

October 29, 2004

VIA ELECTRONIC MAIL AND FACSIMILE TRANSMISSION

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

**RE: Rule Certification and Request for Commission Rule Approval.
NYMEX Submission 04.145: Changes in Listing and Trading Hours
for the NYMEX Brent Crude Oil Futures Contract; Delisting of
NYMEX Brent Option and WTI-Brent Option Contracts and Other
Related Rule Changes**

Dear Ms. Webb:

The New York Mercantile Exchange, Inc. ("NYMEX") hereby first notifies the Commodity Futures Trading Commission ("CFTC") of a self-certification filing involving changes in listing and trading hours for the NYMEX Brent Crude Oil futures contract; the delisting of the NYMEX Brent Option and WTI-Brent Option contracts and other related rule changes being implemented in connection with the listing of the NYMEX Brent Crude Oil futures contract ("Brent") on the Exchange's new Dublin trading floor. In addition, the Exchange is also submitting a voluntary request for CFTC review and approval of these NYMEX actions.

NYMEX's new "satellite" trading floor operations in Dublin are essentially an extension of its present business operations under its current corporate structure. In other words, the new trading facility in Dublin will be operated by NYMEX itself; the Exchange is not establishing a new affiliate or corporate subsidiary for purposes of operating this new trading floor.

The Exchange is leasing space in the Dublin facility from the New York Board of Trade's FINEX Dublin operation. The Brent contract will be traded in a new, recently constructed trading ring that is separate from the FINEX trading rings. The Exchange may explore establishment of a subsidiary for the limited purpose of sharing certain floor-related expenses with NYBOT.

All existing NYMEX technology systems will be available for the Dublin facility and will be used in the same manner as is the case today. The Exchange also will require use of the same combination trading card/pit card that is now used on the NYMEX Division trading floor.

Listing, Trading Hours and Trading Procedure Changes

As of the November 1, 2004 effective date, the Brent contract will no longer be listed for floor trading on the Exchange's New York trading floor but instead will be listed for floor trading on the Exchange's new Dublin trading floor. NYMEX Rule 6.00 ("Exchange Business Day") is being revised to include a reference to the new open outcry regular trading hours session on the Dublin trading floor.

Accordingly, from 10:00 AM to 7:30 p.m., prevailing Dublin time, Brent will be traded solely on the floor in Dublin. As a note, prevailing Dublin time is generally five hours ahead of Eastern Standard time. In addition, following upon the business practice followed by the FINEX operations in Dublin, the Exchange's holiday schedule in Dublin will follow the calendar for legal holidays in London.

As is the case with all other contracts listed for trading by NYMEX, this contract also will be cleared by NYMEX. As a note, consistent with the regulatory requirements for other futures contracts cleared by NYMEX, customer funds for the Brent contract will be held in the same accounts used for other U.S. futures contracts in compliance with CFTC customer segregation requirements.

The opening procedure will utilize a one-minute period to open each of the front four months, and the remaining months will open in the subsequent one-minute period. The front month contract will be the first contract to open, and the opening range will be established. The front month will remain open while the second month contract is opened and its opening range is established. The first and second-nearby contract months will remain open while the third-nearby month is opened and its opening range is established. The fourth-nearby contract will then open, with the front three contract months also remaining open. The remaining months will then open. The sequence will be as follows:

<u>Contract Month</u>	<u>Opening Period</u>
First-nearby contract	10:00 – 10:01 AM
Second-nearby	10:01 – 10:02 AM
Third-nearby	10:02 – 10:03 AM
Fourth-nearby	10:03 – 10:04 AM
Remaining Months	10:04 – 10:05 AM

Similarly, as reflected by amended NYMEX Rule 6.04 ("Closing Range and Close"), the Exchange will utilize a daily market closing procedure that is similar to the International Petroleum Exchange ("IPE") process, with a one-minute closing range for each of the front 4 months, and the remaining months will have a one-minute closing range. The closing procedure will commence the closing procedure with a one-minute closing range as follows:

<u>Contract Month</u>	<u>Closing Range Period</u>
First-nearby contract	7:29 – 7:30 PM
Second-nearby	7:28 – 7:29 PM
Third-nearby	7:27 – 7:28 PM
Fourth-nearby	7:26 – 7:27 PM
Remaining Months	7:25 – 7:26 PM

The closing procedure thus commences at 7:25 PM when the fifth-nearby month and beyond are closed in the one-minute period. The front four contract months remain open during this one-minute period. At 7:26 PM, the one-minute closing range begins for the fourth-nearby contract, and the front three contract months remain open. At 7:27 PM, the third-nearby month is closed, and the front two months remain open. At 7:28 PM, the one-minute closing range for the second-nearby month begins, and the first-nearby month remains open for trading. At 7:29 PM, the closing range for the first-nearby month begins for the final one-minute of the trading day.

