

CIRCULAR
14/030

29 April 2014

Category:

Trading

Attachments:

Appendix A:

ICE Gasoil (February 2015 onwards) Low Sulphur Gasoil Quality Specification

Appendix B:

List of Contracts impacted by Announcement

Summary of content:

Announcement following Consultation of ICE Gasoil futures revised specification transition

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Extension of ICE Gasoil Futures ('G') contract beyond January 2015 and change in its specification to Low Sulphur Gasoil with effect from the February 2015 contract month: Announcement following Consultation

Members are advised that, further to Circular 14/024 dated 9 April 2014, the Exchange has now considered feedback from the Consultation.

The purpose of this Circular is to set out the measures the Exchange now intends to take in order to implement the transition.

The Exchange now intends to:

- extend the ICE Gasoil Futures Contract (code: G) beyond the January 2015 contract month, and
- with effect from the February 2015 contract month change its specification to 10ppm low sulphur gasoil

The Exchange will implement these changes with effect from 30 May 2014 ("The Effective Date").

For the purposes of this Circular, "ICE Gasoil Futures" means "ICE Gasoil Futures and Options" and "ICE Low Sulphur Gasoil Futures" means "ICE Low Sulphur Gasoil Futures and Options".

Background

The existing ICE Gasoil Futures Contract (code: G) with 1,000ppm (equivalent to 0.1%) sulphur content is currently available for trading up to and including the January 2015 contract month.

The ICE Low Sulphur Gasoil Futures Contract (with 10ppm sulphur content and code ULS) has been available for trading in parallel since September 2011, with a first contract month of January 2012, to make possible an early transition to a low sulphur specification prior to January 2015.

The Exchange proposed the Revised Transition in Circular 14/024 of 9 April 2014. The Circular announced a Consultation Period which ended at close of business on 25 April 2014.

The Exchange has considered the results of the consultation process and determined that it will proceed to implement the Proposal outlined in Circular 14/024.

The proposed mechanism is designed to provide market participants with clarity in respect of the timing of the transition, and to facilitate a smooth and orderly migration to the low sulphur specification.

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The Revised Transition mechanism

The Revised Transition mechanism set out in the Proposal in Circular 14/024 is restated below:

The Exchange proposes:

- to make available for trading additional contract months for the existing ICE Gasoil Futures Contract (code: G) beyond January 2015, but to change the contract specification to 10ppm sulphur with effect from the February 2015 contract month. The contract will retain its current 'G' contract code even after the change in specification;
- the current ICE Low Sulphur Gasoil Futures Contract (code: ULS) will continue to be available for trading up to and including the January 2015 contract month;
- the existing ICE Gasoil Futures Contract (code: G) will be renamed 'ICE Low Sulphur Gasoil' from February 2015 maturities onwards; and
- Open Interest in the existing ICE Low Sulphur Gasoil Futures contract in February 2015 and later maturities will be moved by ICE Clear Europe to the new 'G' equivalent contracts after the close on the Effective Date

The low sulphur contract specification for ICE Gasoil Futures (code: G) for February 2015 and later contract months is identical to the current contract specification for ICE Low Sulphur Gasoil Futures (code: ULS).

The changes will take effect immediately after the close of business on 30 May 2014 (the "Effective Date") with a first trading session of 2 June 2014 for the new 'G' contract months with a low sulphur specification.

Using the 'Low Sulphur Gasoil' name for the new 'G' code ICE Gasoil Futures Contracts after January 2015 is intended to provide as much transparency as possible regarding any quality differences visible across the January/February spread in the 'G' Gasoil code 2015 futures strip.

Related Derivatives Instruments

In contrast to the treatment of existing Gasoil Futures (code: G), the contracts and codes for cracks against Brent (codes: GDC/GOC), and the first line existing Gasoil contract (code: GSP) will no longer be available for trading beyond the December 2014 contract month.

Under the Revised Transition mechanism, the well-established series of related Low Sulphur Futures instruments will continue throughout the maturity spectrum with their current code. However, their final settlements will be reconfigured and will relate to the ICE Low Sulphur Gasoil Future ('G') settlements for February 2015 maturities onwards. This will provide a continuous series of low sulphur settlements across

both futures codes.

ISDA Best Practice Statement

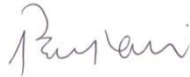
The treatment of existing Gasoil 1,000ppm basis derivatives instruments past January 2015 is the subject of an ISDA Best Practice Statement process, which will take account of the Revised Transition mechanism. ICE Futures Europe is working closely with ISDA and its members in this respect.

