

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 12-193

Date: June 19, 2012

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

New York Mercantile Exchange, Inc.

FILING AS A:



DCM



SEF



DCO



SDR



ECM/SPDC

TYPE OF FILING

• Rules and Rule Amendments



Certification under § 40.6 (a) or § 41.24 (a)



“Non-Material Agricultural Rule Change” under § 40.4 (b)(5)



Notification under § 40.6 (d)



Request for Approval under § 40.4 (a) or § 40.5 (a)



Advance Notice of SIDCO Rule Change under § 40.10 (a)

• Products



Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)



Swap Class Certification under § 40.2 (d)



Request for Approval under § 40.3 (a)



Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

N/A

DESCRIPTION

European Coal Incentive Program



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

June 19, 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 Coal Incentive Program
Submission No. 12-193**

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 an incentive program in support of certain European coal products ("Program"). The proposed Program will become effective on July 5, 2012.

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 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 proposed Program 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 available under the Program will apply to transactions by participants via any of NYMEX's execution and/or clearing venues, including the NYMEX trading floor. Additionally, the incentives are greater for trades executed on the NYMEX trading floor. 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. The proposed Program will be subject to the Exchange's record retention policies which comply with the CEA.

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

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. NYMEX will select participants based on criteria 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 an application or contractual agreement with NYMEX in which each participant expressly agrees to comply with and be subject to applicable regulations and NYMEX rules.

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, or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-193 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NYMEX European Coal Incentive Program

Program Purpose

The purpose of this Program is to incentivize higher levels of volume contribution in the European coal markets in order to improve market liquidity for those products. A more liquid contract benefits all participants in the market.

Product Scope

The following NYMEX products regardless of execution or clearing venue ("Products"):

Coal (API 2) cif ARA (Argus/McCloskey) Swap Futures ("MTF"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Swap Futures ("MFF"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Options ("MFO"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Option on Quarterly Futures Strip ("RQA"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Option on Calendar Futures Strip ("RLA"), Coal (API 2) cif ARA (Argus/McCloskey) Options ("CQA"), Coal (API 2) cif ARA (Argus/McCloskey) Option on Calendar Futures Strip ("CLA"), Coal (API 2) cif ARA (Argus/McCloskey) Options ("MTO").

Eligible Participants

NYMEX may select up to five (5) participants in the Program. Participants may be NYMEX member or non-member firms. When selecting participants for the Program, NYMEX will take into account the following factors: (i) historical volume and experience trading the Products and similar contracts, and (ii) the participant's ability to maintain threshold volume obligations for the duration of the Program. NYMEX may in its sole discretion add or subtract from the aforementioned factors as it deems necessary.

Program Term

Start date is July 5, 2012. End date is December 31, 2012.

Hours

N/A

Incentives

Fee Discounts. For each calendar month of participation in the Program, participants who meet certain volume thresholds in the Products will receive predetermined reduced fee rates for all trades in the Products submitted for clearing via CME ClearPort or executed on the NYMEX trading floor via open outcry.

Monitoring and Termination of Status

NYMEX shall monitor activity in the Products 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.