



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

December 14, 2012

**VIA E-MAIL**

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

**RE: Modifications to the Light Sweet Crude Oil ETH Market Making Incentive Program  
NYMEX Submission No. 12-457**

Dear Ms. Warfield:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of proposed modifications to its Light Sweet Crude Oil ETH Market Making Incentive Program ("Program"). The proposed modifications to the Program will become effective on January 2, 2013.

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 ("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; Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules and Recordkeeping.

The Program and proposed modifications do not incentivize manipulative trading or market abuse or impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange's market regulation staff will nevertheless continue to monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by NYMEX staff using criteria as set forth 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.

NYMEX certifies that the Program and proposed modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or its proposed modifications.

The Exchange certifies that this submission has been concurrently posted on the Exchange'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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-457 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Light Sweet Crude Oil Futures Market Maker Incentive Program

### **Program Purpose**

The purpose of the Program is to incentivize market makers to quote Light Sweet Crude Oil Futures during extended trading hours on the CME Globex Platform. All market participants benefit from having liquid markets during extended trading hours.

### **Product Scope**

Light Sweet Crude Oil Futures traded on the CME Globex Platform ("Products").

### **Eligible Participants**

NYMEX may designate up to three (3) participants in the Program. Participants must also be registered in the International Incentive Program. NYMEX, in its sole discretion, will use a variety of factors in determining whether or not a prospective participant is selected to participate in the Program, including the prospective participant historically trading high average levels volume in the Products on the CME Globex Platform and the prospective participant historically trading a high percentage of volume in outright and spreads in the Products on the Globex Platform as resting volume during ETH and/or ATH. Additionally, participants in the Program may not participate in any other incentive program covering the Products. NYMEX may, from time to time, add or subtract from the aforementioned factors as it deems necessary.

### **Program Term**

Start date is February 28, 2012. End date is ~~December 31, 2012~~December 31, 2013.

### **Hours**

ETH, RTH, ATH

### **Obligations**

Quoting Requirements. Participants in the Program must quote continuous two-sided markets in agreed upon spreads in the Products at contracted maximum bid/offer spreads and contracted quote sizes during ETH.

### **Incentives**

Upon satisfying all Program obligations, as determined by the Exchange, each Program participant shall be eligible for the following incentives:

Fee Waivers/Discounts. Program participants will be entitled to receive predetermined fee discounts for the Products that are traded on the CME Globex Platform.

### **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.