



RECEIVED
CFTC

2011 DEC -2 PM 12:53

OFFICE OF THE
SECRETARIAT

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 1, 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: NYMEX Incentive Program for Over-The-Counter Energy Options Products
NYMEX Submission No. 11-465**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc ("NYMEX" or the "Clearing House") hereby notify the Commodity Futures Trading Commission ("Commission") that it plans to implement an Incentive Program for Over-The-Counter Energy Options Products ("Program"). This Program will become effective on December 16, 2011.

Exhibit 1 sets forth the terms of this Program.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the derivatives clearing organization core principles (the "Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, NYMEX staff identified the following Core Principles as potentially being impacted;

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

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 proposed 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 Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views to this Program.

Mr. David Stawick
December 1, 2011
Page 2

NYMEX certifies that this submission has been concurrently posted on NYMEX's 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. 11-465 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

Incentive Program for Over-The-Counter Energy Options Products

Program Purpose

The purpose of the Program is to incentivize higher levels of volume contribution in the NYMEX over-the-counter ("OTC") to improve market liquidity. The resulting addition of liquidity for these products benefits all participants in the market.

Product Scope.

Different combinations of the following OTC products cleared through the Clearing House:

Light Sweet Crude Oil Options (LO), Henry Hub Natural Gas Look-Alike Options (LN), WTI Look-Alike Options (LC), Henry Hub Natural Gas Options (ON), WTI Average Price Options (AO), Heating Oil Average Price Options (AT), RBOB Gasoline Options (OB), Heating Oil Options (OH).

Eligible Participants.

NYMEX may designate up to six (6) participants in the Program. A participant may be a NYMEX member or non-member. In order to be considered for the Program, an applicant must (i) have, over a recent time period, achieved a significantly high average daily volume in the Products above (ii) have, over a recent time period, showed sustained volume growth in the Products above, and (iii) have over a recent period of time, achieved combined high volume levels in NYMEX energy products across all venues.

Program Term.

Start date is December 16, 2011. End date is March 31, 2012.

Hours.

N/A

Incentives.

Volume Incentives. Once accepted into the Program, participants will be eligible to participate in tiered volume incentives whereby participants may be charged reduced fee rates in certain combinations of the Products that a participant submits for clearing to the Clearing House. The tiered volume levels are predetermined by NYMEX.

Monitoring and Termination of Status

The Clearing House shall monitor participants' activity and performance and shall retain the right to revoke Program participant status if they conclude from review that a Program participant no longer meets the eligibility requirements of the Program.