

## Advisory Notice

Clearing House

NP 10-08

TO: Clearing Member Firms  
Back Office Managers  
Service Bureaus

FROM: CME Group NY Division Clearing

SUBJECT: **Launch of Dry Freight Futures**

DATE: May 18, 2010

Please be advised that beginning on Sunday, June 6, 2010 for trade date Monday, June 7, 2010, the New York Mercantile Exchange, Inc. NYMEX will list twelve (12) Dry Freight Futures contracts for trading on the NYMEX Floor, and for submission for clearing through CME ClearPort®. 4 products will be "full sized" monthly products, 4 will be mini (quarter-sized) monthly products, and 4 will be Balance-of-Month (BALMO) daily products.

The specifications for these products are attached and the product codes are described below:

<u>Product</u>	<u>Code</u>	<u>Listing Period</u>
Capesize Timecharter Average (Baltic) Swap Futures	CFU	Current year + following 4 years
Mini Capesize Timecharter Average (Baltic) Swap Futures	CSF	Current year + following 4 years
Capesize Timecharter Average (Baltic) BALMO Swap Futures	M0 (M zero)	1 month + following month listed 10 days prior to start of contract month
Panamax Timecharter Average (Baltic) Swap Futures	PFU	Current year + following 4 years
Mini Panamax Timecharter Average (Baltic) Swap Futures	F0 (F zero)	Current year + following 4 years
Panamax Timecharter Average (Baltic) BALMO Swap Futures	N0 (N zero)	1 month + following month listed 10 days prior to start of contract month
Supramax Timecharter Average (Baltic) Swap Futures	SFT	Current year + following 4 years
Mini Supramax Timecharter Average (Baltic) Swap Futures	G0 (G zero)	Current year + following 4 years
Supramax Timecharter Average (Baltic) BALMO Swap Futures	P0 (P zero)	1 month + following month listed 10 days prior to start of contract month
Handysize Timecharter Average (Baltic) Swap Futures	HFT	Current year + following 4 years
Mini Handysize Timecharter Average (Baltic) Swap Futures	H0 (H zero)	Current year + following 4 years
Handysize Timecharter Average (Baltic) BALMO Swap Futures	Q0 (Q zero)	1 month + following month listed 10 days prior to start of contract month

**Please Note:**

These products will have several unique attributes which are described below:

Product Unit of Measure:

The Product Unit of Measure for all of these products is a "Charter Day", representing the charter of the entire (class of) ship for a full day. The price is quoted in USD per charter day. For products CSF, F0, G0, and H0 the contract size will be  $\frac{1}{4}$  (one quarter) charter day, and hence these contracts have a contract value factor of 0.25. For all other products, the contract quantity will represent a full charter day (quantity = 1), and hence their contract value factor is 1.00.

Daily and Final Settlement Ticks:

The minimum trade price will be \$1.00, the daily settlement price increment will also be \$1.00, and the final settlement price increment will be \$0.01. So, these will trade to the dollar, have a daily settlement to the dollar, but have a final settlement to the cent. All trade and settlement prices will be portrayed with a decimal locator (DPL) of 2, including the daily SPAN file, and settlement price file. Prices are currently around \$60,000 per charter day, but have ranged over \$100,000 per day in the past. Please refer to the attached specifications for detailed price examples.

Termination of Trading:

For all new Dry Freight Futures, trading shall cease on the last business day of the settlement period in respect of the specific contract month. For December contract months, the settlement period shall be from the 1st calendar day of the month to the 24th calendar day of the month inclusive. For all other contract months (i.e. January to November inclusive), the settlement period shall be the full calendar month.

Balance of Month (BALMO) Contracts:

The Balance of Month Contracts are daily futures – i.e., they are identified by a contract period code specific to a date. For example, a contract with period code of 20100615. This is the June 15, 2010 contract, and represents the balance of month contract starting on June 15 and continuing through June 30, the last day of the month.

Please contact Rob Schroeder ([robert.schroeder@cmegroup.com](mailto:robert.schroeder@cmegroup.com), (212) 299-2755) or Paul Sacristan ([paul.sacristan@cmegroup.com](mailto:paul.sacristan@cmegroup.com), (212) 299-2678) if you have any technical questions regarding these products. For trading information, please call the Marketing hotline at (212) 299-2301.