



Sean M. Downey
Associate Director and Assistant General Counsel
Legal Department

February 22, 2012

VIA E-MAIL

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

Re: Rule 40.2(a) Certification. Notification Regarding the Listing of Four (4) PJM Peak 50 MW Option Contracts for Trading on NYMEX Trading Floor and for Submission for Clearing through CME ClearPort[®] NYMEX Submission 12-022

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of four (4) new electricity option contracts, for open outcry trading on the NYMEX trading floor and for submission for clearing through CME ClearPort[®] beginning at 6:00 p.m. on Sunday, February 26, 2012 for trade date Monday, February 27, 2012.

The option specifications are as follows:

Contract Name	PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Swap Option	PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Swap Option	PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip	PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip
Commodity Code	PJD	PJN	PJP	PJH
Chapter	1181	1182	1183	1184
Option Type	American	American	European	European
Settlement Type	Physical	Physical	Physical	Physical
Underlying Futures	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures
Contract Unit	20 underlying futures contracts	20 underlying futures contracts	240 underlying futures contracts	240 underlying futures contracts
Expiration Date	The option contract shall expire at the close of trading on the second to last business day of the calendar month immediately prior to the contract month.	The option contract shall expire at the close of trading on the second to last business day of the calendar month immediately prior to the contract month.	The option contract shall expire at the close of trading on the second to last Friday of the month prior to the delivery month of the first underlying month of the PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures in the strip.	The option contract shall expire at the close of trading on the second to last Friday of the month prior to the delivery month of the first underlying month of the PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures in the strip.
Minimum Price Fluctuation	\$0.01 per MWh	\$0.01 per MWh	\$0.01 per MWh	\$0.01 per MWh
Strike Price Interval	\$0.50	\$0.50	\$0.50	\$0.50
Trading Month	72 consecutive months	72 consecutive months	Nearest 5 calendar years	Nearest 5 calendar years

- **Trading Hours:**
Open Outcry: Monday – Friday 9:00 a.m. – 11:30 a.m. (8:00 p.m. – 10:30 a.m. Chicago Time/CT).
CME ClearPort: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).
- **Trading and Clearing Fees:**

Product Profile					
Product Name	PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Swap Option (PJD) PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Swap Option (PJN)				
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	NA	\$80.00	\$80.00	\$80.00	
Globex	NA	NA	NA	NA	NA
ClearPort		\$80.00		\$80.00	
Processing Fees					
	Member	Non-Member			
Cash Settlement	NA	NA			
Futures from E/A	\$0.70	\$1.45			
	House Acct	Cust Acct			
Options E/A Notice	\$0.40	\$0.85			
Delivery Notice	NA	NA			
Additional Fees and Surcharges					
EFS Surcharge	NA				
Block Surcharge	NA				
Facilitation Desk Fee	\$1.00				

Product Profile					
Product Name	PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip (PJP) PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip (PJH)				
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	NA	\$480.00	\$480.00	\$480.00	
Globex	NA	NA	NA	NA	NA
ClearPort		\$480.00		\$480.00	
Processing Fees					
	Member	Non-Member			
Cash Settlement	NA	NA			
Futures from E/A	\$0.70	\$1.45			
	House Acct	Cust Acct			
Options E/A Notice	\$0.40	\$0.85			
Delivery Notice	NA	NA			
Additional Fees and Surcharges					
EFS Surcharge	NA				
Block Surcharge	NA				
Facilitation Desk Fee	\$1.00				

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the proposed contracts into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the new contracts. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the new contracts.

NYMEX business staff responsible for the new products and the NYMEX legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, NYMEX staff identified that the new products may have some bearing on the following Core Principles:

