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Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

December 29, 2011

**VIA E-MAIL**

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

**RE: NYMEX Core Energy Products Developmental Incentive Program  
NYMEX Submission No. 11-537**

Dear Mr. Stawick:

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 certain energy products that are traded on Globex® for developing energy traders ("Program"). This proposed Program will become effective on January 17, 2012.

Exhibit 1 sets forth the terms of this Program.

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 proposed Program will not impact the Exchange's ability to perform their trade practice and market surveillance obligations under the CEA and the Exchange's market regulation staff will continue to monitor all market participants that trade the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The incentives in the proposed Program do not impact the Exchange's order execution. 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 proposed Program will be subject to the Exchange's record retention policies which comply with the CEA.

NYMEX certifies that the 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 Exchange's website at <http://www.cmegroup.com/market-regulation/rule-fillings.html>

Mr. David Stawick  
Page 2  
December 29, 2011

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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our NYMEX Submission No. 11-537 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 more than 500 sides per day in the Products on Globex®, (ii) be a 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.

### 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) calendar months of participation in the Program, participants will receive predetermined discounted fees for the Products traded on Globex®. Beginning with the fourth calendar month 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.