November 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

Re: Rule Certification. NYMEX Submission 05.198: Notification of Amendments to NYMEX Division Rule 6.55, Options Settlement Premiums.

Dear Ms. Jean Webb:

The New York Mercantile Exchange ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") of amendments to NYMEX Division Rule 6.55, Options Settlement Premiums.

The amendments to NYMEX Division Rule 6.55 modify and give detail with respect to different types of orders and the minimum volumes necessary for protections of represented but unexecuted orders at the end of a trading day to be considered for settlement purposes for all NYMEX Division Option Contracts. The amendments will be effective Monday, November 7, 2005. Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendment complies with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact me at (212) 299-2897.

Very truly yours,

Thomas F. LaSala
Senior Vice President
Compliance and Risk Management

cc: Nancy Minett
Brian Regan

(Additions are in bold and underlined.)

NYMEX Rule 6.55, Options Settlement Premiums

The Settlement premiums for option series shall be determined upon the following procedures:

(A) With the exception of the day of expiration, option settlement premiums shall be determined in accordance with the following:

1. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium shall be based on, but not limited to, (i) the price traded, (ii) volume traded, (iii) the underlying futures price, (iv) the bid/offer spread on the underlying future, and (v) the length of time between a trade and the close of trading.

2. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium will be determined consistent with the corresponding put (call) using an appropriate option pricing model.

3.
A) For Natural Gas and European Natural Gas Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Settlement Committee (the "Committee") according to the following priority: Outrights for at least 200 lots, then Straddles for at least 100 lots, then Spreads for at least 200 lots, then strips which have a cumulative total of at least 250 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model at least three (3) ticks when settling the market on any day.

B) For Crude Oil and European Crude Oil Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Settlement Committee (the "Committee") according to the following priority: Outrights for at least 200 lots, then Straddles for at least 100 lots, then Spreads for at least 200 lots, then strips which have a cumulative total of at least 250 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model at least three (3) ticks when settling the market on any day.

C) For Calendar Spread Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Settlement Committee (the "Committee") according to the following priority: Outrights for at least 100 lots, then Straddles for at least 50 lots, then Spreads for at least 100 lots, then strips which have a cumulative total of at least 150 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above

which does not effect the output of the appropriate options pricing model at least three (3) ticks when settling the market on any day.

D) For all other Options: Bids and offers for twenty-five (25) lots or more that have been posted at least ten (10) minutes before the close and throughout the closing range shall be considered for settlement, unless the Settlement Price Committee ("Committee") determines that it is unreasonable to do so given spread relationships at the close of trading. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee.

4. The Committee shall endeavor to use its best efforts to maintain appropriate price spread relationships between and within listed months.

B. On the day of option expiration, the option settlement premium shall be determined in accordance with the following:

1. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract the option settlement premium shall be the minimum tick size.

2. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract, the option settlement premium shall be determined on the basis of the absolute difference between the futures price and the strike price.

(C) If, using the procedures specified in Subsections (A) or (B) above, a settlement premium being considered for a particular option would not be consistent with (1) trades made during the closing range in other option series on the same underlying future, (2) the settlement price of the underlying future, or (3) market information that is either known by Committee members or brought to their attention by Exchange officials, then the Committee may establish a settlement premium that is consistent with other trades, the settlement price of the underlying future, or market information. In all instances in which the Committee establishes a settlement premium pursuant to this Section (C), the Committee shall prepare a written record setting forth the basis for such settlement premium

(D) After settlements for all contract months for a particular contract are completed by the Settlement Price Committee, there will be a ten minute period where members can object to a particular settlement. Following this ten minute period, members may no longer make objections to the settlement premiums.