

April 17, 2008

**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

OFFICE OF THE SECRETARIA

2008 APR 17 PM 5:19

RECEIVED  
C.F.T.C.

**Re: New Product Rule Certification and Rule Amendment Certification.  
New York Mercantile Exchange, Inc. Submission #08.46  
(Replacement): Notification of Amendments to NYMEX Rule 551  
regarding the listing of the New York Harbor Heating Oil Look-Alike  
Option for open-outcry trading**

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 its existing financially settled New York Harbor Heating Oil Look-Alike Option for open-outcry trading on its trading floor (Code LB; Rules 551.01-551.07). Currently these options are listed for clearing on NYMEX ClearPort®, and are codified in NYMEX Rule 551. This submission replaces the self-certification filed on Tuesday, April 15, 2008, under the same submission number (#08.46). The prior submission was filed under Regulation 40.6(a) and is being refiled for certification under Regulation 40.2, as well as under Regulation 40.6(a). The Exchange is amending existing Rule 551 in order to facilitate the listing of this option contract for open-outcry trading. These options will continue to be listed for clearing on NYMEX ClearPort®.

The Exchange intends to list these options for Open Outcry trading beginning on Monday, April 21, 2008. Open outcry trading will be allowed for all listed months for the Regular Trading Hours of 9:00 a.m. to 2:30 p.m., New York prevailing time. The first contract month to be listed for open-outcry trading will be for May 2008. The Exchange will list thirty-six (36) consecutive months.

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 new contract codified as an amendment to existing NYMEX Rule 551 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 the undersigned at (202) 715-8517.

Sincerely,

A handwritten signature in black ink, appearing to read "De'Ana H. Dow". The signature is fluid and cursive, with the first name "De'Ana" being the most prominent.

De'Ana H. Dow  
Senior Vice President and  
Chief Legislative Counsel

Attachments:

UNDERLINE INDICATES ADDITION, STRIKETHROUGH Indicates Deletion

### **551.01 Type Option**

A New York Harbor Heating Oil Look-Alike Option is a European Style option cash settled on expiration day

### **551.02 Strike Prices for New York Harbor Heating Oil Look-Alike Option**

~~Strike Prices will be in dollars and hundredths of cents per gallon, so long as they are greater than or equal to zero.~~

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

(B) 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 heating oil futures contracts in the corresponding delivery month rounded off to the nearest one-cent strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the twenty one-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 551.02(B) and (iii) the twenty one-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 551.02(B) and (iv) an additional ten strike prices for both call and put options will be listed at five-cent increments above the highest one-cent increment as described in (ii) of this Rule 551.02(B), beginning with the first available such strike that is evenly divisible by \$0.05 and (v) an additional ten strike prices for both call and put options will be listed at five-cent increments below the lowest one-cent increment as described in (iii) of this Rule 551.02(B).

(C) 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 twenty one-cent strike prices above and below the at-the-money strike price available for trading in all options contract months and (ii) new five-cent increment strike prices will be added such that at all times there shall be ten five-cent strike prices above the highest one-cent strike, (iii) new five-cent increment strike prices will be added such that at all times there shall be up to ten five-cent strike prices below the lowest one-cent strike and each such strike price shall be above zero. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B) of this Rule 551.05.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in heating oil futures options will be facilitated thereby, the Board 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 heating oil futures option in which no new strike prices may be introduced.

#### **551.03 Trading Unit**

On expiration of a call option, the value will be the difference between the settlement price of the underlying NYMEX New York Harbor Heating Oil Futures Contract and the strike price multiplied by 42,000 Gallons, or zero, whichever is greater. On exercise of a put option, the value will be the difference between the strike price and the settlement price of the underlying NYMEX New York Harbor Heating Oil Futures Contract multiplied by 42,000 Gallons, or zero, whichever is greater.

