



Lisa Dunsky
Director and Associate General Counsel
Legal Department

March 6, 2012

BY ELECTRONIC FILING

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

RE: Amendments to NYMEX Rule 984.B.3, Submission #12-065

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), New York Mercantile Exchange, Inc. (NYMEX) hereby notifies the Commodity Futures Trading Commission that it will adopt revisions to NYMEX Rule 984.B.3. The proposed effective date for these revisions is March 21, 2012 (*i.e.*, immediately after the Commission's 10-business-day review period).

In December 2011, NYMEX adopted a number of revisions to Rule 984 (Clearing Member Acceptance of Executed Customer Trades), which generally governs the responsibilities and obligations of clearing members and executing brokers in connection with customer trades that are executed by an executing broker and given up to a clearing member for clearing. Following those amendments, certain market participants contacted NYMEX to discuss the language in Rule 984.B.3 that requires an executing broker that has not executed trades for a particular customer in 90 days to contact the clearing member before resuming execution for such customer. As those market participants explained, an exception to this requirement should be made for an executing broker that has a written give-up agreement with a clearing member and a customer. NYMEX agrees with the suggested exception to this provision in Rule 984.B.3 and plans to amend the Rule accordingly.

The text of the amendments to Rule 984.B.3 is attached, with additions underlined and deletions overstruck. The amendments comport with DCO Core Principle D (Risk Management), and new Commission Regulation 39.13(h)(1) (Risk limits) and (h)(5) (Clearing members' risk management policies and procedures), which will become effective on May 7, 2012.

No substantive opposing views regarding these amendments to Rule 984.B.3 were expressed to NYMEX.

NYMEX certifies that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. NYMEX further certifies that these amendments to Rule 984.B.3 comply with the Commodity Exchange Act and regulations promulgated thereunder.

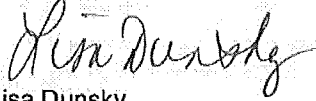
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Should you have any questions regarding this submission, please contact me at (312) 338-2483 or via e-mail at lisa.dunsky@cmegroup.com. Please reference our Submission No. 12-065 in any related correspondence.

Sincerely,



Lisa Dunsky
Director & Associate General Counsel

Enclosure: Exhibit 1 - Proposed Revisions to NYMEX Rule 984.B.3

EXHIBIT 1

PROPOSED REVISIONS TO NYMEX RULE 984.B.3

NYMEX Rulebook

Chapter 9. Clearing Members

Rule 984. CLEARING MEMBER ACCEPTANCE OF EXECUTED CUSTOMER TRADES

The following provisions define the minimum responsibilities and obligations of those parties to the clearance of a customer trade.

The term "executing broker" as used in this Rule is the Member Firm or Floor Broker to whom the order is ransmitted.

984.A. Responsibilities and Obligations of Clearing Members

The acceptance for clearance of a trade by a Clearing Member shall not relieve any party to the solicitation, handling, execution or clearance of such trade from the duty to act in good faith and with reasonable care and diligence.

1. Timeframe for a Carrying Clearing Member to Accept or Reject an Allocated Trade

A Clearing Member that has been allocated a customer trade must accept or reject such trade within 60 minutes of receiving the allocation. Such trades may only be rejected in accordance with the provisions of section A.3 of this Rule.

If after accepting an allocated trade a Clearing Member determines that such trade is an error or exceeds limits which have been communicated to an executing broker and his Primary Clearing Member ("PCM") in accordance with section A.3 of this Rule, the Clearing Member may reject such trade any time up to the close of business on the business day following the date of execution.

2. Limits Placed by Clearing Member

A Clearing Member may, in its discretion, place trading limits or impose a complete cessation on the trades it will accept for clearance for a customer's account from an executing broker, provided, however, that both the executing broker and his respective PCM receive prior written, telephonic or electronic notice from the Clearing Member of the applicable trading limits or trading cessation imposed on that customer account. Such notice must be given to all applicable executing brokers that within the prior 90 days have executed trades on behalf of said customer and allocated such trades to the applicable Clearing Member, and to such executing brokers' PCMs.

A copy of any and all correspondence evidencing any notice required by section A.2 of this Rule shall be retained as part of the books and records of the Clearing Member, the executing broker and his PCM.

3. Trade Rejection

A Clearing Member may only reject a trade that has been given up to it for clearance if: (1) the trade exceeds the trading limits established in accordance with section A.2 of this Rule for that customer and such limits have been communicated to the executing broker and his PCM in accordance with section A.2 of this Rule; or (2) the trade is an error for which the executing broker is responsible. If a rejected trade, or an unclaimed but pending trade, was allocated to the Clearing Member by the executing broker beyond

the time period required under Rule 536.A, that fact shall be taken into consideration in any dispute between such Clearing Member and executing broker regarding such trade that is governed by Exchange Rules.

4. Billing

A Clearing Member will pay brokerage fees incurred for all transactions by the executing broker for the customer and subsequently accepted by the Clearing Member by means of the Brokerage Payment System ("BPS"). Brokerage fees will be agreed upon in advance among the Clearing Member, the customer and the executing broker.

984.B. Responsibilities and Obligations of Executing Brokers

1. Customer Order Placement

An executing broker will be responsible for determining that all orders received on behalf of a customer's account have been placed or authorized by the customer. Once an order has been accepted, a broker or the broker's clerk must:

- (a) confirm the terms of the order with the customer;
- (b) accurately execute the order according to its terms;
- (c) confirm the execution of the order to the customer as soon as practicable; and,
- (d) transmit such executed order to the Clearing Member as soon as practicable in accordance with Exchange Rules and procedures.

2. Use of Other Persons

Unless otherwise agreed in writing, the executing broker is allowed to use the services of another broker in connection with the broker's obligations under these Rules. The executing broker remains responsible to the customer and Clearing Member under these Rules.

3. Executing Broker Responsibility for Verifying Clearing Member Authorization

Prior to accepting and executing an initial order for any new customer account, the executing broker must confirm with such customer's Clearing Member by telephonic, electronic or written means that:

- (a) the customer has a valid account with the Clearing Member;
- (b) the account number;
- (c) the brokerage rate; and
- (d) the customer is authorized by the Clearing Member to place orders with the executing broker for that specific account.

The executing broker shall retain as part of his books and records a copy of the authorization received from the Clearing Member, or the specifics of the telephonic confirmation, which includes the name of the Clearing Member representative, date, time and any other relevant information. The falsification of such information shall be the basis for disciplinary action.

~~Each executing broker shall conduct ongoing due diligence to ensure that all customer orders received are for active accounts. In the absence of a written give-up agreement between the executing broker, the Clearing Member and the customer, and if applicable, the customer's authorized trader, if a broker has neither executed trades on behalf of a particular customer nor allocated that customer's trades to a specific Clearing Member within the past 90 days, the broker shall not execute any trade for that customer for allocation to the Clearing Member without first confirming with the Clearing Member that the customer remains active and that the broker continues to be authorized to execute trades on behalf of the customer.~~

Each executing broker shall ensure that every Clearing Member to which he allocates trades: (1) has received current telephonic and electronic contact information for the executing broker and his PCM; and (2) is immediately informed of any change in the broker's PCM.

For purposes of providing any notice required under this Rule, a Clearing Member may rely upon the most recent telephonic and electronic contact information it received from the executing broker.

4. Rejection of Customer Order

Where an executing broker has confirmed Clearing Member authorization to execute orders on behalf of a customer in accordance with this Rule 984, the broker may, in the broker's discretion, reject an order that the customer transmits to the broker for execution. The executing broker shall promptly notify the customer and the Clearing Member(s) of any such rejection.