

August 22, 2013

**VIA E-MAIL**

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

**RE: Regulation 40.6(a) Rule Certification. New York Mercantile Exchange, Inc. & Commodity Exchange, Inc. Submission No. 13-345: Revision to Rule 524 and Issuance of NYMEX & COMEX Market Regulation Advisory Notice RA1317-4**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that is self-certifying the elimination of pricing NY Harbor ULSD ("HO") futures and RBOB Gasoline ("RB") futures based on the Platts 3:15 p.m. Marker ("Platts Marker") pursuant to NYMEX Rule 524 ("Trading at Settlement ("TAS"), Trading at Marker ("TAM") and Matched Order ("MO") Transactions"). As a result of eliminating the Platts Marker, NYMEX is also adopting a revision to Rule 524 to eliminate the prohibition on a party carrying an open long (short) Platts TAM or Platts TAM block position from selling (buying) in the underlying product during 3:14:00:000 to 3:14:59:999. The elimination of the Platts Marker and the revision to Rule 524 will be effective on September 9, 2013.

Since the launch of the Platts Marker on April 8, 2013, many market participants who have independent entities which are aggregated due to ownership or multiple traders making independent trading decisions on behalf of a firm's proprietary account have found the above-referenced prohibition a challenge from an operational perspective and have reduced or ceased their use of the Platts Marker. Accordingly, NYMEX has determined to discontinue the Platts Marker.

Based on the elimination, NYMEX and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") are notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that they are self-certifying the issuance of NYMEX & COMEX Market Regulation Advisory Notice RA1317-4 ("RA1317-4") on August 23, 2013, to advise the marketplace of the elimination of the Platts Marker effective September 9, 2013.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act"). During the review, we have identified that the changes described in this Submission may have some bearing on the following Core Principle:

Compliance with Rules: The Market Regulation Advisory Notice being issued provides regulatory guidance to the marketplace on the requirements attendant to TAS/TAM/MO transactions, including the elimination of the Platts TAM. This guidance is intended to assist market participants in remaining in compliance with Rule 524 and is therefore in compliance with this Core Principle.

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing RA1317-4 to ensure that market participants have updated guidance and information attendant to TAS/TAM/MO Transactions. The Advisory Notice will also be available on the CME Group website.

NYMEX certifies that the elimination of the Platts Marker and the revision to Rule 524 complies with the Commodity Exchange Act (“Act”) and regulations thereunder. Additionally, the Exchanges certify that the issuance of RA1317-4 also complies with the Act and regulations thereunder. There were no opposing views to the rule revision or the issuance of RA1317-4. The revisions to Rule 524 appear in Exhibit A, with deletions overstruck. RA1317-4 appears in Exhibit B.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at [Robert.Sniegowski@cmegroup.com](mailto:Robert.Sniegowski@cmegroup.com). Alternatively, you may contact me at 212.299.2200 or via email at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com). Please reference NYMEX & COMEX Submission #13-345 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Revisions to Rule 524  
Exhibit B – RA1317-4

## Exhibit A

### **Rule 524            Trading at Settlement (“TAS”), Trading at Marker (“TAM”) and Matched Order (“MO”) Transactions**

The Exchange shall determine the commodities, contract months and time periods during which TAS, TAM and MO transactions shall be permitted.

#### **524.A. Trading at Settlement (“TAS”) Transactions**

[Section A. is unchanged.]

#### **524.B. Trading at Marker (“TAM”) Transactions**

The following shall govern TAM transactions:

1. TAM orders may be entered on Globex at any time the applicable contracts are available for TAM trading on Globex and during each TAM contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.
3. TAM transactions may be executed at the current day's applicable marker price or at any valid price increment ten ticks higher or lower than the applicable marker price.
- ~~4. A Party carrying an open long (short) Platts TAM or Platts TAM block position in RBOB Gasoline (“RB”) or NY Harbor ULSD (“HO”) futures may not sell (buy) in the underlying RB or HO market during the time period from 3:14:00.000 to 3:14:59.999 p.m. ET.~~

[The remainder of the Rule is unchanged.]

## Exhibit B

# MARKET REGULATION ADVISORY NOTICE

Exchange	<b>NYMEX &amp; COMEX</b>
Subject	<b>Trading at Settlement (“TAS”), Trading at Marker (“TAM”) and Matched Order (“MO”) Transactions</b>
Rule References	<b>Rule 524</b>
Advisory Date	<b>August 23, 2013</b>
Advisory Number	<b>NYMEX &amp; COMEX RA1317-4</b>
Effective Date	<b>September 9, 2013</b>

This Advisory Notice supersedes NYMEX & COMEX RA1309-4R (“RA1309-4R”) from May 28, 2013. It is being issued to notify the marketplace that pending all relevant regulatory review periods, NYMEX will eliminate the pricing of NY Harbor ULSD (“HO”) futures and RBOB Gasoline (“RB”) futures based on the Platts 3:15 p.m. Marker (“Platts TAM”) on September 9, 2013. As of that date, market participants will no longer be permitted to enter Platts TAM orders in HO and RB futures into CME Globex or execute Platts TAM block trades in HO and RB.

