SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): 20-060

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: ☒ **DCM**   ☐ **SEF**   ☐ **DCO**   ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 13, 2020   Filing Description: Modifications to the Crude and Refined OTC Incentive Program

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☒	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers: Not Applicable

New Product   Please note only ONE product per Submission.

☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

☐	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

January 13, 2020

<u>**VIA ELECTRONIC PORTAL**</u>

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

        RE: **Modifications to the Crude and Refined OTC Incentive Program**
                  NYMEX Submission No. 20-060

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Crude and Refined OTC Incentive Program ("Program"). The modifications to the Program will become effective on February 1, 2020.

Exhibit 1 sets forth the terms of the Program. Modifications appear below, with additions <u>underscored</u> and deletions ~~overstruck~~.

NYMEX reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, NYMEX staff identified the following Core Principles as potentially being impacted: Monitoring of Trading, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program does not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. Exchange staff will monitor trading in the Program's products in order to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by Exchange staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the Exchange in which each participant will expressly agree to comply with, and be subject to, applicable regulations and Exchange rules. Additionally, the Program is subject to the Exchange's record retention policies, which comply with the CEA.

NYMEX certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

NYMEX certifies that this submission has been concurrently posted on the Exchange's website at http://www.cmegroup.com/market-regulation/rule-filings.html.

If you require any additional information regarding this submission, please e-mail CMEGSubmissionInquiry@cmegroup.com or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our NYMEX Submission No. 20-060 in any related correspondence.

                     Sincerely,

                     /s/ Christopher Bowen
                     Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Crude and Refined OTC Incentive Program

Program Purpose

The purpose of the Program is to incentivize higher levels of volume contribution in NYMEX crude and refined futures and options products. Higher levels of volume and liquidity in the products benefit all participants in the marketplace.

Product Scope

Certain NYMEX Crude and Refined futures and options contracts (collectively, the "Products").

Eligible Participants

The Exchange may designate up to twenty (20) participants in the Program. Participants may be NYMEX members or non-members. In determining whether a prospective participant is selected to participate in the Program, the Exchange may take into account a variety of factors including: (1) the prospective participant's historical volume in the Products, (2) the prospective participant's experience trading NYMEX products and similar contracts, and (3) the prospective participant's ability to maintain volume thresholds in the Products. Notwithstanding the foregoing, the Exchange may add or subtract from the aforementioned factors as it deems necessary.

Program Term

Start date is November 1, 2017. End date is ~~January 31, 2020~~ January 31, 2021.

Hours

N/A

Obligations

Participants must meet certain volume thresholds, as determined by the Exchange, in order to receive the Program incentives.

Incentives

Upon meeting all requirements, as determined by the Exchange, participants may be eligible for predetermined incentives.

Monitoring and Termination of Status

The Exchange shall monitor participants' activity in the Products and retains the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the requirements of the Program.