Any Members or customers who have questions with respect to the contents of this Circular should contact:

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Please ensure that the appropriate staff within your organisation are advised of the content of this Circular.

Signed:



Patrick Davis
Company Secretary

Appendix A: Revised ICE Gasoil (Code: G) Quality Specification for February 2015 contract onwards (Current ICE Low Sulphur Gasoil Futures Specification)

SPECIFICATION	SUMMER	WINTER	TEST METHOD	
			EN	ASTM
Min Density (kg/l)	0.8200		EN ISO 3675, EN ISO 12185	ASTM D 4052
Max Density (kg/l)	0.8450			
Sulphur (ppm)	max 10 ppm		EN ISO 20846, EN ISO 20884	ASTM D 5453
Appearance	Clear and Bright		Visual	Visual
Cloud (°C)	max +5	max -7	EN 23015	ASTM D 2500
CFPP (°C)	max -2	max -22	EN 116	ASTM D 6371
Distillation:	% vol		EN ISO 3405	ASTM D 86
Recovered at 250 °C	< 65			
Recovered at 350 °C	min 85			
Recovered at 95%	max 360			
Cetane Index	min 46		EN ISO 4264	ASTM D 4737
Cetane Number	min 51		EN ISO 5165, EN 15195	ASTM D 613
Flash (°C)	min 56		EN ISO 2719	ASTM D 93 A
Colour	max 2.0		ISO 2049	ASTM D 1500
Lubricity (uM)	max 460		EN ISO 12156-1	ASTM D 6079
Conductivity (pS/M) @ 20 °C	min 50		DIN 51412-2	ASTM D 2624
Water (ppm)	max 200		EN ISO 12937	ASTM E 1064
Viscosity (cST) @ 40 °C	2 - 4.5		EN ISO 3104	ASTM D 445
Copper Corrosion (Grade)	max 1		EN ISO 2160	ASTM D 130
Oxidation stability: (g/M ²)	max 25		EN ISO 12205	ASTM D 2274
(h)	min 20		EN 15751	ASTM D 7462
Carbon Residue (% mass)	max 0.3		EN ISO 10370	ASTM D 4530
Acid Number (mgKOH/G)	max 0.2		DIN 51558 - part1	ASTM D 664
Ash (% mass)	max 0.01		EN ISO 6245	ASTM D 482
Particulate matter (ppm)	max 24		EN 12662	IP 440
Poly Aromatics (% mass)	max 8		EN 12916	ASTM D 6591
FAME (% mass)	max 0.3		EN 14078	ASTM D 7371
Notes	Apr 1st - Sep 30th	Oct 1st - Mar 31st		
Relevant contract delivery months	Apr, May, Jun, Jul, Aug, Sep	Oct, Nov, Dec, Jan, Feb, Mar		

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Appendix B: List of Contracts impacted by Announcement

Contract Name	Contract Code(s)	Note
Gasoil Futures and Options	G	The contract series will now be extended beyond January 2015. Months up to and including January 2015 will have a 1,000ppm sulphur specification. February 2015 and later contract months will reflect a 10ppm Low Sulphur specification. February 2015 and later months will also be renamed 'Low Sulphur Gasoil'.
Low Sulphur Gasoil Futures and Options	ULS	Contract months up to and including January 2015 will remain available for trading. All contract months including and later than February 2015 will be removed, with all existing Open Interest moving to Contract 'G'.
Gasoil 1st Line Future	GSP	These contracts reference the current 1,000ppm Gasoil contract specification. Contract months up to and including December 2014 will remain available for trading after the Effective Date. No further contract months will be available for trading after December 2014.
Gasoil 1st Line Balmo Future	CUA-CUZ; CVA-CVE	
Average Price Option on Gasoil 1st Line Future	GSP	
Diesel 10ppm (UK) CIF NWE Cargoes (Platts) vs Gasoil 1st Line Future	DCU	
Diesel 10ppm (UK) CIF NWE Cargoes (Platts) vs Gasoil 1st Line Balmo Future	DAA-DAZ; DBA-DBE	
Diesel 10ppm CIF NWE (Le Havre) Cargoes (Platts) vs Gasoil 1st Line Future	DCG	
Diesel 10ppm CIF NWE (Le Havre) Cargoes (Platts) vs Gasoil 1st Line Balmo Future	DHA-DHZ; DIA-DIE	
Diesel 10ppm FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Future	DFG	
Diesel 10ppm FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Balmo Future	EUA-EUZ; EVA-EVE	
Diesel 10ppm FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Mini Future	DFJ	
Gasoil 0.1% CIF Med Cargoes (Platts) vs Gasoil 1st Line Future	GMG	
Gasoil 0.1% CIF Med Cargoes (Platts) vs Gasoil 1st Line Balmo Future	GBA-GBZ; GCA-GCE	