Trading at Marker transactions based on the London Marker will continue to be available for HO and RB futures.

Through September 8, 2013, any market participants that continue to transact in HO and RB priced via Platts TAM must continue to comply with the prohibition in Rule 524 (“Trading at Settlement (“TAS”), Trading at Marker (“TAM”) and Matched Order (“MO”) Transactions”) from trading on the opposite side of the market in the underlying HO or RB market during the time period from 3:14:00.000 to 3:14:59.999 p.m. ET. Additional regulatory guidance concerning this prohibition appears in RA1309-4R available [here](#), and will remain in effect until Platts TAM has been eliminated on September 9, 2013.

Important information on regulatory considerations for market participants engaging in TAS, TAM or MO transactions appears in Section 2, a list of TAS- and TAM-eligible products and contract months appears in Sections 7 and 8, and the text of Rule 524 appears in Section 9 of this Advisory Notice.

### **1. General Information on TAS, TAM and MO Transactions**

TAS transactions may be executed at the current day’s settlement price or at any valid price increment ten ticks higher or lower than the settlement price, and, depending on the particular product, may be executed in the pit, on CME Globex or as a block trade.

TAM trading is analogous to existing Trading at Settlement (“TAS”) trading wherein parties are permitted to trade at a differential to a not-yet-known price. TAM trading uses a marker price, whereas TAS trading uses the Exchange-determined settlement price for the applicable contract month. As with TAS trading, parties are able to enter TAM orders at the TAM price or at a differential between one and ten ticks higher or lower than the TAM price. TAM transactions may be executed on CME Globex or as a block trade.

MO transactions in pit-traded Copper futures are transactions which are priced at that day’s settlement price for the contract.

### **2. Regulatory Considerations**

All market participants are reminded that any trading activity that is intended to disrupt orderly trading or to manipulate or attempt to manipulate a settlement or marker price to benefit a TAS, TAM or MO

position, including a TAS or TAM block position, will subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct detrimental to the interest or welfare of the Exchange or conduct which tends to impair the dignity or good name of the Exchange
- engaging in conduct inconsistent with just and equitable principles of trade

Investigation of suspected manipulative or disruptive activity related to TAS, TAM or MO, or activity in the related underlying markets will include the Market Regulation Department's ("Department") review of positions and trading activity in NYMEX markets and any related markets to determine if such activity was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during these periods. Pursuant to Rule 432.L.3, market participants are reminded that it is an offense to fail to produce any books or records requested by authorized Exchange staff within 10 days after such request is made or such shorter period of time as determined by the Exchange in exigent circumstances. The Department always has the authority to request books and records as well as other relevant information regarding the nature of a participant's trading and positions in Exchange products and in any related markets as part of its regulatory program.

### **3. Entry of TAS and TAM Orders on CME Globex**

Rule 524 permits the initiation of TAS and TAM orders into CME Globex only subsequent to the beginning of each group's pre-open state and during the time period the applicable contracts are available for TAS or TAM trading on CME Globex. The initiation of any TAS or TAM order on CME Globex outside of these time periods is strictly prohibited.

Any market participant who initiates the entry of a TAS or TAM order prior to receipt of the security status message indicating that market has transitioned to the pre-open will be subject to disciplinary action by a panel of the Business Conduct Committee, notwithstanding that the order may have been rejected by the CME Globex system. Sanctions for noncompliance may include a fine, disgorgement of any profits realized as a result of any orders accepted by CME Globex which were initiated prior to receipt of the security status message and/or a suspension of access to the market. Market participants must ensure that they have appropriate protocols in place to ensure that TAS and TAM orders are not initiated prior to receipt of the security status message.

### **4. TAS and TAM Calendar Spreads**

Intra-commodity calendar spreads in the nearby month/second month spread, the second month/third month spread and the nearby month/third month spread in Light Sweet Crude Oil, NY Harbor ULSD, Henry Hub Natural Gas and RBOB Gasoline futures may be executed on CME Globex or on the trading floor and priced at TAS.

For the London Marker, intra-commodity calendar spreads in the nearby month/second month spread, the second month/third month spread and the nearby/third month spread in Light Sweet Crude Oil, Brent Crude Oil Last Day Financial, NY Harbor ULSD and RBOB Gasoline futures may be executed on CME Globex and priced at TAM.

