



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

August 2, 2013

**VIA E-MAIL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: NYMEX Natural Gas and Power Incentive Program for Hedge Funds  
NYMEX Submission No. 13-308**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement an incentive program in support of all Natural Gas, Natural Gas Liquids & Petrochemicals (NGLs) and Power/Electricity ("Power") products ("Program"). This proposed Program will become effective on August 19, 2013.

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 ("DCM") 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. The Exchange's market regulation staff will continue to monitor trading in the Program's products to prevent manipulative trading and market abuse. 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 pit and our central limit order book. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. Chapter 4 of the NYMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. Participants must submit an application to 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.

The Exchange 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 Tim Elliott at 312-466-7478 or via e-mail at [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 13-308 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## **NYMEX Natural gas and Power Incentive Program For Hedge Funds**

### **Program Purpose**

The purpose of the Program is to incentivize higher levels of volume contribution in NYMEX Natural Gas, NGL and Power products across NYMEX's trading and clearing venues. Higher levels of volume and liquidity in the products listed below benefits all participants in the marketplace.

### **Product Scope**

All NYMEX Natural Gas, Natural Gas Liquids & Petrochemicals (NGLs) and Power/Electricity ("Power") products that are traded on the Globex Platform, the NYMEX trading floor or cleared through the CME clearing house ("Products").

### **Eligible Participants**

NYMEX may designate up to three (3) participants in the Program. Participants must be structured as hedge funds, as determined by Exchange personnel. In order to be considered for the Program, an applicant must have, over a recent time period, maintained significant average monthly volume levels in the Products. Eligible participants cannot participate in any other NYMEX program for which incentives are given with respect to the Products, with the exception of the 2013 NYMEX Natural Gas Options Incentive Program.

### **Program Term**

Start date is August 19, 2013. End date is December 31, 2013.

### **Hours**

N/A

### **Incentives**

If a participant meets certain average monthly volume levels in the Products as determined by the Exchange, the respective participant may qualify to receive predetermined transaction fee rates with respect to the Products.

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

CME Group shall monitor participants' activity in the Products and retains 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.