



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

February 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 Natural Gas Options and Crude and Refined Options Volume
Incentive Program
NYMEX Submission No. 12-043**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc ("NYMEX" the "Exchange" or the "Clearing House") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement an incentive program in support of certain Natural Gas Options and Crude and Refined Options products ("Program"). This proposed Program will become effective on March 1, 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 and the derivatives clearing organization core principles (collectively 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;

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 its trade practice and market surveillance obligations under the CEA. NYMEX market regulation staff will be informed of any threshold levels applicable in the Program and will monitor all participants 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. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. All market participants that register with NYMEX may participate in the Program. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must submit an application to 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. All market participants that register with NYMEX may participate in the Program. 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 submit an application to the Clearing House 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 Clearing House's 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.

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

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. 12-043 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX Natural Gas Options and Crude and Refined Options Volume Incentive Program

Program Purpose

The purpose of the Program is to incentivize higher levels of volume contribution in NYMEX energy options products, specifically in crude oil, refined and natural gas options products across NYMEX's trading and clearing venues. Higher levels of volume and liquidity in the products listed below benefits all participants in the marketplace.

Product Scope

All Natural Gas Options, Crude Oil and Refined Options products that are traded on the Exchange or cleared through the Clearing House ("Products").

Eligible Participants

There is no limit to the amount of participants that may register for the Program. Participants may be a NYMEX member or non-member. All market participants that register with NYMEX may participate in the Program.

Program Term

Start date is March 1, 2012. End date is February 28, 2013.

Hours

N/A

Incentives

Volume Incentives.

1. For each calendar month during the term of the Program, participants will be eligible to participate in tiered volume incentives whereby participants may be charged reduced fee rates in the Products. The reduced fee rates and tier levels are predetermined by NYMEX.
2. Additionally, each calendar month NYMEX Member participants will be ranked based on overall volume in (i) Natural Gas Options, and (ii) Crude and Refined Options respectively. NYMEX Member participants that rank in the top five (5) for Natural Gas Options and/or Crude and Refined Options will be eligible for additional predetermined rate discounts in the corresponding Products during the applicable calendar month.

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 no longer meets the eligibility requirements of the Program.