



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

September 14, 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: NYMEX Petroleum Spread Incentive Program.  
NYMEX Submission No 12-273**

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 an incentive program in support of certain NYMEX petroleum products ("Program"). The proposed Program will become effective on October 1, 2012.

Exhibit 1 sets forth the terms of the proposed Program.

NYMEX business staff responsible for the Program and the NYMEX legal department collectively reviewed the designated contract market core principles as set forth in the Commodities Exchange Act ("CEA"). During the review, NYMEX staff identified the following core principles as potentially being impacted;

Designated Contract Market Core Principles: 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 and NYMEX market regulation staff will continue to monitor all market participants that trade 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 all of the products available execution and/or clearing venues, including the NYMEX trading floor. Additionally, the incentives are equal across all of the products available NYMEX execution venues. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. 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. The proposed Program will be subject to the Exchange's record retention policies which comply with the CEA.

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

NYMEX certifies that this submission has been concurrently posted on the NYMEX 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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-273 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# **EXHIBIT 1**

## **NYMEX Petroleum Spread Incentive Program**

### **Program Purpose**

The purpose of this Program is to incentivize Program participants to increase their volume in the petroleum products listed below, enhancing market liquidity. A more liquid contract benefits all participants in the market.

### **Product Scope**

The following NYMEX petroleum products: Heating Oil Arb, European Gasoil Crack, and WTI-Brent Calendar Swaps traded on the NYMEX trading floor or submitted for clearing via CME ClearPort ("Products").

### **Eligible Participants**

NYMEX may select up to three (3) participants into this Program. Participants may be NYMEX members or non-members. In order to be eligible for the Program, potential participants must have, over the last six (6) calendar months, maintained a monthly average daily volume in each of the respective Products of at least 100 contracts sides traded on the NYMEX trading floor or submitted for clearing via CME ClearPort. NYMEX may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.

### **Program Term**

Start date is October 1, 2012. End date is February 28, 2013.

### **Hours**

N/A

### **Program Incentives**

**Fee Discounts.** For each calendar month that a participant meets predetermined volume levels in the Products traded on the NYMEX trading floor and/or submitted for clearing via CME ClearPort and cleared by the CME clearing house, the respective participant shall be entitled to discounted fee rates in the Products as determined by NYMEX.

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

NYMEX 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 no longer meets the eligibility requirements.