



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

January 13, 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 European and Asian Petroleum Products Incentive Program.
NYMEX Submission No 12-014**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc ("NYMEX," the "Clearing House", or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement an incentive program in support of certain European and Asian petroleum products ("Program"). The proposed Program will become effective on January 31, 2012.

Exhibit 1 sets forth the terms of the proposed Program.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the designated contract market core principles and the derivatives clearing organization core principles (collectively the "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;

Designated Contract Market Core Principles: 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 their trade practice and market surveillance obligations under the CEA and NYMEX market regulation staff will continue to monitor all market participants that trade the Program's products to prevent manipulative trading and market abuse. Additionally, NYMEX 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. The incentives available under the Program will apply to transactions by participants via any of NYMEX's execution and/or clearing venues, including the pit and our central limit order book. Additionally, the incentives are greater for trades executed on our central limit order book and trading floor. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. 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.

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Derivatives Clearing Organization ("DCO") Core Principles: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping, Public Information and Information Sharing

The incentives in this Program will have a non-material impact on the financial resources of the Clearing House. As such, it will not prevent the Clearing House from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO. When selecting an applicant into the Program, NYMEX will take into account multiple factors from a candidate firm including those set forth in Exhibit 1. The incentives provided under the Program will not impact the Clearing House's ability to perform its monitoring or enforcement obligations under the CEA. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute an application or contractual agreement with NYMEX in which each participant expressly agrees to comply with and be subject to applicable regulations and NYMEX rules. The proposed Program will be subject to NYMEX records retention policies which comply with the CEA. The Program contains "information concerning" each clearing and other fee that the DCO charges members and participants. A potential participant in the Program who wishes to subscribe to the Program may contact the Clearing House to receive further information regarding the fees that are charged to Program participants.

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

NYMEX certifies that this submission has been concurrently posted on the NYMEX 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. 12-014 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX European and Asian Petroleum Products Incentive Program

Program Purpose

The purpose of this Program is to encourage large market participants to increase their volume in the products listed below, enhancing market liquidity for those products. A more liquid contract benefits all participants in the market.

Product Scope

All of the products listed below, regardless of NYMEX execution or clearing venue, are included in the overall Program ("Products"). However, participation will be on a product grouping basis. Each of the eight (8) product groups is set out below ("Product Group"):

Crude Oil

ASIA			
BI	Petroleum	Dubai Crude Oil Balmo	Barrels
DC	Petroleum	Dubai Crude Oil Calendar Swap	Barrels
DB	Petroleum	BRENT Dubai Swap	Barrels

EUROPE			
1C	Petroleum	Brent CFD (Platts) vs. Front Month Swap Contract	Barrels
6W	Petroleum	Brent CFD Swap	Barrels
7G	Petroleum	Dated Brent (Platts) Daily Swap	Barrels
BB	Petroleum	Brent Financial	Barrels
CY	Petroleum	BRENT(ICE) Calendar Swap	Barrels
FE	Petroleum	Dated to Frontline Brent BALMO Swap Futures	Barrels
FY	Petroleum	Dated to Frontline Brent Swap	Barrels
J9	Petroleum	Brent BALMO Swap Contract	Barrels
UB	Petroleum	European Dated Brent Swap	Barrels
BK	Petroleum	WTI-Brent(ICE) Calendar Swap	Barrels
BY	Petroleum	WTI Brent(ICE) Bullet Swap	Barrels

Fuel Oil

ASIA			
EW	Petroleum	East/West Arb: Singapore 180cst vs. Rotterdam 3.5% Fuel Oil Spread Swap Co	Tonnes
BS	Petroleum	Singapore 180cst Balmo	Tonnes
BT	Petroleum	Singapore 380cst Balmo	Tonnes
HZ	Petroleum	Singapore 380 Fuel Oil	Tonnes
SD	Petroleum	Singapore 180cst vs. 380cst Fuel Oil Spread Swap Contract	Tonnes

SE	Petroleum	Singapore 380cst Fuel Oil Swap Contract	Tonnes
SFC	Petroleum	Singapore Fuel Oil 180 cst (Platts) Crack Spread Swap Futures	Tonnes
UA	Petroleum	Singapore Fuel Oil 180cst Calendar Swap	Tonnes

