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January 6, 2011

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Issuance of NYMEX & COMEX Market Regulation Advisory Notice  
RA1102-4  
NYMEX & COMEX Submission No. 11-010**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission that they will issue NYMEX & COMEX Market Regulation Advisory Notice 1102-4 on January 7, 2011. The notice informs the marketplace that COMEX will delay the implementation of Trading at Settlement ("TAS") in the second active month and associated calendar spread between the first and second active months of Gold, Silver and Copper futures originally scheduled to take effect on January 23, 2011, and announced in NYMEX & COMEX Market Regulation Advisory Notice RA1101-4 from January 5, 2011.

COMEX will, however, move forward with the previously announced addition of TAS eligibility to the first active contract month in Copper futures on CME Globex effective on January 23, 2011, for trade date January 24, 2011.

A copy of the Advisory Notice begins on the next page.

NYMEX & COMEX certify that the Advisory Notice complies with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

If you have any questions regarding the Advisory Notice, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or me at 312.466.7478. Please reference NYMEX & COMEX Submission No. 11-010 in any related correspondence.

Sincerely,

/s/ Tim Elliott  
Director & Associate General Counsel

## MARKET REGULATION ADVISORY NOTICE

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Exchange	<b>NYMEX &amp; COMEX</b>
Subject	<b>Trading at Settlement ("TAS") and Matched Order ("MO") Transactions</b>
Rule References	<b>Rule 524</b>
Advisory Date	<b>January 7, 2011</b>
Advisory Number	<b>NYMEX &amp; COMEX RA1102-4</b>
Effective Date	<b>January 23, 2011</b>

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA1101-4 from January 5, 2011, and is being issued based on a delay in the addition of the second active months in Gold, Silver and Copper futures (and the associated calendar spread between the first and second active months) to the list of products eligible for Trading at Settlement ("TAS") pursuant to Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions"). When a new launch date is determined, the information will be provided via an updated Advisory Notice.

**Notwithstanding the above-referenced delay, and as previously announced in the Advisory Notice from January 5, COMEX will enable TAS trading in the first active contract month in Copper futures on CME Globex beginning on Sunday, January 23, for trade date Monday, January 24.**

The updated list of TAS-eligible products and contract months begins on page 4 and the text of Rule 524 appears on page 7 of this Advisory Notice.

### General Information on TAS and MO Transactions

TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price. MO transactions in pit-traded Copper futures will be priced at that day's settlement price for the contract.

All market participants are reminded that trading activity intended to unfairly affect or to attempt to unfairly affect a settlement price to benefit TAS positions, including TAS block positions, or MO positions may subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct substantially detrimental to the interests or welfare of the exchange

Any Market Regulation Department investigation of suspected manipulative pricing involving TAS or MO trades will include review of such positions acquired by market participants and **whether the offset of those positions during the close was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during the close.**

### Entry of TAS Orders on CME Globex

On November 1, 2010, Rule 524 was amended to permit the initiation of TAS orders into CME Globex only subsequent to the beginning of each group's pre-open state and during the time period the applicable contracts are available for TAS trading on CME Globex. The initiation of any TAS order on CME Globex outside of these time periods is strictly prohibited. The purpose of the amendment was to ensure appropriate and efficient messaging practices with respect to the initiation of TAS orders.

**Market participants are reminded that they are prohibited from initiating the entry of any TAS order into CME Globex prior to receipt of the security status message sent via the FIX/FAST incremental feed identifying that the group has transitioned to the pre-open state.**

Any market participant who initiates the entry of a TAS order prior to receipt of the market status message will be subject to disciplinary action by a panel of the Business Conduct Committee, notwithstanding that the order may have been rejected by the CME Globex system. Sanctions for noncompliance may include a fine, disgorgement of any profits realized as a result of any orders accepted by CME Globex which were initiated prior to receipt of the security status message and/or a suspension of access to the market. Market participants are strongly encouraged to ensure that they have appropriate protocols in place to ensure that TAS orders are not initiated prior to receipt of the security status message.

### TAS Calendar Spreads

Intra-commodity calendar spreads in the nearby month/second month spread, the second month/third month spread and the nearby month/third month spread in Light Sweet Crude Oil, New York Harbor No. 2 Heating Oil, Henry Hub Natural Gas and RBOB Gasoline futures may be executed on CME Globex or on the trading floor and priced at TAS.

