



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

June 12, 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 Diverse Trading Non-Member International Commercial Firms Energy Incentive Program
NYMEX Submission No. 12-162**

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 existing Diverse Trading Non-Member International Commercial Firms Energy Incentive Program ("Program"). The modifications will become effective July 1, 2012 and the Program will extend until December 31, 2012.

Exhibit 1 sets forth the terms of this Program. The modifications appear below, with additions underscored and deletions ~~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, Compliance with Rules and Recordkeeping.

The Program 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. 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. Additionally, the incentives are equal across all NYMEX execution venues. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market.

Participants in the Program will be selected by NYMEX staff using criteria as further stated in Exhibit 1. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with NYMEX in which each participant will expressly agree to comply with and be subject to, applicable regulations and NYMEX rules. The Program will be subject to the Exchange's record retention policies which comply with the CEA.

Derivatives Clearing Organization ("DCO") Core Principles: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping, Public Information and Information Sharing;

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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, 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. When selecting an applicant into the Program, NYMEX will take into account multiple factors from a candidate firm including those set forth in Exhibit 1. 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 execute a contractual agreement with the Clearing House in which each participant will expressly agree to comply with and be subject to, applicable regulations and NYMEX rules. The 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.

NYMEX certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

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. 12-162 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Enclosure: Exhibit 1 – Diverse Trading Non-Member International Commercial Firms Energy Incentive Program

EXHIBIT 1

Diverse Trading Non-Member International Commercial Firms Energy Incentive Program

Program Purpose

The purpose of this Program is to incentivize trading in NYMEX energy products across all NYMEX venues for non-member international commercial trading firms which have historically traded a diverse product set. Increasing the overall volume levels in the products listed below will enhance market liquidity. A more liquid contract benefits all participants in the market.

Product Scope

All NYMEX energy products that are (i) traded on the Globex Platform, (ii) traded on the NYMEX floor via open outcry, or (iii) OTC energy products submitted to and cleared by NYMEX ("Products").

Eligible Participants

NYMEX may designate up to three (3) participants in the Program. Participants must be NYMEX non-member international commercial firms. In order to be considered for the Program, an applicant must (i) have, over a recent time period, maintained significant average daily volume levels in the Products and (ii) have, over a recent time period, traded a significantly diverse energy product set.

Program Term

Start date is March 30, 2012. End date is ~~June 30, 2012~~ December 31, 2012.

Hours

N/A

Incentives

Once accepted into the Program, participants will receive predetermined reduced fee rates for all trades executed and/or cleared in the Products.

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.