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OFFICE OF THE SECRETARIAT
2009 JUL 31 PM 3 05

Kim Taylor
Managing Director
President, CME Clearing

July 28, 2009

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington D.C. 20581

**Re: New York Mercantile Exchange, Inc. – Request to Amend
NYMEX/DME Clearing Order Granted Pursuant to Section 4d(a)(2)
of the Commodity Exchange Act**

Dear Mr. Stawick:

I. Introduction

I am writing on behalf of the Clearing House Division of the Chicago Mercantile Exchange Inc. ("CME Clearing") and New York Mercantile Exchange, Inc. ("NYMEX"), each a registered derivatives clearing organization ("DCO"), with respect to the Order Regarding the Treatment of Funds Held in Connection with the Clearing by the New York Mercantile Exchange, Inc. of Contracts Traded on the Dubai Mercantile Exchange Limited issued by the Commodity Futures Trading Commission ("CFTC") pursuant to Section 4d(a)(2) of the Commodity Exchange Act, dated May 23, 2007 and amended April 30, 2008 (collectively, the "Order"). The Order permits NYMEX and CFTC registered futures commission merchants ("FCMs"), to hold customer positions and associated funds in accounts segregated pursuant to Section 4d of the CEA and CFTC Regulation 1.20 in connection with NYMEX's clearing of specified futures contracts traded on or subject to the rules of the Dubai Mercantile Exchange Limited ("DME") subject to certain terms and conditions specified in the Order.

One of those conditions is that NYMEX set clearing member performance bond requirements for the physically-settled Oman Crude Oil futures contract and the cash-settled Oman Crude Oil futures contract in an amount no less than consistent with a 99% confidence level that such performance bond rates would cover price movements in the contract over a two-day period.¹ NYMEX wishes to amend the Order to change the measurement period from a two-day period to a one-day period.

¹ See, Order as amended, at 3, paragraph 4(a).

II. Background

Pursuant to the Order, NYMEX currently sets clearing member performance bond requirements for the physically-settled Oman Crude Oil futures contract and the cash-settled Oman Crude Oil futures contract in an amount no less than consistent with a 99% confidence level that such performance bond rates would cover price movements in the contracts over a two-day period.

The Order also required NYMEX to submit reports to the CFTC setting forth an analysis of the adequacy of the margin rates within (i) 120 days of the commencement of clearing under the Order relating to the first 90 days of activity and (ii) 210 days of the commencement of clearing under the Order regarding the first 180 days of activity.² Such reports were submitted to the CFTC on August 18, 2008 and November 21, 2008.³ The analysis contained in the reports was consistent with a finding that margin coverage was adequate to cover price movements in the contracts over a two-day period with a 99% confidence level.

Both the two-day margin level requirement and the requirement to submit margin adequacy reports were conservative measures designed to assure the adequacy of margin requirements for new products being held in the customer segregated funds account. NYMEX has now had over two years of experience clearing and assessing the price risk of these contracts. Based upon its experience, including during periods of great price volatility, it now believes that it is appropriate to reduce the margin coverage to an amount adequate to cover price movements in the contracts over a one-day period with a 99% confidence level.

We have performed a new analysis for the contracts covering (i) a six-month period beginning on January 2, 2009 and ending on July 7, 2009 and (ii) a one-year period beginning on July 14, 2008 and ending on July 7, 2009. The new six-month and one-year analyses are attached hereto as Exhibits 1 and 2. The analyses compare, for each contract, the absolute value of the contract's daily settlement price movement against two-day and one-day margin requirement assumptions. In the six-month analysis, the one-day and two-day margin levels always covered the daily price movement. In the one-year analysis, the two-day margin level covered the daily price movement on every day, and the one-day margin level covered the daily price movement level for every day except for one-day in the survey period.⁴ This equates to a coverage level of 99.6% at the one-day margin level for the one-year survey period. It should be noted that this period of time included a period of significant and unprecedented volatility in these contracts.

² *Id.* at page 4, paragraph 5.

³ The second report covered the period of May 1, 2008 through October 31, 2008.

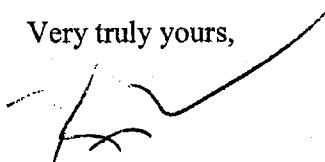
⁴ The date on which the one-day margin level would have been exceeded was September 29, 2008. On that date the two-day margin level was \$11,000 per contract and the one-day margin level would have been \$7,857 per contract. The notional price movement per contract on that date was \$8,650 per contract, which would have exceeded the one-day margin level by \$793.

