



RECEIVED
CFTC

2011 DEC 21 PM 9:25

OFFICE OF THE
SECRETARIAT

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 20, 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 European and Asian OTC Cleared Petroleum Products
Incentive Program. NYMEX Submission No. 11-400**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Clearing House") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement an incentive program in support of certain European and Asian over-the-counter ("OTC") cleared petroleum products ("Program"). The proposed Program will become effective on January 6, 2012.

Exhibit 1 sets forth the terms of the proposed Program.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the derivatives clearing organization ("DCO") 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;

Financial Resources: 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;

Participant and Product Eligibility: 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;

Rule Enforcement: 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 an application or contractual agreement with NYMEX in which each participant expressly agrees to comply with and be subject to applicable regulations and NYMEX rules;

Recordkeeping: The proposed Program will be subject to NYMEX records retention policies which comply with the CEA.

Public Information and Information Sharing: 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.

Mr. David Stawick
Page 2
December 20, 2011

NYMEX certifies that the Program complies with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views to this Program.

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. 11-400 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX European and Asian OTC Cleared Petroleum Products Incentive Program

Program Purpose

The purpose of this Program is to encourage large market participants 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 of the OTC products listed below are included in the overall Program ("Products"). However, participation will be on a product grouping basis. Each of the eight (8) product groups is set out below ("Product Group"):

Crude Oil

ASIA

A large black rectangular redaction box covering the content under the ASIA heading.

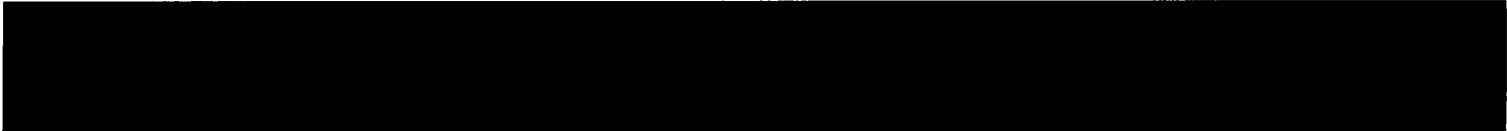
EUROPE

A large black rectangular redaction box covering the content under the EUROPE heading.

