



Sean M. Downey
Associate Director and Assistant General Counsel
Legal Department

January 30, 2012

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

**RE: Rule 40.6(a) Certification. Notification of Rule Amendment to Henry Hub Natural Gas Futures and Associated Products Listed for Trading on CME Globex and NYMEX Trading Floor and for Submission for Clearing on CME ClearPort
NYMEX Submission 12-037R**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to Rule 220.8A ("Special Price Fluctuation Limits") of the Henry Hub Natural Gas Futures (commodity code NG) contract, listed for trading on the NYMEX trading floor and CME Globex and available for submission for clearing through CME ClearPort, in order to reduce the trigger level for a circuit breaker from \$3.00 to \$1.50 which will provide the marketplace with a conservative circuit breaker level below the current spot month NG contract value. Please note that a black lined copy of this revised submission reflecting the changes from submission 12-037 may be found in Appendix A.

The Exchange is also notifying the Commission that it is self-certifying amendments to (i) the "Associated Products Appendix" contained in Henry Hub Natural Gas futures Rule 220.8A ("Special Price Fluctuation Limits") and (ii) to Rule 824.05 ("Prices and Fluctuations – Henry Hub Natural Gas Look-Alike Penultimate Financial Futures") in order to implement maximum price fluctuation limits for Henry Hub Natural Gas Look-Alike Penultimate Financial futures (chapter 824, commodity code HP) contract that shall be consistent with the prevailing price limits for Henry Hub Natural Gas futures contract. The "Associated Products Appendix" is intended to ensure that whenever the Henry Hub Natural Gas futures contract reaches the maximum price fluctuation limit (in accordance with Rule 220.08A), this results in a market halt of the Henry Hub Natural Gas futures and all other products listed in the "Associated Products Appendix".

The Exchange is also notifying the Commission that it is self-certifying an administrative, non-substantive, amendment to the reference to the E-mini Natural Gas futures contract (chapter 402, commodity code QG) as cited in the "Associated Products Appendix" of Rule 220.08A such that the referenced chapter title is accurate and aligned with the actual title for the contract.

In addition, the Exchange is self-certifying an amendment to Rule 402.05 ("Prices and Fluctuations – E-mini Natural Gas Futures"). The rule incorrectly states that the maximum price fluctuation for the E-mini Natural Gas futures contract is consistent with that of itself. The rule is being amended to correctly reflect that the maximum price fluctuation limits for the E-mini Natural Gas futures are consistent with the prevailing limits for the Henry Hub Natural Gas futures contract.

The Exchange is also notifying the CFTC that it is self-certifying amendments to the following rules: Rule 529.05 ("Prices and Fluctuations – Henry Hub Natural Gas Penultimate Financial Futures (NP)"); Rule

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823.05 ("Prices and Fluctuations – Henry Hub Natural Gas Look-Alike Last Day Financial Futures (HH)"); and Rule 508.05 ("Prices and Fluctuations – Henry Hub Natural Gas Last Day Financial Futures (NN)"), which incorrectly state that the contracts are not subject to maximum price fluctuation limits. These contracts are closely aligned with the Henry Hub Natural Gas futures contract and are designated as "associated products" under Rule 220.08A ("Special Price Fluctuation Limits") of the Henry Hub Natural Gas futures (commodity code NG) contract. Consequently, the Exchange is amending the "Prices and Fluctuations" rules for these products to reflect that these products are subject to maximum price fluctuation limits consistent with the prevailing price limits for the Henry Hub Natural Gas futures contract.

NYMEX business staff responsible for the rule amendments and the Exchange legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, Exchange staff identified that the rule amendments may have some bearing on the following Core Principles:

- **Prevention of Market Disruption:** Special price fluctuation limits rules reduce the likelihood of significant volatility resulting in unwarranted price deviation. In addition, trading in these contracts will be subject to Rulebook Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in these products is subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- **Availability of General Information:** The Exchange will publish information on the contracts' specification on its website, together with daily trading volume, open interest and price information.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Regulation 40.6 (a), the Exchange hereby certifies that the rule amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. Due to operational difficulties in affecting these changes mid-week, the upcoming President's Day holiday weekend, and Henry Hub Natural Gas futures expiration on February 27th, these amendments, which were previously scheduled to become effective on February 14, 2012, shall become effective on trade date Monday, March 5, 2012.

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>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167.

Sincerely,

/s/Sean M. Downey
Associate Director & Assistant General Counsel

Appendix A – Submission No. 12-037R (Redline)
Appendix B – Rule Amendments (Redline)

APPENDIX A
SUBMISSION NO. 12-037R (REDLINE)

(Underline Shall Mean Addition; ~~Strikethrough~~ Shall Mean Deletion)



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QG) as cited in the "Associated Products Appendix" of Rule 220.08A such that the referenced chapter title is accurate and aligned with the actual title for the contract.

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NYMEX business staff responsible for the rule amendments and the Exchange legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, Exchange staff identified that the rule amendments may have some bearing on the following Core Principles:

- **Prevention of Market Disruption:** Special price fluctuation limits rules reduce the likelihood of significant volatility resulting in unwarranted price deviation. In addition, trading in these contracts will be subject to Rulebook Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in these products is subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- **Availability of General Information:** The Exchange will publish information on the contracts' specification on its website, together with daily trading volume, open interest and price information.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Regulation 40.6 (a), the Exchange hereby certifies that the rule amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. ~~These amendments shall become effective on February 14~~ Due to operational difficulties in affecting these changes mid-week, the upcoming President's Day holiday weekend, and Henry Hub Natural Gas futures expiration on February 27th, these amendments, which were previously scheduled to become effective on February 14, 2012, shall become effective on trade date Monday, March 5, 2012.

