

October 29, 2008

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
#08.106: Notification of Amendments to Chapter 111, Copper.**

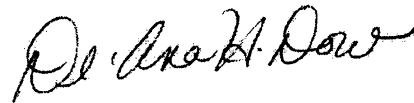
Dear Mr. Stawick:

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 111, Copper. Chapter 111 is being amended in connection with the change from paper warrants to electronic warrants for the Copper Futures Contract. Rule 111.00, Scope, is being amended to reflect that this contract will be governed by new Chapter 7A upon launch of electronic warrants for Copper. Further, this chapter is being generally redesigned for consistency with the defined terms of Chapter 7A. In addition, sections that were deemed unnecessary or dormant are being removed from this chapter. All of the sections were amended for compatibility with the EDS System. All of the Licensed Facilities for Copper will use the new electronic delivery system, and the Exchange expects a large percentage of the Copper 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 October 31, 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
Managing Director
Government Relations

Attachment

OFFICE OF THE SECRETARIAT

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C.F.T.C.

COPPER FUTURES CONTRACT

111.00 Scope

The provisions of these rules shall apply to all copper 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.

111.01 Definitions—~~111.16 Deleted~~

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

“Contract Unit” shall mean twenty-five thousand (25,000) pounds.

111.02 ~~111.17~~ ~~111.30~~ ~~111.31~~ Contract Unit for Grade 1 Copper

The ~~Rule 111.31~~ In fulfillment of every Grade 1 copper contract, the seller shall must deliver one Contract Unit ~~twenty five thousand (25,000) pounds (2% more or less)~~ of copper with a weight tolerance of 2% either higher or lower. Said delivery shall must be made up exclusively of: of—

(a) Grade 1 electrolytic cathodes as specified in Rule 111.03; and ~~111.32.~~

(b) The product of one refiner as provided in Rule 111.04 ~~111.33.~~

111.03 Grade ~~111.32~~ Tenderable Copper and Quality Specifications Therefor

~~Rule 111.32.~~ (1) The contract (basis) grade for the Grade 1 copper contract shall be Grade 1 Electrolytic Copper Cathodes (full plate or cut) and shall conform ~~conforming~~ to the specifications (as to chemical and physical requirements) for Grade 1 Electrolytic Copper Cathode as adopted by the American Society for Testing and Materials (B115-00), (~~B115-91~~), or its latest revision.

(2) If the American Society for Testing and Materials adopts a change in the standard specifications for the aforementioned deliverable grade and such change is adopted and confirmed by the Exchange, ~~Board Trade Group~~, copper conforming to the change so adopted, as well as copper conforming to the previous specifications, shall be eligible for delivery against the copper contract; provided, however, that the copper conforming to the previous specifications shall have been placed in a Licensed Warehouse ~~licensed warehouse~~ prior to the date of the adoption and confirmation by the Exchange ~~Board Trade Group~~ of the new specifications.

111.04 ~~111.33~~ Requirements Re: Origin and Brand

~~Rule 111.33-~~All cathodes delivered must be the product of an Approved Producer-refiner on the official list of Approved Brands and Markings~~approved refiners~~ for delivery of cathodes current at the date of delivery of such cathodes (see Rule 111.08~~11.45~~ for form of declaration of origin of cathodes).

111.05 Delivery Months and Days

During each calendar month (the "current calendar month"), the Exchange will make available for trading contracts that provide for delivery of Copper in the following months: 1) the current calendar month; 2) the next twenty three consecutive calendar months.

111.06 Price Multiples for ~~111.34~~ Form of Grade 1 Copper Contract

~~Prices -All contracts for the future delivery of Grade 1 copper shall be~~ quoted in multiples of the following form:

COMMODITY EXCHANGE, INC.
GRADE 1 COPPER CONTRACT

New York, N.Y. 20..

A.B. & Co. have this day (sold) and agreed to (deliver to) (bought) (receive from) C.D. twenty-five one-hundredththousand pounds (25,000 lbs.) of one centGrade 1 Electrolytic Copper Cathodes (fullplate or cut) and conforming to the specifications set forth in Rule 111.32 (1), at a price of cents per pound. Contract pound, deliverable from licensed warehouse between the first and last delivery days of inclusive, the delivery within such time to be at seller's option upon notice to buyer as provided by the By-Laws and Rules of Commodity Exchange, Inc.