The Exchange is implementing new Rule 1.35 to clarify that references to the "floor" in NYMEX rules will mean the Dublin trading floor as well as the New York trading floors. Thus, NYMEX's post-close trading session procedures set forth in Rules 6.57 and 6.57 also will be available on the Dublin floor as well.

NYMEX is also amending its trading at settlement ("TAS") rule to incorporate a few changes for the Brent contract. Specifically, the Exchange is amending NYMEX Rule 6.40B to provide that TAS trading in Brent is available not only for the first listed month but also for the full second listed month (currently the rule allows trading in the second nearby only during last 5 days of the spot month), further to provide that TAS trading will be available on the last day of trading in the Brent spot month, and finally to clarify that time references in the rule are based on NY time.

In addition, the Exchange is amending NYMEX Rule 6.51 ("Settlement Price Committee") to provide for Exchange staff to serve on the Brent settlement committees in the same manner as is the case today with the Natural Gas settlement committee. Furthermore, the Exchange is amending NYMEX Rule 6.52 to clarify that the same settlement procedures now in place for the Light, Sweet Crude Oil futures contract ("WTI") and the Exchange's crude oil products (such as heating oil and unleaded gasoline) also will be used for Brent

In addition to being listed for open outcry trading on the Dublin floor, the Exchange is also permitting use of the exchange of futures for physicals ("EFP") and exchange of futures for swaps ("EFS") procedures for the Brent contract. As is the case with other floor traded contracts, these transactions would be submitted solely via use of a pit card as provided by Exchange procedures; the Brent contract is not listed in the product slate for which EFP or EFS transactions may be submitted to the Exchange electronically through the NYMEX ClearPort(sm) Clearing services website. With respect to EFP transactions, the Exchange is amending NYMEX Rule 6.21 to clarify that, with regard to the final deadline for the NYMEX Brent Crude Oil futures contract, such EFP transactions must be posted no later than the close of trading on the last trade date of the expiring contract month.

The Brent contract will continue to be listed on NYMEX ACCESS®. This contract will now be listed on the system from 8:15 PM to 9:30 AM, prevailing Dublin time.

Previously, a NYMEX Brent Crude Oil options contract was listed for trading on September 6, 2001 and another options contract, a WTI-Brent Options contract, was listed on September 7, 2001. As of the effective date of this submission, NYMEX is delisting these contracts from trading on the Exchange. There is no open interest in either of these contracts.

The Exchange will continue to allow the trading of a WTI-Brent spread, which is quoted at a differential and is split into the respective legs of the spread when the spread is cleared. The new trading hours for this WTI-Brent spread are as follows:

Effective Trading Hours for WTI-Brent Spread Trading

Dublin open outcry session	10 AM to 7:30 PM Prevailing Dublin time, Mondays to Fridays	5 AM to 9:30 AM New York time, Mondays to Fridays
New York open outcry session	3 PM to 7:30 PM Prevailing Dublin time, Mondays to Fridays	10 AM to 2:30 New York time, Mondays to Fridays
After hours electronic trading via NYMEX ACCESS®	8:15 PM to 9:30 AM Dublin time. The Monday session opens at 12 midnight.	3:15 PM to 4:30 AM New York time. Sunday evenings the session opens at 7:00 PM.

Product Terms and Conditions

With one exception, the Brent contract, which shall continue to utilize the "SC" commodity code, shall have the same product specifications that are in place today. The one exception pertains to the establishment of special market halt "circuit breaker" procedures. Under these procedures, the initial price limit each business day for a listed contract month would be \$10 above or below the previous day's settlement price. If the price limit is bid, offered or traded for five consecutive minutes, trading would halt immediately for five minutes in all listed contract months of the Brent contract. Upon reopening the price limits would be expanded to \$20 above and below the previous day's settlement price. As a note, a market halt in the NYMEX Brent crude oil futures contract triggered by price limits being hit will not trigger a market halt in the contracts traded on NYMEX's New York floor, and a market halt as a result of price limits in the New York floor traded contracts similarly will not result in a market halt in the Brent contract.