Contract Name	Contract Code(s)	Note
Gasoil 0.1% CIF NWE Cargoes (Platts) vs Gasoil 1st Line Future	CFG	<p>These contracts reference the current 1,000ppm Gasoil contract specification.</p> <p>Contract months up to and including December 2014 will remain available for trading after the Effective Date. No further contract months will be available for trading after December 2014.</p>
Gasoil 0.1% CIF NWE Cargoes (Platts) vs Gasoil 1st Line Balmo Future	DVA-DVZ; DWA-DWE	
Gasoil 0.1% FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Future	RFG	
Gasoil 0.1% FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Balmo Future	DXA-DXZ; DYA-DYE	
Gasoil 1st Line vs Brent NX 1st Line Future (in Bbls)	NXG	
Gasoil 1st Line vs Brent NX 1st Line Future (in MTs)	NXM	
Gasoil 1st Line vs Brent 1st Line Future (in Bbls)	GDC	
Gasoil 1st Line vs Brent 1st Line Future (in MTs)	GOC	
Gasoil 50ppm FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Future	GSD	
Gulf Coast ULSD (Platts) vs Gasoil 1st Line Future	GUY	
Heating Oil 1st Line vs Gasoil 1st Line Future (in Bbls)	HOG	
Heating Oil 1st Line vs Gasoil 1st Line Future (in MTs)	HOT	
Singapore Gasoil (Platts) vs Gasoil 1st Line Future (in Bbls)	SWV	
ULSD 10ppm CIF Med Cargoes (Platts) vs Gasoil 1st Line Future	DMG	
ULSD 10ppm CIF Med Cargoes (Platts) vs Gasoil 1st Line Balmo Future	DYF-DYZ; DZA-DZJ	
ULSD 10ppm CIF NWE Cargoes (Platts) vs Gasoil 1st Line Future	NFG	
ULSD 10ppm CIF NWE Cargoes (Platts) vs Gasoil 1st Line Balmo Future	EPA-EPZ; EQA-EQE	
Argus Biodiesel RME FOB Rotterdam (RED Compliant) vs Gasoil 1st Line Future	BRS	
Argus FAME Zero Biodiesel FOB Rotterdam (RED Compliant) vs Gasoil 1st Line Future	BFS	
Soybean Oil Penultimate Day 1st Line vs Gasoil 1st Line Future	SOL	

Contract Name	Contract Code(s)	Note
Jet CIF NWE Cargoes (Platts) vs Gasoil 1st Line Future	JET	These contracts reference the current 1,000ppm Gasoil contract specification.
Jet CIF NWE Cargoes (Platts) vs Gasoil 1st Line Balmo Future	AQA-AQZ; ARA-ARE	Contract months up to and including December 2014 will remain available for trading after the Effective Date. No further contract months will be available for trading after December 2014.
Jet FOB Rotterdam Barges (Platts) vs Gasoil 1st Line Future	JRG	
Gasoil Bullet Future	GOB	These contracts reference the current 1,000ppm Gasoil contract specification.
Option on EU-Style Gasoil Future	GUL	Contract months up to and including January 2015 will remain available for trading after the Effective Date. The contracts will no longer be available for trading after the January 2015 ICE Gasoil Futures contract month expires on 12 January 2015.
Calendar Spread Option on Gasoil 1-Month Calendar Spread Bullet Future	GOA	This contract references the current 1,000ppm Gasoil contract specification. Contract months up to and including December 2014 will remain available for trading after the Effective Date. The contract will no longer be available for trading after the December 2014 ICE Gasoil Futures contract month expires on 11 December 2014.
Low Sulphur Gasoil 1st Line Future	ULA	These are low sulphur instruments which will continue to reference the relevant underlying low sulphur futures price as applicable.
Low Sulphur Gasoil 1st Line Balmo Future	VEA-VEZ; VFA-VFE	
Average Price Option on Low Sulphur Gasoil 1st Line Future	ULA	The Low Sulphur Gasoil 1st Line leg will settle against Contract 'ULS' until the expiry of the January 2015 ICE Low Sulphur Gasoil Futures contract month. Thereafter it will settle against the Contract 'G' which will represent a Low Sulphur Gasoil specification from that point.
Diesel 10ppm (UK) CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULU	

