



RECEIVED
C.F.T.C.

FEB 27 PM 1:45

OFFICE OF THE SECRETARIAT

February 26, 2009

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 Notification. New York Mercantile Exchange, Inc. Submission #09.16R:
Notification of Revision to Submission #09-16 to Correct Mislabeled Chapter
Headings and Explain Non-Common Pricing Methodology Related to the
Settlement Price Reference for 4 European and 2 Asian Futures Swaps Contracts
Listed on CME ClearPort® Electronic Trading and Clearing Systems**

Dear Mr. Stawick:

Previously, by letter dated February 17, 2009 (submission #09-16), the New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") notified the Commodity Futures Trading Commission ("CFTC" or "Commission") that it was self-certifying amendments to NYMEX Rules 533.02, 535.02, 537.02, 539.02, 667.02 and 672.02 for the purpose of clarifying the settlement pricing methodology currently in use for six (6) futures swaps contracts listed on CME ClearPort® electronic trading and clearing systems. This letter revises submission #09-16 in order to (i) provide the Commission with further explanation of the settlement pricing methodology currently utilized for these contracts, and (ii) correct the titles of chapters 535, 667 and 672, which were mislabeled in the original submission. The amended rules (NYMEX Rules 533.02, 535.02, 537.02, 539.02, 667.02 and 672.02), which were previously filed with the Commission under submission #09-16, are attached herewith for your convenience.

Most over-the-counter ("OTC") futures swaps contracts traded in the U.S. utilize the "common" pricing methodology to determine the basis of the settlement price for differential spread contracts. The common pricing methodology is derived by using only daily settlement prices for the trading days during which both markets (e.g., Platts vs. NYMEX) are open. The common pricing methodology does not take into account the settlement prices on trading days during which one of the markets is closed. The futures swaps contracts listed below, however, utilize the "non-common" pricing methodology which is also a standard OTC market methodology used to determine the basis of the settlement price for differential spread contracts. Specifically, the non-common pricing is an OTC methodology used for calculating the spread between two markets whose holiday schedules can be different. For example, on January 19, 2009, the NYMEX markets were closed in observance of the Martin Luther King holiday whereas the UK-based IntercontinentalExchange, Inc. ("ICE") market was open on that date. Consequently, the NYMEX markets traded 20 days in January 2009 versus ICE's 21 trading days during that month. The non-common pricing methodology is derived by (1) compiling the daily settlement prices as reported by both NYMEX and ICE, (2) calculating, for each leg of the spread, the monthly average settlement, and (3) calculating the spread between those two averages for the trading month. Often, NYMEX and ICE do

not have the same number of trading days per month. As such, the non-common pricing methodology utilizes averages that are based on different numbers of trading days per month in order to calculate the spread for the month.

The swaps futures contracts listed below have used, and continue to use, the non-common pricing methodology to determine the basis of their respective settlement prices. The Exchange is implementing amendments to NYMEX Rules 533.02, 535.02, 537.02, 539.02, 667.02 and 672.02 simply to provide a more precise clarification of the pricing methodology used.

<u>Contract Name</u>	<u>Symbol</u>	<u>Chapter</u>
Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil Swap Contract	WQ	533
Gasoil 0.1 Cargoes FOB NWE v. ICE Gasoil Swap Contract	WT	535
Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap Contract	TU	537
Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap Contract	TP	539
Singapore 180cst vs. 380cst Fuel Oil Spread Swap Contract	SD	667
Singapore Jet Kero vs. Gasoil Spread Swap Contract	RK	672

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6(c), the Exchange hereby provides an explanation of non-common pricing methodology and notifies the Commission of the correction to the title headings from the original submission. Pursuant to the original certification, these amendments became effective on February 19, 2009.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or the undersigned at (202) 638-3838.

Sincerely,



De'Ana H. Dow
Managing Director
Government Relations

Attachment: Previously Certified Rule Amendments

(Underlining indicates insertion, and ~~strikethrough~~ indicates deletion)

Gasoil 0.1 Barges FOB Rdam v. ICE Gasoil Swap (Code WQ)

Rule 533.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Barges FOB Rotterdam" minus the first line Gasoil (ICE) Futures settlement price for each business day ~~that both are determined~~ during the contract month (using Non-common pricing), except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

Gasoil 0.1 Cargoes FOB NWE v. ICE Gasoil Swap Contract (Code WT)

Rule 535.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Cargoes FOB NWE" minus the first line Gasoil (ICE) Futures settlement price for each business day ~~that both are determined~~ during the contract month (using Non-common pricing), except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

Gasoil 0.1 Cargoes CIF NWE v. ICE Gasoil Swap (Code TU)

Rule 537.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 0.1% under the heading "Cargoes CIF NWE Basis ARA" minus the first line Gasoil (ICE) Futures settlement price for each business day ~~that both are determined~~ during the contract month (using Non-common pricing), except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

Gasoil 10ppm Cargoes CIF NWE v. ICE Gasoil Swap (Code TP)

Rule 539.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Gasoil 10ppm under the heading "Cargoes CIF NWE Basis ARA" minus the first line Gasoil (ICE) Futures settlement price for each business day ~~that both are determined~~ during the contract month (using Non-common pricing), except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

Singapore 180cst vs. 380cst Fuel Oil Spread Swap Contract (Code SD)

Rule 667.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from the Platts *Asia-Pacific Marketscan* for Singapore 180cst High Sulfur Fuel Oil (Waterborne Cargo) price minus the arithmetic average of the high and low quotations from the Platts *Asia-Pacific Marketscan* for Singapore 380cst HSFO for each business day ~~that both are determined~~ during the contract month (using Non-common pricing).

Singapore Jet Kero vs. Gasoil Spread Swap Contract (Code RK)

Rule 672.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the high and low quotations from the Platts *Asia-Pacific Marketscan* for Singapore Cargoes of Jet Kerosene minus the arithmetic average of the high and low quotations for Singapore Gasoil 0.5% Sulfur for each business day ~~that both are determined~~ during the contract month (using Non-common pricing).