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SECRETARIAT

August 8, 2011

**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: Rule Amendment. New York Mercantile Exchange, Inc. Submission # 11-310:  
Notification Regarding Amendments of the SoCal "Pipe" (Platts IFERC) Option  
Listed on NYMEX Trading Floor and CME ClearPort®**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to Rules 520A.01 ("Type Option"), 520A.02 ("Strike Prices") and 520A.03 ("Trading Unit") of the SoCal "Pipe" (Platts IFERC) Option (chapter 520A, commodity code ZN) contract in order to reference the chapter title of the underlying futures contract.

On June 27, 2011, the Exchange listed for trading and clearing the previously synthetic, non-tradable, underlying futures contract of the SoCal "Pipe" (Platts IFERC) Option (NYMEX Submission #11-240). Upon the original listing of this option contract, the synthetic underlying was created by combining the prices of Henry Hub Natural Gas Futures prices and SoCal (Platts IFERC) Basis Swap Futures prices. In order to eliminate any confusion, the Exchange is proposing the enclosed amendments to the existing option rules such that the rules reflect that the option contract exercise against the newly tradable underlying futures. These amendments will take effect on trade date August 23, 2011.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.6, the Exchange hereby certifies that the attached contract amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

Should you have any questions concerning the above, please contact Bob Biolsi at (212) 299-2610, [bob.biolsi@cmegroup.com](mailto:bob.biolsi@cmegroup.com) or the undersigned at (212) 299-2207, (347) 463-5347 or [felix.khalatnikov@cmegroup.com](mailto:felix.khalatnikov@cmegroup.com).

Very truly yours,

/s/Felix Khalatnikov  
Director and Associate General Counsel

Encl.

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UNDERSCORE Denotes Addition, STRIKETHROUGH Denotes Deletion

## Chapter 520A

### SoCal "Pipe" (Platts IFERC) Option

#### 520A.01. TYPE OPTION

A SoCal "Pipe" (Platts IFERC) Option is a European Style option financially settled against the underlying SoCal Swap (Platts IFERC) Futures, ~~mathematical sum of the settlement prices for the underlying NYMEX SoCal basis swap and Henry Hub swap.~~

#### 520A.02. STRIKE PRICES

(A) Trading shall be conducted for options with strike prices in increments as set forth below.

On the first business day of the trading in an option contract month, trading shall be at the following strike prices;

(B) (i) the previous day's settlement price for the underlying SoCal Swap (Platts IFERC) Futures contract, ~~"Pipe" month's natural gas swap futures contracts plus the settlement price of the SoCal basis swap in the corresponding "Pipe" month,~~ rounded off to the nearest one-cent strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the five one-cent strike prices which are five increments higher than the strike price described in subsection (B)(i) of this Rule and (iii) the five one-cent strike prices which are five increments lower than the strike price described in subsection of this Rule.

(C) Thereafter, on any business day prior to the expiration of the option, new consecutive strike prices for both puts and calls will be added such that there will be five increments above and below the at-the-money option.;

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in SoCal "Pipe" (Platts IFERC) Option ~~natural gas options~~ will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded in the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a natural gas futures SoCal "Pipe" (Platts IFERC) Option in which no new strike prices may be introduced.

#### 520A.03. TRADING UNIT

On expiration of a call option, the value will be the difference between ~~the mathematical sum of the settlement prices for the underlying NYMEX SoCal basis Swap and Henry Hub swap~~ the settlement price for the underlying SoCal Swap (Platts IFERC) Futures and the strike price multiplied by 2,500 MMBtu, or zero, whichever is greater. On exercise of a put option, the value will be the difference between the strike price and ~~the mathematical sum of the settlement prices for the underlying NYMEX SoCal basis Swap and Henry Hub swap~~ the settlement price for the underlying SoCal Swap (Platts IFERC) Futures multiplied by 2,500 MMBtu, or zero, whichever is greater.

[remainder of chapter unchanged]