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August 25, 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 Certification. New York Mercantile Exchange, Inc. Submission# 11-301: Notification Regarding the Listing of Australian Coking Coal (Platts) Low Vol Swap Futures and Australian Coking Coal (Argus) Low Vol Swap Futures Contracts for Trading on the NYMEX Trading Floor and for Clearing through CME ClearPort®

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of Australian Coking Coal (Platts) Low Vol Swap futures and Australian Coking Coal (Argus) Low Vol Swap futures contracts for trading on the NYMEX trading floor and for clearing through CME ClearPort. These new contracts will be listed on the Exchange effective Sunday, August 28, 2011 for trade date Monday, August 29, 2011. The Exchange will allow the exchange for related position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions will be governed by the provisions of Exchange Rule 538.

The specifications are as follows:

Contract Name	Australian Coking Coal (Platts) Low Vol Swap Futures	Australian Coking Coal (Argus) Low Vol Swap Futures
Code	ALW	ACR
Contract Unit	1,000 metric tons	1,000 metric tons
Price Quotation	U.S. dollars and cents per metric ton	U.S. dollars and cents per metric ton
Minimum Price Tick	\$0.01	\$0.01
Settlement Tick	\$0.01	\$0.01
First Listed Month	September 2011	September 2011
Listing Period	Current year plus the next full year up to 24 calendar months	Current year plus the next full year up to 24 calendar months
Termination of Trading	Trading shall terminate on the last business day of the contract month. Business days are based on the Singapore Public Holiday calendar.	Trading shall terminate on the last business day of the contract month. Business days are based on the UK Public Holiday calendar.
Settlement Index	Platts	Argus
Rule Chapter	1111	1110

Trading Hours

- Open Outcry: Monday – Friday 9:00 a.m. to 2:30 p.m. (8:00 a.m. to 1:30 p.m. Chicago Time/CT)
- CME ClearPort: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT)

Fees

Australian Coking Coal (Platts) Low Vol Swap Futures

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$5.00	\$5.00	\$6.00	\$7.00	
Globex	n/a	n/a	n/a	n/a	n/a
ClearPort		\$5.00		\$7.00	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$1.00	\$1.00			
Futures from E/A	n/a	n/a			
	House Acct	Customer Acct			
Options E/A Notice	n/a	n/a			
Delivery Notice	n/a	n/a			
Additional Fees and Surcharges					
EFS Surcharge	n/a				
Block Surcharge	n/a				
Facilitation Desk Fee	\$1.00				
ClearPort Volume Discount Program - Exchange Fees					
	Volume Threshold	Discounted Member Rate	Discounted Non-Member Rate		
ClearPort	100	\$4.00	\$6.00		

Australian Coking Coal (Argus) Low Vol Swap Futures

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$5.00	\$5.00	\$6.00	\$7.00	
Globex	n/a	n/a	n/a	n/a	n/a
ClearPort		\$5.00		\$7.00	
Processing Fees					
	Member	Non-Member			
Cash Settlement	\$1.00	\$1.00			
Futures from E/A	n/a	n/a			
	House Acct	Customer Acct			
Options E/A Notice	n/a	n/a			
Delivery Notice	n/a	n/a			
Additional Fees and Surcharges					
EFS Surcharge	n/a				
Block Surcharge	n/a				
Facilitation Desk Fee	\$1.00				
ClearPort Volume Discount Program - Exchange Fees					
	Volume Threshold	Discounted Member Rate	Discounted Non-Member Rate		
ClearPort	100	\$4.00	\$6.00		

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for each of the Australian Coking Coal (Platts) Low Vol Swap futures and Australian Coking Coal (Argus) Low Vol Swap futures contracts into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the new Australian Coking Coal (Platts) Low Vol Swap futures and Australian Coking Coal (Argus) Low Vol Swap futures contracts. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contracts.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contracts and respective terms and conditions comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. This submission will be made effective on trade date August 29, 2011.

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

Sincerely,

/s/Felix Khalatnikov
Dir & Assoc General Counsel

Attachments: Appendix A: Rule Chapter
Appendix B: Chapter 5 Table
Appendix C: Cash Market Overview and Analysis of Deliverable Supply

Chapter 1110
Australian Coking Coal (Argus) Low Vol Swap Futures

1110100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1110101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the average price calculated for all available price assessments published for Metallurgical Coal FOB Australia for that given calendar month by Argus Coal Daily International (Argus).

1110102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1110102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1110102.B. Trading Unit

The contract quantity shall be one thousand (1,000) metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1110102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.01 per metric ton.

1110102.D. Position Limits and Position Accountability

In accordance with Rule 559, no person shall own or control positions in excess of 1,250 contracts net long or net short in the spot month.

