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March 12, 2010

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 Certification. New York Mercantile Exchange, Inc. Submission #10-071: Notification Regarding the Listing of Central Appalachian Coal Option on Quarterly Futures Strip on the NYMEX Trading Floor and CME ClearPort®

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 one option that exercises into a quarterly futures strip on the Exchange's Central Appalachian Coal Futures contract.

The Central Appalachian Coal Option on Quarterly Futures Strip (Rule 355, Commodity Code 6K) will exercise into the underlying futures strip as well as trade competitively on the trading floor and be submitted for clearing through CME ClearPort.

The Central Appalachian Coal Option on Quarterly Futures Strip is a European-style option and expires on the first business day in the month prior to the termination of the first underlying Central Appalachian Coal Futures (QL) month.

The quarterly option on futures strip will be listed for open outcry trading during the hours of 9:00 a.m. and 2:30 p.m. (New York Prevailing time) Monday through Friday, except on Exchange Holidays. The option on futures strip will also be listed for clearing through CME ClearPort for submission of an Exchange for Related Position ("EFRP") transaction pursuant to Exchange Rule 538, from 6:00 p.m. Sundays through 5:15 p.m. Fridays (New York Prevailing time), with a 45-minute halt each day between 5:15 p.m. and 6:00 p.m., except on Exchange Holidays.

The first listed contract month is July 2010. The quarterly option on futures strip will list 4 quarters (January, April, July and October) on a quarterly roll. Upon expiration, a new quarter will be listed.

The quarterly option on futures strip will be listed for open outcry trading on March 22, 2010 and for clearing through CME ClearPort on March 21, 2010 for trade date March 22, 2010.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contract complies with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact Bob Biolsi at (212) 299-2610 or me at (312) 648-5422.

Sincerely,

/s/ Stephen M. Szarmack
Regulatory Counsel

Attachments: Contract terms and conditions
Supplemental Market Information

Chapter 355

Central Appalachian Coal Option on Quarterly Futures Strip

355.01 EXPIRATION

A Central Appalachian Coal Option on Quarterly Futures Strip contract shall expire on the first business day in the month prior to the termination of the first underlying Central Appalachian Coal Futures (QL) contract.

355.02 TYPE OPTION

A Central Appalachian Coal Option on Quarterly Futures Strip contract is a European-style option.

355.03 TRADING UNIT

On expiration of a call option, the long position will be assigned three consecutive long futures months beginning with the underlying month of the Central Appalachian Coal Futures contract at the strike price. On exercise of a put option, the long position will be assigned three consecutive short futures months beginning with the underlying month of short Central Appalachian Coal Futures contract at the strike price.

355.04 HOURS OF TRADING

The contract is available for open outcry trading on the Exchange trading floor between 9:00 a.m. to 2:30 p.m. (New York Prevailing time) Monday through Friday, except on Exchange Holidays.

The contract is available for clearing through CME ClearPort from 6:00 p.m. Sundays through 5:15 p.m. Fridays (New York Prevailing time), with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., except on Exchange Holidays

355.05 STRIKE PRICES

Trading shall be conducted for options with strike prices in increments as set forth below.

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the difference between the previous day's settlement price for the underlying Central Appalachian Coal Futures strip of futures rounded off to the nearest fifty cent increment, unless such settlement price is precisely midway between two fifty cent increments in which case it shall be rounded off to the lower fifty cent increment; (ii) the ten strike prices which are ten fifty cent increments higher than the strike price described in section (i) of this Rule 355.05(A); and (iii) the ten strike prices which are ten fifty cent increments lower than the strike price described in section (i) of this Rule 355.05(A)

(B) Thereafter, on any business day prior to the expiration of the option, new strike prices for both puts and calls will be added, such that at all times there will be at least ten fifty cent increment strike prices above and below the at-the-money strike price available for trading in all option contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 355.05.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Central Appalachian Coal Option on Quarterly Futures Strip 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 a Central Appalachian Coal Option on Quarterly Futures Strip in which no new strike prices may be introduced.

355.06 TRADING MONTHS

Trading in Central Appalachian Coal Option on Quarterly Futures Strip contracts shall be conducted in the months determined by the Exchange. Trading shall commence on the day fixed by resolution of the Exchange.