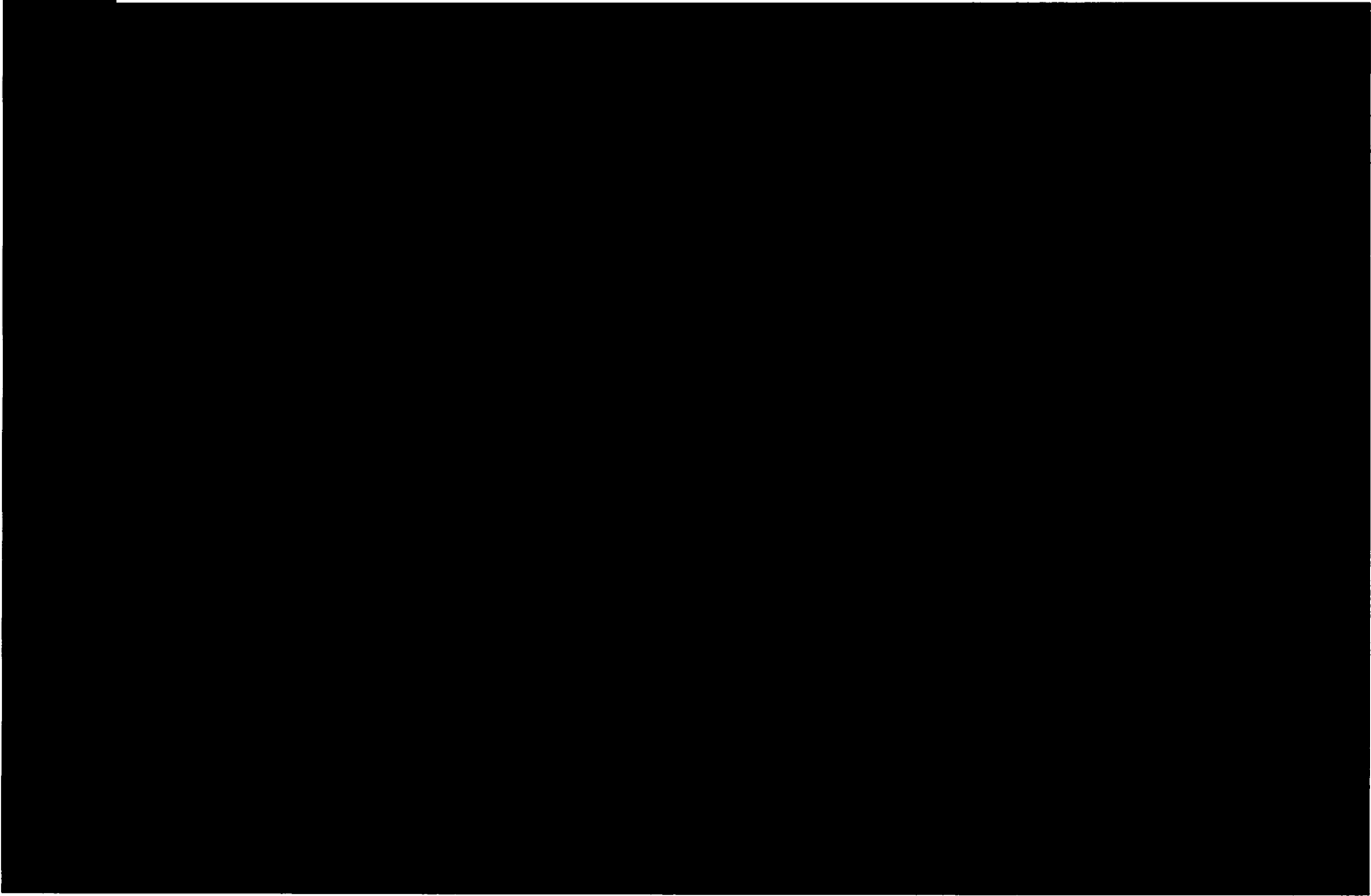
Fuel Oil

ASIA

A large black rectangular redaction box covering the content under the ASIA heading.