EUROPE

GCU	Petroleum	Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Futures	Barrels
NYF	Petroleum	New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures	Barrels
1W	Petroleum	1% Fuel Oil (Platts) Cargoes CIF MED Swap Contract	Tonnes
1X	Petroleum	1% Fuel Oil (Platts) Cargoes CIF NWE Swap Contract	Tonnes
33	Petroleum	1% Fuel Oil Rdam vs. 1% Fuel Oil NWE (Platts) Swap Futures	Tonnes
63	Petroleum	3.5% Fuel Oil Rdam vs. 3.5% FOB MED Spread (Platts) BALMO Swap Futures	Tonnes
7D	Petroleum	3.5% Fuel Oil CIF MED Swap	Tonnes
88	Petroleum	Northwest Europe Fuel Oil High-Low Sulfur Spread (Platts) BALMO Swap Future	Tonnes
BOB	Petroleum	3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread (1000mt) Swap Futures	Tonnes
EFF	Petroleum	European 3.5% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap Futures	Tonnes
FI	Petroleum	1% Fuel Oil NWE Crack Spread Swap	Barrels
FK	Petroleum	3.5% Fuel Oil (Rdam) v. 3.5% FOB MED Spread Swap	Tonnes
FL	Petroleum	3.5% Fuel Oil FOB MED Crack Spread Swap	Tonnes
FO	Petroleum	NWE 3.5% Fuel Oil Rdam Crack Spread Swap	Barrels
FS	Petroleum	Fuel Oil Diff. 1% NMW Cargoes vs. 3.5% Barges Swap Contract	Tonnes
KR	Petroleum	European 3.5% Fuel Oil Rotterdam Balmo	Tonnes
KX	Petroleum	European 1% Fuel Oil NEW Balmo	Tonnes
UF	Petroleum	European 1% Fuel Oil NWE Calendar Swap (Northwest Europe)	Tonnes
UH	Petroleum	European 1% Fuel Oil Rotterdam Calendar Swap	Tonnes
UI	Petroleum	European 3.5% Fuel Oil MED Calendar Swap (Mediterranean)	Tonnes
UV	Petroleum	European 3.5% Fuel Oil Rotterdam Calendar Swap	Tonnes

Mid Distillates

ASIA

BX	Petroleum	Singapore Jet Kero Balmo	Barrels
KS	Petroleum	Singapore Jet Kerosene Swap Contract	Barrels
RK	Petroleum	Singapore Jet Regrade: Jet Kero vs. Gasoil Swap Contract	Barrels
SG	Petroleum	Singapore Gasoil Swap Contract	Barrels
STF	Petroleum	Singapore Gasoil 10 ppm (Platts) Swap Futures	Barrels
STL	Petroleum	Singapore Gasoil 10 ppm (Platts) BALMO Swap Futures	Barrels
STZ	Petroleum	Singapore Gasoil 10 ppm vs 0.5% Sulfur Spread (Platts) Swap Futures	Barrels
SZF	Petroleum	Singapore Gasoil 0.05% sulfur (Platts) Swap Futures	Barrels
SZL	Petroleum	Singapore Gasoil 0.05% sulfur (Platts) BALMO Swap Futures	Barrels

SZZ	Petroleum	Singapore Gasoil 0.05 vs 0.5% Sulfur Spread (Platts) Swap Futures	Barrels
VU	Petroleum	Singapore Gasoil Balmo	Barrels
Z0	Petroleum	Singapore Jet Kero vs. Gasoil Spread (Platts) BALMO Swap	Barrels
GA	Petroleum	Gasoil Arb: Singapore Gasoil vs. Rdam Gasoil Swap	Barrels