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Sincerely,

/s/Sean M. Downey
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Appendix A – Submission No. 12-037R (Redline)
Appendix B – Rule Amendments (Redline)

APPENDIX B

RULE AMENDMENTS

(Underline indicates addition; strikethrough indicates deletion)

220.08A SPECIAL PRICE FLUCTUATION LIMITS ~~FOR HENRY HUB NATURAL GAS FUTURES~~

(A) Initial Price Fluctuation Limits for All Contract Months. At the commencement of each trading day, there shall be price fluctuation limits in effect for each contract month of this futures contract of ~~\$3.00~~\$1.50 per MMBtu above or below the previous day's settlement price for such contract month.

(B)(1) Triggering Event and Temporary Trading Halt Related to Trading on Globex®. If a market for any of the first three (3) contract months is bid or offered at the upper or lower price fluctuation limit, as applicable, on Globex it will be considered a Triggering Event which will halt trading for a five (5) minute period in all contract months of the NG futures contract, as well as all contract months in all products cited in the Associated Product Appendix of this rule. Trading in any option related to this contract or in an option contract related to any products cited in the Associated Product Appendix which may be available for trading on either Globex or on the Trading Floor shall additionally be subject to a coordinated trading halt.

(2) Expansion of Limits Following Temporary Trading Halt.

Following the end of the 5-minute Temporary Trading Halt, the affected markets shall re-open simultaneously in all contract months of these futures contracts. When trading resumes, price fluctuation limits for each contract month shall be expanded an additional increment of the price fluctuation limits, above and below the previous day's settlement price for each contract month in the affected contracts on Globex and on the trading floor (as applicable).

(3) Each instance in which a Triggering Event occurs, a Temporary Trading Halt will commence as provided by Sub-Sections (1)-(2) above and the price fluctuation limits for all contract months shall be expanded by an additional increment of the price fluctuation limits for NG as well as all products cited in the Associated Products Appendix in this rule.

(4) End of Day Lifting of Price Fluctuation Limits.

On any Exchange business day, regardless of any prior action concerning price fluctuation limits during the trading session, commencing sixty (60) minutes before the close of the Regular Trading Hours (RTH) session, there shall be no price fluctuation limits on any contract month in NG and all products cited in the Associated Products Appendix of this rule. The Price Fluctuation Limits shall be reinstated after the close of RTH for trading on Globex and shall be in effect through to the conclusion of the current trading day's Globex trading session.

(C) Price Fluctuation Limits on the Trading Floor (Floor Trading)

(1) The price fluctuation limits cited in section (A) of this rule shall be applicable on the Trading Floor (Floor Trading). However, all markets on the trading floor shall be limited to trading at these price levels (locked limit) and shall not constitute a Triggering Event for purposes of a Temporary Trading Halt on Globex.

(2) In all instances when a Triggering Event in NG occurs on Globex, Floor Trading in NG and any products cited in the Associated Products Appendix of this rule shall immediately halt. Additionally, trading in any option related to this contract or in an option contract related to any products cited in the Associated Product Appendix shall be subject to a coordinated trading halt.

(3) Whenever Globex markets are expanded and re-opened pursuant to the provisions of Section (B) of this rule, effected markets on the Trading Floor shall re-open with the expanded limits in place.

(D) Associated Products Appendix

QG	<u>E-mini</u> Mini Natural Gas Futures
HP	<u>Henry Hub Natural Gas Look-Alike Penultimate Financial Futures</u>
NP	Henry Hub Natural Gas Penultimate Financial Futures
HH	Henry Hub Natural Gas Look-Alike Last Day Financial Futures
NN	Henry Hub Natural Gas Last Day Financial Futures

Chapter 402
E-mini Natural Gas Futures (QG)

402.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.005 per MMBtu (\$12.50 per Contract). The maximum price fluctuation shall be consistent with the prevailing price limits of the E-mini Henry Hub Natural Gas Futures contract rounded down on the upper limit and up on the lower limit to the nearest one cent increment.

Chapter 824
Henry Hub Natural Gas Look-Alike Penultimate Financial Futures (HP)

824.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.001 per MMBtu. The maximum price fluctuation shall be consistent with the prevailing price limits of the Henry Hub Natural Gas futures contract. ~~There shall be no maximum price fluctuation.~~

Chapter 529
Henry Hub Natural Gas Penultimate Financial Futures (NP)

529.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.001 per MMBtu. The maximum price fluctuation shall be consistent with the prevailing price limits of the Henry Hub Natural Gas futures contract. ~~There shall be no maximum price fluctuation.~~

Chapter 823
Henry Hub Natural Gas Look-Alike Last Day Financial Futures (HH)

823.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.001 per MMBtu. The maximum price fluctuation shall be consistent with the prevailing price limits of the Henry Hub Natural Gas futures contract. ~~There shall be no maximum price fluctuation.~~

Chapter 508
Henry Hub Natural Gas Last Day Financial Futures (NN)

508.05 PRICES AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.001 per MMBtu. The maximum price fluctuation shall be consistent with the prevailing price limits of the Henry Hub Natural Gas futures contract. ~~There shall be no maximum price fluctuation.~~