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DEC. OF THE SECRETARIAT

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 Certification. New York Mercantile Exchange, Inc. Submission #08.83:
Notification of Amendments to Chapter 100, Palladium.**

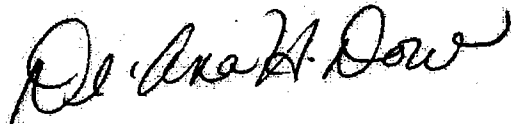
Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the following amendments to Chapter 100, Palladium. Chapter 100 is being amended in connection with the change from paper warrants to electronic warrants for the Palladium Futures Contract. Rule 100.00, Scope, is being amended to reflect that this contract will be governed by new Chapter 7A upon launch of electronic warrants for Palladium. Further, this chapter is being generally redesigned for consistency with the defined terms of Chapter 7A. Further, sections that were deemed unnecessary or dormant are being removed from this chapter. Rule 100.08 Warrant, is being amended due to the change to electronic warrants. All of the Licensed Facilities for Palladium will use the new electronic delivery system, and the Exchange expects about 93% of the Palladium paper warrants to be converted to electronic warrants by launch.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendments comply with the Act, including regulations under the Act. These changes will be made effective on August 28, 2008.

Should you have any questions concerning the above, please contact Brian Regan, Senior Vice President and Counsel, at (212) 299-2207, or the undersigned at (202) 715-8517.

Sincerely,



De'Ana H. Dow
Senior Vice President and
Chief Legislative Counsel

Attachments:

Palladium Futures Contract

Rule 100.00. ~~100.01~~ Scope

The provisions of these rules shall apply to all palladium bought or sold for future delivery on the Exchange. As used in this Chapter, defined terms shall have the meanings ascribed to them in Chapter 7A, Metals Rules for Electronic Warrants.

Rule 100.01. Definitions

For the purpose of this chapter, the following terms shall have the meanings stated below:

“

~~100.02-Contract Unit”~~

~~The contract unit shall mean~~ 100 troy ounces.

Rule 100.02. Contract Unit

-The ~~Seller~~ seller shall deliver one Contract Unit ~~100 troy ounces~~ of palladium, weighed to the nearest thousandth of a troy ounce, or the equivalent weight in grams, of homogeneous cast ~~ingot or plate and/or ingot,~~ with a weight tolerance of 7% either higher or lower. Each Contract Unit ~~contract unit~~ may consist of more than one piece of plate and/or ingot, with no individual piece weighing less than 10 troy ounces, or the equivalent weight in grams.

Rule 100.03. ~~100.03~~ Grade and Quality Specifications

Palladium delivered under this contract shall be a minimum of 99.95% pure.

Rule 100.04. ~~100.04~~ Packaging and Marking

(A) ~~(A)~~ Palladium may be delivered in packaged or unpackaged form.

- ~~(B)~~ (B) If Palladium is delivered in packaged form, the Palladium shall be in a single package sealed by an Approved Assayer or Approved Producer Exchange approved assayer or producer of an approved brand so that the package may not be opened without destruction of the seal. Each The package shall contain exactly one Contract Unit of Palladium and must bear:
- (1) -the lot or identification bar number(s) of each ingot and/or plate contained therein;
 - (2) the actual number; weight of the palladium therein;
 - (3) the; grade of the pieces therein;
 - (4) ;-the name or logo of the Approved Assayer Exchange approved assayer or mark of the Approved Brand; producer of an approved brand; and
 - (5) -the chemical symbol for Palladium, Pd and/or the word "Palladium".
- ~~(C) identifying the metal.~~ If Palladium there is delivered in unpackaged form, each piece of Palladium comprising the Contract Unit shall more than one plate or ingot in the package, each plate or ingot must be incised with:
- (1) -the lot or identification bar number of such ingot; and/or plate contained therein;
 - (2) its actual weight (provided that if the piece was previously sampled, the weight on the Assay Certificate shall govern);-
 - (3) (C) If palladium is delivered in unpackaged form, each plate or ingot shall be incised with the lot or bar number; weight; grade of such piece;
 - (4) ;-the name or logo of the Approved Assayer Exchange approved assayer or mark of the Approved Brand; producer of an approved brand; and
 - (5) -the chemical symbol for Palladium, Pd and/or identifying the word "Palladium".metal.

