



Special Executive Report

DATE: January 7, 2020

SER#: 8496R

SUBJECT: REMINDER: Amendments to the WTI Houston Crude Oil Futures Contract

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") will amend the WTI Houston Crude Oil Futures contract (the "Contract") (Rulebook Chapter 201; Commodity Code: HCL) effective Wednesday, January 22, 2020, commencing with the March 2020 contract month and beyond.

Specifically, the Exchange will amend the quality specifications related to sulfur and metals content of the Contract. Further, the Contract will be amended to add an additional delivery location to include Enterprise Crude Pipeline LLC's Moore Road terminal in Houston with a service fee paid by the buyer. In addition, the seller's service fee will be eliminated at Genoa Junction and Houston Ship Channel. Lastly, the Exchange is deleting language related to the "Scheduling Notice" in Rule 201105.B.2. (collectively, the "Rule Amendments").

The Rule Amendments to the quality specifications of the Contract will make minor revisions to the sulfur and metals content for WTI delivered in Houston, so that the quality standards will conform more closely to the existing WTI quality standards in place in the Houston market. The sulfur content will be changed from 0.275% or less, to 0.20% or less. Further, the metals content for nickel and vanadium will be amended to a combined maximum level of 3 parts per million (ppm) from the current maximum level of 4ppm for nickel and vanadium, separately. Enterprise Products Partners LP publishes weekly WTI quality data for sulfur and metals at its ECHO terminal in Houston at the following website:

<https://www.enterpriseproducts.com/customers/wti-crude-quality-echo>

Pursuant to the Rule Amendments, sellers will no longer pay a service fee to make delivery at Genoa Junction and Houston Ship Channel.

The Exchange has notified market participants and various open interest holders of the Rule Amendments. There were no substantive opposing views expressed relating to the Rule Amendments.

Exhibit A provides the proposed Rule Amendments in blackline format.

Please refer questions on this subject to:

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EXHIBIT A

NYMEX RULEBOOK

(**bold/underline** indicates addition; ~~strike through~~ indicates deletion)

(Effective January 22, 2020)

Chapter 201 **WTI Houston Crude Oil Futures**

201101. CONTRACT SPECIFICATIONS

The contract grade for delivery on futures contracts shall be "crude oil" which shall mean a mixture of hydrocarbons that exists in a liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Crude oil as used herein refers to the direct liquid hydrocarbon production from oil wells, or a blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as whole crude petroleum. For the purposes of this contract, condensates are excluded from the definition of crude petroleum.

WTI type light sweet crude oil meeting all of the following specifications and designations shall be deliverable in satisfaction of futures contract delivery obligations under this rule:

201101.A. Deliverable Crude Oil Streams

Blends of West Texas Intermediate ("WTI") type light sweet crude streams are deliverable if such blends constitute a designated "common stream" shipment which meets the quality specifications defined below. Enterprise Products Partners LP's (including any successor in such capacity, "Enterprise") common streams that meet quality specifications in Sections 201101.B.1.- ~~9. 40-~~ of this rule shall be deliverable as follows:

201101.B. Quality Specifications

1. Sulfur: **0.20%** ~~0.275%~~ or less by weight as determined by ASTM Standard D-4294, or its latest revision;
2. Gravity: Not less than 40 degrees American Petroleum Institute ("API"), nor more than 44 degrees API as determined by ASTM Standard D-287, or its latest revision;
3. Viscosity: Maximum 60 Saybolt Universal Seconds at 100 degrees Fahrenheit as measured by ASTM Standard D-445 and as calculated for Saybolt Seconds by ASTM Standard D-2161;
4. Reid vapor pressure: Less than 9.5 pounds per square inch at 100 degrees Fahrenheit, as determined by ASTM Standard D-5191-96, or its latest revision;
5. Basic Sediment, water and other impurities: Less than 1% as determined by ASTM D-96-88 or D-4007, or their latest revisions;
6. Pour Point: Not to exceed 50 degrees Fahrenheit as determined by ASTM Standard D-97;
7. Micro Method Carbon Residue: 2.40% or less by mass; as determined by ASTM Standard D4530-15, or its latest revision;
8. Total Acid Number (TAN): 0.28 mg KOH/g or less as determined by the first inflection point; using ASTM Standard D664-11a (2017), or its latest revision;
9. Nickel **+ Vanadium: Maximum 3** ~~-4~~ parts per million (ppm) **combined** ~~or less~~ by mass; as determined by ASTM Standard D5708-15, Test Method B, or its latest revision;
10. ~~Vanadium: 4 ppm or less by mass; as determined by ASTM Standard D5708-15, Test Method B, or its latest revision.~~

201104.

DELIVERY

Delivery shall be made free-on-board ("F.O.B.") at Enterprise Crude Pipeline LLC's ("ECPL") ECHO crude oil terminal ("ECHO") or ECPL's Genoa Junction crude oil terminal ("Genoa Junction") or Enterprise Houston Ship Channel LLC's marine terminal ("EHSC") or ECPL's Moore Road terminal ("Moore Road") in the Houston, Texas area. Delivery shall be made in accordance with all applicable Federal executive orders and all applicable Federal, State and local laws and regulations. The seller shall provide crude oil which is free from all liens, encumbrances, unpaid taxes, fees and other charges.