It should also be noted that since the time that the Order was issued, NYMEX was acquired by CME Group and NYMEX's clearing default resources have been significantly augmented by the CME Clearing House. Prior to being acquired by CME Group, NYMEX's financial safeguards package consisted of \$250 million in clearing member security deposits, \$115 million in default insurance and assessment powers of \$1.1 billion for total financial resources of \$1.465 billion. Currently, CME Clearing's financial safeguard package, which covers CME, CBOT, NYMEX and COMEX includes a \$100 million contribution from CME, \$1.97 billion in clearing member security deposits, and \$5.42 billion in assessment powers, for a total of \$7.49 billion in financial resources. Also, prior to its acquisition by CME Group, NYMEX held customer performance bond of \$24.7 billion and house performance bond of \$12.5 billion, and at the end of the second quarter of 2009 CME Clearing held (inclusive of CME, CBOT, NYMEX and COMEX products) \$63.5 billion in customer margin and \$28.9 billion in house margin. Finally, as has been the case since the inception of the clearing of these contracts by NYMEX under the Order, NYMEX will mark the contracts to market and collect margin twice daily, which automatically serves to "top-up" the margin coverage on these contracts.

III. Relief Requested

NYMEX requests that the Order be amended to permit NYMEX to establish margin levels for the contracts based on one-day price movements in the contracts. As demonstrated above and in the enclosed analyses, such requirement should provide NYMEX with ample margin coverage. Thank you for your prompt consideration of this request. If you have any questions please contact me at (312) 930-3156.