EUROPE

1T	Petroleum	Jet Aviation Fuel (Platts) Cargoes FOB MED Swap	Tonnes
1V	Petroleum	Jet Aviation Fuel (Platts) Cargoes FOB MED v. ICE Gasoil Swap	Tonnes
3V	Petroleum	Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil BALMO Swap	Tonnes
4V	Petroleum	Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil BALMO Swap	Tonnes
6V	Petroleum	Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil BALMO Swap	Tonnes
6X	Petroleum	Jet Fuel Cargoes CIF NWE v ICE Gasoil BALMO Swap	Tonnes
7F	Petroleum	European Gasoil (ICE) Futures Contract	Barrels
7V	Petroleum	ULSD 10ppm CIF Med v. ICE Gasoil BALMO Swap	Tonnes
7X	Petroleum	Diesel 10ppm Barges FOB Rdam v ICE Gasoil BALMO Swap	Tonnes
8W	Petroleum	Gasoil 0.1 CIF Med v. ICE Gasoil BALMO Swap	Tonnes
9Q	Petroleum	Jet Fuel Barges FOB Rdam v ICE Gasoil BALMO Swap	Tonnes
B1	Petroleum	ULSD 10ppm Cargoes CIF NWE BALMO Swap Contract	Tonnes
B7	Petroleum	Gasoil 0.1 Cargoes CIF NWE BALMO Swap Contract	Tonnes
B8	Petroleum	Gasoil 0.1 Barges FOB Rdam BALMO Swap Contract	Tonnes
BG	Petroleum	Gasoil Bullet Swap	Barrels
ET	Petroleum	European Gasoil 10PPM Rdam Barges v Gasoil Futures	Tonnes
F3	Petroleum	Jet Fuel Cargoes CIF NWE BALMO Swap	Tonnes
GOC	Petroleum	Gasoil (ICE) Crack Spread (1000mt) Swap Futures	Tonnes
GRB	Petroleum	Gasoil 50 ppm (Platts) Barges FOB Rdam vs. ICE Gasoil BALMO Swap Futures	Tonnes
GRS	Petroleum	Gasoil 50 ppm (Platts) Barges FOB Rdam vs. ICE Gasoil Swap Futures	Tonnes
GX	Petroleum	Gasoil Calendar Swap	Tonnes
GZ	Petroleum	Gasoil Crack Spread Calendar Swap	Barrels
JC	Petroleum	European Jet CIF NWE vs. Gasoil Swap	Tonnes
JR	Petroleum	European Jet Rdam Barges v. Gasoil Swap	Tonnes
QA	Petroleum	Gasoil Mini Calendar Swap	Barrels
S1	Petroleum	Diesel 10ppm NWE Le Havre (Platts) CIF NWE Swap	Tonnes
S3	Petroleum	Diesel 10ppm NWE Le Havre (Platts) CIF NWE vs. Gasoil Swap	Tonnes
S5	Petroleum	Diesel 10ppm NWE Le Havre (Platts) CIF NWE vs. Gasoil BALMO Swap	Tonnes
S8	Petroleum	Diesel 10ppm UK (Platts) CIF NWE vs. Gasoil Swap	Tonnes
TP	Petroleum	Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap	Tonnes
TU	Petroleum	Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap	Tonnes
TW	Petroleum	Gasoil 0.1 Cargoes CIF NWE Swap	Tonnes
TY	Petroleum	Gasoil 10ppm Cargoes CIF NWE Swap	Tonnes
U7	Petroleum	Diesel 10PPM Barges FOB Rdam BALMO Swap Contract	Tonnes

U9	Petroleum	ICE Gasoil BALMO Swap Contract	Barrels
UJ	Petroleum	European Jet Kero NWE Calendar Swap (Northwest Europe)	Tonnes
UR	Petroleum	European Jet Kero Rotterdam Calendar Swap	Tonnes
VL	Petroleum	Gasoil 0.1 Rotterdam Barges Swap	Tonnes
WQ	Petroleum	Gasoil 0.1 Rdam Barges v. ICE Gasoil Swap	Tonnes
X6	Petroleum	Gasoil 0.1 CIF Med BALMO Swap Contract	Tonnes
X7	Petroleum	ULSD 10ppm CIF Med BALMO Swap Contract	Tonnes
X9	Petroleum	Jet Fuel Barges FOB Rdam BALMO Swap Contract	Tonnes
Z4	Petroleum	Gasoil 0.1 CIF Med Swap Contract	Tonnes
Z5	Petroleum	Gasoil 0.1 CIF Med vs. ICE Gasoil Swap Contract	Tonnes
Z6	Petroleum	ULSD 10ppm CIF Med Swap Contract	Tonnes
Z7	Petroleum	ULSD 10ppm CIF Med vs. ICE Gasoil Swap Contract	Tonnes
GA	Petroleum	Gasoil Arb. Singapore Gasoil vs. Rdam Gasoil Swap	Barrels

Light End by Region

ASIA			
1N	Petroleum	Singapore Mogas 92 Unleaded (Platts) Swap	Barrels
E6	Petroleum	Japan Naphtha BALMO Swap	Tonnes
JA	Petroleum	Japan C&F Naphtha (Platts) Swap	Tonnes
JB	Petroleum	Japan C&F Naphtha Crack Spread Swap	Barrels
KU	Petroleum	Singapore Naphtha Balmo	Barrels
SP	Petroleum	Singapore Naphtha Swap Contract	Barrels

