

February 3, 2005

Via E-Mail

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

2005 FEB -3 PM 5: 08

RECEIVED
C.F.T.C.

Re: Rule Certification. NYMEX Submission 05.15 – Notification of Amendments to NYMEX Division Rule 6.52A.

Dear Ms. Jean Webb:

The New York Mercantile Exchange, Inc. (“NYMEX” or the “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) of amendments to NYMEX Rule 6.52A, Settlement Prices for Natural Gas Futures Contracts.

The amendments, effective Monday, February 7, 2005, center on criteria for protection of unexecuted orders and bids/offers represented in the final 30 minutes of trading. A clear schedule is delineated of priority for purposes of protections, first to outrights, then to spreads, and lastly to strips. The 100-lot volume requirement for outright orders was left in tact for the first 24 listed contracts months. However, for purposes of outright protections, all subsequent contract months must have a minimum open interest of 10,000 contracts based upon the open interest published at noon on such trading day and then meet the 100-lot requirement. Pursuant to Section 5c(c) of the Commodity Exchange Act (“Act”) and CFTC Rule 40.6, the Exchange hereby certifies that the new amendments comply with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2940.

Very truly yours,

Nancy M. Minett
Vice President
Compliance Department

Attachments

cc: Thomas LaSala
Brian Regan

(Strikethroughs indicate deletions; additions are **bold** and underlined.)

Rule 6.52A, Settlement Prices for Natural Gas Futures Contracts

Settlement prices will be determined as follows:

(A) The settlement price for each delivery month that: (1) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all delivery months of the futures contract and (2) for which 10% of the closing range volume in that commodity is done in that delivery month (excluding, for the purposes of this calculation volume done during the closing range on the last day of trading in an expiring contract), shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions in that delivery month which occur in the closing range. (3) Additionally, trading at settlement (TAS) volume, if applicable, shall be included as closing range volume for the purpose of item (2) above, to determine percentage of closing range volume in a delivery month. TAS volume shall not be used to calculate settlement.

(B) In all other delivery months for such futures contracts that do not satisfy the open interest and volume criteria set forth in paragraph (A), the settlement price, shall be determined **in the best judgment of the Settlement Committee** based upon ~~outright orders for a volume of 100 lots for any of the first 24 listed contract months or outrights for a volume of 100 lots beyond the 24th contract month which have reached a minimum open interest of 10,000 contracts based upon the open interest published at noon on a trading day, intracommodity spread orders relationships for a volume of 100 lots/month, intracommodity strips relationships orders for a volume of 30 lots/month for a yearly, or 50 lots/month for a seasonal that trade or are bid/offered and posted pursuant to prescribed procedures and outrights for a volume of 100 lots in the last 30 minutes of trading and posted pursuant to prescribed procedures, and such spread relationships, as well as the relative weight accorded such spread relationships, shall be determined in the best judgment of the Settlement Price Committee, with priority given first to outrights, then spreads, then strips which meet the criteria above.~~ **trades or orders that are bid/offered and posted pursuant to prescribed procedures in the last 30 minutes of trading: outrights for a volume of 100 lots in any of the first 24 listed contract months, or outrights for a volume of 100 lots beyond the 24th contract month that have reached a minimum open interest of 10,000 contracts based upon the open interest published at noon on a trading day; intracommodity spreads for a volume of 100 lots/month; and intracommodity strips for a volume of 30 lots/month for a yearly or 50 lots/month for a seasonal. Priority will be given first to outrights, then spreads, then strips, that meet the criteria above.** Provided further, that an order that met the original volume requirement and was partially filled with the balance still open, will be honored. Additionally, Floor Members posting any orders shall be held to filling them unless the order was cancelled during the posting period with appropriate notice to the market. Cancelled orders will not be honored for settlement purposes.

(C) For any contract months not otherwise addressed in Sections (A) and (B) of this rule, the Settlement Price Committee, in exercising its best judgment, shall use other market information if available, in determining value. In making its determination, the Settlement Price Committee shall be bound to consider all relevant available data but shall not be bound by data from any one

type of market information. Such other market information includes but is not limited to the following:

Executed trades, bids or offers for outright, spreads and strips provided before the last 30 minutes of the trading day, an Exchange settlement price model, and relevant OTC market data as further specified below;

The Exchange settlement price model will be calibrated so that it is generally mathematically consistent with market price information provided through Sections (A) and (B);

OTC market quotes, if available, may be considered for outright, spreads and strips supplied by OTC brokers who are registered with NYMEX for NYMEX ClearPortsm Clearing;

The Committee shall prepare a written record for any settlement price determined pursuant to Section (C) of this rule.

(D) A NYMEX staff member will be a voting member of the Settlement Price Committee with the ability to veto and change any determination by the Committee if the priorities cited in Sections (A), (B), or the exercise of judgment in Section (B) or the exercise of judgment based upon available data in Section (C) of this rule are not adhered to in the best judgment of the staff member.

(E) Notwithstanding the above, the settlement price for a delivery month in the Henry Hub Swap futures contract will be the settlement price for the corresponding delivery month in the Natural Gas futures contract, provided however that the final settlement for an expiring delivery month in the Henry Hub Swap futures contract will be determined in accordance with the terms of Chapter 225 (Henry Hub Swap).