



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: Revisions to NYMEX European Carbon Products Market Making Program
NYMEX Submission No. 12-208R**

Dear Mr. Stawick:

New York Mercantile Exchange, Inc ("NYMEX" or "the Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a Market Making Program in support of European carbon products that are traded on the Globex Platform ("Program"). The proposed Program will become effective on such date that the Program's products are formally transitioned from Green Exchange, LLC ("GreenX") to NYMEX.

Exhibit 1 sets forth the terms of this Program.

Please note that the Exchange is revising NYMEX Submission No. 12-208. A copy of this submission with black-line changes from 12-208 is attached hereto as Appendix A.

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 Commodity 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. 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 incentives in the Program do not impact the Exchange's order execution. 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.

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

Mr. David Stawick
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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, or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-208 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Enclosure

EXHIBIT 1

European Carbon Products Market Making Program

Program Purpose

The purpose of this 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

European Union Allowance ("EUA") futures contracts, Certified Emission Reduction ("CER") futures contracts, Cross-State Air Pollution Rule ("CSAPR TR") futures contracts and California Carbon Allowance ("CCA") futures contracts that are traded on the Globex Platform ("Product(s)").

Eligible Participants

NYMEX may designate up to ten (10) 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 be sufficiently and consistently active in Globex trading of European carbon products (maintaining an average daily volume of at least 125 contracts traded on Globex over the past three (3) months), and must be active in the U.S. carbon markets generally. 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 transitioned from GreenX to NYMEX. End date is December 31, 2012.

Hours

ETH

Obligations

Reporting Requirements. Participants in the Program are required to provide NYMEX with information in an electronic format acceptable to NYMEX detailing Participants' trading activity under the Program, and NYMEX may require an additional third party verification report.

Incentives

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

1. *Transaction and Clearing Fee Discounts:*
 - a.) For all transactions in EUA, CER, CSAPR TR and CCA futures contracts executed on Globex, if the trade results from the Program participant posting any bid or offer that is hit or lifted by another NYMEX customer not affiliated with the Program participant, for the first ninety (90) calendar days of Program participation, the participant's discount will be \$3 (net fee of \$0).
 - b.) For all transactions in EUA, CER, CSAPR TR and CCA futures contracts executed on Globex, if the trade results from the Program participant posting any bid or offer that is hit or lifted by

another NYMEX customer not affiliated with the Program participant, for the second ninety (90) calendar days (days 91-180) of Program participation, the participant's discount will be \$2 (net fee of 1\$).

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 has failed to meet its obligations or no longer meets the eligibility requirements of the Program.

APPENDIX A



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NYMEX Submission No. ~~12-208~~[12-208R](#)

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