The pricing of the legs of a TAS calendar spread will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement price determined by the Exchange for that contract month.
- The far leg of the spread will be priced at the settlement price determined by the Exchange for that contract **minus** the allowable TAS price increment traded (negative 10 through positive 10), except in circumstances where the traded TAS price is the actual settlement price of the contract.

#### **Example 1:**

A May 2011/June 2011 (K/M) Light Sweet Crude Oil calendar spread trades at TAS -1. Assume the May contract settles at 92.99 and the June contract settles at 93.30.

The May leg will be priced at the May settlement price of 92.99. The June leg will be priced at 93.31, which is the June settlement price of 93.30 minus the TAS price increment of -1 (93.30 minus -0.01 = 93.31).

#### **Example 2:**

A June 2011/July 2011 (M/N) New York Harbor No. 2 Heating Oil calendar spread trades at TAS +/- 0. Assume the June contract settles at 2.5301 and the July contract settles at 2.5415.

The June leg will be priced at the June settlement price of 2.5301. The July leg will be priced at 2.5415, which is the July settlement price.

**Example 3:**

A May 2011/July 2011 (K/N) Henry Hub Natural Gas calendar spread trades at TAS +3. Assume the May contract settles at 4.322 and the July contract settles at 4.431.

The May leg will be priced at the May settlement price of 4.322. The July leg will be priced at 4.428, which is the July settlement price of 4.431 minus the TAS price increment of +3 (4.431 minus +.003 = 4.428).

**TAS on Gold, Silver and Copper Futures**

TAS transactions are currently allowed in the active contract month in Gold and Silver futures. Effective on January 23, TAS transactions will be allowed in the first active contract month in Copper futures trading on CME Globex. **TAS transactions are not allowed in any pit-traded Copper futures contract month.**

In Gold futures, TAS trades are permitted in the following active contract months: February, April, June, August, and December. Accordingly:

- When the February contract becomes spot, the April contract becomes the TAS-eligible month;
- When the April contract becomes spot, the June contract becomes the TAS-eligible month;
- When the June contract becomes spot, the August contract becomes the TAS-eligible month;
- When the August contract becomes spot, the December contract becomes the TAS-eligible month; and
- When the December contract becomes spot, the February contract becomes the TAS-eligible month.

In Silver futures, TAS trades are permitted in the following active contract months, and, effective January 23, 2011, TAS trades in Copper futures will be permitted in the following active contract months: March, May, July, September and December. Accordingly:

- When the March contract becomes spot, the May contract becomes the TAS-eligible month;
- When the May contract becomes spot, the July contract becomes the TAS-eligible month;
- When the July contract becomes spot, the September contract becomes the TAS-eligible month;
- When the September contract becomes spot, the December contract becomes the TAS-eligible month; and
- When the December contract becomes spot, the March contract becomes the TAS-eligible month.

**MO Transactions in Pit-Traded Copper Futures**

MO transactions in Copper futures are open outcry trades competitively executed in the Copper futures pit where the trade is priced at that day's settlement price for the contract. MO transactions in Copper futures are eligible to be executed in the spot month and the next six consecutive contract months. Additionally, with the exception of the post close session, members may execute an MO order at any time the Copper futures pit is open for trading, provided that the order is placed as an MO order. Regular trading hours for open outcry trading in the Copper futures pit are from 8:10 a.m. until 1:00 p.m. Eastern Time ("ET").

Instructions to execute the order as an MO must be denoted on the order and members must identify an order executed as an MO on their trading record.

An order entered as an MO will be executed by the floor broker as a Market on Close order if the order is not previously executed as an MO or specifically designated to be executed only as an MO. An instruction to execute an order only as an MO must be communicated at the time the order is placed.