Rule 100.05. 100.05 Delivery Months

During each calendar month (the "current calendar month"), the Exchange will make available for trading contracts that provide for delivery of Palladium in the following months: 1) the current calendar month; 2) the first calendar month following the current calendar month; 3) the second calendar month following the current calendar month; and 4) each March, June, September and December during the period beginning

with the first calendar month following the current calendar month through the 15th calendar month following the current calendar month.

Prices

~~Trading shall be conducted in contracts providing for delivery in the months of March, June, September, December and such other months as may be determined by the Board of Directors. The Clearing House Committee or the Board of Directors shall determine when trading in the delivery months shall commence.~~

Rule 100.06. ~~100.06~~ Price and Fluctuations

Prices shall be quoted in dollars and cents per troy ounce. The minimum price fluctuation shall be \$.05 per troy ounce. There shall be no maximum limit on price fluctuation.

~~100.07 Termination of Trading~~

~~Trading in the current delivery month shall cease at the close of business on the third business day prior to the end of the delivery month.~~

~~100.08 Delivery Procedure~~

~~(A) Initiation of Deliveries~~

~~A Notice of Intention to Deliver may be given by the seller to the Clearing House by no later than one hour after the close of trading on the next to the last business day of the month preceding the delivery month or any subsequent business day but no later than the next to the last business day prior to the end of the delivery month; however, in the event the Notice of Intention to Deliver is given on the next to the last business of the delivery month, it must be given by 12:30 p.m. on such day.~~

~~(B) Settling Price~~

~~The settling price at the close of business on the day the Notice of Intention to Deliver is given to the Clearing House shall be the basis for delivery.~~

~~(C) Notice of Intention to Deliver~~

~~The Notice of Intention to Deliver shall be on the form prescribed by the Clearing House, which shall be properly completed, signed and delivered to the Clearing House. The Notice of Intention to Deliver shall indicate the amount to be paid by the buyer. The seller shall not issue a Notice of Intention to Deliver unless he has in his possession the~~

~~corresponding depository receipt and, unless such receipt was issued pursuant to Rule 100.10(A)(5), (6) or (7) an assay certificate.~~

~~(D) Notice Day~~

~~Except for the next to last business day of the delivery month, the Clearing House shall pass the Allocation Notice to the buyer on the morning of the next business day prior to the opening of trading. On the next to the last business day of the delivery month, the Clearing House shall pass the Allocation Notice to the buyer prior to the end of the day. The day the buyer receives the Allocation Notice shall be referred to as the Notice Day.~~

~~(E) Allocation of Notices Intention to Deliver; Allocation Notice and Delivery Invoice~~

~~The Clearing House shall allocate Notices of Intention to Deliver for a given day by using a percentage of Notices Intention to Deliver received compared with the outstanding long position that day and shall issue an Allocation Notice and Delivery Invoice to the seller and buyer.~~

~~(F) Non-Transferable~~

~~The buyer who receives an Allocation Notice from the Clearing House shall be deemed to have agreed to accept delivery. Allocation Notices are not transferable.~~

~~(G) Delivery Day~~

~~The buyer who receives a Notice of Intention to Deliver shall present it to the seller before 2:00 PM on the following business day, at the Exchange, or at a location mutually agreed upon by the buyer and seller, with payment, by the electronic transfer of federal funds ("payment") for the amount payable as shown on the Notice of Intention to Deliver. Upon receipt of payment, the seller shall give the buyer a depository receipt and, unless such receipt was issued pursuant to Rule 100.10(a)(5), (6) or (7), an assay certificate which corresponds to the Notice of Intention to Deliver. The seller must endorse the depository receipt and set forth the date of endorsement. The day the buyer receives the stated documents shall be referred to as the Delivery Day. The Exchange shall not be liable or responsible for any failure to make or take delivery at such other location or for any other act or omission, which can or may occur in connection herewith.~~

Rule 100.07. ~~100.09~~ Validity of Documents

The Exchange makes no representation respecting the authenticity, validity or accuracy of any ~~Notice of Intention to Deliver, assay certificate, depository receipt, check or of any document or instrument delivered pursuant to these Rules.~~ rules.

