

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 NYMEX OTC Broker Incentive Program.
NYMEX Submission No. 12-465**

Dear Ms. Warfield:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of proposed modifications to the NYMEX OTC Broker Incentive Program ("Program"). The proposed modifications to the Program will become effective on January 2, 2013.

Exhibit 1 sets forth the terms of the 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, NYMEX has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The products included in this Program are listed for trading in the open and competitive market. The incentives under the Program do not adversely impact price discovery in the centralized market. Specifically, incentives under the Program are only available to brokers that submit previously matched third-party trades in the relevant products. The initiating party, not the broker, selects the venue and the broker earns incentives well after venue selection is made. Principals who submit trades or execute orders for their own account or a proprietary account are not eligible for incentives under the Program. Thus, the Program does not influence the choice made by the principals regarding the execution venue.

Participants in the Program will be selected by NYMEX staff using criteria set forth in Exhibit 1. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules and NYMEX records retention policies that 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 the proposed modifications.

NYMEX certifies that this submission has been concurrently posted on the NYMEX 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. 12-465 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

NYMEX OTC Broker Incentive Program

Program Purpose

The purpose of this Program is to encourage brokers to increase their volume in the products listed below, enhancing market liquidity for those products. A more liquid contract benefits all participants in the market.

Product Scope

All NYMEX OTC energy products that are submitted for clearing and cleared by the Clearing House **except:** Light Sweet Crude Oil Futures, Natural Gas Futures, Heating Oil Futures, RBOB Gasoline Futures, Crude Oil Options, Henry Hub Natural Gas Options, Heating Oil Options and RBOB Gasoline Options ("Products"):

Eligible Participants

There is no limit to the amount of participants that may register for the Program. The Program is open to all Voice Brokers, Floor Brokers, Introducing Brokers, Associated Persons and Futures Commission Merchants who submit matched trades via the CME ClearPort clearing systems for 3rd parties, and all CFTC/NFA registrants who submit orders to, and which are executed on, the CME ClearPort trading platform. Principals who submit trades or executed orders for their own, or a proprietary account, are excluded from participation in the Program.

Program Term

Start date is January 31, 2012. End date is ~~December 31, 2012~~ December 31, 2013.

Hours

N/A

Program Obligations

Participants must disclose the accounts in which they plan to trade the Products and receive the incentives below. All participants must provide NYMEX with daily settlement data for requested Products.

Program Incentives

Upon meeting all Program obligations, as determined by NYMEX, participants will be eligible for the following incentives:

Rebates: With the exception of Henry Hub Natural Gas Look-Alike Options, for each previously matched trade in any of the Products that a participant submits to the Clearing House for clearing that successfully clears, the participant will receive a rebate of twenty percent (20%) of the net clearing fees collected by the Clearing House for such trade.

Henry Hub Natural Gas Look-Alike Options (LN): For Henry Hub Natural Gas Look-Alike Options that a participant, including its subsidiaries, clears through the Clearing House over a calendar quarter ("Measurement Period"), the participant may receive progressive rebates based on the

net clearing fees collected from the participant by the Clearing House in accordance with the following:

Number of Contracts in LN Submitted for Clearing during Measurement Period	Percentage Applied to all Eligible Products
0-4,000,000	20%
Between 4,000,001-4,500,000	25%
Between 4,500,001-5,000,000	30%
Exceeds 5,000,000	35%

Monitoring and Termination of Status

NYMEX 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.