

December 20, 2006

**Via E-Mail**

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

**Re: Rule Certification. NYMEX Submission 06.153: Notification of Amendments to NYMEX Chapter 9-Appendix A, Rule 9.27A, and Rule 11.63.**

Dear Ms. Eileen A. Donovan:

The New York Mercantile Exchange ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") of amendments to NYMEX Chapter 9-Appendix A, Rule 9.27A, Expiration Position Accountability Levels, and Rule 11.63, Electronic Trading Error Trade Procedures.

Effective for trade date December 21, 2006, these amendments include the following: 1) defining the reportable levels, Expiration Position Accountability Levels, Any one month/All month Accountability Levels for six new futures contracts (Chapter 9-Appendix A); 2) defining the applicable timing of the Expiration Position Accountability Levels for the six new futures contracts (Rule 9.27A); and 3) deleting all reference to NYMEX ACCESS as the electronic trading system that is no longer in use, and adding appropriate "no bust ranges" and associated information for the six new futures contracts. Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendments comply with the Act, including regulations under the Act.

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

Very truly yours,

Thomas F. LaSala  
Chief Regulatory Officer

cc: Brian Regan  
Nancy Minett

#### 9.27A Expiration Position Accountability Levels

A) Any person who owns or controls positions in excess of the levels cited in Chapter 9, Appendix (A) below, under heading 9.27A Expiration Position Accountability Levels, shall be subject to the following provisions pursuant to position accountability levels:

(1) promptly supply to the Exchange such information as the Exchange may request pertaining to the nature and size of the position, the trading strategy employed with respect to the position, and the hedging requirements (if any), provided, however, that if the principal or controller fails to supply such information as and when requested, the President or his designee may order the reduction of such position;

(2) agrees, upon request by the President or his designee, not to increase the position owned or controlled as of the time the request was received;

(3) agrees to comply with any limit prescribed by the President or his designee, and to decrease any open position if directed upon review of the information cited in item 1 above.

(4) The Expiration Position Accountability Levels for designated energy contracts are effective on the open of trading of the last three (3) trading days of the related physically delivered futures contracts. The expiration position limits shall be calculated on a net futures-equivalent basis and will aggregate appropriate contracts as identified in Chapter 9, Appendix A.

(5) Trading in the underlying physically delivered contract that is the basis for the settlement prices for all contracts subject to this rule shall additionally be subject to NYMEX Interpretive Notice 01-06.

(6) The Expiration Position Accountability Levels for designated "Soft" futures contracts are effective as of the open of trading on the First Notice Day through expiration as defined by the New York Board of Trade for the related physically delivered contracts and are summarized in Chapter 9 Appendix A.

| <u>Contract Name</u>      | <u>Rule</u>    | <u>Commodity</u> | <u>All/Any One Month</u> | <u>Expiration</u> | <u>Expiration</u>           | <u>Expiration</u>           | <u>Reporting</u> |                  |                  |
|---------------------------|----------------|------------------|--------------------------|-------------------|-----------------------------|-----------------------------|------------------|------------------|------------------|
|                           | <u>Chapter</u> | <u>Code</u>      | <u>Accountability</u>    | <u>Month</u>      | <u>Accountability Level</u> | <u>Accountability Level</u> | <u>Level</u>     | <u>Aggregate</u> | <u>Aggregate</u> |
|                           |                |                  | <u>Level</u>             | <u>Limit</u>      | <u>Penultimate</u>          | <u>Last Day</u>             |                  | <u>Into (1)</u>  | <u>Into (2)</u>  |
|                           |                |                  | <u>Rule 9.26</u>         | <u>Rule 9.27</u>  | <u>Contracts</u>            | <u>Contracts</u>            | <u>Rule 9.34</u> |                  |                  |
|                           |                |                  |                          |                   | <u>Rule 9.27A</u>           | <u>Rule 9.27A</u>           |                  |                  |                  |
|                           |                |                  |                          |                   |                             | **                          |                  |                  |                  |
| <u>Soft Commodities</u>   |                |                  |                          |                   |                             |                             |                  |                  |                  |
| <u>NYMEX Cocoa</u>        | <u>930</u>     | <u>CJ</u>        | <u>6,000</u>             |                   |                             | <u>750</u>                  | <u>25</u>        | <u>CJ</u>        |                  |
| <u>NYMEX Coffee</u>       | <u>931</u>     | <u>KT</u>        | <u>5,000</u>             |                   |                             | <u>500</u>                  | <u>25</u>        | <u>KT</u>        |                  |
| <u>NYMEX Cotton</u>       | <u>932</u>     | <u>TT</u>        | <u>5,000</u>             |                   |                             | <u>300</u>                  | <u>25</u>        | <u>TT</u>        |                  |
| <u>NYMEX Orange Juice</u> | <u>933</u>     | <u>FJ</u>        | <u>3,200</u>             |                   |                             | <u>300</u>                  | <u>25</u>        | <u>FJ</u>        |                  |
| <u>NYMEX No. 11 Sugar</u> | <u>934</u>     | <u>YO</u>        | <u>9,000</u>             |                   |                             | <u>5,000</u>                | <u>25</u>        | <u>YO</u>        |                  |
| <u>NYMEX No. 14 Sugar</u> | <u>935</u>     | <u>FT</u>        | <u>1,000</u>             |                   |                             | <u>1,000</u>                | <u>25</u>        | <u>FT</u>        |                  |

