

RECEIVED
CFTC

2011 MAY 16 PM 3:05



OFFICE OF THE
SECRETARIAT

May 16, 2011

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: Rule Amendment. New York Mercantile Exchange, Inc. Submission # 11-196:
Notification Regarding Amendments to Financially Settled Calendar Spread
Options on Light, Sweet Crude Oil and Henry Hub Natural Gas Futures contracts
Listed on the NYMEX Trading Floor and CME ClearPort®**

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 Crude Oil Financial Calendar Spread Option (Chapter 397) and Henry Hub Natural Gas Financial Calendar Spread Option (Chapter 399) in order to eliminate any ambiguity within the option rule chapters as to references to the options' respective underlying futures contracts. Specifically, the rule chapters for the Crude Oil Financial Calendar Spread Option and Henry Hub Natural Gas Financial Calendar Spread Option are being amended to include the complete titles and commodity codes of their respective underlying futures contracts. The amendments will take effect on trade date May 18, 2011.

The Exchange is also notifying the Commission that it is self-certifying administrative, non-substantive amendments to the section headers of the rule chapters for Crude Oil Financial Calendar Spread Option and Henry Hub Natural Gas Financial Calendar Spread Option contracts.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached contract amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal. These amendments shall be effective on trade date May 18, 2011.

Should you have any questions concerning the above, please contact Bob Biolsi at (212) 299-2610, (347) 439-4735 or Bob.Biolsi@cmegroup.com or the undersigned at (212) 299-2207, (347) 463-5347 or felix.khalatnikov@cmegroup.com.

Sincerely,

/s/ Felix Khalatnikov
Dir & Assoc General Counsel

1222

(Underscore Denotes Addition, Strikethrough Denotes Deletion)

Chapter 397 Crude Oil Financial Calendar Spread Option

397.01. EXPIRATION~~CRUDE OIL FINANCIAL CALENDAR SPREAD~~

A Crude Oil Financial Calendar Spread Option (the "Option") on the Exchange shall expire at the close of trading one business day immediately preceding the expiration of the first expiring Light Sweet Crude Oil Futures (CL) futures contract in the spread.

397.02. TRADING UNIT ~~FOR CRUDE OIL FINANCIAL CALENDAR SPREAD~~

The Option ~~Crude Oil Financial Calendar Spread s are~~ is a European ~~Style~~ Option contracts which cannot be exercised prior to expiration. A Crude Oil Financial Calendar Spread Financially Settled Put Option contract traded on the Exchange will represent the cash difference between the strike price and the settlement price of the second expiring Light Sweet Crude Oil Futures (CL) contract in the spread less the settlement price of the first expiring Light Sweet Crude Oil Futures (CL) contract in the spread traded on the Exchange multiplied by \$1,000, or zero, whichever is greater. A Call Option represents the cash difference of the settlement price of the first expiring Light Sweet Crude Oil Futures (CL) contract in the spread less the settlement price of the second expiring Light Sweet Crude Oil Futures (CL) contract in the spread traded on the Exchange less the strike price multiplied by \$1,000, or zero, whichever is greater.

397.03. TRADING MONTHS ~~FOR CRUDE OIL FINANCIAL CALENDAR SPREAD~~

Trading in the Option ~~Crude Oil Financial Calendar Spreads~~ shall be conducted in the months determined by the Exchange. Trading shall commence on the day prescribed by the Exchange.

397.04. EXCHANGE HOURS OF TRADING ~~IN CRUDE OIL FINANCIAL CALENDAR SPREAD~~

The Option ~~Crude Oil Financial Calendar Spread~~ is available for open outcry trading on the NYMEX trading floor from 9:00 a.m. to 2:30 p.m. (New York Prevailing time) Monday through Friday, except on Exchange Holidays.

The Crude Oil Financial Calendar Spread Option is available for clearing through CME on ClearPort[®] clearing platform from 6:00 p.m. Sundays through 5:15 p.m. Fridays (New York Prevailing time), with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., except on Exchange Holidays.

397.05. STRIKE PRICES ~~FOR CRUDE OIL FINANCIAL CALENDAR SPREAD~~

Trading shall be conducted for Options with strike prices in increments as set forth below.

(A) On the first business day of trading in an Option contract month, trading shall be at the following strike prices: (i) the difference between the previous day's settlement price for the first Light Sweet Crude Oil Futures (CL) contract in the spread and the second Light Sweet Crude Oil Futures (CL) contract in the spread, whether positive or negative in sign, and rounded off to the nearest five-cent increment, unless such settlement price is precisely midway between two five-cent increments in which case it shall be rounded off to the lower five-cent increment; (ii) the ten strike prices which are ten five-cent increments higher than the strike price described in section (i) of this Rule 397.05(A); (iii) the ten strike prices which are ten five-cent increments lower than the strike price described in section (i) of this Rule 397.05(A); (iv) an additional five strike prices for both call and put Options will be listed at \$0.10 increments above the highest five-cent increment as described in section (ii) of this Rule 397.05(A), beginning with the first available such strike that is evenly divisible by \$0.10; and (v) an additional five strike prices for both call and put Options will be listed at \$0.10 increments below the lowest five-cent increment as described in section (iii) of this Rule 397.05(A), beginning with the first available such strike that is evenly divisible by \$0.10.