#### **551.04 Prices in New York Harbor Heating Oil Look-Alike Option Contracts**

Prices shall be quoted in dollars and hundredths of cents per Gallon. The minimum price fluctuation shall be \$.0001 per gallon. A cabinet trade may occur at the price of \$.0000238 per Gallon or \$1.00, however, if it results in the liquidation of positions of both parties to the trade.

#### **551.05 Expiration of New York Harbor Heating Oil Look-Alike Option Contract**

A New York Harbor Heating Oil Look-Alike Option Contract shall expire three business days prior to the underlying NYMEX New York Harbor Heating Oil Futures Contract.

#### **551.06 Traded and Cleared Months of New York Harbor Heating Oil Look-Alike Option Contract**

Traded and Cleared position months will be determined by resolution of the Board of Direct

#### **551.07 Hours of Trading in New York Harbor Heating Oil Look-Alike Option Contract**

The hours of trading in New York Harbor Heating Oil Look-Alike Option Contract on the Exchange shall be the same as the hours of trading for heating oil futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board. Positions to be submitted for clearing through NYMEX ClearPort® will be from 6:00 P.M. Sundays through 5:15 P.M. Fridays Eastern time with a 45 minute break each day between 5:15 P.M. and 6:00 P.M.

## SUPPLEMENTAL INFORMATION

Heating Oil Look-Alike options are financially settled basis the underlying heating oil futures. Since the options expire three business days prior to the underlying futures contracts, the following data is present to illustrate that the weighted average settlement price used to determine the futures settlement price is determined through active trading.

<b>Date</b>	<b>Expiration Month</b>	<b>Futures Closing Range Volume</b>
4/25/2007	May-07	312
5/25/2007	Jun-07	471
6/26/2007	Jul-07	517
7/26/2007	Aug-07	591
8/28/2007	Sep-07	447
9/25/2007	Oct-07	601
10/26/2007	Nov-07	220
11/27/2007	Dec-07	265
12/28/2008	Jan-08	478
1/28/2008	Feb-08	849
2/26/2008	Mar-08	488
3/26/2008	Apr-08	297

### New York Harbor Heating Oil Market

The New York Harbor distillate market is highly diverse and actively traded by refiners, traders, importers, and smaller distributors. Below is a list of the market participants, including the New York Harbor heating oil distributors that are active in the cash market. The Department of Energy's *Energy Information Administration* (EIA) is the main source for data related to the underlying cash markets. The New York Harbor heating oil market is an active trading and import hub, with heating oil imports of approximately 150,000 barrels per day. The metropolitan New York-New Jersey-Connecticut area consumes approximately 200,000 barrels per day of heating oil. Further, heating oil inventories stored in New York Harbor terminals are substantial at approximately 8 to 10 million barrels in storage. In addition, heating oil imports are transshipped through New York Harbor to other points in the Northeast, including Upstate New York and Connecticut.

### New York Harbor Heating Oil Market Participants

The New York Harbor cash market and OTC market participants are diverse and number around 40 to 50 commercial companies. A partial listing is as follows:

<u>Refiners (Swaps)</u>	<u>Traders/Importers</u>	<u>Brokers</u>	<u>Financial</u>
ConocoPhillips	Statoil	GFI Starsupply	Citibank
Valero	Vitol	First National	Deutsche
Bank			
Shell	Glencore	Echo Energy	Barclays

ExxonMobil  
BP  
Sunoco  
Amerada Hess  
Citgo  
Brothers  
Chevron

Northville  
Koch  
Cargill  
Morgan Stanley  
Goldman Sachs (J. Aron)

Irving Oil  
Lukoil Getty  
Global  
Sprague  
Hess Energy Trading  
George E. Warren  
Total  
Trafigura

PVM  
United  
ICAP  
ARC Oil  
Allied Fuels

Oil Brokers Inc.  
MOAB

BankAmerica  
AIG  
BNP Paribas  
Merrill Lynch  
Lehman