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**Via Fax and US Mail**

Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**Re: Rule Certification. NYMEX Submission 03.150 - Notification of  
Amendments to NYMEX Division Rules 6.51 and 6.52A.**

Dear Ms. Jean Webb:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC") of amendments to NYMEX Division Rule 6.51, Settlement Price Committee, and Rule 6.52A, Settlement Prices for Natural Gas Futures Contract.

The amendments will go into effect Friday, November 14, 2003. Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the new amendments comply with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2940.

Very truly yours,

Nancy M. Minett  
Vice President  
Compliance Department

**Attachments**

cc: Thomas LaSala  
Brian Regan

## 6.51 Settlement Price Committee

### ADDITIONS UNDERLINED, DELETIONS ~~STRIKETHROUGH~~

(A) Except as provided in Subsection (B) below, the Settlement Price Committee, which shall be a Regular Committee, shall consist of such members, ~~or permittees and representatives of non-member firms~~ as the Chairman ~~may shall~~ appoint with the consent of the Board. Additionally, one (1) Exchange employee will be a voting member of the Committee in the PJM electricity futures contract, calendar spread options and crack spread options. The Exchange employee shall have final authority in all instances to veto and override price determinations made by the Committee. Further, in the Natural Gas Futures contract, an Exchange employee shall be a voting member of the Committee and shall have the right and authority to veto and override any decision by the Committee in conformance with Exchange Rule 6.52A(D). The Committee shall be divided into sub-committees for each futures and options contract traded. To the extent possible, each sub-committee shall consist of at least six (6) ~~three (3)~~ Members, at least one of whom shall be a Floor Broker, one of whom shall be a Floor Trader, and one of whom shall represent trade interests (either personal, of his employer, or of a substantial customer base). ~~In addition, the President shall designate a staff member for each commodity, except natural gas, who shall assist the Committee in gathering information relevant to the establishment of settlement prices and who shall be responsible to assure that written records of the settlement process are prepared, in accordance with the Rules. On any day on which there is insufficient representation of any group on a subcommittee, the Chairman or a Vice Chairman of the Settlement Committee, or their designee, shall supervise the settlement price determination for that contract.~~

~~(B)(1) For crude oil, heating oil, gasoline futures contracts and for all option contracts, the Settlement Price Committee shall consist of such Members or Non-Member representatives of Member Firms, such as Member Firm employees, as the Chairman shall appoint with the consent of the Board provided further. For the coal futures contract, the Settlement Price Committee shall also consist of representatives of Non-Member Firms. For the PJM electricity futures contract, the Settlement Price Committee also shall consist of representatives of Non-Member Firms and additionally shall include one (1) Exchange employee dedicated to service as a voting member on this committee. For Calendar Spread Options and Crack Spread Options, the Settlement Price Committee also shall include (1) Exchange employee dedicated to service as a voting member on this Committee.~~

~~(2) Futures and Option Contracts Traded Solely on the Trading Floor or Traded on the Trading Floor and on (as applicable) NYMEX ACCESS® or NYMEX ClearPort(sm) Trading. For each such futures and option contract, to the extent possible, each sub-committee shall consist of at least six (6) Committee members who shall be designated by the Chairman of the Committee to establish settlement prices for such contract and of whom at least three of the six Committee members shall be Floor traders and three shall represent trade or other off the floor customer interests except that the PJM Electricity Settlement Committee additionally shall include one Exchange employee. Finally, in any case in which the Committee members designated by the Chairman to establish settlement prices are unable to do so by agreement of a majority, the Chairman or a Vice Chairman of the Settlement Price Committee, or their designee, shall have~~

~~the authority to establish such settlement price. Notwithstanding the above, with respect to the PJM Electricity, the Calendar Spread Options and the Crack Spread Options Settlement Committees, the Exchange employee serving as a voting member of that committee also shall serve as the Chairman of the PJM, Calendar Spread Options and Crack Spread Options Settlement Price Committees and further shall have final authority in all instances to veto and to override price determinations made by that committee.~~

~~(3) Futures and Option Contracts Traded Solely on NYMEX ACCESS®. For each such futures and option contract, to the extent possible, each sub-committee shall consist of at least three (3) Committee members who shall be designated by the Chairman of the Committee to establish settlement prices for such contract and of whom at least two of the three Committee members shall be Electronic Traders and one shall represent trade or other off the floor customer interests. Finally, in any case in which the three Committee members designated by the Chairman to establish settlement prices are unable to do so by agreement of a majority, the Chairman or a Vice Chairman of the Settlement Price Committee, or their designee, shall have the authority to establish such settlement price.~~

(B) For all futures and options contracts traded solely on NYMEX ACCESS® or NYMEX ClearPort<sup>(sm)</sup> Trading, the Settlement Price Committee shall consist of such Exchange employees as the President shall designate from time to time and such Members, Non-Members, and representatives of Member and Non-Member firms as may be appointed by the Chairman and approved by the Board.