### **TAS-Eligible Products and Contract Months**

#### **Pit-Traded Contracts**

##### **Light Sweet Crude Oil**

spot (except on the last trading day), 2<sup>nd</sup>, 3<sup>rd</sup> and 7<sup>th</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

##### **Brent Crude Oil Last Day Financial**

spot (except on the last trading day)

##### **New York Harbor No. 2 Heating Oil**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

##### **Henry Hub Natural Gas**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

##### **Henry Hub Natural Gas Swap**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

##### **RBOB Gasoline**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

##### **European Gasoil (ICE)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

##### **NYMEX Crude Oil Backwardation/Contango (B/C) Index**

spot (except on the last trading day)

##### **NYMEX Crude Oil MACI Index**

spot (except on the last trading day)

##### **COMEX Gold**

February, April, June, August and December contract months (first active month only)

##### **COMEX Silver**

March, May, July, September and December contract months (first active month only)

CME Globex Contracts

The No-Activity Periods set forth below are provided solely for informational purposes. **Market participants are reminded that for compliance and enforcement purposes, the start of the pre-open period is defined by receipt of the security status message indicating that the group has transitioned to the pre-open state and the end of the trading session is defined by receipt of the security status message indicating that group is closed.**

Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
CLT	<b>Light Sweet Crude Oil</b> spot (except on the last trading day), 2 <sup>nd</sup> , 3 <sup>rd</sup> and 7 <sup>th</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	CL
BZT	<b>Brent Crude Oil Last Day Financial</b> spot (except on the last trading day) <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	BZ
BBT	<b>Brent Crude Oil Penultimate Financial</b> Spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	BB
HOT	<b>New York Harbor No. 2. Heating Oil</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	HO
NGT	<b>Henry Hub Natural Gas</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	NG
NNT	<b>Henry Hub Natural Gas Swap</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	NN
RBT	<b>RBOB Gasoline</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	RB

Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
7FT	<b>European Gasoil (ICE)</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 12:00 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>12:00 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	7F
KTT	<b>NYMEX Coffee</b> spot (except on the last trading day) <b>No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	KT
CJT	<b>NYMEX Cocoa</b> spot (except on the last trading day) <b>No-Activity Periods: 11:50 a.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>11:50 a.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	CJ
TTT	<b>NYMEX Cotton</b> spot (except on the last trading day) <b>No-Activity Periods: 2:15 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:15 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	TT
YOT	<b>NYMEX No. 11 Sugar</b> spot (except on the last trading day) <b>No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	YO
XCT	<b>NYMEX Crude Oil MACI Index</b> spot (except on the last trading day) <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	XC
RET	<b>REBCO</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	RE
GCT	<b>COMEX Gold</b> February, April, June, August and December contract months (first active month only) <b>No-Activity Periods: 1:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>1:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	GC
SIT	<b>COMEX Silver</b> March, May, July, September and December contract months (first active month only) <b>No-Activity Periods: 1:25 p.m. – 5:45 p.m. (ET) Monday - Thursday</b> <b>1:25 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	SI
HGT	<b>COMEX Copper</b> March, May, July, September and December contract months (first active month only) <b>No-Activity Periods: 1:00 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>1:00 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	HG

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Nancy Minett, Director, Investigations, 212.299.2940

Russell Cloughen, Associate Director, Investigations, 212.299.2880

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).

#### **Text of Rule 524**

#### **Trading at Settlement ("TAS") and Matched Order ("MO") Transactions**

The Exchange shall determine the commodities, contract months and time periods during which TAS and MO transactions shall be permitted.

#### **524.A. Trading at Settlement ("TAS") Transactions**

The following shall govern TAS transactions:

1. TAS transactions executed in the pit must be made open and competitively pursuant to the requirements of Rule 521 during the hours designated for pit trading in the particular contract and must be identified as such on the member's trading records.
2. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
3. TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526 except that TAS block trades may not be executed on the last day of trading in an expiring contract.
4. TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

#### **524.B. Matched Order ("MO") Transactions**

MO transactions are open outcry trades competitively executed pursuant to Rule 521 where the price of the trade is that day's settlement price for the contract.

The following shall govern MO transactions:

1. Members may execute an MO at any time during pit trading hours except during the post close session. Members may execute an order as an MO provided the order is placed as an MO and such instructions are denoted on the order. An order entered as an MO will be executed during the closing period as a Market on Close order if not previously executed as an MO or specifically designated to be executed only as an MO. An order specifically designated for execution only as an MO must be designated as such at the time the order is placed.
2. Members must identify an order executed as an MO on their trading record.