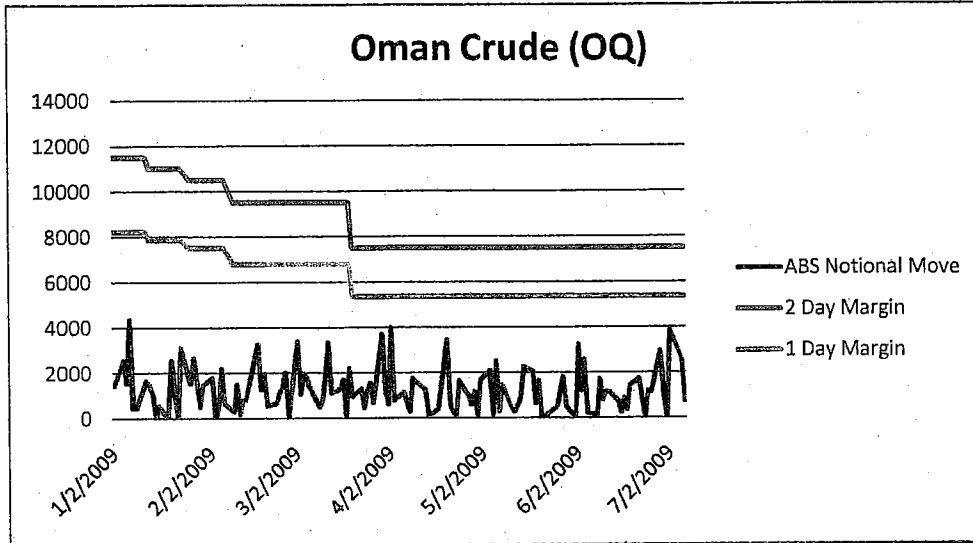
Very truly yours,



Enclosures

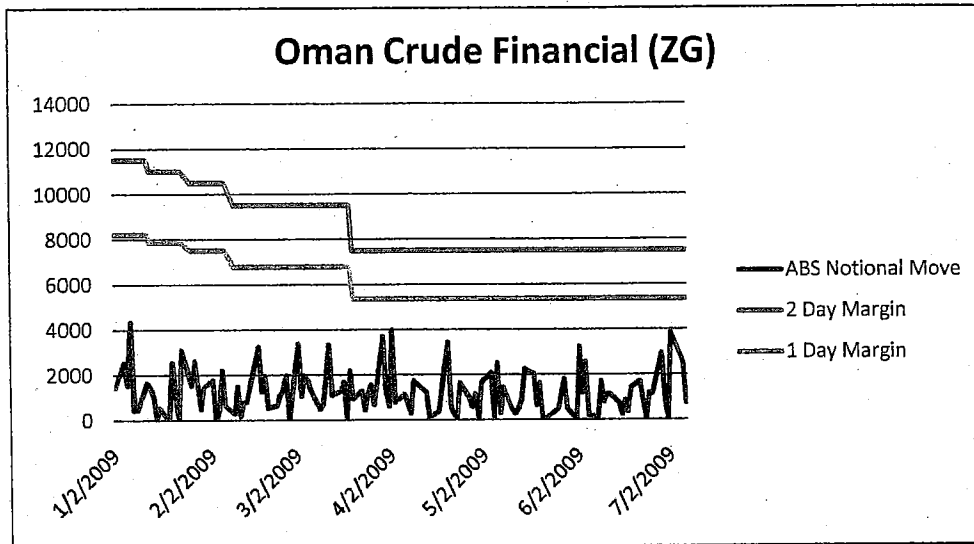
cc: Chairman Gary Gensler, CFTC
Commissioner Michael Dunn, CFTC
Commissioner Jill E. Sommers, CFTC
Commissioner Bart Chilton, CFTC
Ananda K. Radhakrishnan, CFTC
John Lawton, CFTC
Robert Wasserman, CFTC
Christopher K. Bowen, NYMEX
Tom Lasala, NYMEX
Arthur McCoy, NYMEX
Tim Doar, CME
Dale Michaels, CME

