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April 18, 2011

Mr. David Stawick

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: NYMEX Rule 855 ("Offsetting Mini-Sized and Full-Sized Futures Positions")
NYMEX Submission No. 11-148

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX") hereby notifies the Commission that it is amending Rule 855 ("Offsetting Mini-Sized and Full-Sized Futures Positions") to 1) correct inadvertent errors with respect to the product order and ratios as set forth in the rule and 2) add the full product titles with respect to the products covered by the Rule. The former version of the Rule contained reversed ordering of four of the five product pairings as they related to the offset ratios. Additionally, we have relocated the Henry Hub Natural Gas Last Day Financial to Henry Hub Natural Gas Look-Alike Last Day Financial offset as the third of the five pairings so that it falls directly below the other natural gas offset pairing.

The revisions appear below, with additions underscored and deletions over struck. The Exchange certifies that the amendments comply with the Act and regulations thereunder. The amendments are effective immediately.

855. OFFSETTING MINI-SIZED AND FULL-SIZED FUTURES POSITIONS

A. With the consent of the account controller, a clearing member may offset and liquidate long futures positions against short futures positions, or short futures positions against long futures positions, held in the same account in the following ratios:

E-mini Crude Oil (QM) to ~~(Crude Oil Financial)~~ (WS) to QM _____ 2:1

E-mini Natural Gas (QG) to

Henry Hub ~~(Natural Gas Look-Alike Penultimate Financial)~~ (HP) to QG _____ 4:1

Henry Hub Natural Gas Last Day Financial (NN) to

Henry Hub Natural Gas Look-Alike Last Day Financial (HH) _____ 4:1

E-mini RBOB Gasoline (QU) to ~~(RBOB Gasoline Financial)~~ (RT) to QU _____ 2:1

E-mini Heating Oil (QH) to ~~(Heating Oil Financial)~~ (BH) to QH _____ 2:1

~~(Natural Gas) NN to HH~~ 4:1

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price.

The positions being offset shall be transferred to a Clearing House holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.

If you have any questions regarding the revisions, please contact Robert Sniagowski, Market Regulation, at 312.341.5991 or me at 312.930.8167. Please reference NYMEX Submission No. 11-148 in any related correspondence.

Sincerely,

/s/ Sean Downey
Associated Director & Assistant General Counsel

MARKET REGULATION ADVISORY NOTICE

Exchange	NYMEX & COMEX
Subject	Trading at Settlement ("TAS") and Matched Order ("MO") Transactions
Rule References	Rule 524
Advisory Date	April 4, 2011
Advisory Number	NYMEX & COMEX RA1104-4
Effective Date	April 10, 2011

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA1102-4 from January 7, 2011, and is being issued based on upcoming changes to the CME Globex pre-opening time for several NYMEX and COMEX TAS-eligible futures products. **Market participants are reminded that they are prohibited from initiating the entry of any TAS order into CME Globex prior to receipt of the security status message sent via the FIX/FAST incremental feed identifying that the group has transitioned to the pre-open state.**

Effective on Sunday, April 10, 2011, for trade date Monday, April 11, 2011, the pre-opening times for TAS trading on CME Globex will be as follows (all times are in Eastern Time):

- **NYMEX Light Sweet Crude Oil, New York Harbor No. 2 Heating Oil and RBOB Gasoline**
Monday – Thursday at 5:46 p.m., Sunday at 5:16 p.m.
- **NYMEX Henry Hub Natural Gas**
Monday – Thursday at 5:47 p.m., Sunday at 5:17 p.m.
- **COMEX Gold**
Monday – Thursday at 5:48 p.m., Sunday at 5:18 p.m.
- **COMEX Silver**
Monday – Thursday at 5:49 p.m., Sunday at 5:19 p.m.
- **COMEX Copper**
Monday – Thursday at 5:50 p.m., Sunday at 5:20 p.m.

The pre-open for all other TAS-eligible products on CME Globex will continue to be 5:45 p.m. ET Monday through Thursday and 5:15 p.m. ET on Sunday.

The list of TAS-eligible products and contract months appears in Section 6 which begins on page 4 and the text of Rule 524 appears in Section 7 which begins on page 7 of this Advisory Notice.

1. General Information on TAS and MO Transactions

TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price. MO transactions in pit-traded Copper futures will be priced at that day's settlement price for the contract.

All market participants are reminded that trading activity intended to unfairly affect or to attempt to unfairly affect a settlement price to benefit TAS positions, including TAS block positions, or MO positions may subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct substantially detrimental to the interests or welfare of the exchange

Any Market Regulation Department investigation of suspected manipulative pricing involving TAS or MO trades will include review of such positions acquired by market participants and **whether the offset of those positions during the close was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during the close.**

2. Entry of TAS Orders on CME Globex

On November 1, 2010, Rule 524 was amended to permit the initiation of TAS orders into CME Globex only subsequent to the beginning of each group's pre-open state and during the time period the applicable contracts are available for TAS trading on CME Globex. The initiation of any TAS order on CME Globex outside of these time periods is strictly prohibited. The purpose of the amendment was to ensure appropriate and efficient messaging practices with respect to the initiation of TAS orders.