EUROPE



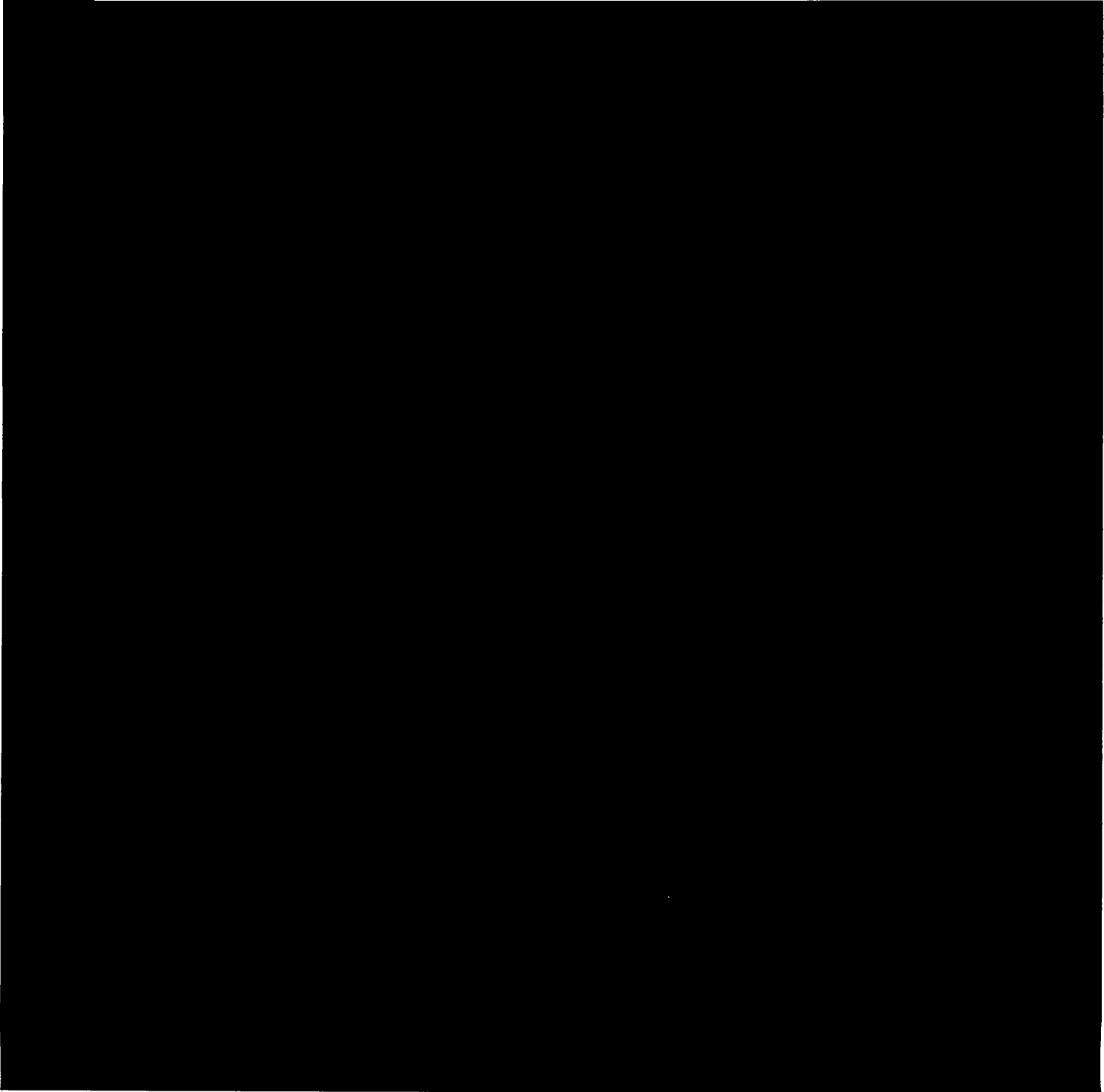
Mid Distillates

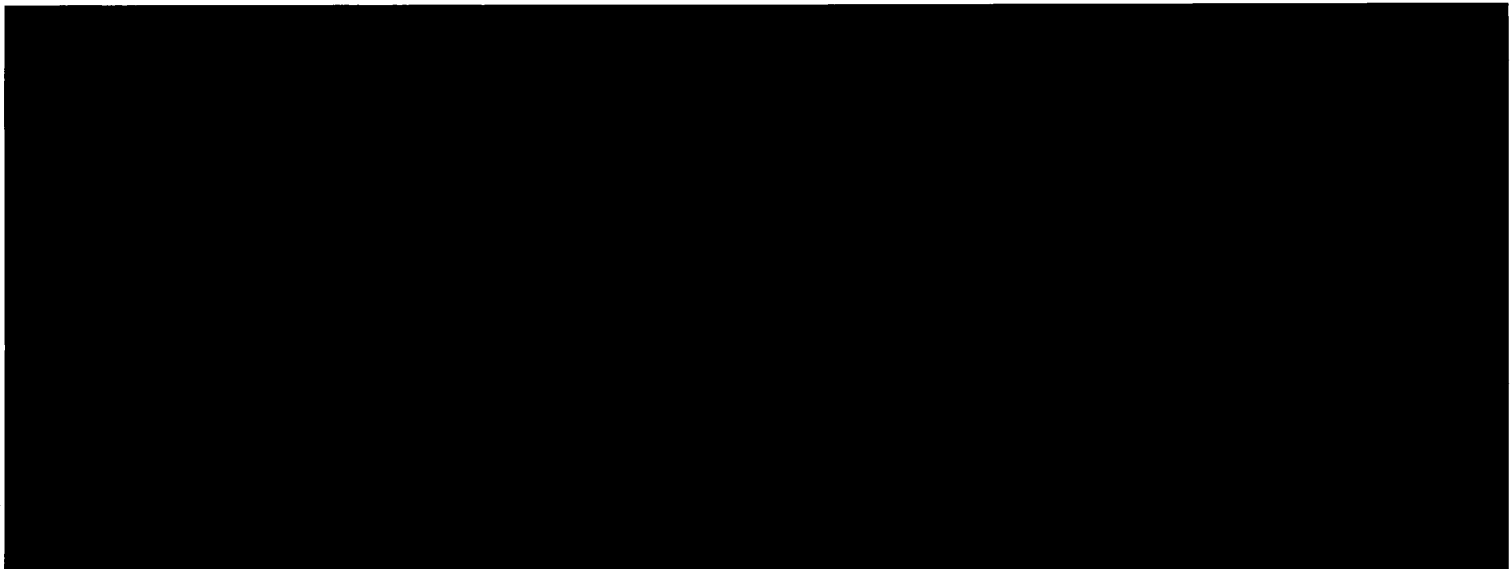
ASIA





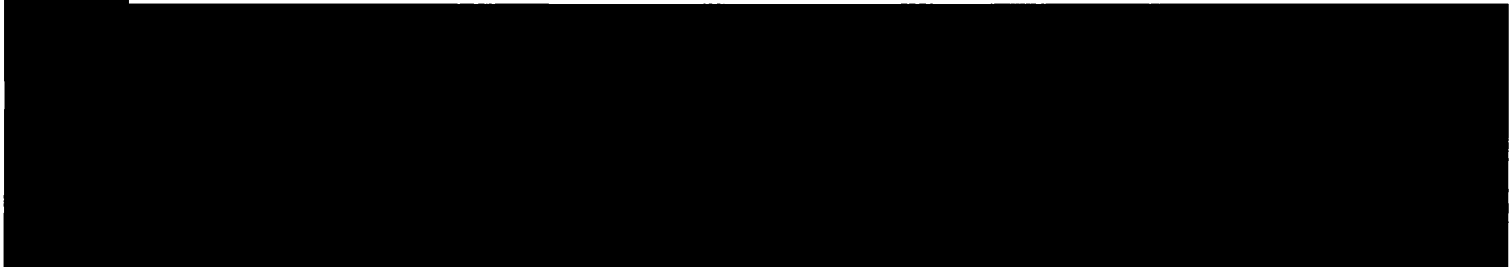
EUROPE



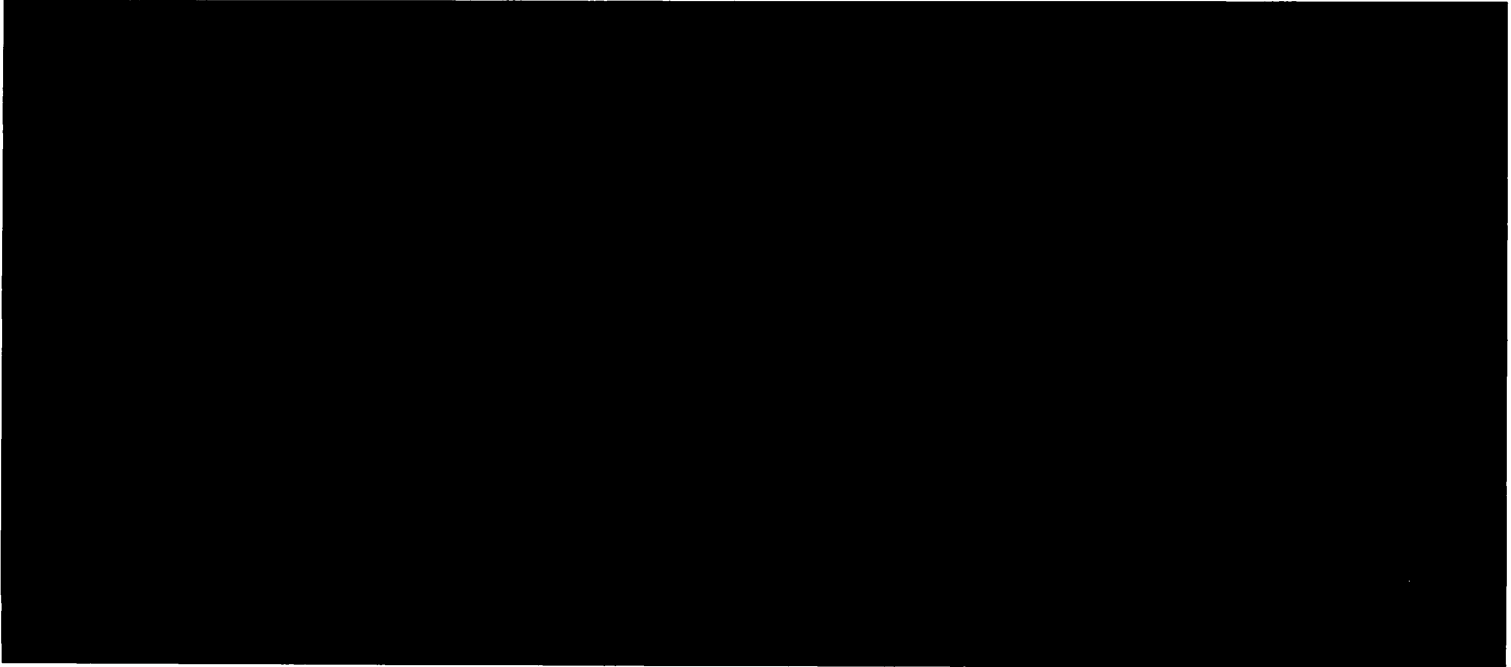


Light End by Region

ASIA



EUROPE





Eligible Participants

NYMEX may select up to seven (7) participants for each of the Product Groups. Participants can be a NYMEX member or non-member trading firm. In determining whether or not a prospective applicant is selected to participate in the Program and a particular Product Group, NYMEX staff may take into account a variety of factors including the prospective participant's overall experience and historical volume cleared in the Products and experience in other energy contracts cleared through the Clearing House. NYMEX may, from time to time, add or subtract from the aforementioned factors as it deems necessary.

Program Term

Start date is January 6, 2012. End date is December 31, 2012.

Hours

N/A

Program Obligations

