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OFFICE OF THE SECRETARIAL
December 21, 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 06.155: Notification of Amendments to Chapter 9-Appendix A; Rule 11.63, Electronic Trading Error Trade Procedures; Rule 9.27A, Expiration Position Accountability Levels; Rule 9.32, Action by the Exchange; Rule 9.28, Exemption from Position Limits for Bona Fide Hedging Transactions; Rule 9.29, Exemption from Position Limits for Exposure Related to Commodity Swap Transactions; and New NYMEX Rule 9.26A, Any One Month and All Months Combined Position Limits in Connection with the Launch of Six New Commodity Contracts.

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 Chapter 9-Appendix A; Rule 11.63, Electronic Trading Error Trade Procedures; Rule 9.27A, Expiration Position Accountability Levels; Rule 9.32, Action by the Exchange; Rule 9.28, Exemption from Position Limits for Bona Fide Hedging Transactions; Rule 9.29, Exemption from Position Limits for Exposure Related to Commodity Swap Transactions; and New NYMEX Rule 9.26A, Any One Month and All Months Combined Position Limits, in connection with the launch of six new soft commodity contracts.

Effective for trade date December 22, 2006, these amendments include the following: 1) reportable levels, position limits, and any one month/all month accountability levels for six new futures contracts (Chapter 9-Appendix A); 2) applicable timing of the expiration position limits for the six new futures contracts (Rule 9.27); 3) deletion of all references to NYMEX ACCESS (as that electronic trading system that is no longer in use), and addition of appropriate "no bust ranges" and associated information for the six new futures contracts (Rule 11.63); 4) defining any one month and all month position limits for applicable Soft Commodities (new Rule 9.26A); 5) incorporation of exemptions to position limits rules for bona fide hedging transactions as well as exposure from commodity swap transactions (Rules 9.28 and 9.29); 6) incorporation of soft commodity exemptions to position limits related to potential action by the Exchange (Rule 9.32). This Submission shall replace and supersede all items previously forwarded in NYMEX Submission 06.153.

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

(Deletions are in bold/strikethrough; additions are in bold/underlined)

<u>Contract Name</u>	<u>Rule</u>	<u>Commodity</u>	<u>All/Any One Month</u>	<u>Any/All Month Limit</u>	<u>Expiration</u>	<u>Expiration</u>	<u>Expiration</u>	<u>Reporting</u>		
	<u>Chapter</u>	<u>Code</u>	<u>Account-ability</u>	<u>Rule 9.26A</u>	<u>Month</u>	<u>Account-ability Level</u>	<u>Account-ability 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>**</u>			
Soft Commodities										
<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>2,500/5,000</u>	<u>300</u>			<u>25</u>	<u>TT</u>	
<u>NYMEX Orange Juice</u>	<u>933</u>	<u>FJ</u>		<u>3,200/3,200</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>5000</u>			<u>25</u>	<u>YO</u>	
<u>NYMEX No. 14 Sugar</u>	<u>935</u>	<u>FT</u>		<u>1,000/1,000</u>				<u>25</u>	<u>FT</u>	

**** Limit applied on a GROSS Long or Short basis**

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9.32 Action by the Exchange

(A) The President shall determine whether the transactions or positions described in the Hedge Notice are bona fide hedging transactions or positions.

(B) The President may impose such limits on bona fide hedge transactions or positions, as in his discretion are commensurate with market conditions, the person's business needs, financial ability and integrity.

(C) The President may review, from time to time, any approvals of hedge transactions and positions; and the President may revoke, or place limitations on, any approval. Any person who is adversely affected by a determination of the President may request the Control Committee to review such determination.

(D) No Clearing Member shall maintain or clear any position which taken alone or when aggregated in accordance with the provisions of this Chapter 9 exceeds the position limits permitted under Rules 9.27 or 9.26A, except as otherwise authorized pursuant to this Chapter 9.

(E) In the event that the President learns that a Member or customer maintains positions in accounts with more than one Clearing Member, such that aggregating positions in all such accounts exceeds the position limits established by this Chapter 9, the President will notify each Clearing Member maintaining or carrying such accounts that it is in violation of Section (D) of this Rule 9.32. A Clearing Member receiving notification from the President or his designee that it is in violation of Subsection (D) of this Rule 9.32 shall reduce any above-limit position as directed by the President, provided that reduction of an aggregated position which is maintained by two or more Clearing Members shall be proportional unless otherwise directed by the President.