Any market participant who initiates the entry of a TAS order prior to receipt of the market status message will be subject to disciplinary action by a panel of the Business Conduct Committee, notwithstanding that the order may have been rejected by the CME Globex system. Sanctions for noncompliance may include a fine, disgorgement of any profits realized as a result of any orders accepted by CME Globex which were initiated prior to receipt of the security status message and/or a suspension of access to the market. Market participants are strongly encouraged to ensure that they have appropriate protocols in place to ensure that TAS orders are not initiated prior to receipt of the security status message.

3. TAS Calendar Spreads

Intra-commodity calendar spreads in the nearby month/second month spread, the second month/third month spread and the nearby month/third month spread in Light Sweet Crude Oil, New York Harbor No. 2 Heating Oil, Henry Hub Natural Gas and RBOB Gasoline futures may be executed on CME Globex or on the trading floor and priced at TAS.

The pricing of the legs of a TAS calendar spread will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement price determined by the Exchange for that contract month.
- The far leg of the spread will be priced at the settlement price determined by the Exchange for that contract **minus** the allowable TAS price increment traded (negative 10 through positive 10), except in circumstances where the traded TAS price is the actual settlement price of the contract.

Example 1:

A May 2011/June 2011 (K/M) Light Sweet Crude Oil calendar spread trades at TAS -1. Assume the May contract settles at 92.99 and the June contract settles at 93.30.

The May leg will be priced at the May settlement price of 92.99. The June leg will be priced at 93.31, which is the June settlement price of 93.30 minus the TAS price increment of -1 (93.30 minus -.01 = 93.31).

Example 2:

A June 2011/July 2011 (M/N) New York Harbor No. 2 Heating Oil calendar spread trades at TAS +/- 0. Assume the June contract settles at 2.5301 and the July contract settles at 2.5415.

The June leg will be priced at the June settlement price of 2.5301. The July leg will be priced at 2.5415, which is the July settlement price.

Example 3:

A May 2011/July 2011 (K/N) Henry Hub Natural Gas calendar spread trades at TAS +3. Assume the May contract settles at 4.322 and the July contract settles at 4.431.

The May leg will be priced at the May settlement price of 4.322. The July leg will be priced at 4.428, which is the July settlement price of 4.431 minus the TAS price increment of +3 (4.431 minus +.003 = 4.428).

4. TAS on Gold, Silver and Copper Futures

TAS transactions are currently allowed in the active contract month in Gold and Silver futures. Effective on January 23, TAS transactions will be allowed in the first active contract month in Copper futures trading on CME Globex. **TAS transactions are not allowed in any pit-traded Copper futures contract month.**

In Gold futures, TAS trades are permitted in the following active contract months: February, April, June, August, and December. Accordingly:

- When the February contract becomes spot, the April contract becomes the TAS-eligible month;
- When the April contract becomes spot, the June contract becomes the TAS-eligible month;
- When the June contract becomes spot, the August contract becomes the TAS-eligible month;
- When the August contract becomes spot, the December contract becomes the TAS-eligible month; and
- When the December contract becomes spot, the February contract becomes the TAS-eligible month.

In Silver futures, TAS trades are permitted in the following active contract months, and, effective January 23, 2011, TAS trades in Copper futures will be permitted in the following active contract months: March, May, July, September and December. Accordingly:

- When the March contract becomes spot, the May contract becomes the TAS-eligible month;
- When the May contract becomes spot, the July contract becomes the TAS-eligible month;
- When the July contract becomes spot, the September contract becomes the TAS-eligible month;
- When the September contract becomes spot, the December contract becomes the TAS-eligible month; and
- When the December contract becomes spot, the March contract becomes the TAS-eligible month.

5. MO Transactions in Pit-Traded Copper Futures

MO transactions in Copper futures are open outcry trades competitively executed in the Copper futures pit where the trade is priced at that day's settlement price for the contract. MO transactions in Copper futures are eligible to be executed in the spot month and the next six consecutive contract months. Additionally, with the exception of the post close session, members may execute an MO order at any time the Copper futures pit is open for trading, provided that the order is placed as an MO order. Regular trading hours for open outcry trading in the Copper futures pit are from 8:10 a.m. until 1:00 p.m. Eastern Time ("ET").

Instructions to execute the order as an MO must be denoted on the order and members must identify an order executed as an MO on their trading record.

An order entered as an MO will be executed by the floor broker as a Market on Close order if the order is not previously executed as an MO or specifically designated to be executed only as an MO. An instruction to execute an order only as an MO must be communicated at the time the order is placed.