**\*\* for purposes of NYMEX Rule 9.27A, the Expiration Accountability Levels for Soft Commodities shall be in effect as of the open of trading on the First Notice Day through expiration as defined by the New York Board of Trade for the related physically delivered contracts.**

### 11.63 Electronic Trading Error Trade Procedures

#### (A) NYMEX Customer Service Call Center Trade Cancellation Authority

The Exchange's trade cancellation policy authorizes the NCSCC to mitigate market disrupting events caused by the improper or erroneous use any electronic trading system authorized by the Exchange system or by system defects by adjusting trade prices or canceling ("busting") trades. For the purposes of this rule, the term "Alternative Electronic Trading System" shall mean any electronic trading system ~~other than NYMEX ACCESS®~~ on which NYMEX Division or COMEX Division products are traded. Further, both an "Alternative Electronic Trading System" and NYMEX ACCESS® shall be considered an "Authorized Electronic System" for purposes of this rule. Notwithstanding any other provisions of this rule, the NCSCC may also adjust trade prices or cancel any trade if the NCSCC determines that failure to adjust the price or cancel the trade may have a material, adverse effect on the integrity of the market. The decision of the NCSCC shall be final.

#### (B) Review of Trades

The NCSCC may review a trade based on its analysis of market conditions or upon a request by a user of an authorized electronic system. Whenever an Electronic Trader or Authorized Terminal User believes that he or she executed a trade through ~~NYMEX ACCESS®~~ or through an Alternative Electronic Trading System in error as a result of an error ("Error"), the Electronic Trader or Authorized Terminal User or a representative of the firm that is a party to the trade must contact the NYMEX Customer Service Call Center ("NCSCC") immediately. Except as provided in Section (F) below, if a potential user Error is observed by or brought to the attention of the NCSCC within ten (10) minutes after the trade occurs, the following procedures will apply:

#### (C) Trade Price Adjustment and Cancellation Process

The NCSCC staff will determine whether the trade price is within the No Bust Range as defined in section (D) of this rule. During fast market conditions, upon the release of significant news events, or in other circumstances in which the NCSCC determines it is appropriate, the NCSCC may temporarily double the published No Bust Range with prior notice to the market. In applying the No Bust Range, the NCSCC shall determine the actual or implied market price for that contract immediately before the trade under review. The NCSCC may consider any relevant information, including but not limited to the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on an Authorized Electronic Market, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading and any other factors that the NCSCC deems relevant.

##### (1) Trade Price Inside the No Bust Range

If the trade price is within the No Bust Range then the trade will stand.

##### (2) Trade Price Outside the No Bust Range

###### a. Implied Futures Contract Execution

If the NCSCC determines that a trade price is outside the applicable No Bust Range, the NCSCC will have the option to adjust the trade price to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as may be applicable. Further, the NCSCC shall maintain the option to bust the leg of the trade where appropriate depending on the circumstances. The NCSCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been busted or adjusted to the No Bust Range limit.

For example, if the standard No Bust Range for Crude Oil is 25 points above and below the market price, all trade prices outside the No Bust Range shall be adjusted to the applicable No Bust Range limit, i.e., 25 points above or below the market price.

###### b. Non-Implied Contract Execution

If the NCSCC determines that the trade price is outside the No Bust Range, the NCSCC shall have the option to bust the trade or to adjust the trade price where appropriate depending on the circumstance. The NCSCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted or adjusted to the No Bust Range Limit.

##### (3) Liability for Losses Resulting from a Price Adjustment or Trade Bust

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted.

(4) Schedule of Administrative Fees

A fee for each Error trade cancelled in accordance with this rule shall be charged to the party responsible for such Error trade as follows:

- (1) \$500 for each of the first three (3) instances within one calendar year;
- (2) \$1,000 for each of the next three (3) instances within one calendar year; and
- (3) \$2,000 for each instance thereafter within one calendar year.

