

13-527

TO: Clearing Member Firms; Back Office Managers
FROM: CME Clearing
SUBJECT: NYMEX Brent Expiry Calendar Modification, Cash Adjustment Process,
and Dry Run Date

Product Listing Schedule Expansion

Last Trade Date Change

Effective Sunday, December 8, 2013 for trade date Monday, December 9, 2013, and pending all relevant CFTC regulatory review periods, please be advised that the New York Mercantile Exchange, Inc. (EXCHANGE) will amend the last trading day for the following products currently listed on CME Globex, Open Outcry and available for submission for clearing on CME ClearPort.

Summary

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") has been advised that ICE Futures Europe has confirmed changes to the specifications of its Brent crude oil futures contract. The most impactful change establishes a month-ahead expiry calendar for the futures contract. Since NYMEX references to the ICE contract for settling NYMEX Brent crude oil futures and options, NYMEX will make conforming amendments to all related NYMEX contracts listed on its markets, with effect from Friday, December 6, 2013 (all payments will be processed on Monday December 9 2013).

Amendments to NYMEX contract specifications vary depending on the particular NYMEX Brent contract. Amendments may include a revision of the contract's last trading day, a revision of the nature of the underlying reference price, or both. These amendments will likely result in a change to the valuation of each position. Pursuant to criteria outlined below, the Exchange intends to determine the impact on contract valuation on Friday, December 6, 2013. Holders of long and short positions will be required to make or take additional payments in order to neutralize the economic impact of the contract amendments. These additional payments will be processed on Monday, December 9, 2013

Set out below are contract amendments on a product by product basis.

Part A – NYMEX Futures Contracts with an Amended Last Trading Day

The contracts listed immediately below directly reference the ICE contract and have a specific single day expiry which mirrors the ICE expiry (or has a penultimate expiry to it). Since ICE has changed that single reference point, the NYMEX contracts listed below will have amended expiry dates which mirror the ICE expiry dates (or has a penultimate expiry to them).

These changes affect the following NYMEX contracts:

NYMEX Contract Name	Contract Code	NYMEX Rule Chapter
Brent Crude Oil Penultimate Financial Futures	BB	692
WTI-Brent Bullet Futures	BY	693
Brent Crude Oil Last Day Financial Futures	BZ	698
Micro Brent Crude Oil Penultimate Financial Futures	MBZ	1117

With effect from trade date Monday, December 9, 2013, contract months starting with and including March 2016 will have amended last trading day rules as follows:

For contract BZ, the last trading day will be the last UK business day of the second month preceding the contract month, except for the business day preceding New Year's Day, where trading shall cease on the second UK business day preceding New Year's Day.

For contracts BB, BY and MBZ, the last trading day will be the business day preceding the last UK business day of the second month preceding the contract month, except for the business day preceding New Year's Day, where trading shall cease on the third UK business day preceding New Year's Day.

For these contracts, contract valuations will be revised on the evening of Friday, December 6, 2013, by assessing the average December-December spread settlement price valuations for the ICE contract during the period Monday 2 December 2013 to Friday 6 December 2013 inclusive. The revision to the valuation of a specific contract will be based on the average spread of the preceding December contract and the following December contract. In the case of December contracts revisions will be based on the average spread of the preceding December contract and the December contract in question. Contract valuations will be revised by an amount equal to the relevant December-December spread divided by 48.

With a forward market trading in backwardation, as is currently the case, the contract amendments will result in an increase in the valuation of the affected contracts months of the outright futures BB, BZ and MBZ, and a decrease in the valuation of the spread contract BY.

Where a contract month is revalued higher, holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House. Where a contract month is revalued lower, holders of short positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of long positions will receive an additional payment from the CME Clearing House.

