

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-376 (3 of 3)

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): September 2, 2014 Filing Description: Adoption of New Rule 771 ("Alternative Delivery Process")

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: Rule 771 ("Alternative Delivery Process")

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:**

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**

September 2, 2014

**VIA ELECTRONIC PORTAL**

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: CFTC Regulation 40.6(a) Certification. Adoption of Rule 771 (“Alternative Delivery Process”).  
NYMEX Submission No. 14-376 (3 of 3)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), and New York Mercantile Exchange, Inc. (“NYMEX”) (collectively, the “Exchanges”) hereby notify the Commodity Futures Trading Commission (“CFTC” or “Commission”) that they will be adopting new Rule 771 (“Alternative Delivery Process”) effective on September 17, 2014.

Rule 771 will be available to all physically delivered futures products of the Exchanges and will allow clearing members to agree to terms and conditions that differ from the Exchange and Chapter 7 rules. The process will require matched clearing members to submit a form titled Alternative Notice of Intention to Deliver (“ANID”), attached hereto as Exhibit A, which must be signed by each of the matched clearing member. Upon receipt of a signed ANID, the Exchange and clearing members are released from their respective obligations outlined in Chapter 7 and any other requirements outline in the applicable product chapter. Consequently, performance bonds held by CME Clearing will be released at the next clearing cycle relevant to the product delivery date. Further, proposed Rule 771 will offer clearing members an alternative to clearing members and their customers with delivery obligations beyond invoking CME Rule 770 (“Delivery Obligation Transfer Procedures”).

The Exchanges reviewed the designated contract market (“DCM”) core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, staff identified that the adoption of Rule 771 may have some bearing on the following Core Principles:

Prevention of Market Disruption: Rule 771 will offer clearing members an alternative to delivery obligations with their customers beyond invoking CME Rule 770 (“Delivery Obligation Transfer Procedures”).

Availability of General Information: As required by this Core Principle, market participants will be apprised of the adoption of Rule 771 via the issuance of a Special Executive Report in advance of the adoption becoming effective.

Execution of Transactions: The adoption of Rule 771 does not exceed the authority granted by the Commission to DCMs, and are being adopted to provide an alternative method for physically-delivered futures contracts in certain circumstances.

The Exchanges certify that the adoption of Rule 771 complies with the Act and regulations thereunder. There were no opposing views to this proposal.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you have any questions regarding this submission, please contact Tony Zangrilli, Senior Director of Clearing Operations at 312-930-3356 or via e-mail at [Anthony.Zangrilli@cmegroup.com](mailto:Anthony.Zangrilli@cmegroup.com). Alternatively, you may contact me at 312-466-7478 or via e-mail at [Tim.Elliott@cmegroup.com](mailto:Tim.Elliott@cmegroup.com). Please reference NYMEX Submission No. 14-376 (3 of 3) in any related correspondence.

Sincerely,

/s/ Tim Elliott  
Executive Director & Associate General Counsel

Attachments:           Exhibit A – Alternative Notice of Intention to Deliver (“ANID”) Form  
                                  Exhibit B – Text of Proposed Rule 771

**EXHIBIT A**

**Alternative Notice of Intention to Deliver (“ANID”) Form**

(Attached under separate cover)

## **EXHIBIT B**

### **CME/CBOT/NYMEX Rule 771**

#### **Rule 771. Alternative Delivery Process (“ADP”)**

A seller and buyer matched by the Exchange may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter, and the applicable chapter which contains the contract specifications for the products being delivered, and such other requirements as the Exchange may prescribe.

In such instances, matched clearing members shall execute an Alternative Notice of Intention to Deliver in the form and manner prescribed by the Exchange and shall deliver a completed and executed copy of such notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the clearing members and the Exchange from their respective obligations under the rules of this Chapter and any other Exchange rules and requirements regarding physical delivery.

In executing such notice, clearing members shall indemnify the Exchange against any liability, cost, or expense the Exchange may incur, for any reason, as a result of the execution, delivery or performance of such contract or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the clearing members all margin monies held for the account of each with respect to the contracts involved.