6 Month Analysis



Coverage

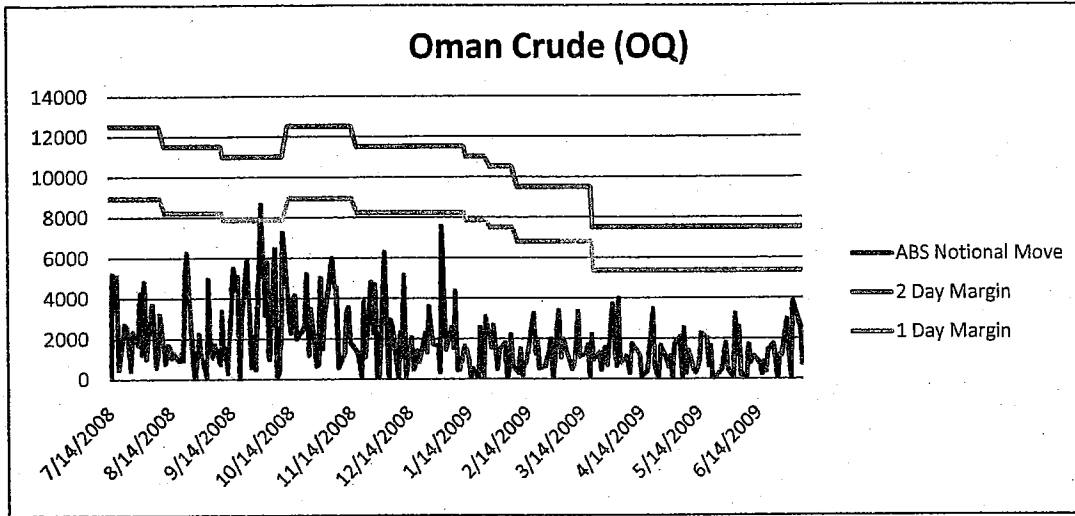
2 day Margins	100%
1 day Margins	100%



Coverage

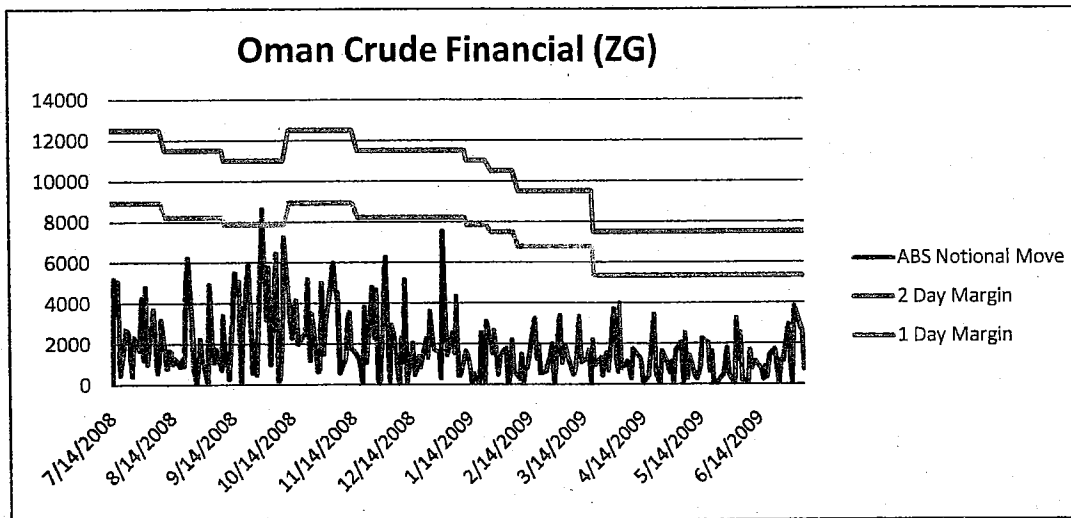
2 day Margins	100%
1 day Margins	100%

1 Year Analysis



Coverage

2 day Marg	100.0%
1 day Marg	99.6%



Coverage

2 day Marg	100.0%
1 day Marg	99.6%

11/18/2008	46.25	-0.75	1000	-0.015957447	750	0.015957	750	11500	8,214	11/18/2008	750	11500	8214.286	0
11/19/2008	46.25	0	1000	0	0	0	0	11500	8,214	11/19/2008	0	11500	8214.286	0
11/20/2008	42.42	-3.83	1000	-0.082810811	3830	0.082811	3830	11500	8,214	11/20/2008	3830	11500	8214.286	0
11/21/2008	43.5	1.08	1000	0.025459689	1080	0.02546	1080	11500	8,214	11/21/2008	1080	11500	8214.286	0
11/24/2008	48.3	4.8	1000	0.110344828	4800	0.110345	4800	11500	8,214	11/24/2008	4800	11500	8214.286	0
11/25/2008	46	-2.3	1000	-0.047619048	2300	0.047619	2300	11500	8,214	11/25/2008	2300	11500	8214.286	0
11/26/2008	50.68	4.68	1000	0.10173913	4680	0.101739	4680	11500	8,214	11/26/2008	4680	11500	8214.286	0
11/27/2008	50.68	0	1000	0	0	0	0	11500	8,214	11/27/2008	0	11500	8214.286	0
11/28/2008	50.88	0.2	1000	0.00394633	200	0.003946	200	11500	8,214	11/28/2008	200	11500	8214.286	0
12/1/2008	44.6	-6.28	1000	-0.123427673	6280	0.123428	6280	11500	8,214	12/1/2008	6280	11500	8214.286	0
12/2/2008	41.96	-2.64	1000	-0.059192825	2640	0.059193	2640	11500	8,214	12/2/2008	2640	11500	8214.286	0
12/3/2008	42.1	0.14	1000	0.00336511	140	0.003337	140	11500	8,214	12/3/2008	140	11500	8214.286	0
12/4/2008	39.15	-2.95	1000	-0.070071259	2950	0.070071	2950	11500	8,214	12/4/2008	2950	11500	8214.286	0
12/5/2008	36.6	-2.55	1000	-0.0651341	2550	0.065134	2550	11500	8,214	12/5/2008	2550	11500	8214.286	0
12/8/2008	36.6	0	1000	0	0	0	0	11500	8,214	12/8/2008	0	11500	8214.286	0
12/9/2008	38.9	2.3	1000	0.06284153	2300	0.062842	2300	11500	8,214	12/9/2008	2300	11500	8214.286	0
12/10/2008	40	1.1	1000	0.028277635	1100	0.028278	1100	11500	8,214	12/10/2008	1100	11500	8214.286	0
12/11/2008	45.15	5.15	1000	0.12875	5150	0.12875	5150	11500	8,214	12/11/2008	5150	11500	8214.286	0
12/12/2008	45.05	-0.1	1000	-0.002214839	100	0.002215	100	11500	8,214	12/12/2008	100	11500	8214.286	0
12/15/2008	43	-2.05	1000	-0.045504994	2050	0.045505	2050	11500	8,214	12/15/2008	2050	11500	8214.286	0
12/16/2008	42.5	-0.5	1000	-0.011627907	500	0.011628	500	11500	8,214	12/16/2008	500	11500	8214.286	0
12/17/2008	41.75	-0.75	1000	-0.017647059	750	0.017647	750	11500	8,214	12/17/2008	750	11500	8214.286	0
12/18/2008	40.35	-1.4	1000	-0.03352934	1400	0.033533	1400	11500	8,214	12/18/2008	1400	11500	8214.286	0
