| Freight Route TD3C (Platts) Futures | TD3 | 871 |
| Freight Route TD3C (Platts) BALMO Futures | T3B | 872 |
| Freight Route Liquefied Petroleum Gas (Baltic) BALMO Futures | FLB | 877 |
| Freight Route TC2 (Baltic) BALMO Futures | TMB | 878 |
| Freight Route TC5 (Platts) BALMO Futures | THB | 879 |
| Freight Route TC6 (Baltic) BALMO Futures | T6B | 880 |
| Freight Route TC9 (Baltic) BALMO Futures | T9B | 881 |
| Freight Route TC12 (Baltic) BALMO Futures | TB2 | 882 |
| Freight Route TC14 (Baltic) BALMO Futures | T4B | 883 |
| Freight Route TC15 (Baltic) BALMO Futures | T5B | 884 |
| Freight Route TD3C (Baltic) BALMO Futures | TLB | 885 |
| Freight Route TD7 (Baltic) BALMO Futures | TKB | 886 |
| Freight Route TD8 (Baltic) BALMO Futures | T8B | 887 |
| Freight Route TD20 (Baltic) BALMO Futures | T2B | 888 |
| Mini Freight Route TC2 (Baltic) Daily Futures | TMD | 889 |
| Mini Freight Route TC14 (Baltic) Daily Futures | T4D | 890 |
| Mini Freight Route TD20 (Baltic) Daily Futures | T2M | 891 |
| Mini Freight Route TD3C (Baltic) Daily Futures | TLD | 892 |
| Freight Route TD8 (Baltic) Futures | TD8 | 943 |
| Freight Route TD20 (Baltic) Futures | T2D | 944 |
| Freight Route TC9 (Baltic) Futures | TC9 | 945 |
| Freight Route TC15 (Baltic) Futures | T5C | 946 |
| Freight Route TC2 (Baltic) Average Price Option | TCW | 947 |
| Freight Route TC5 (Platts) Average Price Option | TCF | 948 |
| Freight Route TD3C (Baltic) Average Price Option | TDT | 949 |
| Freight Route TC6 (Baltic) Futures | TC6 | 1053 |
| Freight Route TC14 (Baltic) Futures | FRC | 1103 |