



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

June 18, 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: NYMEX European Union Allowance and Certified Emission Reduction  
futures and spread contracts Market Making Program.  
NYMEX Submission No. 12-210**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc ("NYMEX," the "Clearing House," or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a Market Making Program in support of European Union Allowance and Certified Emission Reduction futures and spread contracts that are listed on the Globex Platform ("Program"). The proposed Program will become effective on such date when the certain former Green Exchange, LLC ("GreenX") products are formally transitioned from GreenX to NYMEX.

Exhibit 1 sets forth the terms of this Program.

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 Commodity 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 proposed Program will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. Nevertheless, NYMEX Market Regulation Staff will continue to monitor all market participants for any manipulative trading and/or market abuse in the Program's products. Additionally, the Exchange 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 available under the Program will apply to transactions by participants via all available NYMEX execution and/or clearing venues. Additionally, the incentives are equal across all NYMEX execution venues. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. Participants in the Program will be selected by NYMEX staff using criteria as further stated 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 will expressly agree to comply with, and be subject to, applicable regulations and NYMEX rules. Additionally, the proposed Program will be subject to the Exchange's record retention policies, which comply fully with the CEA.

Mr. David Stawick  
Page 2  
June 18, 2012

Derivatives Clearing Organization (“DCO”) Core Principles: Financial Resources, Participant and Product Eligibility, Rule Enforcement and 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. When selecting an applicant into the Program, NYMEX will take into account multiple factors from a candidate firm, including those set forth in Exhibit 1. 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. All participants must execute a contractual agreement with the Clearing House in which each participant will expressly agree to comply with, and be subject to, applicable regulations and NYMEX rules. The proposed Program will be subject to the Clearing House’s 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.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s 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. 12-210 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Enclosure

# EXHIBIT 1

## European Union Allowance and Certified Emission Reduction futures and spread contracts Market Making Program

### Program Purpose

The purpose of the Program is to incentivize participants to increase Globex liquidity in the products listed below. A more liquid contract on the central limit order book benefits all participants in the marketplace.

### Product Scope

Certain European Union Allowance and Certified Emission Reduction futures and spread contracts that are traded on the Globex Platform or cleared via CME ClearPort ("Product(s)").

### Eligible Participants

NYMEX may designate up to two (2) participants in the Program. Participants may be NYMEX members or non-members. In order to be considered for selection into the Program, potential participants must have sufficient experience acting as a market maker and be sufficiently active in the carbon markets. Notwithstanding the foregoing, NYMEX, in its sole discretion, may add or subtract from the aforementioned criteria as it deems necessary.

### Program Term

Start date is such date on which the Products are formally transitioned from GreenX to NYMEX. End date is February 20, 2013.

### Hours

ETH

### Obligations

Quoting Requirements. Participants in the Program must quote continuous two-sided markets in designated contract months of the Products during European trading hours at contracted maximum bid/ask spreads and at contracted minimum depth.

Participants are subject to reasonable reporting requirements, including providing supporting documentation for purposes of auditing Program compliance.

### Incentives

Upon completing all obligations as determined by NYMEX, participants will be entitled to the following incentives:

1. *Transaction and Clearing Fee Waivers on Globex or ClearPort:* Participants in the Program will receive transaction and clearing fee waivers for Products executed by participants on Globex during ETH or submitted for clearing by participants via CME ClearPort during ETH.
2. *Participation Stipend:* Participants in the Program may receive a monthly participation stipend.

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

The Exchange 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 or fails to meet its obligations under the Program.