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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

Contract Outrights	# Ticks From Market	Minimum Tick Size	\$ per Tick
CL	25	0.01	10.00
SC	25	0.01	10.00
HO	60	0.0001	4.20
HU	60	0.0001	4.20
GR	8	.25	25.00
NG	25	0.001	10.00
PN	50	0.0001	4.20
PL	40	0.10	5.00
PA	20	0.05	5.00
QL	20	0.01	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

Intra-Commodity Spreads	# Ticks From Market	Minimum Tick Size	\$ per Tick
CL	10	0.01	10.00
HO	25	0.0001	4.20
HU	25	0.0001	4.20
NG	20	0.001	10.00
PN	20	0.0001	4.20
PL	20	0.10	5.00
PA	10	0.05	5.00
QL	20	0.01	15.50
GC	10	0.10	10.00
SI	20	0.001	25.00
HG	4	0.0005	12.50
AL	10	0.0005	22.00

JM	24	0.05	42.00
Inter-Commodity Spreads	# Ticks From Market	Minimum Tick Size	\$ per Tick
CL/HO	25	0.04	10.00
CL/HU	25	0.04	10.00
HO/HU	50	0.0004	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)~~

Product (Unit Size)	# Ticks From Market
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	40
NYMEX miNY™ Unleaded Gasoline	40
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*	*
*	*

9.27 Expiration and Current Delivery Month Position Limits or Position Accountability

(A) No person may own or control a net long position or a net short position in the expiration or current delivery month (as defined in this Rule 9.27 for energy and metals and soft contracts respectively) in excess of the levels set forth in Chapter 9, Appendix (A) below under 9.27 Expiration and Current Delivery Month Position Limits or Position Accountability.

Note: Specific reference to contract aggregation requirements prescribed in Chapter 9, Appendix (A).

(B) The expiration position limits for energy contracts set forth below are effective on the open of trading of the last three trading days of the futures contract. The expiration position limits shall be calculated on a net futures-equivalent basis. For purposes of this rule, NYMEX Light Sweet Crude Oil miNY Futures Contract shall be deemed equivalent to .50 of a Light "Sweet" Crude Oil future, a NYMEX Natural Gas miNY Futures Contract shall be deemed equivalent to .25 of a Natural Gas future, a NYMEX miNY Unleaded Gasoline Futures Contract shall be deemed equivalent to .50 of a Petroleum Product – New York Harbor No. 2 Heating Oil future and a NYMEX miNY Heating Oil Futures Contract shall be deemed equivalent to .50 of a New York Harbor No. 2 Heating Oil future ; a COMEX miNY Gold Futures Contract shall be deemed equivalent to .50 of a Gold future, a COMEX miNY Silver Futures Contract shall be deemed equivalent to a

.50 Silver future, a COMEX miNY Copper Futures Contract shall be deemed equivalent to a .50 Copper Future.

(C) The expiration month position limit for the PJM contracts are effective on the opening of trading on all business days when a contract month becomes the first nearby month (or spot month) and continues on an intra-day basis thereafter until the conclusion of trading in the expiring contract. The expiration month position limit shall be calculated on a net futures-equivalent basis.

(D) The current delivery month position limits metals contracts are effective on the business day prior to the first notice day for any delivery month. No person shall maintain any position which, when combined with the number of contracts for which a delivery notice has been tendered or accepted during the delivery month, exceeds the maximum permissible current delivery month position limit for such contract.

E) The current delivery month position limits for soft commodities shall be in effect as of the open of trading on the last three trading day's of the expiring contracts. Further, the current delivery month position limit in Orange Juice shall be applied on a gross basis.

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9.28 Exemptions from Position Limits for Bona Fide Hedging Transactions

(A) The limits set forth at in Rules 9.27 and 9.26A shall not apply to bona fide hedging transactions as defined in §1.3(z)(1) of the Regulations of the Commission (17 C.F.R. §1.3(z)(1)), as it may be amended from time to time.

(B) Notwithstanding the provisions of Subsection (A) of this Rule 9.28, any person who owns or controls a bona fide hedging position in excess of the levels set forth in Rules 9.27 and 9.26A must comply with the applicable provisions of Rules 9.29, 9.31, 9.32 and this Rule 9.28.

(C) Any person who owns or control bona fide hedge positions must initiate and liquidate positions in accordance with sound commercial practices and in an orderly manner; trading shall not be conducted in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes. No person shall use hedge positions to attempt to violate or avoid the By-Laws and Rules or to impair the good name of the Exchange.

(D) Any person who received approval to own or control positions classified as bona fide hedge positions shall submit to the Exchange, upon the request of the Board, the Control Committee or the President any information required by the Board, the Control Committee or the President or his designee (collectively, the "President" for purposes of Rules 9.28-9.36).