12/19/2008	41.2	0.85	1000	0.021065675	850	0.021066	850	11500	8,214	12/19/2008	850	11500	8214.286	0
12/22/2008	38.93	-2.27	1000	-0.055097087	2270	0.055097	2270	11500	8,214	12/22/2008	2270	11500	8214.286	0
12/23/2008	37.6	-1.33	1000	-0.034163884	1330	0.034164	1330	11500	8,214	12/23/2008	1330	11500	8214.286	0
12/24/2008	34	-3.6	1000	-0.095744681	3600	0.095745	3600	11500	8,214	12/24/2008	3600	11500	8214.286	0
12/26/2008	35.75	1.75	1000	0.051470588	1750	0.051471	1750	11500	8,214	12/26/2008	1750	11500	8214.286	0
12/29/2008	37.35	1.6	1000	0.044755245	1600	0.044755	1600	11500	8,214	12/29/2008	1600	11500	8214.286	0
12/30/2008	37	-0.35	1000	-0.009370817	350	0.009371	350	11500	8,214	12/30/2008	350	11500	8214.286	0
12/31/2008	44.55	7.55	1000	0.204054054	7550	0.204054	7550	11500	8,214	12/31/2008	7550	11500	8214.286	0
1/2/2009	46	1.45	1000	0.032547699	1450	0.032548	1450	11500	8,214	1/2/2009	1450	11500	8214.286	0
1/5/2009	48.55	2.55	1000	0.055434783	2550	0.055435	2550	11500	8,214	1/5/2009	2550	11500	8214.286	0
1/6/2009	50.1	1.55	1000	0.03192585	1550	0.031926	1550	11500	8,214	1/6/2009	1550	11500	8214.286	0
1/7/2009	45.75	-4.35	1000	-0.086826347	4350	0.086826	4350	11500	8,214	1/7/2009	4350	11500	8214.286	0
1/8/2009	45.3	0.45	1000	-0.009836066	450	0.009836	450	11500	8,214	1/8/2009	450	11500	8214.286	0
1/9/2009	45.75	0.45	1000	0.009933775	450	0.009934	450	11500	8,214	1/9/2009	450	11500	8214.286	0
1/12/2009	44.1	-1.65	1000	-0.036065574	1650	0.036066	1650	11500	8,214	1/12/2009	1650	11500	8214.286	0
1/13/2009	45.55	1.45	1000	0.032879819	1450	0.03288	1450	11000	7,857	1/13/2009	1450	11000	7857.143	0
1/14/2009	44.55	-1	1000	-0.021953897	1000	0.021954	1000	11000	7,857	1/14/2009	1000	11000	7857.143	0
1/15/2009	44.5	-0.05	1000	-0.001122334	50	0.001122	50	11000	7,857	1/15/2009	50	11000	7857.143	0
1/16/2009	43.95	-0.55	1000	-0.012359551	550	0.01236	550	11000	7,857	1/16/2009	550	11000	7857.143	0
1/19/2009	43.95	0	1000	0	0	0	0	11000	7,857	1/19/2009	0	11000	7857.143	0
1/20/2009	41.4	-2.55	1000	-0.058020478	2550	0.05802	2550	11000	7,857	1/20/2009	2550	11000	7857.143	0
1/21/2009	42.45	1.05	1000	0.025362319	1050	0.025362	1050	11000	7,857	1/21/2009	1050	11000	7857.143	0
1/22/2009	42.4	-0.05	1000	-0.001177856	50	0.001178	50	11000	7,857	1/22/2009	50	11000	7857.143	0
1/23/2009	45.5	3.1	1000	0.073113208	3100	0.073113	3100	11000	7,857	1/23/2009	3100	11000	7857.143	0
1/26/2009	43.95	-1.55	1000	-0.034065934	1550	0.034066	1550	10500	7,500	1/26/2009	1550	10500	7500	0
1/27/2009	41.3	-2.65	1000	-0.060295791	2650	0.060296	2650	10500	7,500	1/27/2009	2650	10500	7500	0
1/28/2009	42.85	1.55	1000	0.037520266	1550	0.037523	1550	10500	7,500	1/28/2009	1550	10500	7500	0