Contract Name	Contract Code(s)	Note
Diesel 10ppm (UK) CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VIU-VIZ; VJA-VJY	
Diesel 10ppm CIF NWE (Le Havre) Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULG	
Diesel 10ppm CIF NWE (Le Havre) Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VLE-VLZ; VMA-VMI	
Diesel 10ppm FOB Rotterdam Barges (Platts) vs Low Sulphur Gasoil 1st Line Future	ULE	
Diesel 10ppm FOB Rotterdam Barges (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VJZ;VKA- VKZ;VLA- VLD	
Gasoil 0.1% CIF Med Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULQ	These are low sulphur instruments which will continue to reference the relevant underlying low sulphur futures price as applicable.
Gasoil 0.1% CIF Med Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VFF-VFZ; VGA-VGJ	
Gasoil 0.1% CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULT	The Low Sulphur Gasoil 1st Line leg will settle against Contract 'ULS' until the expiry of the January 2015 ICE Low Sulphur Gasoil Futures contract month.
Gasoil 0.1% CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VGK-VGZ; VHA-VHO	
Gasoil 0.1% FOB Rotterdam Barges (Platts) vs Low Sulphur Gasoil 1st Line Future	ULR	Thereafter it will settle against the Contract 'G' which will represent a Low Sulphur Gasoil specification from that point.
Gasoil 0.1% FOB Rotterdam Barges (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VHP-VHZ; VIA-VIT	
Low Sulphur Gasoil 1st Line vs Gasoil 1st Line Future	ULB	
Low Sulphur Gasoil 1st Line vs Brent NX 1st Line Future (in Bbls)	NXL	
Low Sulphur Gasoil 1st Line vs Brent NX 1st Line Future (in MTs)	NXU	
Low Sulphur Gasoil 1st Line vs Brent 1st Line Future (in Bbls)	ULD	
Low Sulphur Gasoil 1st Line vs Brent 1st Line Future (in MTs)	ULC	
Gasoil 50ppm FOB Rotterdam Barges (Platts) vs Low Sulphur Gasoil 1st Line Future	ULH	

Contract Name	Contract Code(s)	Note
Gulf Coast ULSD (Platts) vs Low Sulphur Gasoil 1st Line Future	GUX	<p>These are low sulphur instruments which will continue to reference the relevant underlying low sulphur futures price as applicable.</p> <p>The Low Sulphur Gasoil 1st Line leg will settle against Contract 'ULS' until the expiry of the January 2015 ICE Low Sulphur Gasoil Futures contract month.</p> <p>Thereafter it will settle against the Contract 'G' which will represent a Low Sulphur Gasoil specification from that point.</p>
Heating Oil 1st Line vs Low Sulphur Gasoil 1st Line Future (in Bbls)	ULM	
Heating Oil 1st Line vs Low Sulphur Gasoil 1st Line Future (in MTs)	ULL	
Singapore Gasoil (Platts) vs Low Sulphur Gasoil 1st Line Future (in Bbls)	SWW	
ULSD 10ppm CIF Med Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULI	
ULSD 10ppm CIF Med Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VMJ-VMZ; VNA-VNN	
ULSD 10ppm CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULF	
ULSD 10ppm CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VNO-VNZ; VOA-VOS	
Jet CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Future	ULJ	
Jet CIF NWE Cargoes (Platts) vs Low Sulphur Gasoil 1st Line Balmo Future	VOT-VOZ; VPA-VPX	
Jet FOB Rotterdam Barges (Platts) vs Low Sulphur Gasoil 1st Line Future	ULK	
Low Sulphur Gasoil Bullet Future	UUB	<p>These contracts will settle against Contract 'ULS' up to and including the January 2015 contract month. Thereafter it will settle against the Contract 'G' which will represent a Low Sulphur Gasoil specification.</p>
Option on EU-Style Low Sulphur Gasoil Future	UUL	
Calendar Spread Option on Low Sulphur Gasoil 1-Month Calendar Spread Bullet Future	UUM	<p>The contract will settle against Contract 'ULS' up to and including the January 2015 contract month. Thereafter it will settle against the Contract 'G' which will represent a Low Sulphur Gasoil specification.</p> <p>Therefore, the Jan/Feb 2015 Calendar Spread Option will settle against Code 'ULS' for the January leg and Code 'G' for the February leg.</p>