For the Singapore Marker, intra-commodity calendar spreads in the nearby month/second month spread, the second month/third month spread and the nearby/third month spread in Light Sweet Crude Oil and Brent Crude Oil Last Day Financial futures may be executed on CME Globex and priced at TAM. The pricing of the legs of a TAS or TAM calendar spread will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement or marker price, as applicable, for that contract month.
- The far leg of the spread will be priced at the settlement or marker price, as applicable, for that contract **minus** the allowable TAS or TAM price increment traded (negative 10 through positive

10), except in circumstances where the traded TAS or TAM price is the actual settlement or marker price of the contract.

**Example 1:**

A September 2013/October 2013 Light Sweet Crude Oil calendar spread trades at TAS -1 (minus 1). Assume the September contract settles at 107.10 and the October contract settles at 106.86.

The September leg will be priced at the September settlement price of 107.10. The October leg will be priced at 106.87, which is the October settlement price of 106.86 minus the TAS price increment of -1 (106.86 minus -.01 = 106.87).

**Example 2:**

A September 2013/November 2013 NY Harbor ULSD calendar spread trades at TAM +/- 0. Assume the September marker price is 3.0710 and the November marker price is 3.0816.

The September leg will be priced at the September marker price of 3.0710. The November leg will be priced at 3.0816, which is the November marker price.

**Example 3:**

An October 2013/November 2013 Henry Hub Natural Gas calendar spread trades at TAS +3. Assume the October contract settles at 3.487 and the November contract settles at 3.608.

The October leg will be priced at the October settlement price of 3.487. The November leg will be priced at 3.605, which is the November settlement price of 3.608 minus the TAS price increment of +3 (3.608 minus +.003 = 3.605).

**5. TAS on Gold, Silver and Copper Futures**

TAS transactions are allowed in the active contract month in Gold and Silver futures trading in the pit, on CME Globex or as block trades and in the first active contract month in Copper futures trading on CME Globex. **TAS transactions are not allowed to be executed in the Copper futures pit and Copper futures may not be executed as a TAS block trade.**

In Gold futures, TAS trades are permitted in the following active contract months: February, April, June, August, and December. Accordingly:

When the February contract becomes spot, the April contract becomes the TAS-eligible month;  
When the April contract becomes spot, the June contract becomes the TAS-eligible month;  
When the June contract becomes spot, the August contract becomes the TAS-eligible month;  
When the August contract becomes spot, the December contract becomes the TAS-eligible month; and  
When the December contract becomes spot, the February contract becomes the TAS-eligible month.

In Silver and Copper futures, TAS trades are permitted in the following active contract months: March, May, July, September and December. Accordingly:

When the March contract becomes spot, the May contract becomes the TAS-eligible month;  
When the May contract becomes spot, the July contract becomes the TAS-eligible month;  
When the July contract becomes spot, the September contract becomes the TAS-eligible month;

When the September contract becomes spot, the December contract becomes the TAS-eligible month; and

When the December contract becomes spot, the March contract becomes the TAS-eligible month.

## **6. MO Transactions in Pit-Traded Copper Futures**

MO transactions in Copper futures are open outcry trades competitively executed in the Copper futures pit where the trade is priced at that day's settlement price for the contract. MO transactions in Copper futures are eligible to be executed in the spot month and the next six consecutive contract months. Additionally, with the exception of the post close session, members may execute an MO order at any time the Copper futures pit is open for trading, provided that the order is placed as an MO order. Regular trading hours for open outcry trading in the Copper futures pit are from 8:10 a.m. until 1:00 p.m. Eastern Time ("ET").

Instructions to execute the order as an MO must be denoted on the order and members must identify an order executed as an MO on their trading record.

An order entered as an MO will be executed by the floor broker as a Market on Close order if the order is not previously executed as an MO or specifically designated to be executed only as an MO. An instruction to execute an order only as an MO must be communicated at the time the order is placed.

## **7. TAS-Eligible Products and Contract Months**

### Pit-Traded Contracts

#### **Light Sweet Crude Oil (CL)**

spot (except on the last trading day), 2<sup>nd</sup>, 3<sup>rd</sup> and 7<sup>th</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **Brent Crude Oil Last Day Financial (BZ)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

#### **NY Harbor ULSD (HO)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **Henry Hub Natural Gas (NG)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **Henry Hub Natural Gas Last Day Financial (NN)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

#### **Henry Hub Natural Gas Look-Alike Last Day Financial (HH)**

Spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

#### **RBOB Gasoline (RB)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **European Gasoil (100mt) Bullet (7F)**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

#### **COMEX Gold (GC)**

February, April, June, August and December contract months (first active month only)

Pit-Traded Contracts - continued

**COMEX Silver (SI)**

March, May, July, September and December contract months (first active month only)

CME Globex Contracts

For compliance and enforcement purposes, the start of a TAS pre-open period is defined by receipt of the security status message indicating that the group has transitioned to the pre-open state and the end of a TAS trading session is defined by receipt of the security status message indicating that group is closed.

