

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-568

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 16, 2014 **Filing Description:** Modifications to the NYMEX Natural Gas Basis 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:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 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 the NYMEX Natural Gas Basis Market Maker Program
NYMEX Submission No. 14-568**

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 its market maker program in support of certain Natural Gas Basis energy products ("Program"). The modifications to the Program will become effective on January 1, 2015.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underlined 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 modifications to the Program will 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 Program does not impact the Exchange's order execution. 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 modifications to the Program comply with the CEA and the regulations thereunder. There were no substantive opposing views to these 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 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. 14-568 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

NYMEX Natural Gas Basis Market Maker Program

Program Purpose

The purpose of this Program is to incentivize market makers to provide liquidity in Natural Gas Basis products listed below. The resulting additional central limit order book liquidity benefits all participants in the market.

Product Scope

HSC Financial Basis, CG Mainline Financial Basis, Transco Station 85 (Zone 4) Financial Basis, Panhandle Financial Basis, ~~Chicago Financial Basis~~, MichCon Financial Basis, NGPL TXOK Financial Basis, Dominion Financial Basis, ~~Algonquin Citygates Financial Basis~~, TETCO M3 Financial Basis, ~~Transco Zone 6 (NY) Financial Basis~~, NWP Rockies Financial Basis, ~~PG&E Citygate Financial Basis~~, ~~Malin Financial Basis~~, and ~~Socal Border Financial Basis~~ products Henry Hub Financial Basis, and Henry Hub Financial Swing products ("Products").

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants may be NYMEX members or non-members.

Program Term

Start date is January 13, 2014. End date is ~~December 31, 2014~~ June 30, 2015.

Hours

8:30 to 13:30 CST

Obligations

To be eligible for the incentive, participants must opt-in to quoting obligations, as specified by the Exchange, ~~for a minimum of two (2) tenors~~. Participants must agree to quote in at least four (4) different products. Participants will be ranked against all other participants in the Program on a monthly basis, based on predetermined metrics.

Program Incentives

Upon satisfying all Program obligations as determined by the Exchange, each Program participant shall be eligible for the following incentive:

Based on each participant's ranking for each calendar month that a participant meets its quoting obligations, that applicable participant may be eligible for a predetermined participation stipend.

Monitoring and Termination of Status

The Exchange shall monitor trading activity and participants' performance and retains 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.