(E) Whenever an order of the Board, of the Control Committee or of any other Committee of the Exchange excludes from the operation of the order bona fide hedge positions or transactions, any person who desires his positions or transactions to be excluded must file a Hedge Notice with the Exchange as provided in this Chapter 9.

(F) Nothing in this Chapter 9 concerning exemption from position limits or any related provision shall in any way limit (i) the authority of the Exchange to take emergency action or (ii) the authority of the President to review at any time the position owned or controlled by any person and to direct that a position be reduced to the level provided for by Rules 9.26A or 9.27.

9.29 Exemptions from Position Limits for Exposure from Commodity Swap Transactions

(A) A person may apply to the Exchange for an exemption from the position limits set forth in Rules 9.27 and 9.26A where such exemption is necessary to reduce exposure resulting from commodity swap transactions that meet all the criteria of the Commodity Futures Trading Commission (the "Commission"), as stated in the Policy Statement Concerning Swap Transactions, 54 Fed. Reg. 30694 (July 21, 1989), or the Exemption of Swap Agreements 17 C.F.R. Part 35 (Jan. 22, 1993), as it may be amended or interpreted by the Commission.

(B) Applicants for an exemption under this Rule shall apply to the President or his authorized representative (referred to as the "President"), on forms provided by the Exchange, not more than five (5) days after assuming a position in excess of position limits under this Rule.

The Application shall include: a list of the contracts for which exemption is requested; a full and complete explanation of the underlying swap exposure; an agreement to comply with the limits imposed with respect to the proposed transactions; audited financial statements or other financial statements in the form approved by the President; an agreement to comply with the By-Laws and Rules of the Exchange; an agreement to submit a supplemental statement to the Exchange explaining any material change in circumstances or information provided in the application; and agreement to initiate and liquidate positions in accordance with sound commercial practices and in an orderly manner; and such other information, and representations as may be required by the Exchange.

(C) Any person who receives approval to own or control positions pursuant to this Rule, shall provide to the Exchange, upon the request of the Board, the Control Committee, or the President, any information or documentation requested relating to the exemption, the underlying swap transactions, or the financial condition of the applicant.

(D) The President shall, on the basis of the application and supplemental information which the Exchange may request, determine whether an exemption from speculative position limits shall be granted. The President may deny, condition or impose limitations upon an exemption request, based upon the applicant's business needs, financial status and integrity, the bona fides of the underlying swap transactions, on the liquidity, depth and volume of the market for which the exemption is sought, and on such factors as the President deems appropriate. The President may review at any time exemptions granted under this Rule, and may modify, revoke or place limitations on the exemption.

(E) Nothing in this Rule shall in any way limit (i) the authority of the Exchange to take emergency action; or (ii) the authority of the President to review at any time the position owned or controlled by any person and to direct that a position be reduced to the level provided for by Rules 9.26A and/or 9.27.

(F) Any person who has received from the President written authorization to exceed position limits imposed under Rules 9.27 or 9.26A must file with the Exchange an updated application annually, no later than the anniversary date of the initial authorization, or waive the exemption.

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9.32 Action by the Exchange

(A) The President shall determine whether the transactions or positions described in the Hedge Notice are bona fide hedging transactions or positions.

(B) The President may impose such limits on bona fide hedge transactions or positions, as in his discretion are commensurate with market conditions, the person's business needs, financial ability and integrity.

(C) The President may review, from time to time, any approvals of hedge transactions and positions; and the President may revoke, or place limitations on, any approval. Any person who is adversely affected by a determination of the President may request the Control Committee to review such determination.

(D) No Clearing Member shall maintain or clear any position which taken alone or when aggregated in accordance with the provisions of this Chapter 9 exceeds the position limits permitted under Rules 9.27 or 9.26A, except as otherwise authorized pursuant to this Chapter 9.

(E) In the event that the President learns that a Member or customer maintains positions in accounts with more than one Clearing Member, such that aggregating positions in all such accounts exceeds the position limits established by this Chapter 9, the President will notify each Clearing Member maintaining or carrying such accounts that it is in violation of Section (D) of this Rule 9.32. A Clearing Member receiving notification from the President or his designee that it is in violation of Subsection (D) of this Rule 9.32 shall reduce any above-limit position as directed by the President, provided that reduction of an aggregated position which is maintained by two or more Clearing Members shall be proportional unless otherwise directed by the President.

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9.26A Any One Month and /or All Months Position Limits for Soft Commodities

(A) No person may own or control a net long position or a net short position in any one month or all months combined for soft commodities in excess of the levels set forth in Chapter 9, Appendix (A).