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January 9, 2007

OFFICE OF THE SECRETARIAT

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 07.02: Notification of Compliance Interpretive Notice 01-07 Regarding Trading in COMEX Metals Contracts, and Amendments to Position Limit/Accountability Rules for Certain Cash-Settled COMEX Metals Contracts.

Dear Ms. Eileen Donovan:

The New York Mercantile Exchange ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") of Compliance Interpretive Notice 01-07 regarding trading in COMEX Metals markets as well as various amendments to Position Limit/Accountability Rules related to certain cash-settled COMEX Division metals contracts.

The Compliance Interpretive Notice 01-07 (attached Notice No. 07-11) informs Members that monitoring of the markets by the Compliance Department includes reviewing whether market users, trading in the closing range of physical delivery contracts while holding open positions in cash contracts that are settled at the same settlement price, are trading in an orderly and commercially reasonable manner. Members are also advised that such activity may subject the Member to Exchange disciplinary action, as well as possible referrals to the CFTC and/or various law enforcement authorities.

Amendments to NYMEX Rule 9.27A, Expiration Position Accountability Levels, incorporate certain cash-settled COMEX Division metals contracts, and also define the timing that such levels would be in effect. Lastly, Chapter 9, Appendix A is amended to include the Expiration Position Accountability Levels for certain cash-settled COMEX Division metals contracts and details the actual levels. The Rule amendments and Interpretive Notice 01-07 will be effective January 11, 2007.

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 and notification filing complies with the Act, including regulations under the Act.

If you have any questions, please contact Nancy Minett, Vice President, Compliance, at (212) 299-2940, and Anthony V. Densieski, Senior Director, Market Surveillance, at (212) 299-2881.

Sincerely,

Thomas F. LaSala
Chief Regulatory Officer

cc: Brian Regan
Nancy Minett

Notice No. 07-11
January 11, 2007

TO: All Exchange Members, Member Firms and Clearing Members

FROM: James E. Newsome, President

RE: **Compliance Interpretive Notice 01-07 - Trading Activity in Physically-Delivered COMEX Metals Contracts in Relation to COMEX Cash-Settled Metals Contracts**

It is the responsibility of market users to conduct trading in an orderly manner in compliance with NYMEX and COMEX Division (collectively the "Exchange") rules. The Compliance Staff monitors the markets to ensure that trading is orderly. Monitoring includes reviewing whether market users, trading in the closing range of physical delivery ("physical") contracts while holding open positions in cash contracts that are settled at the same settlement price, are trading in an orderly and commercially reasonable manner.

The Compliance Department will closely review trading in the closing range of the physical contracts with special attention to any open cash-settled contracts. Where it appears that a market user is attempting (either through its own trading or in coordination with, or with the assistance of others) to effect market movement in the physical contracts to benefit an open cash-settled contract position, an investigation will commence.

To the extent that such activity is deemed by Compliance Staff to have been undertaken by a person or firm subject to the disciplinary jurisdiction of the Exchange, the Compliance Department will seek action through the existing disciplinary channels. Such actions may constitute violations of Exchange rules that are major offenses, including but not limited to, Rule 8.55(A)(3) (dishonest conduct), Rule 8.55(A)(8) (manipulation or attempted manipulation), and Rule 8.55(A)(18) (conduct substantially detrimental to the interest of the Exchange).

Should such activity be deemed by Compliance Staff to have been conducted by a party(s) who is outside the direct jurisdiction of the Exchange, if deemed appropriate, the matter will be referred to the Commodity Futures Trading Commission or other regulatory agencies, and could additionally result in referrals to various law enforcement authorities as well.

Questions regarding this Notice should be directed to Thomas Lasala, Chief Regulatory Officer, at (212) 299-2897, Nancy Minett, Vice President, Compliance, at (212) 299-2940, and Anthony Densieski, Senior Director, Market Surveillance, at (212) 299-2881.

(Additions are in bold/underline, and deletions in bold/strikethrough.)

Rule 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) The Expiration Accountability Levels for designated metals contracts are effective on the open of trading on the last three (3) trading days of such contracts.

~~(5)~~ **(6)** 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 Notices 01-06 and 01-07.

<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 and Metals</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>			
Metals										
USA										
Metals										
USA										
COMEX Division - Aluminum Futures Rules	123	AL	6,000		350			25	AL	
COMEX Division - Aluminum Futures Options Rules	124	OA						25	AL	
COMEX Division - Copper Contract Rules	111	HG	5,000		400			25	HG	
COMEX Division - Grade 1 Copper Futures Options Rules	117	HX						25	HG	
COMEX miNY Copper Futures	913	QC	5,000		400	400		25	HG QC	
COMEX Division - Gold Rules	113	GC	6,000		3,000			200	GC	
COMEX Division - Gold Futures Options Rules	115	OG						200	GC	
COMEX miNY Gold Futures	911	QO	6,000		3,000	3,000		200	GC QO	
COMEX Division - Silver	112	SI	6,000		1,500			150	SI	

<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>Accountability</u>	<u>Rule 9.26A</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 and Metals Contracts</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>		
Rules										
COMEX Division - Silver Futures Options Rules	116	SO						150	SI	
COMEX miNY Silver Future	912	QI	6,000		1,500	1,500		150	SI QI	
Platinum Futures Contract	90	PL	1,500		200			50	PL	
NYMEX Platinum Option Contract	360	PO	20,000		200			50	PL	
Palladium Futures Contract	100	PA	1,000		650			25	PA	
EUROPE										
COMEX London Primary Aluminum Futures	918	LA	6,000		1,500			25	LA	
COMEX London Copper Grade A Futures	917	LK	5,000		1,500			25	LK	
COMEX London SHG Zinc Futures	919	LZ	4,000		1,500			25	LZ	
ASIA										
COMEX Asian Gold Futures	914	QS	6,000		3,000	3,000		200	GC QS	
NYMEX Asian Palladium Futures	916	QT	1,000		650	650		50	PA QT	
NYMEX	915	QR	1,500		200	200		200	PL QR	