Rule 100.08. Warrant

Each Warrant

100.10 Depository Receipt

~~(A) Each depository receipt shall be a negotiable receipt in the form approved by the Exchange and shall be for one contract unit of palladium. It shall be numbered and no two receipts issued by any one depository shall bear the same number. It shall contain the information set forth in the Assay Certificate, assay certificate, incised on the bar, or clearly identified on the package; *provided, however*, that the weight shall be expressed in troy ounces. If the weight incised on the bar or set forth on the Assay Certificate assay certificate is in grams, it shall be converted to troy ounces by dividing the weight in grams by 31.1035 and rounding to the nearest thousandth of a troy ounce. The Warrant depository receipt shall represent certify that the Contract Unit; lot was:~~
is

~~(1) Received directly from an Approved Brand, Exchange approved assayer or assayer/refiner by means of an Exchange approved carrier or carriers, or~~

~~(2) Received directly from an Exchange approved assayer/refiner by means of the approved assayer/refiner's own transport, and/or an Exchange approved carrier or carriers, or~~

~~(3) Received directly from another Exchange approved depository by means of an Exchange approved carrier or carriers, provided, however, that the lot has been previously certified for Exchange delivery, or~~

~~(A) (4) Sampled and weighed by an Exchange approved assayer or assayer/refiner while on deposit at an approved depository. (5) An approved brand, meeting the grade and quality specifications of Rule 100.03, received directly from its Approved Producer by means of one or more Approved Carriers and/or, with respect to Palladium from the Approved Producer, by means of such Approved Producer's own transport, producer by means of an Exchange approved carrier or carriers,~~
~~or or~~

is an Approved Brand,

~~(6) An approved brand, meeting the grade and quality specifications of Rule 100.03, received directly from one or more its producer by means of the producer's own transport and/or an Exchange approved carrier or carriers, or~~

~~(7) An approved brand, meeting the grade and quality specifications of Rule 100.03, shipped directly from those storage vaults of Credit Suisse First Boston or UBS Warburg, located in Zurich, Switzerland owned or controlled by either Credit Suisse Group or UBS AG, by means of one or more Approved Carriers. Such, which are delivery locations for the London Platinum and Palladium Market, by means of an Exchange approved carrier, to an Exchange approved depository. Upon request of the depository the seller must~~

~~provide to the Exchange approved depository a proforma invoice and a bar list issued by either Credit Suisse First Boston or UBS Warburg.~~

~~The depository receipt shall be issued by a depository approved by the Exchange.~~

~~(B) For the purposes of Rule 100.10, assayer/refiner shall mean an assayer approved by the Exchange which engages in the refining of palladium group metals as a normal part of its business and produces at its own facilities items that are deliverable in satisfaction of the Exchange palladium contract.~~

- ~~(B) (C) For the purpose of these rules, the term approved brand shall mean a brand of metal produced by a refiner of recognized reputation and financial standing in the metals industry at a specified refinery location, bearing the brand mark of the producer, meeting the grade and quality specifications of Rule 100.03, delivered directly from 1) the producer of such brand or 2) those storage vaults of Credit Suisse First Boston or UBS Warburg located in Zurich, Switzerland, which are delivery locations for the London Platinum and Palladium Market. Upon request of the Licensed Depository, the Seller shall provide to the Licensed Depository a pro forma invoice and a bar list issued by either Credit Suisse Group or UBS AG (or the wholly-owned subsidiary that owns such vault), and, if so requested, the Licensed Depository is not required to issue a Warrant for any such Contract Unit until such documentation has been provided, an Exchange approved depository, by an Exchange approved carrier and approved by the Exchange for delivery under Exchange contracts, or~~
- ~~(C) was received directly from an Approved Assayer or Approved Producer by means of one or more Approved Carriers and/or, with respect to Palladium from the Approved Producer, by means of such Approved Producer's own transport, and was accompanied by an Assay Certificate(s) for each piece in the Contract Unit, or~~
- ~~(D) was received directly from an Approved Assayer or Approved Producer by means of one or more Approved Carriers and/or, with respect to Palladium from the Approved Producer, by means of such Approved Producer's own transport, and was not accompanied by an Assay Certificate(s) for each piece in the Contract Unit but has been determined to be Eligible after having been inspected by an Approved Assayer or Approved Producer, or~~
- ~~(E) was received directly from another Licensed Depository by means of one or more Approved Carriers, provided, however, that the Palladium was previously Eligible, or~~
- ~~(F) was deposited at a Licensed Depository, and thereafter inspected by an Approved Assayer or Approved Producer and determined to be Eligible.~~

Rule 100.09. 100.11 Inspection and Assay Certificate.

