

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 14-456 (1 of 2)

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): 10/30/14 Filing Description: Deletion of NYMEX Rules 990 and 992

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:** 990 and 992

**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:**

October 30, 2014

**VIA ELECTRONIC PORTAL**

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

**RE: CFTC Regulation 40.6(a) Certification. Deletion of NYMEX Rules 990 and 992.  
NYMEX Submission No. 14-456 (1 of 2)**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the deletion of Rules 990 (“Special Capital Provisions for Clearing Members Guaranteeing and Clearing OTC Contracts Executed by NYMEX Floor Members”) and 992 (“Participation by NYMEX Floor Members in Special Program for Over-the-Counter Trading with FCM Guarantee”), effective on Monday, November 17, 2014.

In February 2003, in response to a petition by NYMEX, the CFTC issued an order that deemed, subject to certain conditions, Exchange floor brokers and floor traders who were registered with the CFTC, when acting in a proprietary trading capacity, to be “eligible contract participants” when entering into specified OTC transactions.

The order covered OTC products listed for clearing-only and those listed for trading and clearing where NYMEX rules provided for the exchange of futures for swaps (“EFS”). The order permitted NYMEX floor brokers and floor traders to enter into such transactions provided they were guaranteed by a NYMEX clearing member firm that maintained minimum capital of at least \$20 million. One of the requirements of the order was that the OTC transactions would need to be cleared by NYMEX, which was accomplished via the execution of transitory EFS wherein there was an equal and offsetting OTC component that was extinguished upon NYMEX clearing the futures portion of the transaction.

Since August 4, 2014, transitory Exchange for Related Positions (“EFRPs”) have been prohibited pursuant to Rule 538 (“Exchange for Related Positions”). Because transitory EFRPs are no longer permitted, there is no mechanism for NYMEX floor brokers and floor traders to comply with the requirement that the OTC transaction be cleared by NYMEX, and, as such, Rule 992 has been rendered obsolete.

Additionally, Rule 990 is also obsolete as it is inextricably linked to Rule 992. Rule 990 was adopted solely to comply with the aforementioned condition of the CFTC order.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market (“DCM”) core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, we have identified that the deletion of Rules 990 and 992 may have some bearing on the following Core Principle:

Availability of General Information: As required by this Core Principle, the Exchanges will issue a Special Executive Report to the marketplace concerning the deletion of the obsolete rules. The Special Executive Report will also be available on the CME Group website.

NYMEX certifies that the deletion of Rules 990 and 992 complies with the Act and regulations thereunder. The revisions to the NYMEX Rulebook appear in Exhibit A, with additions underscored and deletions overstruck.

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 have any questions, please contact me at 212-299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director & Chief Regulatory Counsel

Attachment: Exhibit A – Revisions to NYMEX Rulebook

# Exhibit A

## Revisions to NYMEX Rulebook

(additions are underlined; deletions are ~~overstruck~~)

### Chapter 9 Clearing Members

#### ~~986.- 992. [RESERVED]~~

#### ~~990. SPECIAL CAPITAL PROVISIONS FOR CLEARING MEMBERS GUARANTEEING AND CLEARING OTC CONTRACTS EXECUTED BY NYMEX FLOOR MEMBERS~~

~~(A) Clearing Members that guarantee and clear OTC contracts, agreements or transactions pursuant to the program referenced in NYMEX Rule 992 must have and maintain at all times minimum capital of at least \$20 million.~~

~~(B) If, during the 18-month period, a Clearing Member does not maintain capital of at least \$20 million, it must further reduce its capital in compliance with this program by 100 percent of the NYMEX margin requirements for the OTC contracts, agreements or transactions of floor brokers and floor traders that it is guaranteeing pursuant to this program. A Clearing Member must compute its capital in accordance with Exchange rules and generally accepted accounting principles consistently applied.~~

