

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 13-136

Date: April 15, 2013

**IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.**

## ORGANIZATION

New York Mercantile Exchange, Inc.

## FILING AS A:



DCM



SEF



DCO



SDR



ECM/SPDC

## TYPE OF FILING

### • Rules and Rule Amendments



Certification under § 40.6 (a) or § 41.24 (a)



“Non-Material Agricultural Rule Change” under § 40.4 (b)(5)



Notification under § 40.6 (d)



Request for Approval under § 40.4 (a) or § 40.5 (a)



Advance Notice of SIDCO Rule Change under § 40.10 (a)

### • Products



Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)



Swap Class Certification under § 40.2 (d)



Request for Approval under § 40.3 (a)



Novel Derivative Product Notification under § 40.12 (a)

## RULE NUMBERS

N/A

## DESCRIPTION

NYMEX Crude and Refined Calendar Spread Options Incentive Program



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

April 15, 2013

**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: NYMEX Crude and Refined Calendar Spread Options Incentive Program  
NYMEX Submission No. 13-136**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of that it plans to implement an incentive program in support of certain NYMEX energy futures and options contracts that are traded on the Globex Platform or submitted for clearing to the CME Clearing House ("Program"). The proposed Program will become effective May 1, 2013.

Exhibit 1 sets forth the terms of this Program.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the designated contract market core principles ("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 proposed Program will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA and NYMEX market regulation staff will continue to 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. Participants who might meet the criteria for this Program generally perform complex trading strategies that include both on-exchange and off-exchange activities. The set of incentives encompassed by the Program have been developed to increase volume across all NYMEX venues through additional execution of these strategies, ultimately having a positive impact on the price discovery process taking place in the centralized market as the Program is designed to increase liquidity on that venue. Participants in the Program will be selected by NYMEX staff using criteria as further stated in Exhibit 1. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with NYMEX in which each participant will expressly agree to comply with and be subject to, applicable regulations and NYMEX rules. The proposed Program will be subject to the Exchange's record retention policies which comply with the CEA.

The Exchange certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to the Program.

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 Robert Lev at 312-930-3019 or via e-mail at [robert.lev@cmegroup.com](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 13-136 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## **NYMEX Crude and Refined Calendar Spread Options Incentive Program**

### **Program Purpose**

The purpose of the Program is to incentivize higher levels of volume contribution in the products listed below during both day and overnight trading hours. Higher levels of volume and liquidity in the products listed below benefits all participants in the marketplace.

### **Product Scope**

Certain NYMEX futures and options products that are traded on Globex, traded on the NYMEX trading Floor or submitted for clearing to the CME Clearing House ("Products").

### **Eligible Participants**

NYMEX may designate up to three (3) participants in the Program. A participant may be a NYMEX member or non-member. In order to be considered for the Program, an applicant must have, either through the participating firm itself or through key individuals who trade on behalf of the participating firm, averaged significant calendar spread options ("CSO") volume over the three calendar months immediately preceding the application month.

### **Program Term**

Start date is May 1, 2013. End date is December 31, 2013.

### **Hours**

N/A

### **Incentives**

Once accepted into the Program participants may be eligible to receive predetermined incentives for trades executed in the Products.

### **Monitoring and Termination of Status**

The Exchange shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if they conclude from review that a Program participant no longer meets the eligibility requirements of the Program.