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OFFICE OF THE SECRETARIAT

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October 21, 2010

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: Issuance of NYMEX & COMEX Market Regulation Advisory Notice
RA1006-4
NYMEX & COMEX Submission No. 10-306**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission that they will issue NYMEX & COMEX Market Regulation Advisory Notice 1006-4 on October 22, 2010. The notice provides additional compliance guidance on the upcoming revision to NYMEX & COMEX Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions") that will prohibit the entry of TAS orders on CME Globex at anytime the applicable contracts are not available for trading or where the contract is not in its defined pre-open time period. Additionally, the effective date of the change to the TAS section of the Rule has been pushed back from October 25, 2010, to November 1, 2010, to ensure that market participants have adequate time to effectuate any necessary programming revisions to ensure compliance with the Rule.

As previously announced, the changes to the Matched Order section of the Rule will take effect on October 25, 2010.

A copy of the Advisory Notice begins on the next page.

NYMEX & COMEX certify that the Advisory Notice complies with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding the Advisory Notice, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or me at 312.648.5422. Please reference NYMEX & COMEX Submission No. 10-306 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Regulatory Counsel

MARKET REGULATION ADVISORY NOTICE

Exchange	NYMEX & COMEX
Subject	Trading at Settlement ("TAS") and Matched Order ("MO") Transactions
Rule References	Rule 524
Advisory Date	October 22, 2010
Advisory Number	NYMEX & COMEX RA1006-4
Effective Date	October 25, 2010 (Matched Order Changes <u>Only</u>)
Effective Date	November 1, 2010 (TAS Changes)

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA1005-4 from October 12. It is being issued to provide additional compliance guidance and a revised effective date for the changes to the TAS section of Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions").

Compliance Guidance & Revised Effective Date for TAS Changes

On October 12, 2010, Market Regulation issued an Advisory Notice concerning revisions to NYMEX & COMEX Rule 524 which addressed 1) the prohibition on the initiation of TAS orders on CME Globex prior to each group's prescribed pre-open time period and 2) the number of contract months and the time period during which Copper futures orders are permitted to be executed via open outcry as MO transactions in the Copper futures pit.

The purpose of the prohibition on the initiation of TAS orders prior to the prescribed pre-open period is to ensure appropriate and efficient messaging practices with respect to the initiation of TAS orders. This Advisory Notice is being issued to provide additional guidance regarding compliance with the amended rule and to announce a new effective date intended to allow market participants adequate time to effectuate any system changes necessary to ensure compliance with the prohibition.

The following clarifies the standard by which compliance with the amended rule will be evaluated: Market participants are prohibited from initiating the entry of any TAS order into Globex prior to receipt of the security status message sent via the FIX/FAST incremental feed identifying that the group has transitioned to the pre-open state.

The prohibition will become effective on Sunday, October 31 for trade date November 1, 2010.

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

The Matched Order section of amended Rule 524 will be effective October 25, 2010, as originally announced.

The amended text of Rule 524 appears on page 7 of this Advisory Notice.

Entry of TAS Orders on CME Globex

Effective Sunday, October 31 for trade date November 1, 2010, Rule 524 will be amended to permit the initiation of TAS orders into 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 trading on Globex. **The initiation of any TAS order on Globex outside of these time periods will be prohibited.**

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. Effective on October 25, MO transactions in Copper futures will be 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.

General Information on TAS 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. MO transactions in pit-traded Copper futures will be priced at that day's settlement price for the contract.

All market participants are reminded that trading activity intended to unfairly affect or to attempt to unfairly affect a settlement price to benefit TAS positions, including TAS block positions, or MO positions may 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 substantially detrimental to the interests or welfare of the exchange

Any Market Regulation Department investigation of suspected manipulative pricing involving TAS or MO trades will include review of such positions acquired by market participants and **whether the offset of those positions during the close was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during the close.**

TAS 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, New York Harbor No. 2 Heating Oil, Henry Hub Natural Gas and RBOB Gasoline may be executed on CME Globex or on the trading floor and priced at TAS.

The pricing of the legs of a TAS calendar spread will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement price determined by the Exchange for that contract month.
- The far leg of the spread will be priced at the settlement price determined by the Exchange for that contract **minus** the allowable TAS price increment traded (negative 10 through positive 10), except in circumstances where the traded TAS price is the actual settlement price of the contract.

Example 1:

A May 2010/June 2010 (K/M) Light Sweet Crude Oil calendar spread trades at TAS -1. Assume the May contract settles at 82.17 and the June contract settles at 82.59.

The May leg will be priced at the May settlement price of 82.17. The June leg will be priced at 82.60, which is the June settlement price of 82.59 minus the TAS price increment of -1 (82.59 minus -0.01 = 82.60).