Part B – NYMEX Futures Contracts with No Change to Last Trading Day

These changes affect the following NYMEX contracts:

NYMEX Contract Name	Contract Code	NYMEX Rule Chapter
Brent Financial Futures	CY	696
Dated Brent (Platts) to Frontline Brent Futures	FY	695
WTI-Brent Financial Futures	BK	694
ICE Brent (Singapore Marker) vs. DME Oman Crude Oil Swap Futures	BSG	123
ICE Brent vs. DME Oman Crude Oil Swap Futures	DBO	126
Brent Crude Oil vs. Dubai Crude Oil (Platts) Futures	DB	697

Brent (Euro Denominated) Financial Futures	IBE	1055
Brent (Singapore Marker) Futures	IBS	1122
Singapore Mogas 92 Unleaded (Platts) Brent Crack Spread Futures	1NB	1085
Gasoline Euro-bob Oxy NWE Barges (Argus) Crack Spread Futures	7K	732
3.5% Fuel Oil Barges FOB Rdam (Platts) Crack Spread (1000mt) Futures	BOB	141
European Naphtha (Platts) Crack Spread Futures	EN	713
Argus Gasoline Eurobob Oxy Barges NWE Crack Spread (1000mt) Futures	EOB	146
1% Fuel Oil Cargoes FOB NWE (Platts) Crack Spread Futures	FI	727
3.5% Fuel Oil Cargoes FOB MED (Platts) Crack Spread Futures	FL	735
3.5% Fuel Oil Barges FOB Rdam (Platts) Crack Spread Futures	FO	726
1.0% Fuel Oil Cargoes FOB NWE (Platts) Crack Spread (1000mt) Futures	FVB	142
Gulf Coast No.6 Fuel Oil 3.0% (Platts) Brent Crack Spread Futures	GCI	1098
Gasoil 0.1% Cargoes CIF NWE (Platts) Crack Spread (1000mt) Futures	GEB	145
Gasoline 10 ppm FOB MED (Platts) Crack Spread Futures	GKS	1198
Gasoil 0.1% Barges FOB Rdam (Platts) Crack Spread (1000mt) Futures	GOB	144
Gasoil 50 ppm Barges FOB Rdam (Platts) Crack Spread (1000mt) Futures	GRC	998
NY Harbor ULSD Brent Crack Spread Futures	HOB	1097
Japan C&F Naphtha (Platts) Brent Crack Spread Futures	JB	580
Low Sulphur Gasoil Crack Spread Financial Futures	LSC	363
Naphtha Cargoes CIF NWE (Platts) Crack Spread (1000mt) Futures	NOB	148
RBOB Gasoline Brent Crack Spread Futures	RBB	1096
Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Futures	STR	1093

The NYMEX contracts listed immediately above represent a full calendar month exposure to Brent crude oil prices. The contracts reference the first listed delivery month of the Brent crude oil futures contract over the calendar month (except on the last trading day of the first listed month, when the second listed month will be referenced). The last trading day for these contracts will remain unchanged as the last business day of the contract month. Due to the change in the last trading day of the reference underlying Brent futures contracts, each of these calendar month contracts will reference a different mix of underlying contract month starting with the March, 2016 contract month. The number of reference days for each underlying contract month will also change.

For these contracts, contract valuations will be revised on the evening of Friday, December 6, 2013 to reflect the amended mix of underlying reference months for Brent crude oil, and the revised prices for these underlying reference months.

In the event a contract month is revalued higher, holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House. In the event a contract month is revalued lower, holders of short positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of long positions will receive an additional payment from the CME Clearing House.

Part C – Options Contracts with an Amended Last Trading Day

These changes affect the following NYMEX contracts:

Contract Name	Contract Code	NYMEX Rule Chapter
Brent Crude Oil Option	OS	376
Brent Crude Oil European Financial Option	BE	378
WTI-Brent Crude Oil Spread Option	BV	377
Brent Calendar Spread Option (One Month)	AA	394
Brent Calendar Spread Option (Two Month)	AB	394
Brent Calendar Spread Option (Three Month)	AC	394
Brent Calendar Spread Option (Six Month)	AM	394
Brent Calendar Spread Option (Twelve Month)	AZ	394
Brent Crude Oil Last Day Financial Calendar Spread Option (One Month)	9C	398
Brent Crude Oil Last Day Financial Calendar Spread Option (Two Month)	9B	398
Brent Crude Oil Last Day Financial Calendar Spread Option (Three Month)	9D	398
Brent Crude Oil Last Day Financial Calendar Spread Option (Six Month)	9L	398
Brent Crude Oil Last Day Financial Calendar Spread Option (Twelve Month)	9Y	398

