New York
Mercantile Exchange

November 6, 2003

VIA FACSIMILE AND E-MAIL
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: (Notification of Launch Date for Previously Approved Futures Contracts)
New York Mercantile Exchange, Inc. Submission #03.148:
Average Price Options**

Dear CFTC Commissioners:

Previously, by letters dated May 19 and July 27, 1999, the New York Mercantile Exchange, Inc. ("Exchange") formally applied to the Commodity Futures Trading Commission ("Commission") for designation as a contract market in average price option contracts for crude oil, unleaded gasoline and heating oil. The Exchange advised the Commission that the Exchange would launch these new contracts when it was operationally feasible to do so.

By letter dated September 13, 1999, the Commission approved the proposed designation of these new contracts as contract markets and also approved the terms and conditions rules for these contracts as well as amendments to NYMEX Rules 9.26, 9.27 and 9.34 and to NYMEX Rules 300.02-300.08. For the convenience of Commission staff, the Exchange is enclosing a copy of the terms and conditions rules for each of these new option contracts. The Exchange is now notifying the Commission that these three new option contracts will be listed by the Exchange only for floor trading commencing tomorrow, November 7, 2003, which will also be the effective date for the new terms and conditions rules and the amendments to Rules 9.26, 9.27 and 9.34.

The Exchange has determined not to implement the approved amendments to Chapter 300 and instead will be filing other amendments to the Chapter 300 rules by separate submission tomorrow that will also include as a courtesy the amendments to Rules 9.26, 9.27 and 9.34. The symbol for average price options will be AO; for heating oil AT; and, for gasoline, AU. All other specifications, including trading hours, will mirror the established options contracts for the related commodity.

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

Very truly yours,

Brian J. Regan

Brian J. Regan
Vice President and Counsel

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CRUDE OIL AVERAGE PRICE OPTION CONTRACT

XX.01 EXPIRATION OF CRUDE OIL AVERAGE PRICE OPTION

A Crude Oil Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

XX.02 TRADING UNIT CRUDE OIL AVERAGE PRICE OPTION CONTRACTS

A Crude Oil average price call option traded on the Exchange represents the differential between the arithmetic average of the settlement price of the first nearby Crude Oil Futures contract over all the business days of a calendar month of trading, rounded to the nearest cent, less the strike price, or zero whichever is greater. A Crude Oil average price put option represents the differential between the strike price and the arithmetic average of the settlement price of the first nearby Crude Oil Futures contract over all the business days of the last calendar month of trading, rounded to the nearest cent, or zero whichever is greater. If the arithmetic average is precisely between two price increments, it shall be rounded to the higher price increment.

XX.03 TRADING MONTHS IN CRUDE OIL AVERAGE PRICE OPTION CONTRACTS

Trading in Crude Oil Average Price Option Contracts shall be conducted in the months as shall be determined by the Board of Directors (the "Board"). Trading shall commence on the day fixed by the resolution of the Board.

XX.04 HOURS OF TRADING IN CRUDE OIL AVERAGE PRICE OPTION CONTRACTS

The hours of trading in Crude Oil Average Price Option contracts shall be the same as the hours of trading in Crude Oil Futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

XX.05 STRIKE PRICES FOR CRUDE OIL AVERAGE PRICE OPTION CONTRACTS

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Crude Oil Futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule xx.05(B) and (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule xx.05(B) and (iv) an additional ten strike prices for both call and put options will be listed at $2.50 increments above the highest fifty-cent increment as described in (ii) of this Rule xx.05 (B), beginning with the first available such strike that is evenly divisible by $2.50 and (v) an additional ten strike prices for both call and put options will be listed at $2.50 increments below the lowest fifty-cent increment as described in (iii) of this Rule xx.05(B), beginning with the first available such strike that is evenly divisible by $2.50.

(C) Thereafter, on any business day prior to the expiration of the option (i) new consecutive fifty-cent increment striking prices for both puts and calls will be added such that at all times there will be at least twenty fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months; and (ii) new $2.50 increment strike prices will be added such that at all times there shall be ten $2.50 strike prices above and below the nearest fifty cent increment strike price. The at-of-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B) of this Rule xx.05.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in crude oil futures options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a crude oil futures option in which no new strike prices may be introduced.

XX.06 PRICES IN CRUDE OIL AVERAGE PRICE OPTION CONTRACTS

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of one (1) cent per barrel. A cabinet trade may occur at a price of $.001 per barrel, or $1.00, however, if it results in the liquidation of positions for both parties to trade.

XX.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR CRUDE OIL AVERAGE PRICE OPTION CONTRACTS

Trading in Crude Oil Average Price Option contracts shall not be subject to price fluctuation limitations.

HEATING OIL AVERAGE PRICE OPTION

XX.01 EXPIRATION OF HEATING OIL AVERAGE PRICE OPTION

A Heating Oil Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

XX.02 TRADING UNIT HEATING OIL AVERAGE PRICE OPTION CONTRACTS

A Heating Oil average price call option traded on the Exchange represents the differential between the arithmetic average of the settlement price of the first nearby Heating Oil Futures contract over all the business days of a calendar month of trading, rounded to the nearest hundredths of cents, less the strike price, or zero whichever is greater. A Heating Oil average price put option represents the differential between the strike price and the arithmetic average of the settlement price of the first nearby Heating Oil Futures contract over all the business days of the last calendar month of trading, rounded to the nearest hundredths of cents, or zero whichever is greater. If the arithmetic average is precisely between two price increments, it shall be rounded to the higher price increment.

XX.03 TRADING MONTHS IN HEATING OIL AVERAGE PRICE OPTION CONTRACTS

Trading in Heating Oil Average Price Option Contracts shall be conducted in the months as shall be determined by the Board of Directors (the "Board"). Trading shall commence on the day fixed by the resolution of the Board.