Either party may call for a margin, as the variations of the market for like deliveries may warrant, which margin shall be kept good.

This contract is made on any other basis are prohibited in view of, and in all respects, subject to the By-Laws, Rules and Resolutions of Commodity Exchange, Inc.

111.07 Warrants

For and in consideration of one dollar (\$1.00) to the undersigned in hand paid, receipt whereof is hereby acknowledged, the undersigned accepts this contract with all its obligations and conditions.

Verbal contracts (which shall always be presumed to have been made in the approved form) shall have the same standing, force and effect as written ones if notice in writing of such contracts shall have been given by one of the parties thereto the other party during the day on which such contract is made.

~~111.35 Official List of Approved Refiners Whose Cathodes Are Deliverable Against Grade 1 Contract~~

~~There shall be on file in the Office of the Secretary, a list of refiners whose cathodes (as provided in Rule 111.32(1)) produced in their respective plants may be delivered against the Grade 1 copper contract. Said list shall be official when approved by the Board Trade Group of the Exchange and shall at all times be available to members for inspection.~~

~~111.36 Additions to the Official List of Approved Refiners Whose Cathodes are Deliverable Against Grade 1 Contract~~

~~Refiners may be added to the official list (Rule 111.35), if recommended by the Committee on Non-Ferrous Metals and upon approval of the Board Trade Group. The addition of a refiner to such official list shall not be deemed to affect the amount of money to be paid or the grade or quality of copper to be delivered on the copper contract, and shall be binding upon all such contracts entered into before as well as after the adoption of such change, anything in these Rules to the contrary, notwithstanding.~~

~~111.37 Removal of a Refiner From the Official List of Approved Refiners Whose Cathodes are Deliverable Against Grade 1 Contract~~

~~If the Board Trade Group on recommendation of the Committee on Non-Ferrous Metals shall at any time determine that a refiner should be removed from official list (Rule 111.35) the Board Trade Group shall thereupon remove such refiner from the list. Such removal of a refiner from the official list shall not be deemed to affect the amount of money to be paid or the quality of copper to be delivered on the copper contract, and shall be binding upon all such contracts entered into before as well as after the adoption of such change, anything in these By-Laws to the contrary notwithstanding.~~

~~Removal of a refiner, however, shall not disqualify the cathodes produced by such refiner, if said cathodes were placed in a licensed warehouse prior to the date of removal of the refiner from the official list.~~

~~111.38 Official List of Brands of Copper~~

~~There shall be on file in the Office of the Secretary a list of the brands of copper which may be delivered against the Grade 1 copper contract, which shall be official when approved by the Board Trade Group; and said list shall at all times be available to members for inspection. Additional brands may be listed with the Exchange upon the recommendation of the Committee~~

on Non-Ferrous Metals, subject to the approval of the Board Trade Group. The addition of a brand to such official list shall not be deemed to affect the amount of money to be paid or the grade or quality of copper to be delivered on the Grade 1 copper contract and shall be binding upon all such contracts entered into before, as well as after the adoption of such change, anything in these Rules to the contrary notwithstanding.

~~111.39~~ Removal of Copper Brand From Official List

If a majority of the Board Trade Group shall at any time determine that any brand of copper tenderable against Exchange Grade 1 contracts has depreciated in its metallurgical assay to a percentage below that called for by these Rules, thereupon the Board Trade Group may exclude said brand from tenderability on Exchange contracts. Any copper so removed from the official list of brands and markings placed in warehouse after the date when said brand was removed from the official list shall not be deliverable against any Exchange Grade 1 contract. Such exclusion shall not be considered as altering the monetary value of outstanding contracts.