(D) No Bust Ranges

| <b>Contract Outrights</b> | <b># Ticks From Market</b> | <b>Minimum Tick Size</b> | <b>\$ per Tick</b> |
|---------------------------|----------------------------|--------------------------|--------------------|
| CL                        | 25                         | 0.04                     | 10.00              |
| SC                        | 25                         | 0.04                     | 10.00              |
| HO                        | 60                         | 0.0004                   | 4.20               |
| HU                        | 60                         | 0.0004                   | 4.20               |
| GR                        | 8                          | .25                      | 25.00              |
| NG                        | 25                         | 0.004                    | 10.00              |
| PN                        | 50                         | 0.0004                   | 4.20               |
| PL                        | 40                         | 0.10                     | 5.00               |
| PA                        | 20                         | 0.05                     | 5.00               |
| QL                        | 20                         | 0.04                     | 15.50              |
| GC                        | 20                         | 0.10                     | 10.00              |
| SI                        | 8                          | 0.005                    | 25.00              |
| HG                        | 20                         | 0.0005                   | 12.50              |
| AL                        | 10                         | 0.0005                   | 22.00              |
| JM                        | 24                         | 0.05                     | 42.00              |
| RS                        | 8                          | 0.25                     | 25.00              |
| RN                        | 4                          | 25.00                    | 250.00             |

| <b>Intra-Commodity Spreads</b> | <b># Ticks From Market</b> | <b>Minimum Tick Size</b> | <b>\$ per Tick</b> |
|--------------------------------|----------------------------|--------------------------|--------------------|
| CL                             | 10                         | 0.04                     | 10.00              |
| HO                             | 25                         | 0.0004                   | 4.20               |
| HU                             | 25                         | 0.0004                   | 4.20               |
| NG                             | 20                         | 0.004                    | 10.00              |
| PN                             | 20                         | 0.0004                   | 4.20               |
| PL                             | 20                         | 0.10                     | 5.00               |
| PA                             | 10                         | 0.05                     | 5.00               |
| QL                             | 20                         | 0.04                     | 15.50              |
| GC                             | 10                         | 0.10                     | 10.00              |
| SI                             | 20                         | 0.004                    | 25.00              |
| HG                             | 4                          | 0.0005                   | 12.50              |
| AL                             | 10                         | 0.0005                   | 22.00              |
| JM                             | 24                         | 0.05                     | 42.00              |

| <b>Inter-Commodity Spreads</b>             | <b># Ticks From Market</b> | <b>Minimum Tick Size</b> | <b>\$ per Tick</b> |
|--|----------------------------|--------------------------|--------------------|
| CL / HO                                    | 25                         | 0.01                     | 10.00              |
| CL / HU                                    | 25                         | 0.01                     | 10.00              |
| HO / HU                                    | 50                         | 0.0001                   | 4.20               |
| <u>Crude Oil (1000 Barrels)</u>            | <u>25</u>                  |                          |                    |
| <u>Petroleum Products (42,000) Gallons</u> | <u>48</u>                  |                          |                    |
| <u>Natural Gas</u>                         | <u>20</u>                  |                          |                    |
| <u>Electricity</u>                         | <u>40</u>                  |                          |                    |
| <u>Cocoa</u>                               | <u>40</u>                  | <u>1.00</u>              | <u>10.00</u>       |
| <u>Coffee</u>                              | <u>20</u>                  | <u>.0005</u>             | <u>18.75</u>       |
| <u>Cotton</u>                              | <u>80</u>                  | <u>.0001</u>             | <u>5.00</u>        |
| <u>Orange Juice</u>                        | <u>50</u>                  | <u>.0005</u>             | <u>7.50</u>        |
| <u>No. 11 Sugar</u>                        | <u>35</u>                  | <u>.0001</u>             | <u>11.20</u>       |
| <u>No. 14 Sugar</u>                        | <u>35</u>                  | <u>.0001</u>             | <u>11.20</u>       |

Products Traded on an Alternative Electronic Trading System (categorized generically by commodity and by unit size)

| <b>Product (Unit Size)</b>                  | <b># Ticks From Market</b> |
|---|----------------------------|
| Crude Oil and Crude Products (1000 Barrels) | 25                         |
| Crude Products (42,000 Gallons)             | 48                         |
| Natural Gas                                 | 20                         |
| Electricity                                 | 40                         |
| NYMEX miNY™ Crude Oil                       | 15                         |
| NYMEX miNY™ Natural Gas                     | 20                         |
| NYMEX miNY™ Heating Oil                     | 10                         |
| NYMEX miNY™ Unleaded Gasoline               | 10                         |