



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

August 23, 2012

VIA E-MAIL

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: NYMEX U.S. Midwest No. 1 Busheling Scrap (AMM) Futures Market Making Program
NYMEX Submission No. 12-266**

Dear Mr. Stawick:

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 U.S. Midwest No. 1 Busheling Scrap (AMM) Futures contracts that are traded on Globex ("Program"). This proposed Program will become effective on September 10, 2012.

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 (the "Core Principles") as set forth in the Commodity 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. NYMEX market regulation staff will nevertheless continue to monitor all participants to prevent manipulative trading and market abuse. The incentives available under the Program will not impact the Exchange's order execution. Participants will be selected by NYMEX based on the criteria set forth 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.

The Exchange 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, or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-266 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX U.S. Midwest No. 1 Busheling Scrap (AMM) Futures Market Making Program

Program Purpose

The purpose of the Program is to incentivize market makers to increase liquidity in U.S. Midwest No. 1 Busheling Scrap (AMM) Futures contracts traded on the Globex Platform. The resulting central limit order book liquidity benefits all participants in the marketplace.

Product Scope

NYMEX U.S. Midwest No. 1 Busheling Scrap Futures contracts traded on the Globex Platform ("Products").

Eligible Participants

A maximum of three (3) participants may participate in the Program. Participants must be a Commodity Exchange, Inc. ("COMEX") member. NYMEX, in its sole discretion, will use a variety of factors in determining whether or not a prospective participant is selected to participate in the Program, including the prospective participant's: (i) familiarity with the Products, (ii) familiarity with other U.S. and International Ferrous markets, and (iii) ability to meet the obligations of the Program. Notwithstanding the foregoing, NYMEX may add or subtract from the factors listed above from time to time.

Program Term

Start date is September 10, 2012. End date is September 9, 2013.

Hours

Designated Hours during RTH, ETH, and/or ATH ("Hours")

Obligations

Participants in the Program must quote continuous two-sided markets in the Products at designated maximum bid/offer spreads and minimum quote sizes during a specified percentage contracted Hours.

Incentives

Upon satisfying all Program obligations as determined by the Exchange, each Program participant shall be eligible for the following incentives:

Fee Discounts

All Program participants will receive discounted Globex Exchange fees for trades executed in the Products, COMEX Copper futures ("HG") and NYMEX U.S. Midwest Hot Rolled Coil Steel futures ("HR") on Globex®.

Incentive Pool

Program participants may be eligible to participate in a U.S. Midwest No. 1 Busheling Scrap Financial Futures contracts monthly incentive pool ("Incentive Pool"), funded by NYMEX in predetermined amounts.

Monitoring and Termination of Status

The Exchange shall monitor participants' activity in the Products and retains the right to revoke Program participant status if it concludes from review that a Program participant fails to meet its obligations or no longer meets the eligibility requirements of the Program.