~~111.40~~ Warehouse Receipts for Copper

After copper has been placed in a Licensed Warehouse, ~~Warrant~~~~licensed warehouse~~, negotiable warehouse receipts stating the brand of cathodes, the number of pieces and such other data as may be required by the Exchange, ~~regulation~~, shall be immediately issued to its owners. ~~Warrants~~Receipts shall be lettered or numbered consecutively by each warehouse and no two receipts shall bear the same letter or number. If letters are used, they must not exceed three (3) characters, and if used in combination with numbers, they must precede the numbers. The numbers must not exceed 7 digits. No ~~Warrant~~receipt shall be issued for more or less than one contract unit.

~~111.08~~ ~~111.41~~ Delivery Months and Days for Trading in Grade 1 Copper Contract

~~Trading in the Grade 1 copper contract shall be conducted for delivery in every current calendar month and the immediately following twenty three calendar months. Trading in a Grade 1 copper future shall commence on the last business day of the month in which it is listed ("First Day of Trading") and shall cease at the close of trading on the business day preceding Last Notice Day for the named delivery month ("Last Day of Trading").~~

RESOLUTIONS:

~~.10 Resolved, that trading in the Grade 1 copper futures contract shall commence on July 29, 1988 and that January 1989 shall be listed as the first delivery month of said contract.~~

~~.20 Resolved, that the current Grade 2 copper futures contract shall be gradually de-listed by:~~

~~a. Not newly listing May 1989 or later contract months after June~~

~~30, 1988. The October and November 1988 contracts will be listed as currently scheduled; and~~

~~b. De-listing any 1989-1990 contract months for which open interest is zero on July 29, 1988; and~~

~~e. De-listing 1989 or later contracts for which open interest becomes zero after July 29, 1988.~~

~~111.42 Price Multiples for Grade 1 Copper Contract~~

~~Prices for Grade 1 copper futures contracts shall be in multiples of five one hundredths of one cent per pound. Contracts made on any other basis are prohibited.~~

~~111.43 Deleted~~

~~111.44 Delivery Notice for Grade 1 Copper Contract~~

~~(a) The following definitions shall be applicable to the delivery of copper against the Grade 1 copper contract.~~

~~Date of Presentation—The day on which notice(s) of intention to deliver are presented to the Clearinghouse or its designee.~~

~~(i) First Date of Presentation—The next to the last business day of the calendar month preceding the named delivery month.~~

~~(ii) Last Date of Presentation—The next to the last business day of the named delivery month.~~

~~Notice Day—The day on which invoices are issued by the Clearinghouse or its designee, which shall be the business day prior to the day of delivery of the commodity specified in the notice of intention to deliver.~~

~~(i) First Notice Day—The last business day of the calendar month preceding the named delivery month.~~

~~(ii) Last Notice Day—The next to the last business day of the named delivery month.~~

~~Delivery Day—The day on which delivery in fulfillment and liquidation of an Exchange contract shall be made.~~

~~(i) First Delivery Day—The first business day of the named delivery month.~~

~~(ii) Last Delivery Day—The last business day of the named delivery month.~~

~~(b) Except as provided in paragraph (c), the day referred to in "Date of Presentation", "Notice Day" and "Delivery Day" shall end not later than one hour after the close of the market.~~

~~(c) On the Last Date of Presentation in the current month, notices against contracts remaining open on said day shall be presented to the Clearinghouse or its designee not later than 12:30 P.M.~~

~~(d) The notice of intention to deliver copper shall be presented by the member making delivery to the Clearinghouse or its designee in a computer-readable form approved by the Clearinghouse or its designee. Said notice shall indicate the approved brand, the receipt number of the warrant, the weight thereof, the grade, and the licensed warehouse in which the same is stored, and shall be accompanied by a Notice Summary in the following form:~~

~~New York, 20~~

~~Commodity Exchange, Inc.
Notice of Intention to Deliver
Against Grade 1 Copper Contract~~

~~Clearing Member ID _____ Clearing Member Name _____
House Customer (H/C) _____ Issuance Date mm/dd/yy _____
Total Number of Notices _____~~

~~To CLEARINGHOUSE~~

~~Take notice that on , 20 for each delivery notice record attached, we shall deliver to the clearing member to which you allocate this notice twenty = five thousand (25,000) pounds (two percent (2%) more or less) of the brand and from the licensed warehouse indicated on each record in accordance with the terms of our contract of sale to said clearing member at the delivery notice price established by the Clearinghouse.~~