Based on a variety of factors, including the factors mentioned in the paragraph above and the participation in other volume incentive programs for products similar to a participant's Product Group, participants will be required to meet one of the two obligation tiers as follows:

Tier 1. NYMEX will calculate each participant's volume in the applicable Product Group over the participant's initial three (3) month period ("Initial Period") in the Program. In order to remain in the Program after the Initial Period, the participant must have either (i) increased their combined volume for the Product Group by at least twenty percent (20%), or (ii) have met the applicable Product Group threshold requirement for each calendar month during the Initial Period in accordance with the chart below, the applicable obligation being the obligation that results in the highest amount of volume traded by the participant in the Product Group.

Tier 2. NYMEX will calculate each participant's volume in the applicable Product Group over the participant's initial three (3) month period ("Initial Period") in the Program. In order to remain in the Program after the Initial Period, the participant must have either (i) increased their combined volume for the Product Group by at least fifty percent (50%), or (ii) have met the applicable Product Group threshold requirement for each calendar month during the Initial Period in accordance with the chart below, the applicable obligation being the obligation that results in the highest amount of volume traded by the participant in the Product Group.

MONTHLY VOLUME (Sides)

Product Group	Asia Crude	Asia Distillates	Asia Fuel Oil	Asia Light End	Euro Crude	Euro Distillates	Euro Fuel Oil	Euro Light End
[Redacted]								

Program Incentives

Once accepted into the Program, participants will be eligible for reduced clearing fee incentives whereby participants will be charged a reduced fee rate for contracts in their applicable Product Group cleared through the Clearing House. The reduced fee levels are predetermined by NYMEX.

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.