The dollar price limits set for the Brent contract are the same limits that are now in use for the WTI contract. The Exchange believes that these limits strike a good balance in that they should not restrict or hamper normal market movements even during periods of some price volatility. On the other hand, given the current historically level of crude oil prices, the Exchange does believe that it is prudent practice to provide for fairly brief market halts in the event of extreme price swings occurring within one trading session.

The other product terms will remain the same. Thus, the Brent contract will continue to be financially settled. As noted previously, the daily settlement price for a listed contract month for each trading day (other than the last day of trading in that contract month) will be determined by an Exchange settlement committee following the same procedures that are currently utilized for the Exchange's Light Sweet Crude Oil futures contract.

On the last day of trading in an expiring contract month, final cash settlement is based upon the published settlement price. (NYMEX Brent price as published by Platts®,

which also may be referred to as the Platts® Brent Index or PBI). Such final settlement will be based on the Platts Brent Index, which will include cash deals and hourly price indications as provided by Platts during the trading day. As a further component, hourly price indications from Platts will also be included in the formula.

The contract value for each contract continues to be 1,000 times the settlement price for one barrel of crude oil (i.e., current pipeline export quality Brent blend as supplied at Sullom Voe). All price quotation are in U.S. dollars and cents per barrel, and the minimum price tick or price increment is one cent per barrel. The final day of trading or expiration for a listed contract month is the business day prior to the 15th day of the month, if the 15th calendar day is not a holiday or weekend in London. If the 15th calendar day is a holiday or weekend in London, trading shall end one business day prior to the last business day preceding the 15th calendar day.

Position limits will continue to be controlled by a net any-one-month and net all-months-combined position accountability level of 20,000 net contracts. In addition, with respect to large trader reporting levels, the Exchange will continue to use a reportable position level of 350 contracts.

New Permit Program

The Exchange is establishing a new “NYMEX Europe” permit program. The governing provisions of this new floor trading permit are set forth in new NYMEX Rule 2.74. Initially, this permit is generally available to members in good standing of a recognized board of trade. The new trading permits allow permittees to trade for their own account or their firm’s account (or execute customer orders with appropriate CFTC floor broker registration) for an initial period of three months. Permittees are directly designated by the Exchange, and there is no cost owed to the Exchange by the permittee for obtaining this designation. The Exchange may determine to reserve the right to sell the NYMEX Europe permits at some later point in time. Permittees seeking to trade on NYMEX ACCESS® must apply separately for designation as an “Electronic Trader” under the Exchange’s usual procedures.

The applicant must decide on a NYMEX Clearing Member and must set up an arrangement with them under which the Clearing Member would agree to act as the “Primary Clearing Member” and thus to financially guarantee their trading activity. For all NYMEX Europe Non-Member permittees, a minimum of at least \$50,000 must be maintained in trading equity in the trader’s account with the carrying Clearing Member.

Pursuant to Section 5c(c) of the Commodity Exchange Act (“Act”) and CFTC Rule 40.6, the Exchange hereby certifies that the actions stated above comply with the Act, including regulations under the Act. Pursuant to Section 5c(c) of the Act and CFTC Rule 40.5, the Exchange additionally is submitting a voluntary request for Commission review and approval of this filing. Finally, the effective date for the actions stated in this letter shall be Monday, November 1, 2004.

As noted previously, the purpose of these various listing and rule changes is to put necessary procedures and rules in place in connection with the listing of the Brent contract on the Dublin trading floor on November 1, 2004. We believe that these rule amendments are generally relatively straight forward in nature, but we would

nonetheless be more than willing to address any questions that may arise during Commission review of the matters discussed in this letter.

Consequently, should you have any questions concerning the above, please contact the undersigned at (212) 299-2207

Very truly yours,

Brian Regan
Vice President & Counsel

cc: Eileen Donovan
Riva Adriance, Esq.
Clarence Sanders, Esq.

Attachments