Assay Certificates.

(A) ~~(A) Except for Palladiumpalladium delivered pursuant to Rules 100.08(A), (B), (C) 100.10(A)(5), (6), or (E), the Licensed Depository shall, upon receipt of the Commodity, cause(7) an inspection to shall be made by an Approved Assayer or an Approved Producer. The Approved Assayer or Approved Producer shall issue Assay Certificate(s) covering each piece in the Contract Unitassayer approved by the Exchange who shall issue an assay certificate in the form approved by the Exchange.~~

(B) ~~-Each Assay Certificateassayer certificate shall report the lot or bar number, weight, grade, the name of the Approved Assayer or Approved Producer, Exchange approved assayer, the symbol identifying the metal or the name of the metal and the date of inspection. On all Assay Certificates, weight shall be expressed in troy ounces.~~

(C) _____

(B)

(1) ~~(i) Every lot inspected must bear on the package the lot number, seal number, date of inspection, weight, grade, and the name of the Approved Assayer or Approved ProducerExchange approved assayer who made the inspection. (Effective as to Palladiumpalladium assayed prior to October 1, 1979.)~~

(2) ~~(ii) Every lot inspected, if packaged, must bear on such package the lot or bar number; weight; grade; the name or logo of the Approved Assayer or Approved ProducerExchange approved assayer and the symbol identifying the metal or, If more than one plate or ingot is in the name of the metal. Every lotpackage, then each piece must be incised with the lot or bar number, and weight. Each plate or ingot inspected, if unpackaged, must be incised with the lot or bar number, number; weight; in troy ounces; grade; the name or logo of the Approved Assayer or Approved Producer, Exchange approved assayer, and the symbol identifying the metal. (Effective as to Palladiumpalladium assayed on and after October 1, 1979.)1979).~~

If a Contract Unit

~~(C) Except as provided in Section (D) below, assay certificates for palladium meeting the minimum specification of Palladiumthe contract are valid provided the palladium covered thereby is placed in an Exchange approved depository. The bearer of a depository receipt may, without affecting the validity of an assay certificate, effect the transfer of a lot of palladium from one Exchange approved depository to another Exchange approved depository provided such lot passes directly from one depository to another by means of an Exchange approved carrier and is not surrendered to the bearer of a Warrant.-~~

~~(D)~~ (D) If a lot of palladium is surrendered to the bearer of a depository receipt, or if the Contract Unit is in a package and the seal is broken, the Assay Certificate(s) assay certificate for such Contract Unit is no longer valid and such Contract Unit is no longer Eligible. ~~lot must be reinspected and redeposited before it may be delivered; provided, however, that if such lot is retained at the approved depository having issued the depository receipt, under the sole and uninterrupted control of such depository, the lot need not be reinspected and redeposited prior to the issuance of a new depository receipt.~~

~~(E)~~ The Seller shall bear the costs of inspection, delivery to the Licensed Depository, ~~depository~~, charges of the Licensed Depository, ~~depository~~, and all other expenses, if any, to place the palladium in deliverable form shall be paid by the seller.

100.12 Handling and Storage Charges

~~All palladium must be delivered to the buyer with handling charges paid up to and including the Delivery Day and storage charges paid through the end of the delivery month. The buyer may require the seller to furnish satisfactory proof of such payment. Any storage charges prepaid by the seller for a period extending beyond the Delivery Date (but no later than the end of the delivery month) shall be refunded by the buyer to the seller on a pro rata basis for the unexpired term.~~