- Monitoring of Trading: The new products will be subject to the same Exchange procedures currently in place for trade practice and market surveillance for all products traded on one of the Exchange's competitive trading venues. This surveillance is performed by CME Group's Market Regulation Department which is dedicated to performing market surveillance, investigating potential market misconduct and enforcing the Exchange's rules;
- Contracts not Readily Subject to Manipulation: The new products are not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the final settlement index as assessed by PJM;
- Compliance with Rules: Trading in the contracts will be subject to Chapter 4 of the Exchange rules which includes prohibitions against fraudulent, non-competitive, unfair and abusive practices and will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department may use its investigatory and enforcement power where potential rule violations are identified during its regular surveillance reviews;
- Position Limitations or Accountability: The spot month position limits for the new products are set at levels that are approximately 2% and 15% of the monthly deliverable supply for AEP-Dayton Hub and Northern Illinois Hub market, respectively;
- Availability of General Information: The Exchange will publish information on the contracts' specification on its website, together with daily trading volume, open interest and price information;
- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors;
- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the CME Clearing House;
- Execution of Transactions: The new products are dually listed for clearing through the CME ClearPort platform and on the NYMEX trading floor for open outcry trading. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. In addition, the NYMEX trading floor is available as an additional venue to provide for competitive and open execution of transactions;
- Trade Information: Trade information included in audit trail and sufficient for Exchange to monitor for market abuse;
- Protection of Market Participants: Chapter 4 contains multiple prohibitions precluding intermediaries from disadvantaging their customers and which apply to trading on all of the Exchange's competitive trading venues.

Mr. David Stawick
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Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Regulation 40.2, the Exchange hereby certifies that the attached contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. A description of the cash market for these new products is attached.

Please note that, in the past, we have used power marketer filings as the basis of this cash market analysis. With regard to the PJM AEP-Dayton Hub and PJM Northern Illinois Hub, in order to derive the load information for the cash market activities for the hubs, the Exchange used the hourly load data for the related zones or control areas to calculate the transaction volume, instead of relying on the power marketer filings for these hubs.

The hourly load data more accurately reflects the size of the underlying physical market for each of the PJM AEP-Dayton Hub and PJM Northern Illinois Hub. However, load data may not be available in all electricity markets which would result in using power marketer filings as the basis of the cash market analysis for those electricity markets.

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>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167 or Sean.Downey@cmegroup.com.

Sincerely,

/s/Sean M. Downey
Assoc Dir & Asst General Counsel

Attachments: Appendix A: Contract terms and conditions
Appendix B: Chapter 5 Table
Appendix C: Cash market overview and analysis of deliverable supply

Chapter 1181
PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Swap Option

1181100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures contracts. In addition to the rules of this chapter, transactions in options on PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

1181101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

1181101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1181101.B. Trading Unit

A call option traded on the Exchange represents an option to assume twenty (20) long positions in the underlying PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures contract at the strike price. A put option traded on the Exchange represents an option to assume twenty (20) short positions in the underlying PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures contract at the strike price.

1181101.C. Price Increments

Prices shall be quoted in dollars and cents per megawatt hour (MWh). The minimum price increment shall be \$0.01 per MWh.

1181101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures. Each position in the option contract shall be deemed equivalent to 20 of the quantity of the PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures base contract into which each the option contract aggregates.

In accordance with Rule 559, no person shall own or control positions in excess of 150 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 750 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 1,000 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1181101.E. Termination of Trading

The option contract shall expire at the close of trading on the second to last business day of the calendar month immediately prior to the contract month.

1181101.F. Type Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

1181102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the strike price which is fifty-cent higher than the strike price described in subsection (A)(i) of this rule and (iii) the strike price which is fifty-cent lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one fifty-cent increment strike price above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option in which no new strike prices may be introduced.

1181103.

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Chapter 1182
PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Swap Option

1182100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures contracts. In addition to the rules of this chapter, transactions in options on PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

1182101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

1182101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1182101.B. Trading Unit

A call option traded on the Exchange represents an option to assume twenty (20) long positions in the underlying PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures contract at the strike price. A put option traded on the Exchange represents an option to assume twenty (20) short positions in the underlying PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures contract at the strike price.

1182101.C. Price Increments

Prices shall be quoted in dollars and cents per megawatt hour (MWh). The minimum price increment shall be \$0.01 per MWh.

1182101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures. Each position in the option contract shall be deemed equivalent to 20 of the quantity of the PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures base contract into which each option contract aggregates.

In accordance with Rule 559, no person shall own or control positions in excess of 750 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 4,000 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 5,000 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1182101.E. Termination of Trading

The option contract shall expire at the close of trading on the second to last business day of the calendar month immediately prior to the contract month.

1182101.F. Type Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

1182102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the strike price which is fifty-cent higher than the strike price described in subsection (A)(i) of this rule and (iii) the strike price which is fifty-cent lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one fifty-cent increment strike price above and below the at-the-money strike price available for trading in all

options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option in which no new strike prices may be introduced.

1182103.