In accordance with Rule 560:

1. the all-months accountability level shall be 5,000 contracts net long or net short in all months combined;
2. the any-one month accountability level shall be 5,000 contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1110102.E. Termination of Trading

Trading shall terminate on the last business day of the contract month. Business days are based on the UK Public Holiday calendar.

1110103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1110104. DISCLAIMER

Argus Media ("Argus") licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various Argus price assessments in connection with the trading and/or clearing of the contract.

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Chapter 1111
Australian Coking Coal (Platts) Low Vol Swap Futures

1111100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1111101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the average price calculated for all available price assessments published for Hard Coking Coal (Premium Low Vol) FOB Australia for that given calendar month by Coal Trader International (Platts).

1111102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1111102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1111102.B. Trading Unit

The contract quantity shall be one thousand (1,000) metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1111102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.01 per metric ton.

1111102.D. Position Limits and Position Accountability

For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in Australian Coking Coal (Argus) Low Vol Swap futures. Each position in the contract will be calculated as a single position in the Australian Coking Coal (Argus) Low Vol Swap futures contract.

In accordance with Rule 559, no person shall own or control positions in excess of 1,250 contracts net long or net short in the spot month.

In accordance with Rule 560:

3. the all-months accountability level shall be 5,000 contracts net long or net short in all months combined;
4. the any-one month accountability level shall be 5,000 contracts net long or net short in any single contract month excluding the spot month.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1111102.E. Termination of Trading

Trading shall terminate on the last business day of the contract month. Business days are based on the Singapore Public Holiday calendar.

1111103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1111104. DISCLAIMER

NEITHER NEW YORK MERCANTILE EXCHANGE, INC. ("NYMEX") ITS AFFILIATES NOR PLATTS, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC. ("PLATTS") GUARANTEES THE ACCURACY NOR COMPLETENESS OF THE PLATTS PRICE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

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Appendix A

INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX, ITS AFFILIATES OR PLATTS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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NYMEX RULEBOOK CHAPTER 5 POSITION LIMIT TABLE
 (Bold/underline indicates additions)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>All Month Accountability Level</u>	<u>Any One Month Accountability Level</u>	<u>Expiration Month Limit</u>	<u>Reporting Level</u>	<u>Aggregate Into (1)</u>
			<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>	
<i>Coal</i>							
<u>Australian Coking Coal (Argus) Low Vol Swap Futures</u>	<u>1110</u>	<u>ACR</u>	<u>5,000</u>	<u>5,000</u>	<u>1,250</u>	<u>25</u>	<u>ACR</u>
<u>Australian Coking Coal (Platts) Low Vol Swap Futures</u>	<u>1111</u>	<u>ALW</u>	<u>5,000</u>	<u>5,000</u>	<u>1,250</u>	<u>25</u>	<u>ACR</u>

CASH MARKET OVERVIEW

By almost any measure, steel is one of the largest commodity markets and one of the most widely used metals in the world. Steel is an essential material for modern life. The manufacture of steel delivers the goods and services that our societies need – healthcare, telecommunications, improved agricultural practices, better transport networks, clean water and access to reliable and affordable energy.

Global steel production is dependent on coking coal. Almost 70% of the steel produced today uses coal. Metallurgical coal – or coking coal – is a vital ingredient in the steel making process. World crude steel production was 1.2 billion metric tons in 2009¹. In that same year, about 761 million metric tons of coking coal was used in the production of steel². Steel is an alloy based primarily on iron. As iron occurs only as iron oxides in the earth's crust, the ores must be converted, or 'reduced', using carbon. The primary source of this carbon is coking coal.

Table 1, below, provides a list of the top ten steel producing countries during 2009, as provided by the World Steel Association.

Table 1. Top Ten Steel Producing Countries in 2009 (millions of metric tons)

Country	2009
China	567.8
EU	139.1
Japan	87.5
Russia	59.9
United States	58.1
India	56.6
South Korea	48.6
Germany	32.7
Ukraine	29.8
Brazil	26.5
Turkey	25.3
World	1,219.7

Source: World Steel Association

The world production of coking coal in 2010 is estimated to be 912 million metric tons, more than half of which is produced in Asia according to CRU Strategies as illustrated in Table 2 below.