6. TAS-Eligible Products and Contract Months

Pit-Traded Contracts

Light Sweet Crude Oil

spot (except on the last trading day), 2nd, 3rd and 7th months
nearby/second month, second/third month and nearby/third month calendar spreads

Brent Crude Oil Last Day Financial

spot (except on the last trading day)

New York Harbor No. 2 Heating Oil

spot (except on the last trading day), 2nd and 3rd months
nearby/second month, second/third month and nearby/third month calendar spreads

Henry Hub Natural Gas

spot (except on the last trading day), 2nd and 3rd months
nearby/second month, second/third month and nearby/third month calendar spreads

Henry Hub Natural Gas Swap

spot (except on the last trading day), 2nd and 3rd months

RBOB Gasoline

spot (except on the last trading day), 2nd and 3rd months
nearby/second month, second/third month and nearby/third month calendar spreads

European Gasoil (ICE)

spot (except on the last trading day), 2nd and 3rd months

NYMEX Crude Oil Backwardation/Contango (B/C) Index

spot (except on the last trading day)

NYMEX Crude Oil MACI Index

spot (except on the last trading day)

COMEX Gold

February, April, June, August and December contract months (first active month only)

Pit-Traded Contracts - continued**COMEX Silver**

March, May, July, September and December contract months (first active month only)

CME Globex Contracts

The No-Activity Periods set forth below are provided solely for informational purposes. **Market participants are reminded that for compliance and enforcement purposes, the start of the pre-open period is defined by receipt of the security status message indicating that the group has transitioned to the pre-open state and the end of the trading session is defined by receipt of the security status message indicating that group is closed.**

Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
CLT	Light Sweet Crude Oil spot (except on the last trading day), 2 nd , 3 rd and 7 th months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:46 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:16 p.m. (ET) Sunday	CL
BZT	Brent Crude Oil Last Day Financial spot (except on the last trading day) No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	BZ
BBT	Brent Crude Oil Penultimate Financial Spot, 2 nd and 3 rd months No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	BB
HOT	New York Harbor No. 2. Heating Oil spot (except on the last trading day), 2 nd and 3 rd months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:46 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:16 p.m. (ET) Sunday	HO
NGT	Henry Hub Natural Gas spot (except on the last trading day), 2 nd and 3 rd months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:47 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:17 p.m. (ET) Sunday	NG

NNT	Henry Hub Natural Gas Swap spot (except on the last trading day), 2 nd and 3 rd months No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	NN
Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
RBT	RBOB Gasoline spot (except on the last trading day), 2 nd and 3 rd months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:46 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:16 p.m. (ET) Sunday	RB
7FT	European Gasoil (ICE) spot (except on the last trading day), 2 nd and 3 rd months No-Activity Periods: 12:00 p.m. – 5:45 p.m. (ET) Monday – Thursday 12:00 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	7F
KTT	NYMEX Coffee spot (except on the last trading day) No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	KT
CJT	NYMEX Cocoa spot (except on the last trading day) No-Activity Periods: 11:50 a.m. – 5:45 p.m. (ET) Monday – Thursday 11:50 a.m. (ET) Friday – 5:15 p.m. (ET) Sunday	CJ
TTT	NYMEX Cotton spot (except on the last trading day) No-Activity Periods: 2:15 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:15 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	TT
YOT	NYMEX No. 11 Sugar spot (except on the last trading day) No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	YO
XCT	NYMEX Crude Oil MACI Index spot (except on the last trading day) No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	XC
RET	REBCO spot (except on the last trading day), 2 nd and 3 rd months No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	RE
GCT	COMEX Gold February, April, June, August and December contract months (first active month only) No-Activity Periods: 1:30 p.m. – 5:48 p.m. (ET) Monday – Thursday 1:30 p.m. (ET) Friday – 5:18 p.m. (ET) Sunday	GC

Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
SIT	COMEX Silver March, May, July, September and December contract months (first active month only) No-Activity Periods: 1:25 p.m. – 5:49 p.m. (ET) Monday - Thursday 1:25 p.m. (ET) Friday – 5:19 p.m. (ET) Sunday	SI
HGT	COMEX Copper March, May, July, September and December contract months (first active month only) No-Activity Periods: 1:00 p.m. – 5:50 p.m. (ET) Monday – Thursday 1:00 p.m. (ET) Friday – 5:20 p.m. (ET) Sunday	HG

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Nancy Minett, Director, Investigations, 212.299.2940

Russell Cloughen, Associate Director, Investigations, 212.299.2880

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

7. Text of Rule 524

Trading at Settlement (“TAS”) and Matched Order (“MO”) Transactions

The Exchange shall determine the commodities, contract months and time periods during which TAS and MO transactions shall be permitted.

524.A. Trading at Settlement (“TAS”) Transactions

The following shall govern TAS transactions:

1. TAS transactions executed in the pit must be made open and competitively pursuant to the requirements of Rule 521 during the hours designated for pit trading in the particular contract and must be identified as such on the member's trading records.
2. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
3. TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526 except that TAS block trades may not be executed on the last day of trading in an expiring contract.
4. TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

524.B. Matched Order ("MO") Transactions

MO transactions are open outcry trades competitively executed pursuant to Rule 521 where the price of the trade is that day's settlement price for the contract.

The following shall govern MO transactions:

1. Members may execute an MO at any time during pit trading hours except during the post close session. Members may execute an order as an MO provided the order is placed as an MO and such instructions are denoted on the order. An order entered as an MO will be executed during the closing period as a Market on Close order if not previously executed as an MO or specifically designated to be executed only as an MO. An order specifically designated for execution only as an MO must be designated as such at the time the order is placed.
2. Members must identify an order executed as an MO on their trading record.