



## Special Executive Report

---

**DATE:** January 31, 2020

**SER#:** 8533

**SUBJECT:** Amendments to the Floating Price Reference for Three (3) Crude Oil Spread Futures Contracts

Effective on trade date Friday, February 21, 2020, and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") will amend the floating price rule of the WTI Houston (Argus) vs. WTI Financial Futures; WTI Houston (Argus) vs. WTI BALMO Futures; and WTS (Argus) vs. WTI Financial Futures contracts (the "Contracts") as noted in the table below commencing with the February 2020 contract month and beyond.

Contract Title	Rulebook Chapter	CME Globex/ CME ClearPort Code
WTI Houston (Argus) vs. WTI Financial Futures	372	HIL
WTI Houston (Argus) vs. WTI BALMO Futures	384	HIB
WTS (Argus) vs. WTI Financial Futures	1143	WTA

Specifically, the Exchange will amend the contract specifications in Chapters 372 and 382 to clarify that the price for each contract month is equal to the arithmetic average of the WTI Houston (first month) weighted average price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month. In addition, the contract specifications in Chapter 1143 will be amended to clarify that the differential price for each contract month is equal to the arithmetic average of the WTS (first month) weighted average price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price.

As result, the Exchange is also amending the Position Limit, Position Accountability and Reportable Level Table located in the Interpretations and Special Notices Section of Chapter 5 ("Trading Qualifications and Practices") of the NYMEX Rulebook (the "Table") to change the spot-month aggregation assignment of the WTI leg of the spread for the WTI Houston (Argus) vs. WTI Financial Futures and WTI Houston (Argus) vs. WTI BALMO Futures contracts. In addition, the spot-month aggregation assignment for the associated WTI Houston (Argus) vs. WTI Calendar Month Average Price Option will also be amended (collectively, the Rule Amendments).

NYMEX is implementing the Rule Amendments at the request of the marketplace. The Rule Amendments will conform the Contracts with the standard pricing methodology used by market participants to hedge their physical transactions.

The Exchange has contacted all open interest holders and has obtained written unanimous consent to proceed with the Rule Amendments as proposed.

Exhibit A below provides the rulebook amendments with additions underscored and deletions ~~struck through~~.

Please refer questions on this subject to:

Daniel Brusstar  
Russell Karas

[Daniel.Brusstar@cmegroup.com](mailto:Daniel.Brusstar@cmegroup.com)  
[Russell.Karas@cmegroup.com](mailto:Russell.Karas@cmegroup.com)

212.299.2604  
212.299.2345

## **EXHIBIT A** **NYMEX RULEBOOK**

(**bold/underline** indicates addition; ~~strikethrough~~ indicates deletion)

### **Chapter 372** **WTI Houston (Argus) vs. WTI Financial Futures**

#### **372100. SCOPE OF CHAPTER**

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

#### **372101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the arithmetic average of the WTI Houston (1st month) ~~differential~~ weighted average (~~Diff weighted average~~) index price from Argus Media, which is based on the weighted average index price of WTI Houston minus the **NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price** ~~"WTI Formula Basis" price from Argus Media~~ for each business day that both are determined during the contract month.

#### **372102. TRADING SPECIFICATIONS**

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

##### **372102.A. Trading Schedule**

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

##### **372102.B. Trading Unit**

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

##### **372102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

##### **372102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

##### **372102.E. Termination of Trading**

Trading shall cease on the last business day of the contract month.

#### **372103. FINAL SETTLEMENT**

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

#### **372104. DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

## Chapter 384

### WTI Houston (Argus) vs. WTI BALMO Futures

#### 384100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

#### 384101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the WTI Houston (1st month) ~~differential weighted average (Diff weighted average)~~ index price from Argus Media, ~~which is based on the weighted average index price of WTI Houston~~ minus the **NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price** ~~"WTI Formula Basis" price from Argus Media~~, from the selected start date through the end of the contract month, inclusive.

#### 384102. TRADING SPECIFICATIONS

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

##### **384102.A. Trading Schedule**

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

##### **384102.B. Trading Unit**

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

##### **384102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

##### **384102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

##### **384102.E. Termination of Trading**

Trading shall cease on the last business day of the contract month.

#### 384103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

#### 384104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

## **Chapter 1143**

### **WTS (Argus) vs. WTI Financial Futures**

#### **1143100. SCOPE OF CHAPTER**

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

#### **1143101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the arithmetic average of the WTS (1st month) ~~differential weighted average (Diff wtd avg) price from Argus Media, which is based on the weighted average floating price of WTS~~ minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

#### **1143102. TRADING SPECIFICATIONS**

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

##### **1143102.A. Trading Schedule**

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

##### **1143102.B. Trading Unit**

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

##### **1143102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

##### **1143102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

##### **1143102.E. Termination of Trading**

Trading shall cease at the close of trading on the last business day of the contract month.

#### **1143103. FINAL SETTLEMENT**

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

#### **1143104. DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.