**TAS orders may not be entered into CME Globex from the end of a TAS trading session until receipt of the security status message indicating that the group has transitioned to the pre-open state.**

Commodity Code on CME Globex	Product Name and Contract Months	Cleared Product
CLT	<b>Light Sweet Crude Oil</b> spot (except on the last trading day), 2 <sup>nd</sup> , 3 <sup>rd</sup> and 7 <sup>th</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	CL
BZT	<b>Brent Crude Oil Last Day Financial</b> spot (except on the last trading day) 2 <sup>nd</sup> and 3 <sup>rd</sup> months	BZ
BBT	<b>Brent Crude Oil Penultimate Financial</b> Spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months	BB
HOT	<b>NY Harbor ULSD</b> HO spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	
NGT	<b>Henry Hub Natural Gas</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	NG
NNT	<b>Henry Hub Natural Gas Last Day Financial</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	NN
HHT	<b>Henry Hub Natural Gas Look-Alike Last Day Financial</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	HH
RBT	<b>RBOB Gasoline</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	RB
7FT	<b>European Gasoil (100mt) Bullet</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	7F
KTT	<b>NYMEX Coffee</b> spot (except on the last trading day)	KT
CJT	<b>NYMEX Cocoa</b> spot (except on the last trading day)	CJ



Commodity Code on CME Globex	Product Name and Contract Months	Cleared Product
TTT	<b>NYMEX Cotton</b> Spot (except on the last trading day)	TT
YOT	<b>NYMEX No. 11 Sugar</b> spot (except on the last trading day)	YO
RET	<b>REBCO</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	RE
GCT	<b>COMEX Gold</b> February, April, June, August and December contract months (first active month only)	GC
SIT	<b>COMEX Silver</b> March, May, July, September and December contract months (first active month only)	SI
HGT	<b>COMEX Copper</b> March, May, July, September and December contract months (first active month only)	HG

#### **7. TAM-Eligible Products and Contract Months on CME Globex**

For compliance and enforcement purposes, the start of a TAM pre-open period is defined by receipt of the security status message indicating that the group has transitioned to the pre-open state and the end of a TAM trading session is defined by receipt of the security status message indicating that group is closed.

**TAM orders may not be entered into CME Globex from the end of a TAM trading session until receipt of the security status message indicating that the group has transitioned to the pre-open state.**

Commodity Code on CME Globex	Product Name and Contract Months	Cleared Product
<b>London Markers</b>		
CLL	<b>Light Sweet Crude Oil</b> spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	CL
BZL	<b>Brent Crude Oil Last Day Financial</b> spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	BZ
HOL	<b>NY Harbor ULSD</b> spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	HO
RBL	<b>RBOB Gasoline</b> spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	RB

## Singapore Markers

CLS	<b>Light Sweet Crude Oil</b> spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	CL
BZS	<b>Brent Crude Oil Last Day Financial</b> spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads	BZ

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Nancy Minett, Executive Director, Investigations, 212.299.2940

Neil Mazer, Lead Investigator, Investigations, 212.299.2874

Robert Sniegowski, Senior Director, Rules & Regulatory Outreach, 312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).

### **9. Text of Rule 524**

#### **Trading at Settlement (“TAS”), Trading at Marker (“TAM”) and Matched Order (“MO”) Transactions**

The Exchange shall determine the commodities, contract months and time periods during which TAS, TAM and MO transactions shall be permitted.

##### **524.A. Trading at Settlement (“TAS”) Transactions**

The following shall govern TAS transactions:

1. TAS transactions executed in the pit must be made open and competitively pursuant to the requirements of Rule 521 during the hours designated for pit trading in the particular contract and must be identified as such on the member's trading records.
2. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
3. TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526 except that TAS block trades may not be executed on the last day of trading in an expiring contract.
4. TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

##### **524.B. Trading at Marker (“TAM”) Transactions**

The following shall govern TAM transactions:

1. TAM orders may be entered on Globex at any time the applicable contracts are available for TAM trading on Globex and during each TAM contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.
3. TAM transactions may be executed at the current day's applicable marker price or at any valid price increment ten ticks higher or lower than the applicable marker price.

##### **524.C. Matched Order (“MO”) Transactions**

MO transactions are open outcry trades competitively executed pursuant to Rule 521 where the price of the trade is that day's settlement price for the contract.

The following shall govern MO transactions:

1. Members may execute an MO at any time during pit trading hours except during the post close session. Members may execute an order as an MO provided the order is placed as an MO and such instructions are denoted on the order. An order entered as an MO will be executed during the closing period as a Market on

Close order if not previously executed as an MO or specifically designated to be executed only as an MO. An order specifically designated for execution only as an MO must be designated as such at the time the order is placed.

2. Members must identify an order executed as an MO on their trading record.