355.07 PRICES

Prices shall be quoted in dollars and cents per ton. The minimum price increment will be one cent (\$0.01) per ton.

355.08 ABSENCE OF PRICE FLUCTUATION

Trading in Central Appalachian Coal Option on Quarterly Futures Strip contract shall not be subject to price fluctuation limitations.

SUPPLEMENTAL MARKET INFORMATION

The Exchange is self-certifying the listing of Central Appalachian Coal Option on Quarterly Futures Strip contract.

Options on futures strips (also known as swaptions) represent the right, but not the obligation, to exercise into a consecutive monthly strip of futures. Such options are economically efficient because producers and consumers of a given commodity can lock in the right to buy or sell futures on a given multi-period time horizon with a single premium for a single expiration date. This is in contrast to a strip of options that usually have the same exercise price but would have multiple expiration dates and different premiums for each month. The options on futures strips are generally less expensive than buying individual options for each month for the same strike price. The options on futures strips allow greater flexibility in whether or not to exercise over the course of the entire time period.

Options on futures strips are employed by commercial entities in the energy industry to hedge fixed price (swap) agreements. By exercising into a strip of futures contracts, the option on futures strips allows commercial hedgers some flexibility as to the fixed price into which they may enter. Specifically, if the price at option expiration is better than the strike price on the option contract, then commercial hedgers can exercise into the prevailing market price by abandoning their option. Alternatively, if the prevailing price is worse than the option strike price, commercial hedgers can exercise into the average at the strike price. While the Exchange currently lists an option on coal, the existing option is designed to provide an effective hedge for a single month in the future. The new Central Appalachian Coal Option on Quarterly Futures Strip is designed to allow for hedging multiple months with a single option. Hence, this option can be considered to be a more cost efficient instrument for commercial entities attempting to lock in the right to a fixed price over multiple months at a single, known date. Please note that the Exchange currently offers a Central Appalachian Coal Option on Calendar Futures Strip.

COAL MARKET

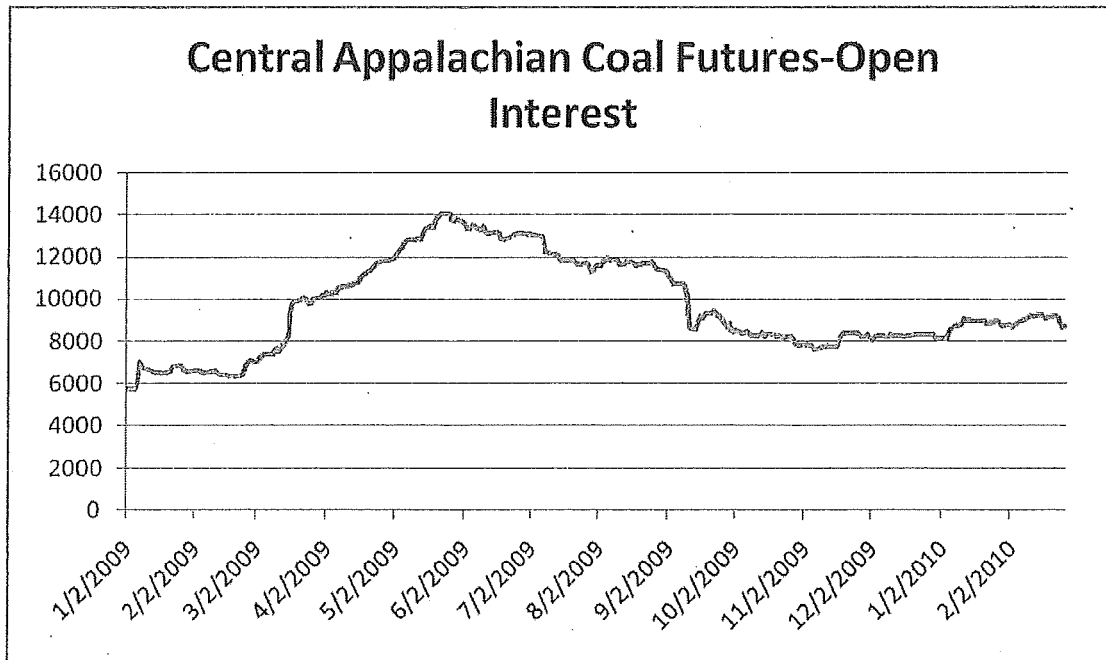
Coal is considered the largest single power generating fuel in the United States; the once relatively sedate cash markets for coal have become more volatile and very strong market forces. Thus, electric utilities are no longer eager to enter into long-term coal supply contracts that once were the industry norm. Instead, there is now a preference for short-term and more price-flexible contracts that rely more on cash market purchases as power producers try to reduce their inventory holding levels.

