## SUBMISSION COVER SHEET

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

**Registered Entity Identifier Code (optional): <u>16-530</u>**

**Organization: <u>New York Mercantile Exchange, Inc. ("NYMEX")</u>**

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

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy): <u>December 1, 2016</u>   Filing Description: <u>Modifications to the NYMEX Brent Options ("BZO") Liquidity Provider Program</u>**

**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: <u>N/A</u>**

| **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:**

**Christopher Bowen**
Managing Director and Chief Regulatory Counsel
Legal Department

December 1, 2016

**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 the NYMEX Brent Options ("BZO") Liquidity Provider Program**
> **NYMEX Submission No. 16-530**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it plans to modify the NYMEX Brent Options ("BZO") Liquidity Provider Program ("Program"). The modifications to the Program will become effective on January 1, 2017.

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

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 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. 16-530 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment:    Exhibit 1

# EXHIBIT 1

## NYMEX Brent Options ("BZO") Liquidity Provider Program

**Program Purpose**

The purpose of this Program is to promote on-screen liquidity and volume in the Brent Crude Oil Futures-Style Margin Option contract on the central limit order book. A more liquid contract benefits all participants in the market.

**Product Scope**

Brent Crude Oil Futures-Style Margin Options ("BZO") that are traded on the CME Globex Platform ("Product").

**Eligible Participants**

~~NYMEX may designate up to ten (10) participants per product in the Program.~~ There is no limit to the number of participants that may participate in the Program. Participants may be NYMEX members or non-members. ~~Potential participants are required to submit an application/bid sheet to the Exchange as part of a competitive application process which is used to determine eligibility. In determining whether or not a prospective participant is selected to participate in the Program, Exchange staff may take into account a variety of factors including the strength of the quoting obligations the prospective participant is willing to commit to provide, whether Exchange staff believes that the prospective participant can maintain such obligations, and historical volume trading the Products and similar contracts. The Exchange may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.~~

**Program Term**

Start date is April 1, 2016. End date is ~~December 31, 2016~~ June 30, 2017.

**Hours**

RTH; ETH

**Obligations**

In order to be eligible to receive the Program incentives, participants must quote two-sided markets in the applicable Product, at predetermined average bid/ask spreads and minimum quote sizes.

**Incentives**

Upon meeting all obligations, as determined by the Exchange, participants may be eligible to receive 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.