



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

May 16, 2012

**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: Modifications to NYMEX Brent Block Trade Broker Rebate Program.  
NYMEX Submission No. 12-143.**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc ("NYMEX," the "Clearing House", or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of certain modifications to the NYMEX Brent Block Trade Broker Rebate Program ("Program"). The proposed modifications will become effective on June 1, 2012.

Exhibit 1 sets forth the terms of the Program. The modifications to the Program appear below with additions underscored and deletions ~~overstruck~~.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the designated contract market core principles and the derivatives clearing organization core principles (collectively the "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;

Designated Contract Market Core Principles: Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules and Recordkeeping.

The Program and proposed modifications will not impact the Exchange's ability to perform their trade practice and market surveillance obligations under the CEA and NYMEX market regulation staff will continue to monitor all market participants that trade 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 executed orders for their own, or through a proprietary account, are excluded from participation in the Program and are not eligible for incentives. The initiating party is the one who selects the venue, not the broker, and the incentives are earned by the broker well after venue selection is made.

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Thus, the Program does not influence the choice made by the principals regarding the execution venue. All brokers that register with NYMEX are eligible to participate. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program will be subject to these rules. The Program will be subject to the Exchange's record retention policies which comply with the CEA.

Derivatives Clearing Organization ("DCO") Core Principles: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping:

The incentives in this Program will have a non-material impact on the financial resources of the Clearing House. As such, it will not prevent the Clearing House from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO. All brokers that register with NYMEX are eligible to participate. The incentives provided under the Program will not impact the Clearing House's ability to perform its monitoring or enforcement obligations under the CEA. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program will be subject to these rules. The Program will be subject to NYMEX records 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.

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. 12-143 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## BRENT BLOCK TRADE BROKER INCENTIVE PROGRAM

### **Program Purpose**

The purpose of this Program is to encourage brokers to increase their volume in the products listed below, enhancing market liquidity for those products. A more liquid contract benefits all participants in the market.

### **Product Scope**

NYMEX Light Sweet Crude Oil futures (CL), Heating Oil Futures (HO) and RBOB Gasoline Futures (RB) that are submitted as block trades through CME ClearPort or on the NYMEX Trading Floor (“Products”).

### **Eligible Participants**

There is no limit to the amount of participants that may register for the Program. The Program is open to all Voice Brokers, Floor Brokers, Introducing Brokers, Associated Persons and Futures Commission Merchants who submit matched trades to the CME ClearPort clearing systems for 3rd parties and all CFTC/NFA registrants who submit orders to, and which are executed on the NYMEX Trading Floor or the CME ClearPort platform. Principals who submit trades or executed orders for their own, or a proprietary account, are excluded from participation in the Program.

### **Program Term**

Start date is April 25, 2012. End date is December 31, 2012.

### **Hours**

N/A

### **Program Incentives**

For each calendar month of participation in the Program, participants will be eligible for the following incentives:

CL/HO/RB Rebate. For each CL/HO/RB block trade submitted by a participant to the Clearing House through CME ClearPort or executed on the NYMEX Trading Floor, the participant will receive a rebate equal to twenty percent (20%) of the associated clearing fees. The amount of combined CL/HO/RB submitted block trades that receive the aforementioned rebate in a given calendar month will be capped so that they will not exceed two times (2X) the amount of and Brent Look-Alike Crude Oil Futures (BZ) block trades submitted by the participant during the applicable calendar month.

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

NYMEX shall monitor trading activity 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.