(C) At the conclusion of the RTH trading session on the Exchange Floor each day, settlement prices shall be determined for every contract listed.

(D) The Settlement Price Committee, or any subcommittee thereof, shall have the authority to request from any member representing that certain market information should be considered in the determination of a settlement price, such documentation as it deems appropriate including, but not limited to, trading cards and order tickets.

## 6.52A Settlement Prices for Natural Gas Futures Contracts

Settlement prices will be determined as follows:

(A) ~~For each natural gas futures contract, t~~ The settlement price for each delivery month that: (1) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all delivery months of the futures contract and (2) for which 10% of the closing range volume in that commodity is done in that delivery month (excluding, for the purposes of this calculation volume done during the closing range on the last day of trading in an expiring contract), shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions in that delivery month which occur in the closing range. (3) Additionally, trading at settlement (TAS) volume, if applicable, shall be included as closing range volume for the purpose of item (2) above, to determine percentage of closing range volume in a delivery month. TAS volume shall not be used to calculate settlement.

(B) In all other delivery months for such futures contracts that do not satisfy the open interest and volume criteria set forth in paragraph (A), the settlement price shall be determined based upon intra-commodity spread relationships for a volume of 100 lots/month, intra-commodity strips relationships for a volume of 30 lots/month for a yearly or 50 lots/month for a seasonal that trade or are bid/offered and posted pursuant to prescribed procedures, and outrights for a volume of 100 lots in the last 30 minutes of trading and posted pursuant to prescribed procedures, and such spread relationships, as well as the relative weight accorded such spread relationships, shall be determined in the best judgment of the Settlement Price Committee. Provided further, that an order that met the original volume requirement and was partially filled with the balance still open, will be honored. Additionally, Floor Members posting any orders shall be held to filling them unless the order was cancelled during the posting period with appropriate notice to the market. Cancelled orders will not be honored for settlement purposes.

~~spread relationships between and among contract months, which relationships shall be determined in the judgment of the Settlement Price Committee with: (a) greatest weight given to spreads executed late in the trading day in large volumes, and (b) lesser weight given to (i) spreads traded in lesser volumes, (ii) spread bids and offers actively represented late in the trading day, and (iii) spread transactions, bids and offers from earlier in the trading day. In the absence of any outright or spread data for a particular contract month, the Settlement Price Committee also may consider intra-commodity strip transactions, bids and offers with greater weight given to intra-commodity strip transactions and lesser weight given to intra-commodity strip spread transactions. Notwithstanding the foregoing, no settlement price shall be established that would be lower than the best bid, or higher than the best offer that: (a) was for at least 100 contracts for outrights or 100 contracts for spreads, and (b) had been posted with the Exchange and remained available for execution and unfilled for the final twenty (20) minutes of trading.~~

(C) ~~If any settlement price, determined pursuant to paragraphs (A) or (B), is inconsistent with transactions that occurred during the closing range in other delivery months of the same futures contract or with market information known to the Settlement Price Committee, (including, but not limited to, (i) bids or offers for outright transactions and spreads that were unfilled during the closing range, (ii) bids, offers or transactions in strips, and (iii) outright transactions executed~~

~~prior to the closing range) the Committee may establish a settlement price at a level consistent with such other transactions or market information. In such event the Committee shall prepare a written record of the basis for any settlement price so established.~~

(C) For any contract months not otherwise addressed in Sections (A) and (B) of this rule, the Settlement Price Committee, in exercising its best judgment, shall use other market information if available, in determining value. In making its determination, the Settlement Price Committee shall be bound to consider all relevant available data but shall not be bound by data from any one type of market information. Such other market information includes but is not limited to the following:

Executed trades, bids or offers for outrights, spreads and strips provided before the last 30 minutes of the trading day, an Exchange settlement price model, and relevant OTC market data as further specified below;

The Exchange settlement price model will be calibrated so that it is generally mathematically consistent with market price information provided through Sections (A) and (B);

OTC market quotes, if available, may be considered for outrights, spreads and strips supplied by OTC brokers who are registered with NYMEX for NYMEX ClearPort(sm) Clearing;

The Committee shall prepare a written record for any settlement price determined pursuant to Section (C) of this rule.

(D) A NYMEX staff member will be a voting member of the Settlement Price Committee with the ability to veto and change any determination by the Committee if the priorities cited in Sections (A), (B), or the exercise of judgment in Section (B) or the exercise of judgment based upon available data in Section (C) of this rule are not adhered to in the best judgment of the staff member.

~~(D)~~ (E) Notwithstanding the above, the settlement price for a delivery month in the Henry Hub Swap futures contract will be the settlement price for the corresponding delivery month in the Natural Gas futures contract, provided however that the final settlement for an expiring delivery month in the Henry Hub Swap futures contract will be determined in accordance with the terms of Chapter 225 (Henry Hub Swap).