~~Signed (L. Corp)~~

~~(e) All notices of intention to deliver shall be presented to the Clearinghouse or its designee in accordance with such rules as the Clearinghouse may adopt.~~

~~(f) On the date of issuance, the clearing member to which the notice of intention to deliver has been allocated shall receive from the Clearinghouse or its designee an invoice for Grade 1 copper, specifying the brand, the warrant number, the weight, and the licensed warehouse in which the copper is stored, the price, and the name of the member making delivery.~~

~~(g) A member to whom a notice of intention to deliver is allocated shall be obligated to accept delivery in accordance with the By-Laws and Rules of the Exchange and may not transfer this obligation.~~

~~(h) In the event that the automated delivery system is not operational, the Exchange will notify all clearing members of this occurrence and advise them of the substitute procedure to be followed.~~

~~(i) In the event that the office of a member to whom a notice of intention to deliver has been allocated shall be closed, good delivery of the invoice shall be effected by handing it to the Secretary of the Exchange, who shall endorse thereon the date and the time of its receipt and post notice thereof on the bulletin board of the Exchange.~~

~~(j) Copper shall be paid for at the settlement price of the current month on the Date of Presentation and on the basis set forth in Rule 111.45.~~

~~(k) No notices of intention to deliver shall be presented, no invoices shall be issued, and no transmittal of delivery documents shall be made on a Saturday, Sunday or any other day designated as a holiday by the Board, except as provided in paragraphs (l) and (m) of this Rule 111.44.~~

~~(l) When the last possible date of issuance in the current month is declared a holiday too late to permit the presentation and allocation of notices of intention to deliver such notice must be presented in the usual manner on the holiday.~~

~~(m) When the last delivery day is declared a holiday too late to permit a notice of intention to deliver to be presented and allocated requiring delivery on the business day preceding the last delivery day, then the delivery shall be completed on the holiday.~~

~~(n) Members having contracts open in the current month must keep their offices open for the purpose of receiving notices of intention to deliver or of completing such deliveries.~~

~~111.45 Delivery Against Grade 1 Copper Contract~~

~~—(a) Copper may be delivered against the Grade 1 copper contract only from a Licensed Warehouse licensed or designated by the Exchange. The Exchange Board, upon the~~

~~recommendation of the Committee on Warehousing for Metals may from time to time add or eliminate Licensed Warehouses licensed or designated warehouses after notice to members. Said notice shall fix the time when such changes shall become effective. The addition or elimination of a Licensed Warehouse licensed or designated warehouses shall not be deemed to affect the amount of money to be paid or the grade or quality of the copper to be delivered upon Exchange contracts, and shall be binding upon all such contracts entered into before and after the adoption of such change, anything in these By-Laws to the contrary notwithstanding.~~

~~(b)~~

~~(b)(i) Deliveries made from a U.S. Exchange licensed warehouse must be made upon a domestic basis that is, import duties or import taxes, if any, must be paid by the seller.~~

~~(ii) Deliveries made from non-U.S. Exchange licensed warehouses must be made from a bonded warehouse.~~

~~(e)(i) Deliveries shall be made without any allowance for freight except as otherwise provided in this subsection (b)(e).~~

~~(c) The Warrants~~

~~(ii) Deliveries made from non-U.S. Exchange licensed warehouses may be, as determined by the Exchange, subject to receive a price differential from the settlement price. This differential shall reference be established by the Exchange, and may be changed by the Exchange from time to time, for the delivery of copper at various foreign locations.~~

~~(d) When delivery of copper is made outside of the City of New York, the documents required by the By-Laws, Rules and Regulations of the Exchange for such delivery shall be delivered by the seller to the buyer at the Exchange or such location as may be mutually agreed upon by the Short or Long Clearing Members.~~

