



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

April 10, 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: Modifications to the NYMEX Brent 25-Day Futures Incentive Program
NYMEX Submission No. 12-107**

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 modify the NYMEX Brent 25-Day Futures Incentive Program ("Program"). The modifications to the Program will become effective on April 25, 2012.

Exhibit 1 sets forth the terms of this Program. Additions to the Program are underscored, deletions to the program are ~~overstruck~~.

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 and Compliance with Rules.

The Program and proposed modifications will not impact the Exchange's ability to perform its 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. Participants who might want to participate for this Program generally perform complex trading strategies that include both on-exchange and off-exchange activities. The set of incentives encompassed by the Program have been developed to increase volume across all NYMEX venues through additional execution of these strategies, ultimately having a positive impact on the price discovery process taking place in the centralized market as the Program is designed to increase liquidity on that venue. All market participants that trade the products under the Program may register for the Program. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. These rules apply to the Program.

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

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The incentives in this Program will have a non-material impact on the financial resources of the Clearing House. As such, they 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 trade, or submit for clearing, the products in the Program may register for 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. These rules apply to the proposed Program.

NYMEX certifies that the Program and proposed modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or the modifications.

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. 12-107 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX Brent 25-Day Futures Incentive Program

Program Purpose

The purpose of this Program is to incentivize volume and liquidity in the NYMEX Brent 25-Day Futures contract. The purpose of the proposed modifications is to further incent liquidity in the Brent futures complex. The resulting addition of liquidity for these products benefits all participants in the market.

Product Scope

NYMEX Brent 25-Day Futures contracts that are traded on Globex® and/or cleared by the Clearing House ("Products"). Additionally, Brent Look-Alike Crude Oil Futures contracts that are traded on Globex® and/or cleared by the Clearing House ("BZ") may apply to certain incentives below.

Eligible Participants

There is no limit to the number of participants that may register in the Program. Participants may be a NYMEX member or non-member firm. The Program is open to any participant that registers with NYMEX.

Program Term

Start date is December 14, 2011. End date is December 31, 2012.

Hours

N/A

Incentives

Once accepted into the Program, participants may qualify for the following incentives:

1. Globex Volume Monthly Incentive Pool.
 - a. *Qualifications.* If, during a given calendar month, a participant (i) maintains at least a combined average daily volume ("ADV") of 250 contract sides traded on Globex in the Product and BZ, and (ii) accounts for at least two percent (2%) of total combined volume traded in the Product and BZ, the participant will be eligible for the following incentive.
 - b. *Incentive.* Qualifying participants will be eligible to receive a pro-rata share of a Globex® volume monthly incentive pool ("Globex® Pool"). The percentage of the Globex Pool that a participant is eligible to receive will equal the percentage of the total combined volume traded in the Product and BZ on Globex® that the participant trades. The Globex® Pool will be funded based on the overall volume traded in the Product and BZ on Globex® in accordance with the following table:

Overall Volume Traded in Product on Globex® (in sides)	Globex-Pool
Between 25,000-49,999	\$ 75,000
Between 50,000-74,999	\$ 125,000
Between 75,000-99,999	\$ 175,000
Between 100,000-124,999	\$ 225,000
Exceeds 124,999	\$ 300,000

Overall Combined Volume Traded in Product and BZ on Globex® (in sides)	Globex Pool
Between 100,000-124,999	\$ 75,000
Between 125,000-149,999	\$ 125,000
Between 150,000-174,999	\$ 175,000
Between 175,000-199,999	\$ 225,000
Exceeds 199,999	\$ 300,000

2. Open Interest Monthly Incentive Pool.

- a. *Qualifications.* If, during a given calendar month, a participant (i) maintains at least an ADV of 125 contract sides traded on Globex® in the Product, and (ii) maintains at least 100 average daily open interest (cross venue) in the Product, the participant will be eligible for the following incentive.
- b. *Incentive.* Qualifying participants will be eligible to receive a pro-rata share of an open-interest monthly incentive pool ("Open Interest Pool"). The percentage of the Open Interest Pool that a participant is eligible to receive will equal the percentage of the total open interest (cross venue) in the Product that the participant held during the applicable calendar month. The Open Interest Pool will be funded based on the overall open interest (in open interest sides cross venue) held in the Products during the applicable calendar month in accordance with the following table:

Overall Open Contract Sides (Twice Listed Open Interest)	Open Interest Pool
Between 4,000-7,999	\$ 75,000
Between 8,000-15,999	\$ 125,000
Between 16,000-19,999	\$ 175,000
Between 20,000-29,999	\$ 225,000
Exceeds 29,999	\$ 300,000

Participation in Both Globex and Open Interest Pool

In addition to any other qualification required above, a participant must maintain at least a combined ADV of 375 contract sides traded on Globex® in the Products and BZ, with at least 125 of the ADV coming from trades in the Products in order to qualify for both the Globex® Pool and the Open Interest Pool.

3. Large Open Interest Contributor Incentive.

- a. *Qualifications.* If, from the effective date of the Program through December 31, 2012, a participant accounts for at least ten percent (10%) of total open interest (cross venue) in the Product during a given calendar month for at least six (6) different calendar months, the participant will be eligible for the following incentive.
- b. *Incentive.* Qualifying participants will receive 50% reduced fees for the Products traded on Globex® during the 2013 and 2014 calendar years.

Monitoring and Termination of Status

The Exchange 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 of the Program.