



New York
Mercantile Exchange
NYMEX/COMEX. Two divisions, one marketplace

RECEIVED
C.F.T.C.

'99 DEC 17 AM 7 16

RECEIVED C.F.T.C.
RECORDS SECTION

RECEIVED
C.F.T.C.

'99 DEC 16 AM 11 55

OFFICE OF THE SECRETARIAT

COMMENT

December 14, 1999

VIA FACSIMILE

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C 20581

99-42
①

Re: Proposed Elimination of Fees for Contract Market Designation Applications 64 FR 66432 (November 26, 1999)

Dear Ms. Webb:

The New York Mercantile Exchange ("NYMEX" or the "Exchange") appreciates the opportunity to comment, on its own behalf and on behalf of its wholly-owned subsidiary, Commodity Exchange, Inc. ("COMEX"), on the Commodity Futures Trading Commission's ("CFTC" or the "Commission") proposal to eliminate fees for futures and option contract market designation applications.

NYMEX is a not-for-profit corporation organized under the laws of the State of New York. It has been designated by the Commission as a contract market for the trading of numerous commodity futures and commodity futures option contracts. NYMEX is the largest exchange in the world for the trading of futures and option contracts based on physical commodities. Public investors in our markets include institutional and commercial producers, processors, marketers and users of energy and metals products.

New Regulation § 5.3 permits exchanges to list new contracts for trading without CFTC approval pursuant to a certification procedure that is in lieu of the otherwise required application for contract market designation. Because of the Commission's concern that maintaining fees for contract market designation applications would create an economic disincentive to submit proposed contracts for CFTC approval, it is proposing to eliminate these fees.

We wholeheartedly support this proposal. We agree with the Commission that, in the context of the availability of the certification procedure, maintaining these fees would create a material, economic disincentive to submit proposed contracts for

One North End Avenue
World Financial Center
New York, NY 10282-1101
(212) 299-2000

The New York Mercantile Exchange is composed of two divisions. The NYMEX Division offers trading in crude oil, heating oil, unleaded gasoline, natural gas, electricity, propane, platinum, and palladium. The COMEX Division offers trading in gold, silver, copper, and the Eurotop 100® index.

Ms. Jean A. Webb
December 14, 1999
Page 2

Commission approval.

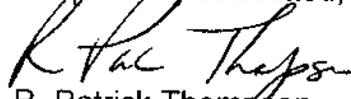
On a more general level, elimination of these fees would be one step toward a more level playing field for exchange-traded derivatives vis-a-vis other derivatives products. One recent business article noted that these fees cost exchanges \$250,000 per year. We believe strongly that eliminating these fees also would advance the objective of making becoming a board of trade an attractive business option.

Finally, in the Federal Register release, the Commission indicated that "[a]s greater experience is gained with the use of the exchange certification listing procedures of Rule 5.3, the Commission may revisit this issue." This statement might be interpreted to suggest that the Commission's proposed elimination of fees would be done on a temporary or contingent basis. If this inference is correct, we would urge the Commission, for the reasons noted above, to eliminate these fees on a permanent basis.

* * * *

NYMEX thanks the Commission for the opportunity to submit comments concerning its proposal and would be pleased to furnish additional information in this regard. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,



R. Patrick Thompson
President

cc: Chairman William J. Rainer
Commissioner Thomas J. Erickson
Commissioner Barbara P. Holum
Commissioner James E. Newsome
Commissioner David D. Spears