

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-237

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): 05/19/20 Filing Description: Delivery Margin and Payment Procedures

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:

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

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: See filing.

Rule Numbers: See filing.

May 19, 2020

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Notification. Delivery Margin and Payment Procedures.
NYMEX Submission No. 20-237**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6 (a), New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying an advisory on delivery margin and payment procedures for certain physically-delivered natural gas futures contracts (the “Contracts”) as per table below. The certification would become effective on Wednesday, June 3, 2020 for trade date Thursday, June 4, 2020.

Contract Title	CME Globex/ CME ClearPort Code	NYMEX Rulebook Chapter
UK NBP Natural Gas Daily Futures	NBD	1158
UK NBP Natural Gas Calendar Month Futures	UKG	1157
Dutch TTF Natural Gas Daily Futures	TTD	1160
Dutch TTF Natural Gas Calendar Month Futures	TTF	1159

The Advisory is provided in Appendix A. The Advisory notes that in the event of a negative final settlement price in the Contracts – (i) the Exchange will interpret “full value of the product to be delivered” for purposes of the margin that a Clearing Member has to collect from the buyer to mean an amount fixed by the Exchange; and (ii) the payment obligations of long and short position holders as set forth in applicable NYMEX product margin and payment rule would be reversed.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principles may be impacted as follows:

- **Availability of General Information:** The Exchange will make publicly available the details of the procedures described herein by publishing an Exchange advisory to the market which will also be available on CME Group’s website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the procedures set forth herein comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal by market participants.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 301 4645 christopher.bowen@cmegroup.com cmegroup.com

<http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – Exchange Advisory

Appendix A

Special Executive Report

DATE: May 19, 2020

SER#: 8603

SUBJECT: Delivery Margin and Payment Procedures

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) previously announced that it is putting measure in places to support negative prices on certain natural gas contracts including the physically-delivered futures contracts (the “Contracts”) listed in the table below (see [SER 8596](#) dated May 7, 2020).

Contract Title	CME Globex/ CME ClearPort Code	NYMEX Rulebook Chapter
UK NBP Natural Gas Daily Futures	NBD	1158
UK NBP Natural Gas Calendar Month Futures	UKG	1157
Dutch TTF Natural Gas Daily Futures	TTD	1160
Dutch TTF Natural Gas Calendar Month Futures	TTF	1159

In order to facilitate deliveries, and subject to CFTC regulatory review, NYMEX is issuing this advisory to clarify position holder and clearing member delivery margin and final payment obligations in the event of a negative final settlement price in the Contracts.

Specifically, with regard to NYMEX Contract Rules 1157106/1158106/1159106/1160106 (“Delivery Margin and Payment”):

1. The Exchange will interpret “full value of the product to be delivered” for purposes of the margin that a Clearing Member must collect from the buyer under Rules 11##106.B to mean an amount fixed by the Exchange;
2. The procedural payment obligations of buyers and sellers under Rules 11##106.C will be transposed where the Contract expires at a negative final settlement price.

Please refer questions on this subject to:

Business Line Management

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