With effect from trade date Monday, December 9, 2013, contract months starting with and including March 2016 will have amended last trading days. The last trading day for each of these contracts is set in relation to the underlying futures contract month. The timing of the last trading day relative to the underlying futures contract month will not change, but as the last trading day for the underlying contract month will be amended, the last trading day for the options contracts will be amended consequentially. No amendment will be made to option strike prices.

With regard to the NYMEX contracts listed immediately above, contract valuations will be revised on the evening of Friday December 6, 2013 using the Exchange's options pricing models. Option contract valuations will be assessed first using the pre-amendment last trading day and underlying price, and again using the post-amendment last trading day and underlying price. The difference in the option valuations in each of these scenarios will be the effective revision in the value of the option.

In the event an option contract is revalued higher, holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House. In the event an option contract is revalued lower, holders of short positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of long positions will receive an additional payment from the CME Clearing House.

Part D – NYMEX Option Contracts with No Change to Last Trading Day

These changes affect the following NYMEX contracts:

NYMEX Contract Name	Contract Code	NYMEX Rule Chapter
Brent Crude Oil Average Price Option	BA	379
European Gasoil Brent Crack Spread Average Price Option	3U	710A
Brent Option on Quarterly Futures Strip	BQP	827
Brent Option on Calendar Futures Strip	BPC	826

The NYMEX contracts listed immediately above have an underlying futures reference which represents a full calendar month exposure to Brent crude oil prices. The last trading day for these option contracts will remain unchanged, but the underlying futures contract months will have a revised valuation. No amendment will be made to option strike prices.

With regard to the NYMEX contracts listed immediately above, contract valuations will be revised on the evening of Friday, December 6, 2013 using the Exchange's options pricing models. Option contract valuations will be assessed first using the pre-amendment underlying price, and again using the post-amendment underlying price. The difference in the option valuations in each of these scenarios will be the effective revision in the value of the option.

In the event an option contract is revalued higher, holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House. In the event an option contract is revalued lower, holders of short positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of long positions will receive an additional payment from the CME Clearing House.

Part E – NYMEX Contracts Not Affected by the Changes

The terms and conditions of the following NYMEX contracts with an exposure to the ICE contract price will not be directly affected by the change.

NYMEX Contract Name	Contract Code	NYMEX Rule Chapter
Brent Crude Oil BALMO Futures	J9	481
Dated Brent (Platts) to Frontline Brent BALMO Futures	FE	831
European Naphtha (Platts) Crack Spread BALMO Futures	43	636
Gasoline Euro-bob Oxy NWE Barges (Argus) Crack Spread BALMO Futures	71	733
Argus Gasoline Eurobob Oxy Barges NWE Crack Spread (1000mt) BALMO Futures	AES	147
3.5% Fuel Oil Barges FOB Rdam (Platts) Crack Spread BALMO Futures	FCB	1204
3.5% Fuel Oil Cargoes FOB MED (Platts) Crack Spread BALMO Futures	FOA	1205
Naphtha Cargoes CIF NWE (Platts) Crack Spread (1000mt) BALMO Futures	NBB	149
Daily Brent Crude Oil Option	ODB	870
Singapore Fuel Oil 180 cst (Platts) Brent Crack Spread Futures	SFC	213
Gasoil Crack Spread (1000mt) Financial Futures	GOC	143

European Gasoil Brent Crack Spread Futures	GZ	710
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Cash Adjustment Process

CME Clearing will revalue all contracts affected by the change in the Brent Crude Expiry on Friday, December 6th 2013. Firms with open interest in any of the contracts will receive documentation of the adjustments in an excel file as shown below in Exhibit 1 on Saturday, December 7th. The file will include the value adjustment details for all contracts in which there is open interest for Customer and House positions. On Monday, December 9th, the cash adjustments will be made at the bank outside of the regular Clearing cycle via SWIFT.