For the purposes of this rule, the term F.O.B. shall mean a delivery in which the seller: (1) provides WTI type light sweet crude oil ~~at ECHO, Genoa Junction or EHSC~~ at the point of connection between seller's incoming and buyer's outgoing pipeline or storage facility; and (2) seller retains title to, and bears the risk of loss for the crude oil to the point of delivery. Delivery at ECHO will be delivered at par to the final settlement price. Buyers ~~and sellers~~ that nominate to take ~~or make~~ delivery at EHSC, ~~or Genoa Junction, or Moore Road~~ shall be subject to a service fee as administered by Enterprise.

~~At buyer's option, the~~ The buyer and seller shall each nominate one of ~~three~~ the Enterprise facilities for ~~receipt~~ delivery of crude oil and at buyer's option such delivery shall be made by any of the following methods: (1) by interfacility transfer ("pumpover") into one of the ~~four~~ three designated Enterprise facilities; (2) by in-line (or in-system) transfer, or book-out of title to the buyer; or (3) if the seller agrees to such transfer and if the facility used by the seller allows for such transfer, without physical movement of product, by in-tank transfer of title to the buyer. Buyer retains title to, and bears the risk of loss for the crude oil at and from the point of delivery. The seller shall nominate ECHO, Genoa Junction, or EHSC for delivery of crude oil.

Buyers and sellers that take or make delivery at ECHO will be subject to no additional service fee by Enterprise. Buyers that take delivery at EHSC or Genoa Junction or Moore Road will be subject to an additional service fee by Enterprise, payable by the buyer. ~~Sellers that make delivery at EHSC or Genoa Junction will be subject to an additional service fee by Enterprise, payable by the seller. If both buyer and seller take and make deliveries at EHSC or Genoa Junction, both buyer and seller will be subject to an additional service fee by Enterprise, payable each by both buyer and seller.~~

201105.

DELIVERY PROCEDURES

201105.A. Responsibilities of Clearing Members Having Open Long Positions

1. Notice of Intention to Accept

Exchange clearing members having open long positions shall provide the Clearing House with a Notice of Intention to Accept delivery by 3:00 p.m. on the first business day after the final day of trading. The Notice of Intention to Accept must be in the form prescribed by the Exchange and must be properly completed and indicate the name(s) of the buyer(s), the number of contracts to be accepted, facility designated for receipt of crude oil and any additional information as may be required by the Exchange.

2. Delivery Instructions

On the first business day following Notice Day, the buyer's clearing member shall provide the seller's clearing member and the Exchange with properly completed Delivery Instructions in the form prescribed by the Exchange. Such Delivery Instructions must include the following information:

- a. Name of seller(s);
- b. Tender number;
- c. Name of one of ~~three~~ four Enterprise facilities designated for delivery;
- d. Number of contracts;
- e. Method of delivery, e.g., by interfacility transfer, in-line transfer, book-out, or in-tank transfer;
- f. Such additional information as may be required by the Exchange.

201105.B. Responsibilities of Clearing Members Having Open Short Positions

1. Notice of Intention to Deliver

Exchange clearing members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver by 3:00 p.m. on the first business day after the final day of trading. The Notice of Intention to Deliver must be in the form prescribed by the Exchange, and must be properly completed and indicate the name(s) of the seller(s) and the number of contracts to be delivered. The seller(s) shall designate ECHO, Genoa Junction, or EHSC ~~one of the three~~

~~Enterprise facilities~~ for delivery and shall also provide any additional information as may be required by the Exchange.

~~2. Scheduling Notice~~

~~As soon as possible following determination of scheduling, but no later than the last business day of the month preceding the delivery month, the seller's clearing member shall give the buyer's clearing member the scheduled delivery time.~~

201105.C. Amendment of Delivery Instructions

Notwithstanding the foregoing, at any time prior to the twenty-fifth calendar day of the month preceding the delivery month (if the twenty-fifth calendar day of the month is a non-business day, then at any time prior to the last business day preceding the twenty-fifth calendar day of the month preceding the delivery month), the buyer(s) and the seller(s) may, by mutual agreement, elect to change the delivery terms with respect to the method of delivery, the timing of delivery, and the designation of the buyer(s) and/or seller(s) delivery facility.

Any such changes must be made on the form prescribed by the Exchange. Any changes made with respect to the foregoing must be made in conformance with all contract requirements and specifications.

201105.D. Final Settlement Price

The final settlement price shall be the basis for delivery.

201105.E. Notice Day

The Clearing House shall allocate Delivery Notices and Notices of Intention to Accept by matching facility and size of positions to the extent possible. On the morning of the next business day, the Clearing House shall provide copies of the notices to the respective clearing members. The day on which the notices are provided to the clearing members shall be referred to as the Notice Day. The Notice Day shall be the second business day after the final day of trading.