June 21, 2007

**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 07.77: Notification of Amendments to NYMEX Rule 6.55, Options Settlement Premiums; Exchange Rule 11G.18, Trading Standards for Electronic Trading Systems, and Exchange Rule 11G.19, Permissible Pre-Execution Discussions.**

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 Rule 6.55, Options Settlement Premiums; Exchange Rule 11G.18, Trading Standards for Electronic Trading Systems, and Exchange Rule 11G.19, Permissible Pre-Execution Discussions.

Effective for trade date June 25, 2007, for the introduction of Options trading in NYMEX products on the CME Globex® Platform, NYMEX Rule 6.55, Options Settlement Premiums, is being amended to permit reference to trades in the Electronic Market when determining settlement price. Rule 11G.18, Trading Standards for Electronic Trading Systems, is being amended to reference a 15-second wait period for options orders to rest in the market where a Globex® user wants to enter an order on the opposite side of the market from a customer order, and Rule 11G.19, Permissible Pre-Execution Discussions, is being amended to include a 15-second period during which one of two opposite Options orders must rest in the market before the other side can be entered into Globex® for a prearranged trade to be executed.

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.

If you have any questions, please contact Nancy Minett, Vice President, Compliance, at (212) 299-2940, or myself at (212) 299-2897.

Sincerely,

Thomas F. LaSala
Chief Regulatory Officer

cc: Brian Regan
Nancy Minett

(Additions are in **BOLD/UNDERLINE)**

Rule 6.55, Options Settlement Premiums

The Settlement premiums for option series shall be determined upon the following procedures:

(A) With the exception of the day of expiration, option settlement premiums shall be determined in accordance with the following:

1. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium shall be based on, but not limited to, (i) the price traded, (ii) volume traded, (iii) the underlying futures price, (iv) the bid/offer spread on the underlying future, and (v) the length of time between a trade and the close of trading.

2. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium will be determined consistent with the corresponding put (call) using an appropriate option pricing model.

3. A) For Natural Gas and European Natural Gas Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Settlement Committee (the "Committee") according to the following priority: Outrights for at least 200 lots, then Straddles for at least 100 lots, then Spreads for at least 200 lots, then strips which have a cumulative total of at least 250 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model at least three (3) ticks when settling the market on any day.

B) For Crude Oil and European Crude Oil Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Settlement Committee (the "Committee") according to the following priority: Outrights for at least 200 lots, then Straddles for at least 100 lots, then Spreads for at least 200 lots, then strips which have a cumulative total of at least 250 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model at least three (3) ticks when settling the market on any day.

C) For Calendar Spread Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Settlement Committee (the "Committee") according to the following priority: Outrights for at least 100 lots, then Straddles for at least 50 lots, then Spreads for at least 100 lots, then strips which have a cumulative total of at least 150 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model at least three (3) ticks when settling the market on any day.

D) For all other Options: Bids and offers for twenty-five (25) lots or more that have been posted at least ten (10) minutes before the close and throughout the closing range shall be considered for settlement, unless the Settlement Price Committee ("Committee") determines that it is unreasonable to do so given spread relationships at the close of trading. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee.

4. The Committee shall endeavor to use its best efforts to maintain appropriate price spread relationships between and within listed months.

(B). On the day of option expiration, the option settlement premium shall be determined in accordance with the following:

1. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract the option settlement premium shall be the minimum tick size.

2. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract, the option settlement premium shall be determined on the basis of the absolute difference between the futures price and the strike price.

(C) If, using the procedures specified in Subsections (A) or (B) above, a settlement premium being considered for a particular option would not be consistent with (1) trades made during the closing range in other option series on the same underlying future, (2) the settlement price of the underlying future, or (3) market information **(including but not limited to either open outcry trading or electronic trading)** that is either known by Committee members or brought to their attention by Exchange officials, then the Committee may establish a settlement premium that is consistent with other trades, the settlement price of the underlying future, or market information. In all instances in which the Committee establishes a settlement premium pursuant to this Section (C), the Committee shall prepare a written record setting forth the basis for such settlement premium

(D) After settlements for all contract months for a particular contract are completed by the Settlement Price Committee, there will be a ten minute period where members can object to a particular settlement. Following this ten minute period, members may no longer make objections to the settlement premiums

Rule 11G.18, Trading Standards for Electronic Trading Systems

(A) Each GLOBEX User must exercise reasonable care in the entry of customer order information into GLOBEX.

(B) A GLOBEX User shall not withhold or withdraw from the market any customer order or any part of a customer order for his personal benefit or for the convenience of another.

(C) A GLOBEX User must enter all customer orders available for input into GLOBEX before entering any order for his own account, an account in which he has a proprietary interest, a discretionary account for an immediate family member, or an account in which his employer or any other employee of his employer has an interest.

(D) A GLOBEX User who has entered an order into the GLOBEX matching system which results in him having (immediately or subsequently) the highest bid or lowest offer for a particular futures or options contract resting in the applicable Exchange electronic trading system for his personal account, any account in which he has a proprietary interest, a discretionary account for an immediate family member or an account in which his employer or other employee of his employer has an interest shall disclose the facts of the resting order to a customer prior to accepting from such customer any order for the opposite purchase or sale of the same contract.

(E) A GLOBEX User may not enter an order for his own account, an account in which he has a proprietary interest, a discretionary account for an immediate family member or an account in which his employer or any employee of his employer has an interest which reflects the opposite side of a customer order already resting in the applicable Exchange electronic trading system, unless the customer order has rested in the applicable Exchange electronic trading system for at least five seconds **for futures contracts and fifteen seconds for options contracts.**

(F) A GLOBEX User shall not make any purchase or sale, or shall not enter an order through GLOBEX, to effect a trade that has been pre-arranged. The foregoing restriction shall not apply to transactions executed pursuant to permissible Pre-Execution Discussions in accordance with the provisions of Rule 11.19 below.

Rule 11G.19, Permissible Pre-Execution Discussions

Firms may engage in pre-execution discussions with regard to transactions executed on GLOBEX in NYMEX and COMEX Products where the firm wishes to be assured that a counter-party will take the opposite side of the order. One party may agree in advance with another party that the first party will take the opposite side of the first party's order, under the following circumstances:

(A) Customers must consent to allow pre-execution discussions with other market participants.

(B) GLOBEX Users who are solicited to participate in an electronic transaction through pre-execution discussions shall not (i) disclose to another GLOBEX User the details of such discussions; or (ii) enter an order through a NYMEX electronic trading system to take advantage of information conveyed during such discussions unless the GLOBEX User has agreed during the pre-execution discussions to participate in the transaction in accordance with this Rule and the order is entered to implement that agreement.

(C) A period of at least five (5) seconds shall elapse **between entry of the two orders for futures and a period of at least 15 seconds** shall elapse between entry of the two orders **for options** during which the order first entered is resting in the market.

(D) Orders entered pursuant to this Rule must be entered in accordance with the provisions of Section C, if applicable.