1/29/2009	43.34	0.49	1000	0.011435239	490	0.011435	490	10500	7,500	1/29/2009	490	10500	7500	0
1/30/2009	44.79	1.45	1000	0.033456391	1450	0.033456	1450	10500	7,500	1/30/2009	1450	10500	7500	0
2/2/2009	43	-1.79	1000	-0.039964278	1790	0.039964	1790	10500	7,500	2/2/2009	1790	10500	7500	0
2/3/2009	43	0	1000	0	0	0	0	10500	7,500	2/3/2009	0	10500	7500	0
2/4/2009	43.45	0.45	1000	0.010465116	450	0.010465	450	10500	7,500	2/4/2009	450	10500	7500	0
2/5/2009	45.65	2.2	1000	0.050632911	2200	0.050633	2200	10500	7,500	2/5/2009	2200	10500	7500	0
2/6/2009	46.3	0.65	1000	0.014238773	650	0.014239	650	10500	7,500	2/6/2009	650	10500	7500	0
2/9/2009	46	-0.3	1000	-0.006479482	300	0.006479	300	9500	6,786	2/9/2009	300	9500	6785.714	0
2/10/2009	44.5	-1.5	1000	-0.032608696	1500	0.032609	1500	9500	6,786	2/10/2009	1500	9500	6785.714	0
2/11/2009	44.65	0.15	1000	0.003370787	150	0.003371	150	9500	6,786	2/11/2009	150	9500	6785.714	0
2/12/2009	45.45	0.8	1000	0.017917133	800	0.017917	800	9500	6,786	2/12/2009	800	9500	6785.714	0
2/13/2009	44.65	-0.8	1000	-0.017601176	800	0.017602	800	9500	6,786	2/13/2009	800	9500	6785.714	0
2/17/2009	41.4	-3.25	1000	-0.072788354	3250	0.072788	3250	9500	6,786	2/17/2009	3250	9500	6785.714	0
2/18/2009	40.13	-1.27	1000	-0.030676329	1270	0.030676	1270	9500	6,786	2/18/2009	1270	9500	6785.714	0
2/19/2009	42.1	1.97	1000	0.049090456	1970	0.04909	1970	9500	6,786	2/19/2009	1970	9500	6785.714	0
2/20/2009	41.55	-0.55	1000	-0.013064133	550	0.013064	550	9500	6,786	2/20/2009	550	9500	6785.714	0
2/23/2009	40.9	-0.65	1000	-0.015643803	650	0.015644	650	9500	6,786	2/23/2009	650	9500	6785.714	0
2/24/2009	42	1.1	1000	0.026894866	1100	0.026895	1100	9500	6,786	2/24/2009	1100	9500	6785.714	0
2/25/2009	43.35	1.35	1000	0.032142857	1350	0.032143	1350	9500	6,786	2/25/2009	1350	9500	6785.714	0
2/26/2009	45.35	2	1000	0.046136101	2000	0.046136	2000	9500	6,786	2/26/2009	2000	9500	6785.714	0
2/27/2009	45.39	0.04	1000	0.000882029	40	0.000882	40	9500	6,786	2/27/2009	40	9500	6785.714	0
3/2/2009	42	-3.39	1000	-0.074686054	3390	0.074686	3390	9500	6,786	3/2/2009	3390	9500	6785.714	0
3/3/2009	43.07	-1.07	1000	0.02547619	1070	0.025476	1070	9500	6,786	3/3/2009	1070	9500	6785.714	0
3/4/2009	45.05	1.98	1000	0.045971674	1980	0.045972	1980	9500	6,786	3/4/2009	1980	9500	6785.714	0
3/5/2009	43.25	-1.8	1000	-0.039955605	1800	0.039956	1800	9500	6,786	3/5/2009	1800	9500	6785.714	0
3/6/2009	44.6	1.35	1000	0.031213873	1350	0.031214	1350	9500	6,786	3/6/2009	1350	9500	6785.714	0
3/9/2009	44.1	-0.5	1000	-0.011210762	500	0.011211	500	9500	6,786	3/9/2009				

