



New York
Mercantile Exchange

March 28, 2005

VIA ELECTRONIC MAIL AND FACSIMILE TRANSMISSION

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

RE: Rule Certification. NYMEX Submission 05.54: New NYMEX "Local" Incentive Program in Connection with Trading on Branch Trading Floor in Dublin, Ireland

Dear Ms. Webb:

The New York Mercantile Exchange, Inc. ("NYMEX") is notifying the Commodity Futures Trading Commission ("CFTC") of a self-certification filing involving a new NYMEX incentive program ("Local Incentive Program") that is one of several programs listed in the attached NYMEX Notice to Members 05-136, which was issued late last week. As a note, the other incentive programs described in that notice will be the subject of a follow-up self-certification filing to be submitted to the CFTC within the next several days.

With respect to the Local Incentive Program, the Exchange is confirming that the benefits of this program will be monitored by Exchange staff along with the Tiered Market Maker incentive program submitted to the CFTC last week and along with (as applicable for customers or member firms) the fifty cent per lot rebate program now in effect for trading in the NYMEX Brent futures contract. Simply stated, Exchange staff commits to monitoring the benefits of these programs so as to preclude the benefits (to any one participant of any one of these programs or of a participant in any combination of these programs) exceeding more than \$5.00 per lot for any transaction under the programs. Thus, for example, if it happened to be the case that a participant under the Tiered Market Maker Program received a benefit of \$5.00 per contract based on a particular volume of executed transactions on the Dublin trading floor, that individual would be unable to receive any additional benefit under the Local Incentive Program that is the subject of this filing.

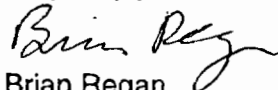
Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the Local Incentive Program complies with the Act, including regulations under the Act. The Local Incentive Program will commence as of

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*The New York Mercantile Exchange, Inc., is composed of two divisions.
The NYMEX Division offers trading in crude oil, heating oil, unleaded gasoline,
natural gas, electricity, coal, propane, platinum, and palladium. The COMEX Division
offers trading in gold, silver, copper, and aluminum.*

March 29, 2005 Should you have any questions concerning the above, please contact the undersigned at (212) 299-2207.

Very truly yours,



Brian Regan
Vice President & Counsel

cc: Riva Adriance, Esq.
Clarence Sanders, Esq.

Notice No. 05-136
March 24, 2005

TO: All Exchange Members, Member Firms and Clearing Members

FROM: James E. Newsome, President

RE: **Revision to Incentives Programs – NYMEX Europe Brent Futures Contract**

Incentive Programs - NYMEX Europe Brent Futures Contract - Notice on Revised Terms

Please be advised that the New York Mercantile Exchange, Inc. has determined to modify the terms for these new programs, as follows:

The Board of Directors of NYMEX Holdings voted to implement certain incentive programs for the Brent Crude Oil futures contract. The programs are:

- **Equity Allocation Volume Incentive Program:** An incentive program which allocates equity ownership in the new NYMEX Europe subsidiary to be established in London based on trading volume in the Brent contract.
- **Equity Allocation Open Interest Incentive Program:** An incentive program which allocates equity ownership in the new NYMEX Europe subsidiary based on open interest in the Brent contract.
- **Local Incentive Program:** A fee reduction program for certain individuals based on trading volume in Dublin.

A description of each program follows:

Name of Program: **Equity Allocation Volume Incentive Program**

Commencement Date: April 1, 2005

Term for Eligibility:

Period that Brent futures are trading at the NYMEX Europe Dublin facility PLUS one year from commencement of trading at NYMEX Europe London facility.

Implementation condition:

Participants in this incentive program should note that the allocation of Class C shares in NYMEX Europe Limited is subject to the conditions precedent that:

- (a) NYMEX Europe Limited obtains an order declaring it to be a UK Recognised Investment Exchange (RIE); and**
- (b) the proposed share structure of NYMEX Europe Limited, the award of shares and other aspects of this incentive program are approved by all relevant regulatory authorities.**

Types of Trades Required for Eligibility:

All proprietary trading in Brent futures traded via open outcry.

