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September 1, 2006

Via E-Mail

Office of the Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Rule Certification. NYMEX Submission 06.101: Notification of Amendments to NYMEX Settlement Rules 6.52, 6.52A, 6.52B, 6.53, And Rule 6.51, Settlement Price Committee.

Dear Ms. Eileen Donovan:

The New York Mercantile Exchange ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") of amendments to NYMEX Settlement Rules 6.52, 6.52A, 6.52B, 6.53, and Rule 6.51, Settlement Price Committee.

Effective with the launch of side-by-side physical trading on CME GLOBEX® on September 4, 2006 for trade date September 5, 2006, the Exchange will implement amendments to the settlement rules relative to all affected markets, including CL, NG, HO, HU, RB, PN, PL and PA (NYMEX Rules 6.52, 6.52A, 6.52B and 6.53). The amendments achieve the following:

- incorporate electronic trades into the weighted average settlement price in contract months that would qualify for such handling;

- delete the use of TAS transactions (where applicable) in qualifying a contract month for weighted average price treatment, and otherwise make clear that the spot month will always be settled on a weighted average in CL, NG, HO, HU, RB and PN; and

- generally rely upon spread values determined on the trading floor for all other months, but if relevant, the Settlement Price Committee may, in its discretion, utilize electronic trade information for such months.

Additionally, the Settlement Committee, by way of procedure, will exercise discretion in potentially including or excluding the pricing data between the venues if they believe it to be erroneous or not generally indicative of value.

It should be noted that Compliance Staff currently have voting rights and veto authority on the Settlement Committee for both CL and NG, and will have similar authority in HU, HO and RB (NYMEX Rule 6.51) by the implementation date.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendments comply with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact Nancy Minett, Vice President, Compliance, at (212) 299-2940, or the undersigned at (212) 299-2897.

Very truly yours,

Thomas F. LaSala
Senior Vice President
Compliance and Risk Management

cc: Brian Regan
Nancy Minett

Revisions to NYMEX Settlement Rules

(Bold/underlining indicates additions, bold/strikethroughs indicate deletions.)

NYMEX Rule 6.52 - Settlement Prices for Crude Oil, Heating Oil, Gasoline, and New York Harbor Gasoline Blendstock (RBOB) ~~and Coal~~ Futures Contracts

(A) For crude oil, **~~Brent crude oil, gasoil~~**, heating oil, gasoline or coal futures contracts, 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 **including both trades executed on the trading floor by open outcry and trades executed electronically** in that delivery month which occur in the closing range.

(3) Additionally, TAS volume, if applicable, shall **not** 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.

(4) Notwithstanding the qualifications cited in items 1-3 above, the current delivery month or spot month will always be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically.

(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 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 **on the trading floor by open outcry** late in the trading day in large volumes, and

(b) lesser weight given to

(i) spreads traded **on the trading floor by open outcry** in lesser volumes,

(ii) spread bids and offers actively represented **on the trading floor by open outcry** late in the trading day, and

(iii) spread transactions, bids and offers from earlier in the trading day **on the trading floor by open outcry**, provided that, in any circumstance where the Committee is considering bids and offers for spreads, it shall consider the mid-point of the best bid and best offer and not the individual best bid or best offer. In the event of a "price spike in the closing range" in any contract month where the settlement price is determined by weighted average according to the open interest and volume criteria set forth in paragraph (A), the Settlement Price Committee may disregard the settlement price for a spiked month in

considering spread relationships pursuant to this paragraph. For the purpose of this rule, a "price spike in the closing range" shall have occurred if, in the sole discretion of the Settlement Price Committee, a significant change in the spread relationships between the "spiked month" and the contract months immediately preceding and following such month occurred during the closing range. 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 at least 200 contracts for spreads in crude oil futures contracts or for at least 50 contracts (outrights or spreads) for heating oil or gasoline futures contracts or for at least 10 contracts for coal futures, and (b) had been posted with the Exchange and remained available for execution and unfilled for the final fifteen (15) 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, **either floor trading or electronic trading,** (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.

(D) In the event that the Settlement Price Committee: establishes a settlement price in accordance with paragraph (C) of this Rule, determines that a "price spike in the closing range occurred", in accordance with paragraph (B) of this Rule, or fails to determine a settlement price by unanimous agreement of the six Members designated by the Chairman to establish settlement prices pursuant to Rule 6.51, the Committee shall prepare a written record of the basis upon which it established such settlement price.