EUROPE			
2G	Petroleum	Premium Unleaded 10 ppm (Platts) CIF MED Swap	Tonnes
3G	Petroleum	Premium Unleaded 10 ppm (Platts) FOB MED Swap	Tonnes
43	Petroleum	European Naphtha (Platts) Crack Spread BALMO Swap Futures	Tonnes
4G	Petroleum	Premium Unleaded 10 ppm (Platts) Cargoes CIF NWE Swap	Tonnes
6D	Petroleum	Premium Unleaded 10 ppm (Platts) Cargoes CIF NWE BALMO Swap	Tonnes
7H	Petroleum	Gasoline Euro-bob Oxy (Argus) NWE Barges Swap	Tonnes
7I	Petroleum	Gasoline Euro-bob Oxy (Argus) NWE Barges Crack Spread BALMO Swap	Barrels
7K	Petroleum	Gasoline Euro-bob Oxy (Argus) NWE Barges Crack Spread Swap	Barrels
7L	Petroleum	Premium Unleaded Gasoline 10 ppm (Platts) Rdam FOB Barges Swap	Tonnes
7N	Petroleum	Premium Unleaded Gasoline 10 ppm (Platts) Rdam FOB Barges BALMO Swap	Tonnes
7P	Petroleum	EuroBob Gasoline 10ppm (Platts) Rdam FOB Barges Swap	Tonnes
7R	Petroleum	Gasoline Euro-bob Oxy (Argus) NWE Barges BALMO Swap	Tonnes
7S	Petroleum	EuroBob Gasoline 10ppm (Platts) Rdam FOB Barges BALMO Swap	Tonnes
8G	Petroleum	Premium Unleaded 10 ppm (Platts) FOB MED BALMO Swap	Tonnes
EN	Petroleum	European Naphtha Crack Spread Swap	Barrels

EOB	Petroleum	Argus Gasoline Eurobob Oxy Barges NWE Crack Spread (1000mt) Swap Futures	Tonnes
KZ	Petroleum	European Naphtha Balmo	Tonnes
NOB	Petroleum	Naphtha (Platts) Cargoes CIF NWE Crack Spread (1000mt) Swap Futures	Tonnes
PS	Petroleum	European Propane CIF ARA (Argus) Swap	Tonnes
UN	Petroleum	European Naphtha Calendar Swap	Tonnes

Eligible Participants

NYMEX may select up to seven (7) participants for each of the Product Groups. Participants can be a NYMEX member or non-member trading firm. In determining whether or not a prospective applicant is selected to participate in the Program and a particular Product Group, NYMEX staff may take into account a variety of factors including the prospective participant's overall experience and historical volume traded and/or cleared in the Products and experience in other energy contracts traded on or cleared by NYMEX. NYMEX may, from time to time, add or subtract from the aforementioned factors as it deems necessary.

Program Term

Start date is January 31, 2012. End date is December 31, 2012.

Hours

N/A

Program Obligations

Based on a variety of factors, including the factors mentioned in the paragraph above and the participation in other volume incentive programs for products similar to a participant's Product Group, participants will be required to meet one of the two obligation tiers as follows:

Tier 1. NYMEX will calculate each participant's volume in the applicable Product Group over the participant's initial three (3) month period ("Initial Period") in the Program. In order to remain in the Program after the Initial Period, the participant must have either (i) increased their combined volume for the Product Group by at least twenty percent (20%), or (ii) have met the applicable Product Group threshold requirement for each calendar month during the Initial Period in accordance with the chart below, the applicable obligation being the obligation that results in the highest amount of volume traded by the participant in the Product Group.

Tier 2. NYMEX will calculate each participant's volume in the applicable Product Group over the participant's initial three (3) month period ("Initial Period") in the Program. In order to remain in the Program after the Initial Period, the participant must have either (i) increased their combined volume for the Product Group by at least fifty percent (50%), or (ii) have met the applicable Product Group threshold requirement for each calendar month during the Initial Period in accordance with the chart below, the applicable obligation being the obligation that results in the highest amount of volume traded by the participant in the Product Group.

MONTHLY VOLUME (Sides)

Product Group	Asia Crude	Asia Distillates	Asia Fuel Oil	Asia Light End	Euro Crude	Euro Distillates	Euro Fuel Oil	Euro Light End
Thresholds (sides)	1200	1200	500	500	1000	750	2000	1500

Program Incentives

For each calendar month, participants will be eligible for reduced clearing fee incentives whereby participants will be charged a reduced fee rate for contracts traded and/or cleared in their applicable Product Group. The reduced fee levels are predetermined by NYMEX.

Monitoring and Termination of Status

NYMEX 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 no longer meets the eligibility requirements.