



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

May 14, 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 European and Asian Fuel Oil Broker Incentive Program  
NYMEX Submission No. 13-177**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a broker incentive program in support of European and Asian fuel oil contracts ("Program"). The proposed Program will become effective on June 3, 2013.

Exhibit 1 sets forth the terms of the proposed 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 Commodities 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. NYMEX market regulation staff will continue to monitor activity 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. The incentives under the Program do not adversely impact any price discovery that may be taking place in the centralized market. Specifically, incentives under the Program are only available to brokers that submit previously matched third-party trades in the relevant products. Principals who submit trades or execute orders on their own behalf or through a proprietary account are excluded from participation in the Program and are not eligible for incentives. The initiating party selects the venue, not the broker, and the incentives are earned by the broker well after venue selection is made. Thus, the Program does not influence the choice made by the principals regarding the execution venue. Participants in the Program will be selected by NYMEX staff using criteria as set forth 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 expressly agrees 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.

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

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NYMEX certifies that this submission has been concurrently posted on the NYMEX 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. 13-177 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## NYMEX Fuel Oil Broker Incentive Program

### Program Purpose

The purpose of the Program is to incentivize participants to educate their clients about the benefits of trading certain fuel oil products (as listed below), centralized clearing, and CME Direct which should ultimately build both open interest and core central liquidity. A more liquid contract benefits all participants in the market.

### Product Scope

The NYMEX energy products listed below that are submitted for clearing via CME ClearPort and cleared by the CME Clearing House ("Products"):

CODE	DESCRIPTION
33	1% Fuel Oil Rdam vs. 1% Fuel Oil NWE (Platts) Swap Futures
63	3.5% Fuel Oil Rdam vs. 3.5% FOB MED Spread (Platts) BALMO Swap Futures
88	Northwest Europe Fuel Oil High-Low Sulfur Spread (Platts) BALMO Swap Futures
1W	1% Fuel Oil (Platts) Cargoes CIF MED Swap Contract
1X	1% Fuel Oil (Platts) Cargoes CIF NWE Swap Contract
6L	European 1% Fuel Oil (Platts) Barges FOB Rdam BALMO Swap Futures
7D	3.5% Fuel Oil (Platts) CIF MED Swap Futures
8D	3.5% Fuel Oil (Platts) CIF MED BALMO Swap Futures
8H	Singapore Fuel Oil 380 cst (Platts) Average Price Option
AES	Argus Gasoline Eurobob Oxy Barges NWE Crack Spread (1000mt) BALMO Swap Futures
BOB	3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread (1000mt) Swap Futures
BS	Singapore Fuel Oil 180 cst (Platts) BALMO Swap Futures
BT	Singapore Fuel Oil 380 cst (Platts) BALMO Swap Futures
C5	Singapore Fuel Oil 180 cst (Platts) Average Price Option
EBF	1% Fuel Oil Barges FOB Rdam vs. 1% Fuel Oil (Platts) Cargoes FOB NWE BALMO Swap Futures
EFB	European 1% Fuel Oil (Platts) Barges FOB Rdam Average Price Option
EFF	European 3.5% Fuel Oil (Platts) Cargoes FOB MED BALMO Swap Futures
EFM	European 1% Fuel Oil Cargoes FOB MED (Platts) Swap Futures
ENS	European 1% Fuel Oil Cargoes FOB MED vs. European 1% Fuel Oil Cargoes FOB NWE Spread (Platts) Swap Futures
EVC	Singapore Fuel Oil 380 cst (Platts) vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Futures
EW	East-West Fuel Oil Spread (Platts) Swap Futures
EWB	East-West Fuel Oil Spread (Platts) BALMO Futures
FCN	Daily European 1% Fuel Oil (Platts) Cargoes FOB NWE Swap Futures
FK	3.5% Fuel Oil Barges FOB Rdam vs. 3.5% FOB MED Spread (Platts) Swap Futures
FOB	1% Fuel Oil Cargoes CIF MED (Platts) BALMO Futures
FOM	1% Fuel Oil Cargoes FOB MED (Platts) BALMO Futures
FOR	Daily European 3.5% Fuel Oil (Platts) Barges FOB Rdam Swap Futures
FS	Northwest Europe Fuel Oil High-Low Sulfur Spread (Platts) Swap Futures
FVB	1.0% Fuel Oil (Platts) Cargoes FOB NWE Crack Spread (1000mt) Swap Futures
KR	European 3.5% Fuel Oil (Platts) Barges FOB Rdam BALMO Swap Futures