~~(C) A Clearing Member that is subject to the provisions of paragraph (B), above shall be required to compute, on a daily basis, the total margin requirement for OTC contracts, agreements or transactions of floor brokers and floor traders that it is guaranteeing pursuant to this program. Such computations must be documented and maintained by the Clearing Member in accordance with CFTC Regulation 1.31 and be made available for inspection by Exchange representatives. Computations prepared as of financial statement filing dates must be included as part of such filing with the Exchange.~~

~~(D) A decline in a Clearing Member's capital resulting from the application of this Rule shall be subject to the reporting requirements set forth in Rule 970.~~

~~Clearing Rules Specifically Governing Clearing Member Obligations Regarding Clearing of Options and Forwards Executed in Exchange-Designated Pari-mutuel Auctions~~

~~Note: The following subsection is intended to group together several rules that apply specifically to obligations associated with the clearing of this category of product. Clearing Members are advised that, in addition to other Chapter 9 rules that govern their duties more generally, they may wish to also consult the following Chapter 9 rules: Rules 971 and 973.~~

~~(E) Clearing Members that guarantee and clear OTC contracts, agreements or transactions pursuant to the program referenced in NYMEX Rule 6.21G must have and maintain at all times minimum capital of at least \$20 million.~~

#### ~~991. [RESERVED]~~

#### ~~992. PARTICIPATION BY NYMEX FLOOR MEMBERS IN SPECIAL PROGRAM FOR OVER-THE-COUNTER TRADING WITH FCM GUARANTEE~~

~~(A) The over-the-counter (OTC) contracts, agreements or transactions must be executed pursuant to Section 2(h)(1) of the Commodity Exchange Act (Act), which in effect provides among other things that such transactions shall be subject to CFTC anti-fraud and anti-manipulation authority and also may not be entered into on a trading facility. This program generally allows a NYMEX Floor Member to enter into trading in certain OTC contracts on the basis of a FCM guarantee without needing to satisfy the total assets requirements otherwise necessary under the Act for such trading. In order to maintain eligibility for this program, a NYMEX Floor Member must continue to satisfy all of the conditions contained in this rule.~~

~~(B) This program is available only to NYMEX Floor Members in good standing who are properly registered with the CFTC as a floor trader and/or as a floor broker. With respect to floor brokers, this program is available only for trading executed by the floor broker for his proprietary account. In addition, each NYMEX Floor Member must notify the Exchange Market Regulation Department prior to any participation in this program.~~

~~(C) Clearing. The NYMEX Floor Member must have obtained and at all times maintain a financial guarantee in writing as provided by the Exchange for the contracts, agreements or transactions from a NYMEX Clearing Member that:~~

~~(1) is registered with the Commission as an FCM; and,~~

~~(2) clears the OTC contracts, agreements or transactions thus guaranteed for such NYMEX Floor Member.~~

~~(D) Permissible OTC contracts, agreements or transactions shall be limited to trading in a commodity that either:~~

~~(1) is listed only for clearing at NYMEX or~~

~~(2) is listed for trading and clearing at NYMEX and NYMEX's rules provide for exchanges of futures for swaps in that contract, and~~

~~(3) each OTC contract, agreement or transaction executed pursuant to this NYMEX program must be cleared at NYMEX.~~

~~(E) The NYMEX Floor Member may not enter into OTC contracts, agreements or transactions with another floor broker or floor trader as the counterparty for any contract that is listed for trading on the Exchange. However, a NYMEX Floor Member may enter into OTC contracts, agreements or transactions for such products with the Exchange in connection with options or forwards entered into through a pari-mutuel auction or, in connection with other OTC contracts, agreements or transactions, with an individual or entity that qualifies as an "eligible contract participant" pursuant to the Act.~~

~~(F) All contracts transacted in connection with this rule must be submitted and accepted for clearing on the Exchange. This rule neither authorizes nor allows a NYMEX Floor Member to maintain an uncleared OTC position and such activity would constitute a violation of this rule.~~