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Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

CWB 12/22/2011

December 22, 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 OTC Coal Incentive Program. NYMEX Submission No. 11-531

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 over-the-counter ("OTC") cleared coal products ("Program"). The proposed Program will become effective on January 10, 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: All market participants will be able to participate in the Program;

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. The Program is subject to these rules;

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>

Mr. David Stawick
Page 2
December 22, 2011

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. 11-531 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX OTC Coal Incentive Program

Program Purpose

The purpose of this Program is to encourage 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

The following NYMEX OTC products cleared through the Clearing House ("Products"):

Coal (API 2) cif ARA (Argus/McCloskey) Swap Futures (MTF), Coal (API 4) fob Richards Bay (Argus/McCloskey) Swap Futures (MFF), Coal (API 4) fob Richards Bay (Argus/McCloskey) Options (MFO), Coal (API 4) fob Richards Bay (Argus/McCloskey) Option on Quarterly Futures Strip (RQA), Coal (API 4) fob Richards Bay (Argus/McCloskey) Option on Calendar Futures Strip (RLA), Coal (API 2) cif ARA (Argus/McCloskey) Options (CQA), Coal (API 2) cif ARA (Argus/McCloskey) Option on Calendar Futures Strip (CLA), Coal (API 2) cif ARA (Argus/McCloskey) Options (MTO).

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants may be NYMEX members or non-members. The Program will be open to all participants that register with NYMEX.

Program Term

Start date is January 10, 2012. End date is July 9, 2012.

Hours

N/A

Program Incentives

Fee Waivers.

Months 1 and 2:

During the first two (2) calendar months of the Program, all participants shall have their transaction fees waived for the Products that are cleared through the Clearing House.

Months 3-6:

Qualification: If, during each of the first two (2) calendar months of the Program, a participant clears at least 250 combined sides in the Products through the Clearing House, the participant may be eligible to receive fee waivers for the Products the participant clears through the Clearing House during months 3-6.

Incentives: If a participant qualifies in accordance with the above, then for each calendar month (for months 3-6) that the participant clears at least 300 combined sides in the Products through the Clearing House, the participant will receive fee waivers for the Products that the participant clears through the Clearing House during the applicable calendar month.

Monitoring and Termination of Status

NYMEX shall monitor activity in the Products 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.