KX	European 1% Fuel Oil (Platts) Cargoes FOB NWE BALMO Swap Futures
MSD	Singapore Fuel Oil 180 cst vs. 380 cst Spread (Platts) BALMO Futures
Q6	European 3.5% Fuel Oil (Platts) Barges FOB Rdam Average Price Option
SD	Singapore Fuel Oil 180 cst vs. 380 cst Spread (Platts) Swap Futures
SE	Singapore Fuel Oil 380 cst (Platts) Swap Futures
SFB	Singapore Fuel oil 380CST (Platts) vs. European 3.5% Fuel oil Barges FOB Rdam (Platts) BALMO Futures
SFC	Singapore Fuel Oil 180 cst (Platts) Crack Spread Swap Futures
UA	Singapore Fuel Oil 180 cst (Platts) Calendar Swap Futures
UF	European 1% Fuel Oil (Platts) Cargoes FOB NWE Calendar Swap Futures
UH	European 1% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures
UI	European 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap Futures
UV	European 3.5% Fuel Oil (Platts) Barges FOB Rdam Calendar Swap Futures
FCB	3.5% Fuel Oil Barges FOB Rdam (Platts) Crack Spread BALMO Futures
FI	1% Fuel Oil (Platts) Cargoes FOB NWE Crack Spread Swap Futures
FL	3.5% Fuel Oil (Platts) FOB MED Crack Spread Swap Futures
FO	3.5% Fuel Oil (Platts) Barges FOB Rdam Crack Spread Swap Futures
GCB	Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) BALMO Swap Futures
GCU	Gulf Coast No. 6 Fuel Oil 3.0% vs. European 3.5% Fuel Oil Barges FOB Rdam (Platts) Swap Future
HZ	Singapore Fuel Oil 380 cst Futures
NYF	New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) Swap Futures
NYG	New York Fuel Oil 1.0% vs. European 1% Fuel Oil Cargoes FOB NWE (Platts) BALMO Swap Futures
SSB	Singapore Fuel Oil 180 cst (Platts) 6.5 Dubai Crack Spread BALMO Swap Futures
SSD	Singapore Fuel Oil 180 cst (Platts) 6.5 Dubai Crack Spread Swap Futures
STB	Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread BALMO Swap Futures
STI	Singapore Fuel Oil 380 cst (Platts) 6.35 Dubai Crack Spread Swap Futures
STR	Singapore Fuel Oil 180 cst (Platts) 6.35 Brent Crack Spread Swap Futures
STS	Singapore Fuel Oil 180 cst (Platts) 6.35 Dubai Crack Spread Swap Futures
OA	Mini European 1% Fuel Oil (Platts) Barges FOB Rdam BALMO Swap Futures
OB	Mini European 1% Fuel Oil (Platts) Cargoes FOB NWE Swap Futures
OC	Mini European 1% Fuel Oil (Platts) Cargoes FOB NWE BALMO Swap Futures
OD	Mini European 3.5% Fuel Oil (Platts) Barges FOB Rdam Swap Futures
OE	Mini European 3.5% Fuel Oil (Platts) Barges FOB Rdam BALMO Swap Futures
OF	Mini Singapore Fuel Oil 180 cst (Platts) Swap Futures
5L	Mini Singapore Fuel Oil 180 cst (Platts) BALMO Swap Futures
MFD	Mini 1% Fuel Oil Cargoes FOB MED (Platts) Futures
MFE	Mini 1% Fuel Oil (Platts) Cargoes FOB NWE (Euro Denominated) Swap Futures
MFT	Mini 3.5% Fuel Oil (Platts) Barges FOB Rdam (Euro Denominated) Swap Futures
MMF	Mini 3.5% Fuel Oil Cargoes FOB MED (Platts) Financial Futures
MTB	Mini Singapore Fuel Oil 380 cst (Platts) BALMO Swap Futures
MTS	Mini Singapore Fuel Oil 380 cst (Platts) Swap Futures
TO	Mini European 1% Fuel Oil (Platts) Barges FOB Rdam Swap Futures

### **Eligible Participants**

NYMEX may designate up to three (3) participants in the Program. Participants may be NYMEX members or non-members. When selecting participants for the Program, NYMEX will take into account (i) the potential participant's prior experience acting as a broker in the European and Asian fuel oil market, and (ii) the potential participant's historical brokerage volume in the European and Asian fuel oil market over the previous twelve (12) months.

**Program Term**

Start date is June 3, 2013. End date is December 31, 2013.

**Hours**

N/A

**Program Incentives**

Once accepted into the Program, participants may be eligible to receive a predetermined rebate on clearing fees for transactions in the Products submitted for clearing via ClearPort.

**Monitoring and Termination of Status**

NYMEX shall monitor activity in the Products and participants' performance and shall retain the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the eligibility requirements.