100.13 Trading in Spreads

~~A spread shall consist of the simultaneous purchase of one future month and sale of another future month at a stated price difference. The purchase and the sale shall be for one account. Floor brokers executing spreads shall properly record them in writing so as to permit the identification of the transactions and the parties thereto. All spread trading must be made by open outcry. All spread trading must be in line with current spread differentials. (i) If both of the respective months have traded in a price range during the day, and the differential is such that the price for both months may be within such ranges, then the price for both months must be within such range for each of the months; (ii) if both months have had a price range and the differential for the spread falls outside such ranges, then the prices for the respective months shall be fixed within the range of one month and within the permissible price limits of the other month; (iii) if one month involved in the transaction has had no price range for the day, the prices for the respective months shall be fixed within the range of the month that has had a price range for the day and within the permissible daily price limits of the other month; (iv) if neither month has had a price range, prices shall be fixed within the permissible daily price limits of the months involved in the transaction so long as prices so fixed are consistent with the differential and the trading range in the nearest active month. The seller in each contract must report on a pit card the spread price and differential to the Floor Supervisor. Spread~~

transactions shall be recorded on special spread sales panels. The ticker shall record and publish a spread differential only. Spread transactions shall not set off stops in any contract except for spread stops.

100.14 Rights and Obligations in a Delivery

(A) A buyer and seller shall perform their respective obligations under the contract in a commercially reasonable manner.

(B) In the event a buyer or seller fails to perform an obligation relating to delivery or payment under this contract, the non-performing buyer or seller shall be liable to the other party for actual damages caused by his failure to perform. Within a reasonable time of non-performance, but not later than 5:00 p.m. on Delivery Day, a buyer or seller claiming that the other party has failed to perform an obligation relating to delivery or payment, shall, by written notice delivered to the office of the other party, with a copy to the Exchange, inform such other party of his claim of non-performance. A buyer or seller providing notice of non-performance shall act to mitigate his damages.

(C) Any claims for damages arising under this Rule for failure to perform an obligation relating to delivery or payment shall be resolved and enforced by arbitration under the Rules of the Exchange, provided however, that such claims shall be submitted for arbitration within 15 days from the day of non-performance; any claim not filed within the prescribed time shall be deemed to be waived.

(D) A buyer or seller who fails to perform an obligation relating to delivery or payment under this contract shall be subject to disciplinary action for a Rule violation under the provisions of Chapter 8 of the Rules of the Exchange.

(E) In the event of a notice of non-performance or any claim as a result of non-performance, the Exchange shall retain delivery margins held on deposit at the Clearing House relating to the contracts in dispute until the claim has been waived or final action pursuant to Chapters 5 and 8 has been concluded.

(F) By the tender of a depository receipt (warrant) for palladium duly endorsed for delivery in fulfillment of an exchange contract, the seller shall be deemed to warrant that the palladium meets the deliverable metal specifications set forth in Rule 100.03. Such warranty shall remain in effect through successive endorsements of the receipt for delivery on exchange contracts. The warranty shall continue for the benefit of a member of the Exchange who shall have taken delivery of the palladium in fulfillment of the exchange contracts, or in favor of such member's immediate customer.

(G) In the event that an Exchange member or customer shall claim a breach of such warranty, the palladium shall be immediately submitted for sampling and assaying to an assayer licensed by the Exchange. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If the assayer shall determine that the Palladium

~~is Eligible~~ a deficiency in quality, the claimant shall have the right to recover the difference in the sampling and assaying and any cost of replacement of the palladium. The claimant may, at his option, proceed directly against the original seller of the depository receipt upon an Exchange delivery without seeking recovery from the immediate seller to him of the Exchange contract. If the original seller of the depository receipt satisfies the claim, intervening sellers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from the immediate seller to him and his claim is satisfied by such seller, the Party thus satisfying the claim will have a similar option to claim recovery directly from the original seller of the depository receipt or from his immediately preceding seller. Such claims as are in dispute between members of the Exchange shall in each case be submitted to arbitration under the rules of the Exchange.

~~(H) The liability of a seller of a depository receipt as provided herein shall not be deemed to limit the rights of such seller against any person or party for whose account the seller acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any seller of a depository receipt or the person or party for whom such seller acted was aware of the breach of warranty or was involved in a plan or arrangement with the original seller (or his customer) to place such inferior palladium in licensed store for use in deliveries upon Exchange contracts, such sellers shall not be entitled to recover from any prior seller for the breach of warranty.~~

~~100.16 References to Seller and Buyer~~

~~References in these rules to the "seller" and the "buyer" shall mean the short Clearing Member and the long Clearing Member respectively.~~

~~100.17 Reserved~~

~~100.17A Reserved~~

~~100.18 Time References~~

~~(E) For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.~~