

September 16, 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 Power Options Incentive Program  
NYMEX Submission No. 13-402**

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 Power Options traded on Globex, the NYMEX trading floor, and submitted for clearing through CME ClearPort ("Program"). The proposed Program will become effective on October 1, 2013.

Exhibit 1 sets forth the terms of the Program.

NYMEX business staff responsible for the proposed Program and the NYMEX legal department collectively reviewed the designated contract market core principles ("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.

NYMEX believes that the incentive structure for the proposed Program, as set forth in the Exhibit 1 below, does not incentivize manipulative trading or market abuse and will not otherwise impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. NYMEX's market regulation staff will monitor trading in the proposed Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' obligations and rankings to ensure proper distribution of earned incentives. The proposed Program does not impact the Exchange's order execution. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The proposed Program will be subject to the Exchange's record retention policies, which comply with the CEA.

NYMEX certifies that the proposed 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 CME Group 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. 13-402 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

# **EXHIBIT 1**

## **Power Options Incentive Program**

### **Program Purpose**

The purpose of the Program is to incentivize market participants to provide liquidity in NYMEX Power Options products on Globex, the NYMEX trading floor, and submitted for clearing through CME ClearPort. Additional liquidity benefits all participants in the market.

### **Product Scope**

The following Power Options products that are traded on Globex, the NYMEX trading floor, and submitted for clearing through CME ClearPort ("Products").

### **Eligible Participants**

All market participants who trade the Products are eligible for the Program. Participants may be NYMEX members or non-members.

Participants in the Program may not concurrently be participating in any of the following: the NYMEX Energy Products Incentive Program For High Volume Hedging Contributors; the NYMEX Brent Spread Incentive Program; the NYMEX International Cross-Asset Volume Incentive Program; and the New Trader Incentive Program.

### **Program Term**

Start date is October 1, 2013. End date is September 30, 2014.

### **Hours**

N/A

### **Program Incentives**

Market participants will receive a credit if they transact in the products at a certain level; market participants will receive a 100MW credit in the underlying product for every 50 MW of cleared options within the Product set traded.

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

CME Group shall monitor market participants' activity in the Products. CME Group retains the right to revoke Program participant status at any time. Participant account information will be reported to Market Regulation for self-match trade monitoring.