XX.04 HOURS OF TRADING IN HEATING OIL AVERAGE PRICE OPTION CONTRACTS

The hours of trading in Heating Oil Average Price Option contracts shall be the same as the hours of trading in Heating Oil Futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

XX.05 STRIKE PRICES FOR HEATING OIL AVERAGE PRICE OPTION CONTRACTS

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Heating Oil Futures contracts in the corresponding delivery month rounded off to the nearest one - cent increment strike price unless such settlement price is precisely midway between two one-cent increment strike prices in which case it shall be rounded off to the lower one-cent increment strike price and (ii) the twenty one-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule xx.05(B) and (iii) the twenty one-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule xx.05(B) and (iv) an additional ten strike prices for both call and put options will be listed at five-cent increments above the highest one-cent increment as described in (ii) of this Rule xx.05 (B), beginning with the first available such strike that is evenly divisible by $0.05 and (v) an additional ten strike prices for both call and put options will be listed at five-cent increments below the lowest one-cent increment as described in (iii) of this Rule xx.05(B), beginning with the first available such strike that is evenly divisible by $0.05.

(C) Thereafter, on any business day prior to the expiration of the option (i) new consecutive striking prices for both puts and calls will be added such that at all times there will be at least twenty one-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months; and (ii) new five-cent increment strike prices will be added such that at all times there shall be ten five-cent strike prices above the highest one-cent strike price. (iii) The at-of-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B) of this Rule xx.05.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Heating oil futures options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Heating Oil futures option in which no new strike prices may be introduced.

XX.06 PRICES IN HEATING OIL AVERAGE PRICE OPTION CONTRACTS

Prices shall be quoted in dollars and hundredths of cents per gallon and prices shall be in multiples of one (1) hundredths of cents per gallon. A cabinet trade may occur at a price of $.0000238 per gallon, or $1.00, however, if it results in the liquidation of positions for both parties to trade.

XX.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR HEATING OIL AVERAGE PRICE OPTION CONTRACTS

Trading in Heating Oil Average Price Option contracts shall not be subject to price fluctuation limitations.

UNLEADED GASOLINE AVERAGE PRICE OPTION

XX.01 EXPIRATION OF UNLEADED GASOLINE AVERAGE PRICE OPTION

A Unleaded Gasoline Average Price Option on the Exchange shall expire at the close of trading on the last business day of the calendar month. The expiration date shall be announced prior to the listing of the option contract.

XX.02 TRADING UNIT UNLEADED GASOLINE AVERAGE PRICE OPTION CONTRACTS

A Unleaded Gasoline average price call option traded on the Exchange represents the differential between the arithmetic average of the settlement price of the first nearby Unleaded Gasoline Futures contract over all the business days of a calendar month of trading, rounded to the nearest hundredths of cents, less the strike price, or zero whichever is greater. A Unleaded Gasoline average price put option represents the differential between the strike price and the arithmetic average of the settlement price of the first nearby Unleaded Gasoline Futures contract over all the business days of the last calendar month of trading, rounded to the nearest hundredths of cents, or zero whichever is greater. If the arithmetic average is precisely between two price increments, it shall be rounded to the higher price increment.

XX.03 TRADING MONTHS IN UNLEADED GASOLINE AVERAGE PRICE OPTION CONTRACTS

Trading in Unleaded Gasoline Average Price Option Contracts shall be conducted in the months as shall be determined by the Board of Directors (the "Board"). Trading shall commence on the day fixed by the resolution of the Board.

XX.04 HOURS OF TRADING IN UNLEADED GASOLINE AVERAGE PRICE OPTION CONTRACTS

The hours of trading in Unleaded Gasoline Average Price Option contracts shall be the same as the hours of trading in Unleaded Gasoline Futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

XX.05 STRIKE PRICES FOR UNLEADED GASOLINE AVERAGE PRICE OPTION CONTRACTS

(C) Trading shall be conducted for options with strike prices in increments as set forth below.

(D) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Unleaded

Gasoline Futures contracts in the corresponding delivery month rounded off to the nearest one - cent increment strike price unless such settlement price is precisely midway between two one-cent increment strike prices in which case it shall be rounded off to the lower one-cent increment strike price and (ii) the twenty one-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule xx.05(B) and (iii) the twenty one-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule xx.05(B) and (iv) an additional ten strike prices for both call and put options will be listed at five-cent increments above the highest one-cent increment as described in (ii) of this Rule xx.05 (B), beginning with the first available such strike that is evenly divisible by $0.05 and (v) an additional ten strike prices for both call and put options will be listed at five-cent increments below the lowest one-cent increment as described in (iii) of this Rule xx.05(B), beginning with the first available such strike that is evenly divisible by $0.05.

(C) Thereafter, on any business day prior to the expiration of the option (i) new consecutive striking prices for both puts and calls will be added such that at all times there will be at least twenty one-cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months; and (ii) new five-cent increment strike prices will be added such that at all times there shall be ten five-cent strike prices above the highest one-cent strike price. (iii) The at-of-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B) of this Rule xx.05.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Unleaded Gasoline futures options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Unleaded Gasoline futures option in which no new strike prices may be introduced.

XX.06 PRICES IN UNLEADED GASOLINE AVERAGE PRICE OPTION CONTRACTS

Prices shall be quoted in dollars and hundredths of cents per gallon and prices shall be in multiples of one (1) hundredths of cents per gallon. A cabinet trade may occur at a price of $.0000238 per gallon, or $1.00, however, if it results in the liquidation of positions for both parties to trade.

XX.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR UNLEADED GASOLINE AVERAGE PRICE OPTION CONTRACTS

Trading in Unleaded Gasoline Average Price Option contracts shall not be subject to Price fluctuation limitations.