¹ World Steel Association – Steel Statistical Yearbook 2010

² <http://www.worldcoal.org/coal/uses-of-coal/coal-steel/>

Table 2. Coking Coal Production (millions of metric tons)

	2007	2008	2009	2010p
China	512.1	500.2	489.8	523.6
Australia	141.7	138.9	138.4	149.4
USA	51.7	58.2	46.7	68.5
Russia	55.3	52.8	49.0	56.1
Canada	26.9	27.5	24.0	28.7
Ukraine	25.1	20.4	21.6	20.8
India	11.1	13.4	13.6	13.5
Poland	14.0	12.8	8.9	11.2
Mongolia	3.1	3.4	4.0	10.5
Czech Republic	7.7	7.1	5.9	5.3
North America	80.1	87.3	72.0	98.8
South America	2.9	2.8	2.7	3.6
Europe	25.5	23.6	18.5	20.1
CIS	85.4	77.2	74.1	80.3
Asia	528.6	520.4	510.2	551.5
Middle East	0.8	0.8	1.0	1.8
Africa	4.6	4.8	4.3	4.1
Oceania	144.0	141.2	140.9	151.7
World total	871.8	858.1	823.8	912.0

Source: CRU Strategies

According to the World Coal Association, Australia is the world's leading exporter of coal accounting for an estimated 259 million metric tons in 2009³. Of the 259 million metric tons of coal exports, 125 million metric tons were coking coal exports, representing nearly 50% of global coal exports. In 2009, 145 million metric tons of coking coal were imported of which imports into Japan and China represented approximately 60% of total coking coal imports worldwide as illustrated in Tables 3 and 4.

Table 3. Top Coal Exporters (2009e) (millions of metric tons)

Country	Total	Coking
Australia	259	125
Indonesia	230	30
Russia	116	11
Colombia	69	-
South Africa	67	1
USA	53	33
Canada	28	21
Total	822	221

Source: World Coal Association⁴³ <http://www.worldcoal.org/resources/coal-statistics/>⁴ The World Coal Association is a global industry association comprising the major international coal producers and stakeholders (<http://www.worldcoal.org/resources/coal-statistics/>).

Table 4. Top Coal Importers (2009e) (millions of metric tons)

Country	Total	Coking
Japan	165Mt	52Mt
PR China	137Mt	35Mt
South Korea	103Mt	21Mt
India	67Mt	23Mt
Chinese Taipei	60Mt	3Mt
Germany	38Mt	6Mt
UK	38Mt	5Mt
Total	608Mt	145Mt

Source: World Coal Association⁵

Pricing Mechanism

The majority of coking coal has traditionally been sold on a long-term basis with contracts ranging from one year in duration to multi-year arrangements. But, the surge in coking coal prices seen in late 2007 and 2008, principally associated with the rise of China and India as significant consumers, and the subsequent contraction experienced during the global financial crisis, created significant economic difficulties for buyers and sellers committed to long-term fixed-price contracts.

The negative experiences associated with long-term pricing arrangements have led participants to move towards shorter term and index-linked contracts that correspond more closely with market conditions at the time of delivery. The impact of the sharp rises and falls in coal prices in recent years has also led to a sharp upturn in interest in risk management from participants in the Asian coking coal markets.

Premium hard coking coals are an essential part of coke blends globally, helping to lower the blend's average volatile matter. By lowering the volatile matter, the quality as well as the resulting strength of the coking coal increases. In early 2010, both Platts, an international energy pricing agency, and Argus, a leading provider of energy market data and business intelligence, began to establish international benchmarks for low volatility coking coal mined in Australia.

⁵ The World Coal Association is a global industry association comprising the major international coal producers and stakeholders (<http://www.worldcoal.org/resources/coal-statistics/>).

Description of Data Source

The World Coal Association, WCA, was founded by coal producers in September 1985. Originally called The International Coal Development Institute, the name was changed to the World Coal Institute in 1988 and World Coal Association in 2010. The Association was established to provide a forum for the exchange of information and the discussion of challenges relating to the coal industry. The World Coal Association and its member companies engage constructively and openly with governments, the scientific community, multilateral organizations, non-governmental organizations, media, coal producers and users, and others on global issues, such as CO₂ emissions reduction and sustainable development, and on local issues including environmental and socio-economic benefits and the effects from coal mining and coal use.

CRU Strategies, the metals, mining and power consultants, is a core part of the CRU portfolio of services. CRU is an independent, British company, specializing in supporting the global metals and mining industries. CRU Strategies consultants provide independent management and strategic consultancy, delivering unrivalled knowledge and analysis to decision makers in metals, mining, minerals, and commodity markets. Through its consultancy, CRU Strategies delivers objectivity of research and analysis, integrity, independence, and competitive advantage to our clients. CRU Strategies' portfolio of research and experience encompasses over 80 different countries and all the major metals and related commodities, including alumina, aluminum, cobalt, coking coal, copper, ferroalloys, germanium, gold, lead, nickel, platinum, power, rare earths, silver, stainless steel, steel, tin, titanium, tungsten, vanadium and zinc.

