

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-534

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): December 14, 2016 Filing Description: Modifications to the NYMEX OTC Broker Revenue Share Incentive 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:

December 14, 2016

**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: Modifications to the NYMEX OTC Broker Revenue Share Incentive Program  
NYMEX Submission No. 16-534**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) of proposed modifications to the NYMEX OTC Broker Revenue Share Incentive Program (“Program”). The proposed 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 underscored 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: Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program and proposed modifications do not incentivize manipulative trading or market abuse or 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, NYMEX 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. The incentives under the Program do not adversely impact price discovery in the centralized market. Specifically, incentives under the Program are only available to brokers that submit previously matched third-party trades in the relevant products. The parties to a trade have discretion to select the venue. Brokers earn incentives after venue selection is made. Principals who submit trades or execute orders for their own account or a proprietary account are not eligible for incentives under the Program. Thus, the Program does not influence the choice made by the principals regarding the execution venue. Participants in the Program will be selected by NYMEX staff using criteria set forth in Exhibit 1. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules and NYMEX records retention policies that 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.

NYMEX certifies that this submission has been concurrently posted on the NYMEX 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](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact Rachel Johnson at 312-466-4393 or via e-mail at [Rachel.Johnson@cmegroup.com](mailto:Rachel.Johnson@cmegroup.com). Please reference our NYMEX Submission No. 16-534 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## NYMEX OTC Broker Revenue Share Incentive Program

### Program Purpose

The purpose of this Program is to encourage brokers to increase their volume in the products listed below, enhancing market liquidity for those products. A more liquid contract benefits all participants in the market.

### Product Scope

All NYMEX OTC products that are submitted for clearing and cleared by the Clearing House **except:** Light Sweet Crude Oil Futures, Natural Gas Futures, Heating Oil Futures, RBOB Gasoline Futures, Brent Last Day Financial Futures, Crude Oil Options, Henry Hub Natural Gas Options, Heating Oil Options, RBOB Gasoline Options, Palladium Futures, Palladium Options, Platinum Futures, and Platinum Options ("Products").

### Eligible Participants

NYMEX may designate up to four (4) participants in the Program. The Program is open to Voice Brokers, Floor Brokers, Introducing Brokers, Associated Persons and Futures Commission Merchants who submit matched trades via the CME ClearPort clearing systems for 3rd parties, and all CFTC/NFA registrants who submit orders to, and which are executed on, the CME ClearPort trading platform. Principals who submit trades or executed orders for their own, or a proprietary account, are excluded from participation in the Program.

### Program Term

Start date is January 31, 2012. End date is ~~December 31, 2016~~ December 31, 2017.

### Hours

N/A

### Program Incentives

Upon meeting all Program obligations, as determined by NYMEX, participants will be eligible for the following incentives:

*Rebates:* With the exception of Henry Hub Natural Gas Look-Alike Options, and Brent Options, ~~and Natural Gas Basis Futures and Options~~, for each previously matched trade in any of the Products that a participant submits to the Clearing House for clearing that successfully clears, the participant will receive a rebate of twenty percent (20%) of the net clearing fees collected by the Clearing House for such trade.

*Henry Hub Natural Gas Look-Alike Options (LN):* ~~For Henry Hub Natural Gas Look-Alike Options that a participant, including its subsidiaries, clears through the Clearing House over a calendar quarter ("Measurement Period"), the participant may receive progressive rebates based on the~~

~~net clearing fees collected from the participant by the Clearing House in accordance with the following:~~

<del>Number of Contracts in LN Submitted for Clearing during Measurement Period</del>	<del>Percentage Applied to all Eligible Products</del>
<del>0-4,000,000</del>	<del>20%</del>
<del>Between 4,000,001-4,500,000</del>	<del>25%</del>
<del>Between 4,500,001-5,000,000</del>	<del>30%</del>
<del>Exceeds 5,000,000</del>	<del>35%</del>

~~*Brent Options:* For each previously matched trade in any NYMEX Brent Option contract that a participant submits to the Clearing House for clearing that successfully clears, the participant will receive a rebate of ~~\$0.32~~ \$0.10 cents per contract side.~~

~~*Natural Gas Basis Futures and Options:* For each previously matched trade in any NYMEX Natural Gas Basis Futures or Options contract that a participant submits to the Clearing House for clearing that successfully clears, the participant will receive a rebate of ~~\$0.10~~ cents per contract side.~~

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

NYMEX 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 no longer meets the eligibility requirements.