



Sean M. Downey
Director and Assistant General Counsel
Legal Department

October 15, 2012

VIA E-MAIL

Ms. Sauntia Warfield
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Deletion of NYMEX Rule 525 (“9(B)(iii) Trades”) and Issuance of Revised NYMEX Market Regulation Advisory Notices RA1201-6R and RA1201-6RR

Submission No. 12-336

Dear Ms. Warfield:

On September 24, 2012, The New York Mercantile Exchange, Inc. (“NYMEX”) submitted a self-certification to the Commodity Futures Trading Commission (“Commission”) concerning the adoption of new Rule 525 (“9(B)(iii) Trades”) and the issuance of NYMEX Market Regulation Advisory Notice RA1201-6.

NYMEX is deleting Rule 525 at this time. In connection with the deletion of Rule 525, NYMEX issued Revised NYMEX Market Regulation Advisory Notice RA1201-6R on October 12, 2012, and subsequently, later that day, issued a revised version correcting a date inaccuracy in RA1201-6R. The corrected Advisory Notice is RA1201-6RR. A copy of both notices is attached as Appendix A. The deletion of Rule 525 is set forth in Appendix B with additions underscored and deletions overstruck. There were no substantive opposing views to this deletion, and NYMEX asserts that the deletion complies with the Commodity Exchange Act and regulations thereunder. The deletion of Rule 525 will be effective on October 30, 2012, however NYMEX notes that pursuant to RA1201-6RR we have advised the marketplace that parties may not execute a trade pursuant to Rule 525.

If you have any questions regarding this submission, please contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference NYMEX Submission No. 12-366 in any related correspondence.

Sincerely,

/s/ Sean Downey
Director & Assistant General Counsel

Attachments: Appendix A – Market Regulation Advisory Notices (RA1201-6R and RA1201-6RR)
Appendix B – Rule 525 (black-lined)

APPENDIX A

MARKET REGULATION ADVISORY NOTICE

Exchange	NYMEX
Subject	Core Principle 9(B)(iii) Trades
Rule References	Rule 525
Advisory Date	October 12, 2012
Advisory Number	NYMEX RA1201-6R

This Advisory Notice supersedes NYMEX Market Regulation Advisory Notice RA1201-6 (Rule 525 Core Principle 9(B)(iii) Trades) from September 26, 2012. Rule 525 will not become effective and will be formally withdrawn upon the effective date of the block trade rules that NYMEX submitted to the CFTC on October 1, 2012. The block trade rules are scheduled to become effective at the start of trading on October 15, pursuant to the self-certification process. This Advisory Notice is being issued to notify the marketplace that the CME ClearPort business model will be transitioned to promote direct execution of the CME ClearPort slate of futures contracts and options on futures contracts by means of trading on Globex and on the trading floor. All CME ClearPort contracts already listed on CME Globex will continue to be offered on that platform, and ongoing product additions to CME Globex will continue as per the schedule identified [here](#).

In order to ensure orderly trading for those products that market participants may wish to trade apart from the public auction market and that are eligible for such trading, the block trade rules that NYMEX submitted to the CFTC on October 1, 2012, are scheduled to become effective at the start of trading on October 15, pursuant to the self-certification process.

Exchange for Related Position (EFRP, including EFS and EOO) transactions may continue under our rules as another means of execution in CME ClearPort products for market participants. It is our understanding that the CFTC Division of Swap Dealer and Intermediary Oversight will be issuing interpretive guidance making clear that the swap component of any EFRP trade is a swap that is subject to all applicable swap regulations, including such swap regulations that are effective as of October 12, 2012.

We also understand the CFTC Division of Swap Dealer and Intermediary Oversight will today be issuing no-action relief which provides that the swap components of EFRP trades that are entered into prior to December 31, 2012, will not count toward any market participant's swap dealer de minimis threshold.

This Advisory Notice also supersedes the CME Open Letter to the Energy Market of September 24, 2012, (and associated CME ClearPort FAQ), which are also withdrawn.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Thomas LaSala, Chief Regulatory Officer, at 212.299.2897
Dean Payton, Deputy Chief Regulatory Officer, at 312.435.3658
Robert Sniegowski, Senior Director, at 312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

MARKET REGULATION ADVISORY NOTICE

Exchange	NYMEX
Subject	Core Principle 9(B)(iii) Trades
Rule References	Rule 525
Advisory Date	October 12, 2012
Advisory Number	NYMEX RA1201-6RR

This Advisory Notice supersedes Revised NYMEX Market Regulation Advisory Notice RA1201-6R issued several hours ago. That Advisory Notice incorrectly indicated that NYMEX submitted its revised block trade rules to the CFTC on October 1, 2012. The revised block rules were self-certified to the CFTC on September 27, 2012.

Other than correcting the date, the remainder of the information in this Advisory Notice is unchanged.

NYMEX Market Regulation Advisory Notice RA1201-6 (Rule 525 Core Principle 9(B)(iii) Trades) from September 26, 2012. Rule 525 will not become effective and will be formally withdrawn upon the effective date of the block trade rules that NYMEX submitted to the CFTC on September 27, 2012. The block trade rules are scheduled to become effective at the start of trading on October 15, pursuant to the self-certification process. This Advisory Notice is being issued to notify the marketplace that the CME ClearPort business model will be transitioned to promote direct execution of the CME ClearPort slate of futures contracts and options on futures contracts by means of trading on Globex and on the trading floor. All CME ClearPort contracts already listed on CME Globex will continue to be offered on that platform, and ongoing product additions to CME Globex will continue as per the schedule identified [here](#).

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APPENDIX B

Rule 525. RESERVED 9(B)(iii) Trades

~~The Exchange shall designate the products in which 9(B)(iii) Trades shall be permitted. The following shall govern 9(B)(iii) Trades:~~

- ~~A. Each party to a 9(B)(iii) Trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act.~~
- ~~B. A member shall not execute any order by means of a 9(B)(iii) Trade for a customer unless such customer has specified that the order be executed as a 9(B)(iii) Trade.~~
- ~~C. The price at which a 9(B)(iii) Trade is executed must be fair and reasonable in light of: (i) the size of the 9(B)(iii) Trade; (ii) the prices of other transactions in the same contract at the relevant time; (iii) the prices of transactions in other relevant markets at the relevant time of the 9(B)(iii) Trade, including, without limitation, the futures markets and any related cash or OTC markets; and (iv) the circumstances of the markets or the parties to the 9(B)(iii) Trade.~~
- ~~D. 9(B)(iii) Trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.~~
- ~~E. The buyer and seller must ensure that each 9(B)(iii) Trade is submitted to the Exchange without delay upon execution of the trade, but in no event later than five (5) minutes after execution via an approved submission method. The report must include the contract, contract month, price, quantity of the transaction, time of execution, the respective clearing members and, for options, strike price, put or call and expiration month, as well as any other information that the Exchange may require. The Exchange shall promptly publish price and volume information separately from the reports of transactions in the centralized market.~~
- ~~F. Clearing members and members involved in the execution of 9(B)(iii) Trades must maintain a record of the transaction in accordance with Rule 536.~~
- ~~G. A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, shall be the applicable entity for purposes of Sections A, B and C, provided such advisors have total assets under management exceeding \$25 million and the 9(B)(iii) Trade is suitable for the customers of such advisors.~~
- ~~H. A foreign Person performing a similar role or function to a CTA or investment adviser as described in Section I, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections A, B and C, provided such Persons have total assets under management exceeding \$25 million and the 9(B)(iii) Trade is suitable for the customers of such Persons.~~