



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

March 13, 2013

**VIA E-MAIL**

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

**RE: NYMEX Crude and Refined Futures Market Maker Program  
Submission No. 13-085**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a market making program in support of certain crude and refined energy contracts ("Program"). The proposed Program will become effective on March 28, 2013.

Exhibit 1 sets forth the terms of this Program.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, NYMEX staff identified the following Core Principles as potentially being impacted; Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules and Recordkeeping.

The proposed Program will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange's market regulation staff will nevertheless continue to monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The products included in this Program are listed for trading in the open and competitive market. Participants who might meet the criteria for this Program generally perform complex trading strategies that include both on-exchange and off-exchange activities. The set of incentives encompassed by the Program have been developed to increase volume across all NYMEX venues through additional execution of these strategies, ultimately having a positive impact on the price discovery process taking place in the centralized market as the Program is designed to increase liquidity on that venue. Participants in the Program will be selected by NYMEX staff using criteria as further stated in Exhibit 1. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with NYMEX in which each participant will expressly agree to comply with and be subject to, applicable regulations and NYMEX rules. The proposed Program will be subject to the Exchange's record retention policies which comply with the CEA.

NYMEX certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

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The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

If you require any additional information regarding this submission, please contact Robert Lev at 312-930-3019 or via e-mail at [robert.lev@cmegroup.com](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 13-085 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## Crude and Refined Futures Market Maker Program

### **Program Purpose**

The purpose of this Program is to incentivize market makers to provide liquidity and open interest in the products listed below. The resulting additional open interest and central limit order book liquidity benefits all participants in the market.

### **Product Scope**

Gasoline Euro-bob Oxy (Argus) NWE Barges Futures, Gasoline Euro-bob Oxy (Argus) NWE Barges, Crack Spread Futures, RBOB Gasoline vs. Euro-bob Oxy (Argus) NWE Barges (1000mt) Futures, Heating Oil Financial Futures, WTI-Brent (ICE) Calendar Futures, WTI Calendar Futures, Brent (ICE) Calendar Futures, Gasoil (ICE) Crack Spread (1000mt) Futures, European Gasoil Crack Spread Futures, Heating Oil Crack Spread Futures, Heating Oil vs. Brent Crack Spread Futures, Heating Oil Calendar Futures, RBOB Gasoline vs. Brent Crack Spread Futures, RBOB Gasoline vs. Heating Oil Futures, RBOB Gasoline Calendar Futures, RBOB Gasoline Crack Spread Futures, RBOB Gasoline - Financial Futures, Crude Oil Financial Futures, Brent Look-Alike Crude Oil Futures, European Gasoil (ICE) Futures, Heating Oil Arb: NYMEX Heating Oil vs. ICE Gasoil Futures, European Gasoil (ICE) Futures, WTI-Brent (ICE) Bullet Futures, RBOB Gasoline vs. Euro-bob Oxy (Argus) NWE Barges Futures, and Mini Gasoline Euro-bob Oxy (Argus) NWE Barges Futures that are traded on Globex or submitted for clearing via CME ClearPort ("Products").

### **Eligible Participants**

NYMEX may designate up to three (3) participants in the Program. Participants may be NYMEX members or non-members. When selecting participants for the Program, NYMEX will take into account; (i) the potential participant's prior experience acting in making markets in the WTI-Brent spread on Globex, and (ii) the potential participant's historical volume traded in crude and refined products over the previous six (6) months. NYMEX may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.

### **Program Term**

Start date is March 28, 2013. End date is May 31, 2013.

### **Hours**

Designated hours during RTH and/or ETH.

### **Obligations**

Quoting Requirements. Participants in the Program must quote continuous two-sided markets in certain Product contract markets, at predetermined maximum bid/ask spreads and minimum quote sizes.

### **Incentives**

For each calendar month that a participant meets its quoting obligations the applicable Program participant shall be eligible for predetermined incentives

### **Monitoring and Termination of Status**

The Exchange shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if it concludes from review that a Program participant has failed to meet its obligations or no longer meets the eligibility requirements of the Program.