Example 2:

A June 2010/July 2010 (M/N) New York Harbor No. 2 Heating Oil calendar spread trades at TAS +/- 0. Assume the June contract settles at 2.1408 and the July contract settles at 2.1572.

The June leg will be priced at the June settlement price of 2.1408. The July leg will be priced at 2.1572, which is the July settlement price.

Example 3:

A May 2010/July 2010 (K/N) Henry Hub Natural Gas calendar spread trades at TAS +3. Assume the May contract settles at 3.916 and the July contract settles at 4.101.

The May leg will be priced at the May settlement price of 3.916. The July leg will be priced at 4.098, which is the July settlement price of 4.101 minus the TAS price increment of +3 (4.101 minus +0.003 = 4.098).

TAS on Gold and Silver Futures

TAS transactions are allowed in the active contract month in Gold and Silver futures. In Gold futures, the active contract months are February, April, June, August and December. In Silver futures, the active contract months are March, May, July, September and December. On any given date, TAS transactions in Gold and Silver futures will be allowed only in a single contract month. Additional information on identifying the active month in Gold and Silver futures is included in CME Group Special Executive Report S-5166.

TAS-Eligible Products and Contract Months

Pit-Traded Contracts

Light Sweet Crude Oil

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

Brent Crude Oil Last Day Financial

spot (except on the last trading day)

New York Harbor No. 2 Heating Oil

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

Henry Hub Natural Gas

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

Henry Hub Natural Gas Swap

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

RBOB Gasoline

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

European Gasoil (ICE)

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

NYMEX Crude Oil Backwardation/Contango (B/C) Index

spot (except on the last trading day)

NYMEX Crude Oil MACI Index

spot (except on the last trading day)

COMEX Gold

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

COMEX Silver

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

CME Globex Contracts

The No-Activity Periods set forth below are provided solely for informational purposes. **Market participants are reminded that for compliance and enforcement purposes, the start of the 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 the trading session is defined by receipt of the security status message indicating that group is closed.**

Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
CLT	Light Sweet Crude Oil spot (except on the last trading day), 2 nd , 3 rd and 7 th months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	CL
BZT	Brent Crude Oil Last Day Financial spot (except on the last trading day) No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	BZ
BBT	Brent Crude Oil Penultimate Financial Spot, 2 nd and 3 rd months No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	BB
HOT	New York Harbor No. 2. Heating Oil spot (except on the last trading day), 2 nd and 3 rd months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	HO
NGT	Henry Hub Natural Gas spot (except on the last trading day), 2 nd and 3 rd months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	NG
NNT	Henry Hub Natural Gas Swap spot (except on the last trading day), 2 nd and 3 rd months No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	NN
RBT	RBOB Gasoline spot (except on the last trading day), 2 nd and 3 rd months and nearby/second month, second/third month and nearby/third month calendar spreads No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	RB

Commodity Code on CME Globex	Name, Contract Months & CME Globex No-Activity Period	Cleared Product
7FT	European Gasoil (ICE) spot (except on the last trading day), 2 nd and 3 rd months No-Activity Periods: 12:00 p.m. – 5:45 p.m. (ET) Monday – Thursday 12:00 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	7F
KTT	NYMEX Coffee spot (except on the last trading day) No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	KT
CJT	NYMEX Cocoa spot (except on the last trading day) No-Activity Periods: 11:50 a.m. – 5:45 p.m. (ET) Monday – Thursday 11:50 a.m. (ET) Friday – 5:15 p.m. (ET) Sunday	CJ
TTT	NYMEX Cotton spot (except on the last trading day) No-Activity Periods: 2:15 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:15 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	TT
YOT	NYMEX No. 11 Sugar spot (except on the last trading day) No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	YO
XCT	NYMEX Crude Oil MACI Index spot (except on the last trading day) No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	XC
RET	REBCO spot (except on the last trading day), 2 nd and 3 rd months No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	RE
GCT	COMEX Gold February, April, June, August and December contract months (current active month only) No-Activity Periods: 1:30 p.m. – 5:45 p.m. (ET) Monday – Thursday 1:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	GC
SIT	COMEX Silver March, May, July, September and December contract months (current active month only) No-Activity Periods: 1:25 p.m. – 5:45 p.m. (ET) Monday - Thursday 1:25 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday	SI

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

Nancy Minett, Director, Investigations, 212.299.2940

Russell Cloughen, Associate Director, Investigations, 212.299.2880

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

Text of Rule 524

Trading at Settlement ("TAS") and Matched Order ("MO") Transactions

The Exchange shall determine the commodities, contract months and time periods during which TAS 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. 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.