(B) Thereafter, on any business day prior to the expiration of the Option, new strike prices for both puts and calls will be added, such that at all times there will be at least ten five-cent increment and five \$0.10 increment strike prices above and below the at-the-money strike price available for trading in all Options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 397.05.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in the Option ~~Crude Oil Financial Calendar Spread s contract~~ will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new Option contract month, the number of new strike prices which will be introduced on each business day or the period

Chapter 399

Henry Hub Natural Gas Financial Calendar Spread Option

399.01. EXPIRATION OF HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION

A Henry Hub Natural Gas Financial Calendar Spread Option (the "Option") on the Exchange shall expire at the close of trading one business day immediately preceding the expiration of the first expiring Henry Hub Natural Gas Futures (NG) contract in the spread.

399.02. TRADING UNIT FOR HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION

The Option is Henry Hub Natural Gas Financial Calendar Spread Options are a European-Style Option contracts which cannot be exercised prior to expiration. A Natural Gas Calendar Spread Financially Settled Put Option contract traded on the Exchange will represent the cash difference between the strike price and the settlement price of the second expiring Henry Hub Natural Gas Futures (NG) contract in the spread less the settlement price of the first expiring Henry Hub Natural Gas Futures (NG) contract in the spread traded on the Exchange multiplied by \$10,000, or zero, whichever is greater. A call option represents the cash difference of the settlement price of the first expiring Henry Hub Natural Gas Futures (NG) contract in the spread less the settlement price of the second expiring Henry Hub Natural Gas Futures (NG) contract in the spread traded on the Exchange less the strike price multiplied by \$10,000, or zero, whichever is greater.

399.03. TRADING MONTHS FOR HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION

Trading in the Option contract Henry Hub Natural Financial Gas Calendar Spread Options shall be conducted in the months determined by the Exchange. Trading shall commence on the day prescribed by the Exchange.

399.04. EXCHANGE HOURS OF TRADING IN HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION

The Henry Hub Natural Gas Financial Calendar Spread Option is available for open outcry trading on the NYMEX trading floor from 9:00 a.m. to 2:30 p.m. (New York Prevailing time) Monday through Friday, except on Exchange Holidays.

The Henry Hub Natural Gas Financial Calendar Spread Option is available for clearing through CME on ClearPort[®] clearing platform from 6:00 p.m. Sundays through 5:15 p.m. Fridays (New York Prevailing time), with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., except on Exchange Holidays.

399.05. STRIKE PRICES FOR HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION

Trading shall be conducted for Options with strike prices in increments as set forth below.

(A) On the first business day of trading in an Option contract month, trading shall be at the following strike prices: (i) the difference between the previous day's settlement price for the first Henry Hub Natural Gas Futures (NG) contract in the spread and the second Henry Hub Natural Gas Futures (NG) contract in the spread, whether positive or negative in sign, and rounded off to the nearest five-cent increment, unless such settlement price is precisely midway between two five-cent increments in which case it shall be rounded off to the lower five-cent increment; (ii) the ten strike prices which are ten five-cent increments higher than the strike price described in section (i) of this Rule 399.05(A); (iii) the ten strike prices which are ten five-cent increments lower than the strike price described in section (i) of this Rule 399.05(A); (iv) an additional five strike prices for both call and put options will be listed at \$0.10 increments above the highest five-cent increment as described in section (ii) of this Rule 399.05(A), beginning with the first available such strike that is evenly divisible by \$0.10; and (v) an additional five strike prices for both call and put Options will be listed at \$0.10 increments below the lowest five-cent increment as described in section (iii) of this Rule 399.05(A), beginning with the first available such strike that is evenly divisible by \$0.10.

(B) Thereafter, on any business day prior to the expiration of the Option, new strike prices for both puts and calls will be added, such that at all times there will be at least ten five-cent increment and five \$0.10 increment strike prices above and below the at-the-money strike price available for trading in all Options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 399.05.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in ~~the Option contract Henry Hub Natural Gas Financial Calendar Spread Options~~ will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new ~~Option contract month~~, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an ~~Henry Hub Natural Gas Financial Calendar Spread Option~~ in which no new strike prices may be introduced.

399.06. ~~PRICES IN HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION~~

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.001 (0.1 cent) per MMBtu. However, a cabinet trade may occur at a price of \$0.0001 per MMBtu, or \$1.00 a contract.

399.07. ~~ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR HENRY HUB NATURAL GAS FINANCIAL CALENDAR SPREAD OPTION~~

Trading in ~~the Option contract Henry Hub Natural Gas Financial Calendar Spread Options~~ shall not be subject to price fluctuation limitations.