~~(e) Negotiable warehouse receipts as provided for in these By-Laws, issued and signed by a licensed warehouseman, endorsed as provided in this section, and accompanied by (i) invoices, (ii) weight returns of a weighmaster licensed and/or designated by the Exchange, and, (iii) certificates of assay if required pursuant to subdivision (f) hereof shall be good delivery in fulfillment of contracts for future delivery, and shall be deemed a liquidation of the contract on which such delivery is made. The delivery of copper shall be considered complete when the documents required by this subdivision (e) have been delivered to the receiver. All copper must be delivered to the receiver with handling and storage charges paid up to and including the day of delivery. Storage charges shall be prepaid. The buyer may require the seller to furnish satisfactory proof of such prepayment. Any prepaid storage charges for a period extending beyond the delivery day (but not in excess of thirty days) shall be refunded by the buyer to the seller pro-rata for the unexpired term and an adjustment shall be made upon the invoice.~~

~~(f) The delivery of cathodes shall be accompanied by a signed declaration of the Licensed Warehouse, clearing member first making delivery of the unit against a copper contract, as to the~~

origin of the copper and the grade thereof; such declaration to be in the following form and maintained on file at the Licensed Warehouse.;

This is to certify that the brandlet
..... pieces

of copper covered by Warrant #.....
issued by (Licensed Warehouse)warehouse receipt #.....
issued by is the product of (Approved Producer)

(~~name of warehouse~~) (~~name of refiner~~)
an approved refiner for delivery of cathodes against

the Commodity Exchange, Inc., Grade 1 copper contract

and conforming to the specifications for Grade 1 copper
cathodes pursuant to the By-Laws and Rules of the Exchange.

The Seller shall provide sufficient information to the Licensed Warehouse to establish the brand and the quality of the Copper being delivered and if so requested the Licensed Warehouse is not required to issue a warrant for any such contract unit until such documentation has been provided.

~~(d) cathodes pursuant to the By-Laws and Rules of the Exchange.~~

~~If the clearing member first making the delivery has insufficient information to make such declaration he shall make the aforementioned declaration "on information and belief." However, such latter declaration must be accompanied by a certificate of assay of a licensed assayer of the Exchange, certifying that the metallurgical assay conforms to specifications as set forth in Rule 111.32.~~

~~(g) A warehouse receipt must be endorsed by each person or party whose endorsement is necessary to pass title thereto; and in addition, a warehouse receipt, irrespective of its form, must be endorsed and dated by every member of the Exchange who passes it in connection with an Exchange transaction.~~

~~(h) The receiver shall not be required to accept any tender varying more than 2% above or below twenty-five thousand (25,000) pounds.~~

~~(i) The member to whom delivery is made shall at once make payment to the member making delivery by the electronic transfer of federal funds ("payment").~~

~~(j) The invoice distributed by the Clearinghouse or its designee shall be accepted by the delivering member as a legal demand for the copper. Before 2:00 p.m. on the day of delivery, the~~

delivering member shall tender to the member allocated the delivery notice, the documents in the manner and form provided for in these By Laws.

~~(k) The weight as specified in the weight notes of a licensed weighmaster shall be binding on all parties.~~

~~(l) No delivery notice shall be issued for copper unless the same is in an official warehouse available for immediate delivery.~~

~~(m) Each delivery of copper in fulfillment of an Exchange contract and the delivery of any invoices required in connection herewith shall be made at the Exchange or such location as may be mutually agreed upon by the Short or Long Clearing Members. Any delivery pursuant to the previous sentence shall be made and accepted between the hours of 12:00 noon and 2:00 p.m. on the day of delivery. 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 therewith.~~

In the event that an Exchange member or principal shall claim a breach of such warranty, the lot 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 a deficiency in quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and expenses incurred in connection with the sampling and assaying. The claimant may, at his option, proceed directly against the original endorser of the warehouse or vault receipt upon an Exchange delivery without seeking recovery from his immediate deliverer on the Exchange contract and if the claim is satisfied by the original endorser of the warehouse or vault receipt, intervening endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from his immediate deliverer and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from the original endorser of the warehouse or vault receipt or from his immediately preceding endorser. 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.

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

~~111.46—111.49~~ Reserved

~~111.50—111.54~~ Deleted