U.S. coal exports, chiefly Central Appalachian bituminous, make up a significant percentage of the world export market and are a relevant factor in world coal prices. Because coal is a bulk commodity, transportation is an important aspect of its price and availability.

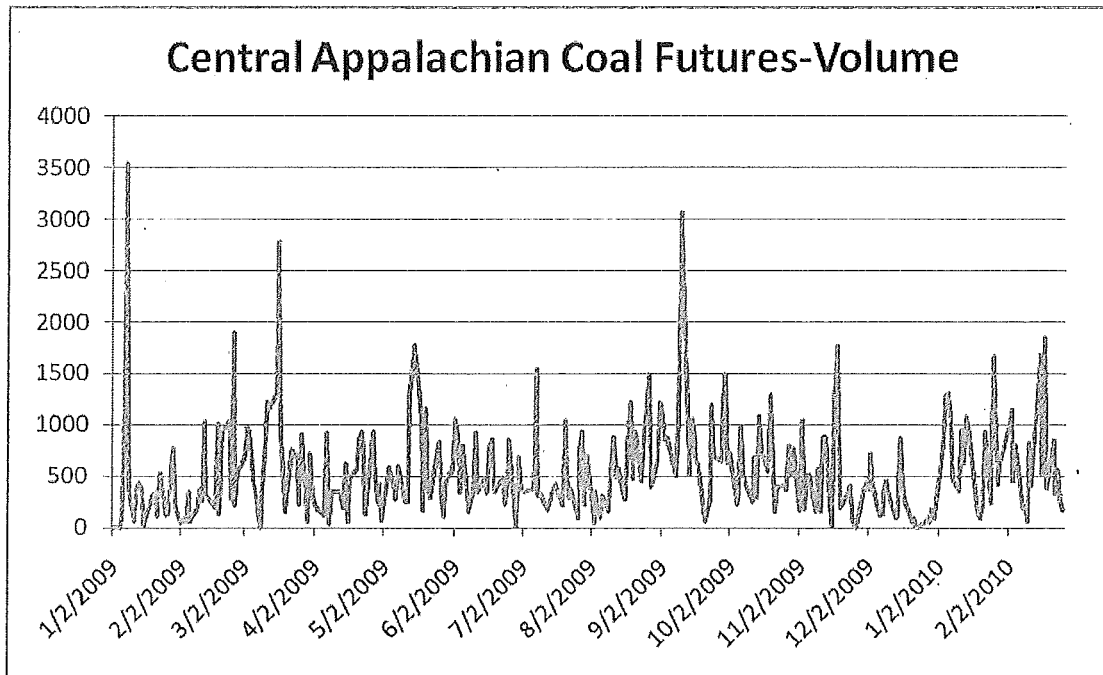
The Central Appalachian Coal Basin is the middle basin of three basins that comprise the Appalachian Coal Region of the eastern United States. It includes parts of Kentucky, Tennessee, Virginia, and West Virginia. It covers approximately 23,000 square miles, contains six major Pennsylvanian age coal seams, and contains an estimated 5 trillion cubic feet (Tcf) of coalbed methane. These coal seams typically contain multiple coalbeds that are widely distributed. The coal seams, from oldest to youngest (West Virginia/Virginia name), are the Pocahontas No. 3, Pocahontas No. 4, Fire Creek/Lower Horsepen, Beckley/War Creek, Sewell/Lower Seaboard, and Lager/Jawbone. The Pocahontas coal seams which include the Squire Jim and Nos. 1 to 7 and Nos. 3 and 4 are the thickest. The majority of the coalbed methane (2.7 Tcf) occurs in the Pocahontas seams. The highest potential for methane development is in a small, 3,000 square mile area in southwest Virginia and south central West Virginia, where target coal seams achieve their greatest thickness and occur at depths of about 1,000 to 2,000 feet.