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NYMEX Rule 6.52A - Settlement Prices for Natural Gas Futures Contracts

Settlement prices will be determined as follows:

(A) 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 **including both trades executed on the trading floor by open outcry and trades executed electronically** in that delivery month which occur in the closing range. (3) Additionally, trading at settlement (TAS) volume, if applicable, shall **not** 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) **Notwithstanding the qualifications cited in items 1-3 above, the current delivery month or spot month will always be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically.**

~~(B)~~ **(C)** 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 in the best judgment of the Settlement Committee based upon trades or orders that are bid/offered and posted pursuant to prescribed procedures in the last 30 minutes of trading **on the trading floor by open outcry**: outrights for a volume of 100 lots in any of the first 24 listed contract months, or outrights for a volume of 100 lots beyond the 24th contract month that have reached a minimum open interest of 10,000 contracts based upon the open interest published at noon on a trading day; intracommodity spreads for a volume of 100 lots/month; and intracommodity strips for a volume of 30 lots/month for a yearly or 50 lots/month for a seasonal. Priority will be given first to outrights, then spreads, then strips, that meet the criteria above. 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. ~~br/>~~

~~(C)~~ **(D)** For any contract months not otherwise addressed in Sections (A) and (B) of this rule, **or 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, either floor trading or electronic trading)**, 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 transactions **including both floor trading and Electronic Trading**, 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® Clearing;
>
> The Committee shall prepare a written record for any settlement price determined pursuant to Section (C) of this rule.

~~(D)~~ **(E)** 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.

~~(E)~~ **(F)** 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).

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NYMEX 6.52B - Settlement Prices for Propane Gas Products

(A) For each propane futures contract, 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 **including both trades executed on the trading floor by open outcry and trades executed electronically** in that delivery month which occur in the closing range. If there are no such transactions in the closing range, the settlement price shall be the last trade price, unless a bid higher or offer lower than the last trade price is made in the closing range. Such higher bid or lower offer shall be the settlement price.

(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 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 **on the trading floor by open outcry** late in the trading day in large volumes, and (b) lesser weight given to (i) spreads traded **on the trading floor by open outcry** in lesser volumes, (ii) spread bids and offers actively represented **on the trading floor by open outcry** late in the trading day, and (iii) spread transactions, bids and offers from earlier in the trading day **on the trading floor by open outcry**.

(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, **either floor trading or electronic trading,** (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 Settlement Committee shall prepare a written record of the basis for any settlement price so established.

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Rule 6.53 - Settlement Price Procedures for Platinum and Palladium Contracts

(A)(i) The term "base month" shall mean, with respect to Platinum, the January, April, July or October delivery months and, with respect to Palladium, the March, June, September, or December delivery months; (ii) The term "most active month" shall mean the nearest base month that has the largest daily trading volume, provided however, that if a base month other than the nearest base month has larger daily trading volume on any day, the most active month shall be such base month until the daily trading volume in such month is less than the next succeeding base month.

(B) The settlement price for the most active month shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions that occur in the closing range **including both trades executed on the trading floor by open outcry and trades executed electronically**. If no outright transactions occur in the closing range, the settlement price shall be the last trade price, unless during the closing range a bid higher or offer lower than the last trade price is made. In such event, such higher bid

or lower offer shall be the settlement price.

(C) The settlement prices of all delivery months other than the most active month shall be the price relationships established by spread differentials between such most active month and such other month **executed on the trading floor by open outcry**. Spread differentials shall be determined by the last spread transaction. If no spread transaction occurred on such day such differential shall be the average of the last bid and offer for such spread. If no spread transactions have occurred on such day and there were no bids or offers for such spread on such day, the spread differential shall be the spread differential of the settlement prices for the previous business day.

(D) If any settlement price, determined pursuant to Paragraphs (B) or (C), is inconsistent with transactions that occurred during the closing range for other delivery months of the same futures contract or with other market information known to the Committee **including but not limited to, either floor trading or electronic trading**, 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.

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NYMEX 6.51, Settlement Price Committee

(A) Except as provided in Subsection (B) below, the Settlement Price Committee, which shall be a Regular Committee, shall consist of such members, permittees and representatives of non-member firms as the Chairman may 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**,** ~~**and**~~ Crude Oil**, Heating Oil, Unleaded Gasoline, and New York Harbor Gasoline Blendstock (RBOB)** Futures contracts, 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) and 6.52 respectively. 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) 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).

(B) For all futures and options contracts traded solely on NYMEX ACCESS® or NYMEX Clearport® 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 or records created using an Approved Handheld, and order tickets.