



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 12, 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: Modifications to the NYMEX and COMEX Futures and Options Products
Cross-Venue Incentive Program
NYMEX/COMEX Submission No. 13-446**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the NYMEX and COMEX Futures and Options Products Cross-Venue Incentive Program ("Program"). The proposed modifications to the Program will become effective on January 2, 2014.

Exhibit 1 sets forth the terms of this Program. Modifications to the Program appear below, with additions underscored and deletions ~~overstruck~~.

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, NYMEX and COMEX 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 does not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA and the Exchanges' market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, NYMEX and COMEX have 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. Participants who might meet the criteria for this Program generally perform complex trading strategies that include both on-exchange and off-exchange activities. The set of incentives encompassed by the Program have been developed to increase volume across all NYMEX venues through additional execution of these strategies, ultimately having a positive impact on the price discovery process taking place in the centralized market as the Program is designed to increase liquidity on that venue. Participants in the Program will be selected by NYMEX and COMEX 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 is subject to the Exchanges' record retention policies which comply with the CEA.

The Exchanges certify that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' 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, or contact me at 212-299-2200. Please reference our NYMEX/COMEX Submission No. 13-446 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

NYMEX and COMEX Futures and Options Products Cross-Venue Incentive Program

Program Purpose

The purpose of the Program is to incentivize volume and liquidity in energy and metals futures and options products across NYMEX and COMEX's trading venues. The resulting addition of liquidity for these products benefits all participants in the market.

Product Scope

All NYMEX/COMEX energy and metals products that are traded on Globex®, all NYMEX and COMEX energy and metals products that are traded on the NYMEX/COMEX trading floor via open outcry and all NYMEX and COMEX metals products, Natural Gas futures, and Crude and Refined energy options that are submitted to the Clearing House for clearing having a current fee exceeding fifty cents (\$ 0.50) (collectively the "Products").

Eligible Participants

NYMEX/COMEX may designate up to three (3) participants in the Program. A participant must be a NYMEX or COMEX member firm. In order to be considered for the Program, an applicant must (i) have, over a recent time period, achieved a significantly high combined cross-venue average daily volume in NYMEX and COMEX options products and (ii) have, over a recent time period, maintained a significantly high percentage of their trades as position-taking trades, or a trade in which a position is opened and subsequently not closed within that same trading day.

Program Term

Start date is July 31, 2012. End date is ~~December 31, 2013~~ February 28, 2014.

Hours

N/A

Progressive Tiered Volume Incentives

For each calendar month of participation in the Program, participants will be eligible to receive the following incentives:

1. Fee Discounts. Participants will be eligible to receive predetermined fee discounts for NYMEX and COMEX energy and metals products that are traded on Globex® and via open outcry.
2. Volume Incentives. Participants will be eligible to participate in tiered volume incentives whereby participants may be charged reduced fee rates in certain energy and metals products that respective participants submit for clearing to the Clearing House. The progressive tiered volume levels are predetermined by NYMEX and COMEX and are based on a participant's combined monthly volume.

3. Fee Waivers. Participants will be eligible to receive fee waivers for certain NYMEX energy contracts traded on Globex® and surcharges relating to exchange of futures for swaps and block trades in certain NYMEX and COMEX products.

Monitoring and Termination of Status

The Exchanges shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if they conclude from review that a Program participant no longer meets the eligibility requirements of the Program.