

CME Auction: U.S. Crude Oil

CME Platforms Inc. and Enterprise Products Partners LP, a leading North American provider of midstream energy services, will collaborate to offer the first electronic auction of U.S. crude oil export cargoes, priced off of NYMEX WTI Houston (HCL) futures.

What is the CME Auction?

The electronic auction will provide a competitive and transparent venue for firms across the world to access U.S. crude oil. The initial focus will be on the crude infrastructure terminals in Houston, managed by Enterprise Products Partners. Buyers can efficiently hedge cargoes as the auction will be available through CME Direct.

- The auction floor price will be benchmarked against NYMEX WTI Houston (HCL) futures
- Two minute electronic auction, with ability to extend auction if a bid is placed within 15 seconds of the close. The time will continue to extend in 15 second increments if new bids are entered.
- Bids cannot be removed or lowered, only bettered
- All bids are anonymous
- Winner will have the option to choose quantity from a defined range provided by the Seller.
- Once matched, winner will work directly with seller on physical delivery and is subject to the seller's general terms & condition
- Final quantity submitted directly in the platform as soon as the auction is complete.

How to Access CME Auction?

Easily access CME Auctions through **CME Direct**.

Access via CME Direct

1. Complete user agreement cmegroup.com/cmeauction
2. Submit to EnergyAuction@cmegroup.com

CME Platforms Inc is a subsidiary of CME Group, which is home to the most liquid crude oil benchmark in the world, WTI (CL), and offers round-the-clock liquidity for traders in all regions. Available as a spread to WTI (CL), the growing WTI Houston (HCL) provides firms access to the most robust infrastructure network in Houston, leading to a broader, more transparent US Gulf Coast crude oil price.

Benchmark Options

WTI Options (Code: LO), the world's most widely traded options contract, has averaged 178,000 contracts traded each day so far in 2018, with 12% traded during non-U.S. hours.

Financial North American Crude Grade Spreads

WTI Houston (Code: HTT) and WTI Midland (Codes: WTT, FF) Argus contracts now have more than 320,000 lots of open interest combined.

Spread Options Contracts

WTI-Brent Arb Options (Code: BV) has averaged 238,000 lots of open interest each day throughout 2018.

Weekly Crude Oil Options

Weekly Crude Oil Options (Codes: LO1-LO5) average 3,000 contracts traded a day in 2018 YTD.

Why Enterprise Products Partners LP?

Enterprise Products Partners L.P. (NYSE: EPD) is one of the largest midstream energy companies in the world and a leading North American provider of services linking producers and consumers to a full range of hydrocarbon products, including crude oil. Assets include approximately 50,000 miles of pipelines; 260 million barrels of storage capacity for crude oil, NGLs, refined products and petrochemicals; and 14 billion cubic feet of natural gas storage capacity.

Enterprise is the leader in crude infrastructure in the Houston area:

- With a network of 19 ship docks along the Gulf Coast, Enterprise is the largest exporter of crude oil in the nation.
- Through its network of pipelines, storage and marine terminals, Enterprise has the capability to aggregate more than 4 million barrels per day (BPD) of various grades of crude oil.
- The company has access to approximately 45 million barrels of crude oil storage, 24 million barrels of which are located in Houston.
- The ECHO terminal, which has 7.4 million barrels of crude oil storage, is connected to every refinery in the Houston area, as well as a network of pipelines linking the major producing basins, to Enterprise's terminals and import/export docks.
- Enterprise has more than 4 million barrels per day of export capacity and averaged more than 800,000 BPD of exports in the second quarter of 2018.
- From the Permian Basin, Enterprise transports crude oil to Houston through the Midland-to-ECHO pipeline system, which has 575,000 BPD of capacity.

WTI Houston is the key contract used to price CME Auction

	WTI Houston Crude Oil Futures	WTI Houston Crude Oil Option
Contract Code	HCL	HCO
Settlement	Physical	Physical (Exercise into Futures)
Contract Size	1,000 Barrels	1,000 Barrels
Tick Size	\$.0.01	\$.0.01
Expiration Calendar	Same as CL	Same as LO
First Contract Listed	January 2019	January 2019
Exercise Style	—	American
Gravity	40-44 API	—
Sulfur	0.275% or less	—
Nickel	4 ppm or less	—
Vanadium	4 ppm or less	—

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