Description of Settlement Index Source

Platts

Platts⁶ assessments are based on actual transactions, and/or on specific and firm bids and offers in the market. Platts metallurgical coal assessments reflect the transactable value prevailing at 18:30:00 Singapore time. The assessment methodology reflects values on a market-on-close basis. Trading

⁶ <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/metcoalmethod.pdf>

Appendix C

activity, including bid/offers and transactions, is covered during the typical operating day with data cut off for inclusion in the assessment precisely at 18:30:00 Singapore time. Platts publishes the transactable value for Hard Coking Coal (Premium Low Vol – volatile matter content of 21.5%), indicating the price at which a cargo could be traded on FOB Australia basis at the close of the assessment period on the day of publishing. These assessed values are based on confirmed spot transactions, firm bids / offers, or in the absence of liquidity, where spot transactions would have been concluded for the benchmark grade. Platts monitors the full circumstances of the transactions including quality specifications, volume, location, and terms of the trade using this information to determine the typical and repeatable market level. Platts does not use volume weighted averages as they can be distorted by the trading pattern during the day or by statistical aberrations in the event of a lack of disclosure of deals completed in a particular day. All market activity is viewed by its market relevance, repeatability, and transparency. Transactions that do not meet Platts high standards for transparency, verifiability, and repeatability may not be used in the assessment.

NYMEX is a party to license agreements with Platts to utilize their pricing data.

Argus

Argus⁷ is a privately held UK-registered company that was founded in 1970. It is headquartered in London with offices in Moscow, Washington, Houston, Calgary, Singapore, Tokyo, Beijing, New York, Kiev, Sydney, Astana, Portland, Johannesburg, and Dubai. Argus is a leading provider of price assessments, business intelligence, and market data for the global crude oil, petroleum products, gas, LPG, coal, electricity, biofuels, biomass, emissions, and transportation industries. In May 2010, Argus began to establish benchmark pricing for coking coal mined in Australia. Argus price assessments of the FOB Australian metallurgical coal are based on a volatile matter content of the coking coal of up to 25%. For these assessments, Argus contacts Australian producers, buyers of Australian metallurgical coal, and international traders. Argus also calculates a weighted average of any reported transactions traded during the week which serve as guides for prevailing market levels. A weighted transaction average and an average of estimates from participants in the Australian export market is then constructed. The weekly assessment is based on both elements and does not rely exclusively on transactions to determine the index in an effort to avoid the possibility of manipulating the index. NYMEX is a party to license agreements with Argus to utilize their pricing data.

⁷ http://www.argusmedia.com/~media/Files/PDFs/Meth/argus_coal_dailyint.ashx

Market Participants

There are a wide range of market participants in the coking coal market. Coking coal is originally produced in its rawest state by mining companies and is ultimately consumed by steel producers, but it is also bought and sold by international traders, by blenders and by coke producers. A partial listing of companies involved in coking coal trade is as follows:

Producers

BHP Billiton
Xstrata
Vale
Anglo American
Rio Tinto
Wesfarmers
Teck Coal (Canada)

Traders/End Users

Cargill
Noble
Glencore
Mercuria
Global Coke (India)
MTPL (India)
Posco (South Korea)
Arcelor Mittal (Luxembourg)
CC Carbon
Stemcor
Itochu (Japan)
Idemitsu (Japan)
Mitsubishi (Japan)
Mitsui (Japan)
Hyundai (Korea)

Brokers

London Dry Bulk
FIS

Financial

Credit Suisse
Deutsche Bank
Barclays

ANALYSIS OF DELIVERABLE SUPPLY

Coking coal represents 25% of all hard coal trade. The largest market for coal is Asia and the top ranking exporter of coking coal is Australia. According to the World Coal Association (Table 4 above), in 2009, Japan and China were ranked as the top two importing countries of coking coal. As illustrated in Table 3 above, in 2009, Australia accounted for exporting 125 million metric tons of coking coal representing nearly 50% of global coal exports. This exporting level translates into 10.4 million metric tons per month or 10,416 contracts (based on a 1,000 metric ton contract). The Exchange proposes to set the expiration month position limits at 1,250 contracts for each of Australian Coking Coal (Platts) Low Vol Swap futures and Australian Coking Coal (Argus) Low Vol Swap futures contracts with the Australian Coking Coal (Platts) Low Vol Swap futures contract aggregating into Australian Coking Coal (Argus) Low Vol Swap futures contract. This is a conservative proposal based solely on Australian exports, which are the predominate exports to the steel-manufacturing hubs in Asia. Based on this figure, the proposed spot month position limits represent approximately 12% of deliverable supply from Australia, and only about 7% of deliverable supply from world exports.