

December 6, 2012

VIA E-MAIL

Ms. Sauntia Warfield
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: Modifications to NYMEX Core Energy Products Developmental Incentive Program. NYMEX Submission No. 12-442

Dear Ms. Warfield:

New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of proposed modifications to the NYMEX Core Energy Products Developmental Incentive Program ("Program"). The proposed modifications to the Program will become effective on January 2, 2013.

Exhibit 1 sets forth the terms of this Program. The modifications appear below with additions underscored and deletions ~~overstruck~~.

NYMEX business staff responsible for the 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.

The Program and proposed modifications do not incentivize manipulative trading or market abuse or impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange's market regulation staff will nevertheless continue to monitor trading in the Program's products to prevent manipulative trading and market abuse. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by NYMEX staff based on criteria set forth 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. Additionally, NYMEX has implemented systems to track participant's obligations and may remove participants from the Program if it determines that the participant has failed to meet its obligations. The Program will be subject to the Exchange's record retention policies which comply with the CEA.

NYMEX certifies that the Program and its proposed modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or its proposed modifications.

The Exchange certifies that this submission has been concurrently posted on the Exchange's 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, or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-442 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1 - NYMEX Core Energy Products Developmental Incentive Program

EXHIBIT 1

NYMEX Core Energy Products Developmental Incentive Program

Program Purpose

The purpose of this Program is to incentivize market participants who are developing their trading strategies in Light Sweet Crude Oil futures, Natural Gas Futures, Heating Oil Futures and RBOB Gasoline futures on Globex® to increase their central limit order book volume. The resulting liquidity in the products listed below benefits all participants in the marketplace.

Product Scope

The following NYMEX energy products on Globex® (“Products”):

Light Sweet Crude Oil futures, Natural Gas Futures, Heating Oil Futures and RBOB Gasoline futures.

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be NYMEX non-member firms. In order to be considered for selection into the Program, an applicant must (i) over the last twelve (12) months preceding their application not have traded on average more than 500 sides per day in the Products on Globex®, (ii) be a non-North American trading firm (individual traders will not qualify), (iii) have not previously participated in this Program.

Program Term

Start date is January 17, 2012. End date is ~~December 31, 2012~~December 31, 2013.

Hours

N/A

Obligations/Incentives

Program participants will only be eligible to participate in the Program for a maximum of six (6) calendar months. For the first ~~three (3)~~two (2) calendar months of participation in the Program, participants will receive predetermined discounted fees for the Products traded on Globex®. ~~Beginning with the fourth~~ For the third and fourth calendar months of participation in the Program, participants must maintain at least a combined average daily volume of ~~five thousand (5000)~~two thousand (2000) contract sides traded in the Products on Globex® measured over a given calendar month in order to receive the discounted fees for the corresponding calendar month. For the fifth and sixth calendar months of participation in the Program, participants must maintain at least a combined average daily volume of five thousand (5000) contract sides traded in the Products on Globex® measured over a given calendar month in order to receive the discounted fees for the corresponding calendar month.

Monitoring and Termination of Status

The Exchange 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 of the Program.