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Chapter 1183
PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip

1183100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures contracts. In addition to the rules of this chapter, transactions in options on PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

1183101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

1183101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1183101.B. Trading Unit

A call option traded on the Exchange represents an option to assume, at the strike price, twenty (20) long contracts of the underlying PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures in each month of the twelve consecutive months beginning with the underlying January month. A put option traded on the Exchange represents an option to assume, at the strike price, twenty (20) short contracts of the underlying PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures in each month of the twelve consecutive months beginning with the underlying January month.

1183101.C. Price Increments

Prices shall be quoted in dollars and cents per megawatt hour (MWh). The minimum price increment shall be \$0.01 per MWh.

1183101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures. Each position in the option contract shall be deemed equivalent to 240 (20 for each month in the contract year) of the quantity of the PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures base contract into which each option contract aggregates.

In accordance with Rule 559, no person shall own or control positions in excess of 150 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 750 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 1,000 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1183101.E. Termination of Trading

The option contract shall expire at the close of trading on the second to last Friday of the month prior to the delivery month of the first underlying month of the PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures in the strip.

1183101.F. Type Option

The option is a European-style option cash settled only on expiration day.

1183102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's average settlement price for the strip of the underlying PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures contracts rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the strike price which is fifty-cent higher than the strike price described in subsection (A)(i) of this rule and (iii) the strike price which is fifty-cent lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one fifty-cent

increment strike price above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option contract in which no new strike prices may be introduced.

1183103.

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Chapter 1184
PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip

1184100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures contracts. In addition to the rules of this chapter, transactions in options on PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

1184101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

1184101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1184101.B. Trading Unit

A call option traded on the Exchange represents an option to assume, at the strike price, twenty (20) long contracts of the underlying PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures in each month of the twelve consecutive months beginning with the underlying January month. A put option traded on the Exchange represents an option to assume, at the strike price, twenty (20) short contracts of the underlying PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures in each month of the twelve consecutive months beginning with the underlying January month.

1184101.C. Price Increments

Prices shall be quoted in dollars and cents per megawatt hour (MWh). The minimum price increment shall be \$0.01 per MWh.

1184101.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures. Each position in the option contract shall be deemed equivalent to 240 (20 for each month in the contract year) of the quantity of the PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures base contract into which each option contract aggregates.

In accordance with Rule 559, no person shall own or control positions in excess of 750 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 4,000 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 5,000 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures-equivalent) contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1184101.E. Termination of Trading

The option contract shall expire at the close of trading on the second to last Friday of the month prior to the delivery month of the first underlying month of the PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures in the strip.

1184101.F. Type Option

The option is a European-style option cash settled only on expiration day.

1184102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's average settlement price for the strip of the underlying PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures contracts rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the strike price which is fifty-cent higher than the strike price described in subsection (A)(i) of this rule and (iii) the strike price which is fifty-cent lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one fifty-cent increment strike price above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option contract in which no new strike prices may be introduced.

1184103.

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NYMEX Rulebook Chapter 5 Position Limit Table
(Bold/underline indicates addition)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>All Month Accountability Level</u>	<u>Any One Month Accountability Level</u>	<u>Expiration Month Limit</u>	<u>Reporting Level</u>	<u>Aggregate Into (1)</u>
			<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>	
<i>Electricity</i>							
<i>PJM Interconnection LLC</i>							
<u>PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Swap Option</u>	<u>1181</u>	<u>PJD</u>	<u>1,000</u>	<u>750</u>	<u>150</u>	<u>25</u>	<u>VM</u>
<u>PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Swap Option</u>	<u>1182</u>	<u>PJN</u>	<u>5,000</u>	<u>4,000</u>	<u>750</u>	<u>25</u>	<u>UM</u>
<u>PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Future Strip</u>	<u>1183</u>	<u>PJP</u>	<u>1,000</u>	<u>750</u>	<u>150</u>	<u>25</u>	<u>VM</u>
<u>PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip</u>	<u>1184</u>	<u>PJH</u>	<u>5,000</u>	<u>4,000</u>	<u>750</u>	<u>25</u>	<u>UM</u>

