

December 7, 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 the NYMEX European Coal Incentive Program
NYMEX Submission No. 12-430**

Dear Ms. Warfield:

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

Exhibit 1 sets forth the terms of the 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 (the "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: Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules and Recordkeeping.

The Program and proposed modifications will not impact the Exchange's ability to perform their trade practice and market surveillance obligations under the CEA and NYMEX market regulation staff will continue to monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, NYMEX has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. 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 any of NYMEX's execution and/or clearing venues, including the NYMEX trading floor. Additionally, the incentives are greater for trades executed on the NYMEX trading floor. 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 Program and proposed modifications will be subject to the Exchange's record retention policies which comply with the CEA.

NYMEX certifies that the Program and proposed modifications comply 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, or contact me at 212-299-2200. Please reference our NYMEX Submission No. 12-430 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

NYMEX European Coal Incentive Program

Program Purpose

The purpose of this Program is to incentivize higher levels of volume contribution in the European coal markets in order to improve market liquidity for those products. A more liquid contract benefits all participants in the market.

Product Scope

The following NYMEX products regardless of execution or clearing venue ("Products"):

Coal (API 2) cif ARA (Argus/McCloskey) Swap Futures ("MTF"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Swap Futures ("MFF"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Options ("MFO"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Option on Quarterly Futures Strip ("RQA"), Coal (API 4) fob Richards Bay (Argus/McCloskey) Option on Calendar Futures Strip ("RLA"), Coal (API 2) cif ARA (Argus/McCloskey) Options ("CQA"), Coal (API 2) cif ARA (Argus/McCloskey) Option on Calendar Futures Strip ("CLA"), Coal (API 2) cif ARA (Argus/McCloskey) Options ("MTO").

Eligible Participants

NYMEX may select up to five (5) participants in the Program. Participants may be NYMEX member or non-member firms. When selecting participants for the Program, NYMEX will take into account the following factors: (i) historical volume and experience trading the Products and similar contracts, and (ii) the participant's ability to maintain threshold volume obligations for the duration of the Program. NYMEX may in its sole discretion add or subtract from the aforementioned factors as it deems necessary.

Program Term

Start date is July 5, 2012. End date is ~~December 31, 2012~~ December 31, 2013.

Hours

N/A

Incentives

Fee Discounts. For each calendar month of participation in the Program, participants who meet certain volume thresholds in the Products will receive predetermined reduced fee rates for all trades in the Products submitted for clearing via CME ClearPort or executed on the NYMEX trading floor via open outcry.

Monitoring and Termination of Status

NYMEX shall monitor activity in the Products 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.