

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-396

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): September 16, 2014 Filing Description: Modifications to Energy Options Market Maker Program

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: Not Applicable

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

Official Product Name:

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change”                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

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

Rule Numbers:

September 16, 2014

**VIA ELECTRONIC PORTAL**

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

**RE: Modifications to Energy Options Market Maker Program  
NYMEX Submission No. 14-396**

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 Energy Options Market Maker Program (“Program”). The modifications to the Program will become effective on October 1, 2014.

Exhibit 1 sets forth the terms of the Program. Modifications appear below with additions underlined and deletions ~~overstruck~~.

The Exchange 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; Prevention of Market Disruption, 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. The Exchange’s market regulation staff will monitor trading in the Program’s products 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 products included in this Program are listed for trading in the open and competitive market. Participants in the Program will be selected by NYMEX staff using criteria as further stated in Exhibit 1. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with NYMEX in which each participant will expressly agree to comply with and be subject to, applicable regulations and NYMEX rules. The Program is subject to the Exchange’s record retention policies which comply with the CEA.

NYMEX certifies that the Program and proposed modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or the proposed modifications.

The Exchange 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 contact Tim Elliott at 312-466-7478 or via e-mail at [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 14-396 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Energy Options Market Maker Program

### **Program Purpose**

The purpose of this Program is to promote electronic volume and open interest in non-standard energy options. More liquid contracts benefit all participants in the market.

### **Product Scope**

*Group 1 Products:* WTI Crude Oil 1 Month Calendar Spread Options, Light Sweet Crude Oil (WTI) Financial 1 Month Spread Options, Natural Gas (Henry Hub) Last-day Financial 1 Month Spread Options, Natural Gas (Henry Hub) Last-day Financial 2 Month Spread Options, Natural Gas (Henry Hub) Last-day Financial 3 Month Spread Options, Natural Gas (Henry Hub) Last-day Financial 5 Month Spread Options, Natural Gas (Henry Hub) Last-day Financial 6 Month Spread Options, Natural Gas (Henry Hub) Last-day Financial 12 Month Spread Options, and WTI-Brent Crude Oil Spread Options traded on Globex;

*Group 2 Products:* Light Sweet Crude Oil (WTI) Daily Physical Options, Natural Gas (Henry Hub) Daily Physical Options, Crude Oil Weekly Options, Natural Gas Weekly Options, Natural Gas Financial Weekly Options, and Brent Weekly Options traded on Globex ("Products").

### **Eligible Participants**

There is no limit to the number of participants in the Program. Participants may be NYMEX members or non-members. In order to be considered for the Program, NYMEX will take into account (i) historical volume and experience trading the Products and similar options contracts, and (ii) the participant's ability to quote two-sided markets for options products on an electronic platform. NYMEX may, in its sole discretion, add or subtract from the aforementioned factors as it deems necessary.

### **Program Term**

Start date is April 1, 2014. End date is June 30, 2015.

### **Hours**

Designated hours during RTH and ETH.

### **Obligations**

At the outset of program participation, participants must choose to quote in either Group 1 Products or Group 2 Products. Once a participant has chosen their product set, the participant must quote two-sided markets in the applicable products, at predetermined average bid/ask spreads and minimum quote sizes.

### **Incentives**

For each calendar month that a participant meets its obligations, as determined by the Exchange, the participant may be eligible for predetermined incentives.

### **Monitoring and Termination of Status**

The Exchange shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if it concludes from review that a Program participant has failed to meet its obligations or no longer meets the eligibility requirements of the Program.