CASH MARKET OVERVIEW

PJM

PJM Interconnection LLC ("PJM") is an independent Regional Transmission Organization (RTO) that plays a vital role in the U.S. electric system by providing its membership opportunities for buying and selling power, arranging transmission service, and allowing the use of larger and more efficient generating units. PJM also manages a sophisticated regional planning process for generation and transmission expansion. PJM coordinates the movement of electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. In 1997, PJM began operating the nation's first regional, bid-based, hourly energy market. PJM enables participants to buy and sell energy, schedule transactions and reserve transmission service. PJM provides accounting and billing services for these transactions using information supplied by each member utility. In addition, it operates the competitive wholesale energy market for the region and facilitates open access to transmission. Electricity suppliers who sell electricity to customers within the PJM zones must become Load Serving Entity (LSE) members of PJM, or contract with a third party LSE. The PJM Energy Market comprises all types of energy transactions, including the sale or purchase of energy in PJM's Day-Ahead and Real-Time Energy Markets, bilateral and forward markets and self-supply. These markets provide key benchmarks against which market participants may measure results of transactions in other markets. The Exchange currently offers PJM day-ahead and real-time futures contracts listed on its platforms.

PJM offers two basic energy markets for electricity participants: spot or real-time; and energy forward market which is known as the day-ahead market. In the real-time market, market participants enter bids and offers which are matched by PJM. Market clearing prices are generated by PJM which are posted on the PJM website. The day-ahead market operates through bids and offers for delivery during hours in the next day. PJM provides a market clearing function related to the submitted bids and offers and posts 24 hourly prices for the next PJM day. The real-time and day-ahead PJM markets are interrelated as actual generation and load may differ from forecasted generation and load expressed in the day-ahead market. Bids and offers in the real-time market provide the mechanism for the forecasted/actual differences.

Hub vs. Zone

Within PJM, “zone” refers to a group of electrical nodes within a utility control area, such as AEP Ohio (AEP Zone) and Dayton Power & Light (Dayton Zone), while “hub” refers to a group of electrical nodes selected from one or multiple zones, i.e. PJM AEP-Dayton Hub (“PJM AD Hub”) is a group of nodes selected from the AEP Zone and Dayton Zone. PJM publishes both pricing and load information for zones but only pricing information for hubs through the eData system. Therefore, to derive the load information for the cash market activities for the hubs, we use the hourly load data for the related zones or control areas to calculate the transaction volume.

Table 1, below, provides the combined historical load for the PJM AEP Zone and the PJM Dayton Zone, which indicates the physical market size of the PJM AD Hub. Table 1 also provides historical load for Northern Illinois control area which indicates the physical market size of the PJM Northern Illinois Hub (“PJM NI Hub”). The average monthly peak load was approximately 6.6 million megawatts (“MW”) for PJM AD Hub and approximately 4.4 million MW for PJM NI Hub.

Peak day shall mean a Monday through Friday, excluding North American Electric Reliability Corporation holidays. Peak Hours shall cover from Hour Ending (“HE”) 0800 Eastern Prevailing Time (“EPT”) through HE 2300 EPT.

Table 1 – Historical Peak Load (MWh)¹

YearMonth	PJM AD Hub Historical Peak Load (MWh)	PJM NI Hub Historical Peak Load (MWh)
201101	7,345,242	4,519,653
201102	6,563,870	4,141,492
201103	6,957,703	4,421,731
201104	5,776,460	3,825,670
201105	6,042,592	3,991,675
201106	7,082,494	4,914,159

¹ NRG Stream is an aggregator and distributor of public and private energy market information (www.NRGStream.com).

YearMonth	PJM AD Hub Historical Peak Load (MWh)	PJM NI Hub Historical Peak Load (MWh)
201107	7,326,047	5,419,490
201108	7,764,831	5,665,987
201109	6,090,260	4,153,737
201110	5,847,015	3,910,367
201111	6,061,872	3,987,161
201112	6,495,737	4,192,155

Futures Market

The underlying futures contracts of the proposed option contracts are the PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures (Code VM) and PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures (Code UM). Table 2, below, shows the daily average volume by month and end of month open interest for the futures contracts. The average monthly volume was approximately 1,400 contracts for PJM AD Hub and 1,700 contracts for PJM NI Hub. End of month open interest has averaged about 10,500 contracts for PJM AD Hub and 11,000 contracts for PJM NI Hub during 2011.