According to the Energy Information Administration (EIA) statistics, the production of Appalachian region was around 30.06 million short tons during September 2009. The cash market is vibrant with a year maximum of 32.19 million short tons recorded in March 2009 and year minimum of 27.44 recorded in February 2009. The futures market is active in the sense that it captures most of the forward market. The average daily volume is around 550 contracts for the year of 2009.

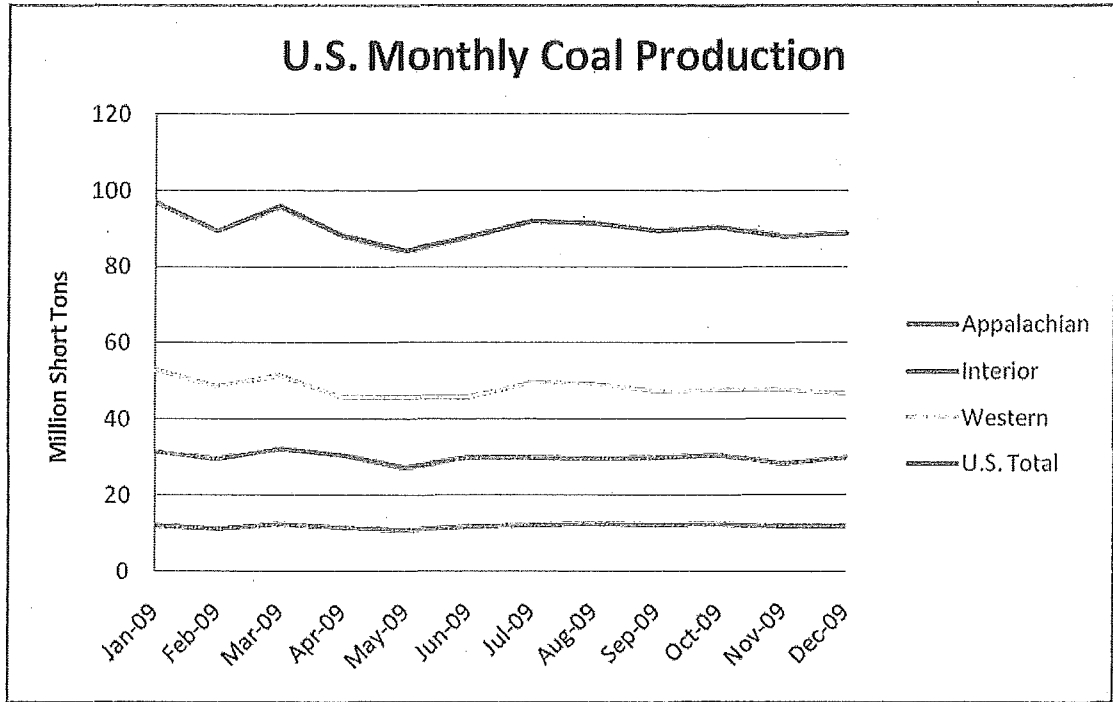
The chart shown below summarizes Central Appalachian Coal Futures Open Interest



The chart shown below summarizes Central Appalachian Coal Futures Volume



The chart below summarizes the US. Monthly Coal Production:



MAIN MARKET PARTICIPANTS

The market participation in Coal is diverse and includes the following participants:

Traders/End Users	Brokers
J Aron & Co.	Evolution Markets Inc.
Credit Suisse Energy LLC (2)	ICAP
Arch Energy Resources, LLC	TFS Energy
NRG Power Marketing, LLC	
Constellation Energy Commodities Group Inc.	
DTE Energy Trading, Inc.	
Louis Dreyfus Energy Services L.P.	
Duke Energy Ohio Inc.	
Traxys North America	
Sempra Energy Trading	
Merrill Lynch Commodities	
Coal Trade LLC	
Koch Carbon LLC	
Centaurus Energy Master	
Morgan Stanley Capital	
Vitol S.A. Geneva	
American Electric Power Service	
Oxbow Coal Americas	