



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

June 15, 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 the Volume Incentive Program for NYMEX and COMEX  
Metals Products  
NYMEX/COMEX Submission No. 12-177**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc. ("NYMEX") and the Commodity Exchange, Inc ("COMEX") ( NYMEX and COMEX collectively the "Exchanges") hereby notify the Commodity Futures Trading Commission ("Commission") of modifications to the Volume Incentive Program for NYMEX and COMEX Metals Products ("Program"). The proposed modifications to the Program will become effective on July 1, 2012.

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

The Exchanges' business staff responsible for the Program and the Exchanges' legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, Exchanges' 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 Program and proposed modifications will not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA and the Exchanges have implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The tiered incentives in the Program do not impact the Exchanges' order execution. Participants in the Program will be selected by Exchanges' staff using criteria as further stated in Exhibit 1. All participants must execute a contractual agreement with the Exchanges in which each participant will expressly agree to comply with and be subject to, applicable regulations and the NYMEX rules. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to the Exchanges record retention policies which comply with the CEA.

NYMEX and COMEX certify that the Program complies with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

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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/COMEX Submission No. 12-177 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Enclosure: Exhibit 1 - Volume Incentive Program for NYMEX/COMEX Metals Products

# EXHIBIT 1

## VOLUME INCENTIVE PROGRAM FOR NYMEX/COMEX METALS PRODUCTS

### Program Purpose

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

### Product Scope

Gold futures, Silver futures, Copper futures, Platinum futures and Palladium futures contracts traded on the CME Globex® Platform (“Products”).

### Eligible Participants

There is no limit to the number of participants under the Program. Participants may be NYMEX or COMEX members or non-members. The Exchanges, in their sole discretion, will use a variety of factors in determining whether or not a prospective participant is selected to participate in the Program, including the prospective participants’ overall historical volume in the Products that are traded on the CME Globex® platform, the prospective participants’ ability to commit to maintain a certain percentage of volume in the above-referenced products as resting volume, and the prospective participants’ historical volume in NYMEX and COMEX metals contracts, other than those previously mentioned above. The Exchanges may from time to time add or subtract from the above factors as they deem necessary.

### Program Term

Start date is October 19, 2011. End date is ~~June 30, 2012~~ December 31, 2012.

### Hours

N/A

### Progressive Tiered Volume Incentives

Once accepted into the Program, participants will be eligible to participate in tiered volume incentives whereby participants may be charged a reduced fee rate for the Products that a participant trades on the CME Globex platform during regular trading hours. The progressive tiered volume levels are predetermined by NYMEX and COMEX and are based on a participant’s combined daily volume of contracts in the above-referenced products on the CME Globex® platform measured during an applicable calendar month.

### Monitoring and Termination of Status

The Exchanges 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 of the Program.