Table 2: Monthly Volume and Open Interest – PJM AD Hub, PJM NI Hub (in contracts)

YearMonth	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures Monthly Volume	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures End of Month Open Interest	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures Monthly Volume	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures End of Month Open Interest
200901	1,209	13,675	714	7,688
200902	17,828	13,515	374	7,684
200903	1,998	13,023	1,160	8,022
200904	3,845	14,503	268	7,772
200905	2,448	15,497	608	7,668
200906	2,938	15,394	82	7,420
200907	1,231	15,515	162	7,230
200908	326	14,770	212	6,974
200909	1,672	14,635	64	6,786
200910	1,130	15,069	38	6,790
200911	2,366	14,840	72	6,554
200912	1,464	14,549	246	6,570

YearMonth	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures Monthly Volume	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures End of Month Open Interest	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures Monthly Volume	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures End of Month Open Interest
201001	686	14,066	240	6,436
201002	1,058	13,733	136	6,228
201003	1,612	13,625	160	5,944
201004	1,823	13,452	230	5,972
201005	1,698	13,592	370	5,906
201006	435	13,119	740	6,378
201007	241	12,537	296	6,492
201008	706	12,358	406	6,608
201009	956	12,370	952	7,084
201010	1,903	11,494	1,210	8,032
201011	446	11,075	214	8,028
201012	944	10,731	764	7,828
201101	1,341	10,587	830	8,026
201102	543	10,249	1,511	8,847
201103	1,438	10,916	3,514	10,809
201104	1,574	10,925	1,228	11,387
201105	1,283	11,241	1,360	11,705
201106	804	10,666	752	11,679
201107	892	10,603	609	11,333
201108	1,034	10,556	751	11,315
201109	786	10,234	1,035	11,227
201110	1,377	10,240	1,612	11,716
201111	2,956	10,951	1,570	12,325
201112	2,514	10,396	5,560	13,371

Historical Final Settlement Prices

Table 3 below provides the historical final settlement prices for the options' underlying futures contracts from January 2010 through December 2011.

Table 3: Final Settlement – PJM AD Hub, PJM NI Hub (in Dollars per MWh)

YearMonth	PJM AEP Dayton Hub Peak Calendar-Month LMP Swap Futures Front Month Contract Monthly Average Price	PJM Northern Illinois Hub Peak Calendar-Month LMP Swap Futures Front Month Contract Monthly Average Price
201001	\$40.66	\$42.77
201002	\$41.92	\$43.88
201003	\$34.57	\$37.29
201004	\$31.58	\$35.14
201005	\$37.28	\$40.26
201006	\$47.70	\$49.86
201007	\$51.31	\$52.89
201008	\$48.87	\$50.15
201009	\$38.89	\$40.21
201010	\$31.54	\$34.73
201011	\$32.57	\$35.78
201012	\$34.17	\$40.55
201101	\$42.16	\$46.25
201102	\$34.78	\$37.57
201103	\$35.41	\$38.37
201104	\$37.37	\$41.53
201105	\$43.24	\$47.70
201106	\$45.61	\$51.21
201107	\$58.55	\$63.63
201108	\$42.89	\$46.38
201109	\$34.18	\$38.27
201110	\$34.08	\$38.77
201111	\$32.29	\$37.18
201112	\$31.47	\$36.34

ANALYSIS OF DELIVERABLE SUPPLY

The proposed option contracts under this submission are peak real-time monthly electricity contracts for PJM AD Hub and PJM NI Hub. The options' underlying unit is 50 megawatts per hour (MWh).

The underlying futures of the proposed option contracts and their current spot-month position limit are as follows:

- PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures (VM): 150 contracts;
- PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures (UM): 750 contracts

According to data presented in Table 1 of the Cash Market Overview section of this submission, the estimated total load usage and flow in MWh for peak markets are approximately 6.6 million MWh for PJM AD Hub and approximately 4.4 million MWh for PJM NI Hub. These are equivalent to approximately 5,061 and 7,557 contract units of PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures and PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures, respectively, into which the proposed option contracts positions will aggregate.

The proposed spot month position limits for the options will be set at 150 contracts for the PJM AD Hub and 750 contracts for the PJM NI Hub, which represent approximately 2% and 15% of the average monthly deliverable supply of PJM AD Hub and PJM NI Hub, respectively. Please note that in the Chapter 5 Table of the NYMEX Rulebook (Appendix B), the expiration month limits for the options are reflected in the respective underlying futures equivalents expiration month limits.