Description of Program:

NYMEX Holdings expects NYMEX Europe Limited to create a class of shares, Class C which will be available to provide an equity stake in NYMEX Europe Limited and is intended to be representative of the users of NYMEX Europe Limited and to award under this program an amount of Class C shares having an economic interest equivalent to approximately 13% of the common shareholding equity of NYMEX Europe Limited.

Subject to the necessary regulatory approvals and satisfaction of any conditions that the Board of NYMEX Holdings may impose and which it will notify to all members, NYMEX Holdings expects NYMEX Europe Limited to award Class C Shares to participants in this program based on trading volume in the Brent futures contract for executed transactions on the Dublin and London facilities. At the end of the Term set forth above, and subject to all regulatory reviews and approvals it intends that Class C shares be allocated to the top 15 participants based upon the following formula:

- Actual Dublin volume will be calculated and multiplied by a factor of five ("Dublin Incentive volume");
- Actual London volume will be calculated and added to the Dublin Incentive volume ("Total Volume");

- Total volume for the top 15 volume participants will be compared and a pro rata portion of the total Class C shares awarded under this program will be allocated to each participant.

Example:

"XYZ" Co. trades 100,000 contracts in Dublin and 800,000 contracts in London during the Term and is one of the top 15 volume participants. "XYZ" Co. Total Volume for the purposes of calculating the amount of Class C share eligibility is 1.3 million (5 X 100,000 plus 800,000). "XYZ" Co. Total Volume would then be compared to the Total Volume of all other top 15 volume participants and a pro rata allocation of Class C shares awarded under this program would be made based on relative Total Volume.

Name of Program: **Equity Allocation Open Interest Incentive Program**

Commencement Date: April 1, 2005

Term for Eligibility:

Period that Brent futures are trading at the NYMEX Europe Dublin facility PLUS one year from commencement of trading at NYMEX Europe London facility.

Implementation condition:

Participants in this incentive program should note that the allocation of Class C shares in NYMEX Europe Limited is subject to the conditions precedent that:

- (a) NYMEX Europe Limited obtains an order declaring it to be a UK Recognised Investment Exchange (RIE); and**
- (b) the proposed share structure of NYMEX Europe Limited, the award of shares and other aspects of this incentive program are approved by all relevant regulatory authorities.**

Types of Trades Required for Eligibility:

All proprietary trading in Brent futures traded via open outcry.

Description of Program:

NYMEX Holdings expects NYMEX Europe Limited to create a class of shares, Class C which will be available to provide an equity stake in NYMEX Europe Limited and is intended to be representative of the users of NYMEX Europe Limited and to award under this program an amount of Class C shares having an economic interest equivalent to approximately 6% of the common shareholding equity of NYMEX Europe Limited.

Subject to the necessary regulatory approvals and satisfaction of any conditions that the Board of NYMEX Holdings may impose and which it will notify to all members, NYMEX Holdings expects NYMEX Europe Limited to award Class C Shares to participants in this program based on continuous (as calculated below) open interest in the Brent futures contract. At the end of the Term set forth above and subject to all regulatory reviews and approvals, it intends that Class C shares be allocated to the top 10 participants based upon the following formula:

- Actual Dublin Daily Open Interest (averaged on a daily basis per business day) will be calculated and multiplied by a factor of five ("Dublin Incentive Open Interest");
- Actual London Daily Open Interest (averaged on a daily basis per business day) will be calculated and added to the Dublin Incentive Open Interest ("Total Daily Open Interest");
- Total open interest for the top 10 holders (averaged on a daily basis per business day) of open interest will be compared and a pro rata portion of the total Class C shares awarded under this program will be allocated to each participant.

Example:

"XYZ" Co. has an average daily open interest of 2,000 contracts in Dublin and 5,000 contracts in London during the Term and is one of the top 10 open interest holders based on the daily average. "XYZ" Co. Total Daily Open Interest for the purposes of calculating the amount of Class C share eligibility is 15,000 (5 X 2,000 plus 5,000). "XYZ" Co. Total Daily Open Interest would then be compared to the Total Daily Open Interest of all other top 10 holders of open interest and a pro rata allocation of Class C shares awarded under this program would be made based on relative Total Daily Open Interest.