In preparation for the changes, CME Clearing will perform a preliminary test on Friday, November 22nd. During the test, all contracts will be revalued, and any Clearing Firms with open interest in the affected products will receive support documentation detailing the cash adjustments that would have been required. Test results will be sent to impacted Clearing Firms by close of business on Monday, November 25th.

Changes to the expiration dates for those contracts affected will be available in the New Release environment for firm testing beginning on Thursday, November 21st.

Exhibit 1.

CMF	PA	Origin	CC	Period	Put/Call	Strike	Dec 6 Sttl	Dec 9 Sttl	Diff	CVF	Long	Short	Cash Adj
XXX	XXX	CUST	CY	201603			95.71	95.61	-0.1	1000	20	0	-2,000.00
XXX	XXX	CUST	CY	201604			95.37	95.29	-0.08	1000	20	0	-1,600.00
XXX	XXX	CUST	CY	201605			95.07	95	-0.07	1000	20	0	-1,400.00
XXX	XXX	CUST	CY	201606			94.78	94.71	-0.07	1000	20	0	-1,400.00
XXX	XXX	CUST	CY	201607			94.48	94.42	-0.06	1000	20	0	-1,200.00
XXX	XXX	CUST	CY	201608			94.21	94.13	-0.08	1000	20	0	-1,600.00
XXX	XXX	CUST	CY	201609			93.91	93.84	-0.07	1000	20	0	-1,400.00
XXX	XXX	CUST	CY	201610			93.61	93.55	-0.06	1000	20	0	-1,200.00
XXX	XXX	CUST	CY	201611			93.38	93.32	-0.06	1000	20	0	-1,200.00
XXX	XXX	CUST	CY	201612			93.17	93.1	-0.07	1000	20	0	-1,400.00
XXX	XXX	CUST	CY	201812			88.83	88.8	-0.03	1000	100	0	-3,000.00
XXX	XXX	CUST	CY	201912			87.52	87.51	-0.01	1000	0	100	1,000.00
												Total Adj	-16,400.00

CMF	PA	Origin	CC	Period	Put/Call	Strike	Dec 6 Sttl	Dec 9 Sttl	Diff	CVF	Long	Short	Cash Adj
XXX	XXX	HOUS	BZ	201712			91	91.05	0.05	1000	525	0	26,250.00
XXX	XXX	HOUS	CY	201603			95.71	95.61	-0.1	1000	0	3	300.00
XXX	XXX	HOUS	CY	201604			95.37	95.29	-0.08	1000	0	3	240.00
XXX	XXX	HOUS	CY	201605			95.07	95	-0.07	1000	0	3	210.00
XXX	XXX	HOUS	CY	201606			94.78	94.71	-0.07	1000	0	3	210.00
XXX	XXX	HOUS	CY	201607			94.48	94.42	-0.06	1000	0	3	180.00
XXX	XXX	HOUS	CY	201608			94.21	94.13	-0.08	1000	0	3	240.00

XXX	XXX	HOUS	CY	201609			93.91	93.84	-0.07	1000	0	3	210.00
XXX	XXX	HOUS	CY	201610			93.61	93.55	-0.06	1000	0	3	180.00
XXX	XXX	HOUS	CY	201611			93.38	93.32	-0.06	1000	0	3	180.00
XXX	XXX	HOUS	CY	201612			93.17	93.1	-0.07	1000	0	3	210.00
												Total Adj	28,410.00

Information Contacts		
CMEGroup.com Inquiries	Customer Service	(800) 331-3332
General Information	Products & Services	(312) 930-8213
Clearing Services	Clearing House	(312) 207-2525
Globex Information	Global Command Center	(312) 456-2391
Performance Bond Information	Risk Management Dept.	(312) 648-3888
Position Limits	Market Regulation	(312) 341-7970
Clearing Fees	Clearing Fee Hotline	(312) 648-5470

Should you have any questions regarding the cash adjustment process, please feel free to contact the following individuals.

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Jim Jones 312 930 3173
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Regards,
CME Clearing