



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

January 10, 2014

**VIA E-MAIL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: Modifications to 2014 NYMEX Natural Gas Options Incentive Program  
NYMEX Submission No. 14-004**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it plans to modify the 2014 NYMEX Natural Gas Options Incentive Program ("Program"). The proposed modifications to the Program will become effective on February 1, 2014.

Exhibit 1 sets forth the terms of this Program. Modifications appear below with additions underscored and deletions ~~overstruck~~.

The Exchange reviewed the designated contract market 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 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, 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 available under the Program will apply to transactions by participants via any of NYMEX's execution and/or clearing venues, including the pit and our central limit order book. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. All market participants that register with NYMEX may participate in the Program. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must submit an application to NYMEX in which each participant will expressly agree to comply with and be subject to, applicable regulations and NYMEX rules. The Program will be subject to the Exchange's record retention policies which comply with the CEA.

The Exchange 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 proposed 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 contact Tim Elliott at 312-466-7478 or via e-mail at [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 14-004 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## 2014 NYMEX Natural Gas Options Incentive Program

### Program Purpose

The purpose of the Program is to incentivize higher levels of volume contribution in NYMEX energy options products, specifically in natural gas options products across NYMEX's trading and clearing venues. Higher levels of volume and liquidity in the products listed below benefits all participants in the marketplace.

### Product Scope

All NYMEX Natural Gas options products that are traded on the Globex Platform, the NYMEX trading floor, or cleared through the clearing house ("Products").

### Eligible Participants

There is no limit to the amount of participants that may register for the Program. Participants may be a NYMEX member or non-member. All market participants that register with NYMEX may participate in the Program. Participants in the Program may not concurrently be participating in the NYMEX Natural Gas Options and Crude and Refined Options Volume Incentive Program.

### Program Term

Start date is Feb 2, 2013. End date is ~~January 31, 2014~~ January 31, 2015.

### Hours

N/A

### Incentives

If a participant meets certain average monthly volume levels in the Products as determined by the Exchange, the respective participant may qualify to receive predetermined reduced transaction fee rates and in the Products.

### Monitoring and Termination of Status

The Exchange shall monitor participants' activity in the Products and retains the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the eligibility requirements of the Program.