



WORLD COTTON

TRADING STARTS ON NOVEMBER 2

CFTC AGRICULTURAL ADVISORY COMMITTEE – September 22, 2015

“OUR CUSTOMERS TOLD US THEY WANT A FUTURES CONTRACT THAT ACTS AS THE PRICE BENCHMARK FOR WORLD COTTON. THE NEW WORLD COTTON CONTRACT REFLECTS THE GLOBAL NATURE OF TODAY’S COTTON MARKET AND WILL ENHANCE THE ABILITY OF COTTON MARKET PARTICIPANTS TO HEDGE IN A GLOBAL MARKET.”

Ben Jackson
President, ICE Futures U.S.

WHY IS A WORLD CONTRACT NEEDED?

The US is still the largest supplier to export buyers, but its share is decreasing over time as other origins increase their availability and quality.

In 2003 / 2004 the US accounted for:

19%

OF WORLD COTTON
PRODUCTION

41%

OF WORLD COTTON
EXPORTS

In 2013 / 2014 the US accounted for:

11%

OF WORLD COTTON
PRODUCTION

27%

OF WORLD COTTON
EXPORTS

Source: WASDE April Report

KEY TRADING CONTRACT TERMS

TERMS THAT MIRROR THE COTTON NO. 2 CONTRACT

World Cotton will trade alongside the benchmark Cotton No. 2 contract, which prices cotton grown and delivered in the United States only

Classing services and quality premiums and discounts will still be provided by the USDA, and ICA-Bremen will also provide classing services for non-U.S. origins

Settlement at Expiry	Physical Delivery in Exchange-licensed Warehouses
Pricing	US cents per pound
Minimum Tick	.01 cents per pound
Trading Months	March May July October December
Trading Hours	9:00 pm to 2:20 pm NY time

KEY CONTRACT TERMS THAT ARE DIFFERENT

The par quality of the new World Cotton contract will be higher than the No. 2 contract par quality

COTTON NO. 2 CONTRACT

Par Grade & Staple	Color 41/Strict Low Staple 34 Leaf 4 Strength 25 gpt Micronaire 3.5 to 4.9
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NEW WORLD COTTON CONTRACT

Par Grade & Staple	Color 31/Middling Staple 36 Leaf 3 Strength 27 gpt Micronaire 3.5 to 4.9
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KEY DELIVERY TERMS THAT ARE DIFFERENT

The new contract will price delivery of multiple origins and allow delivery in multiple locations around the world

NEW WORLD COTTON CONTRACT

Par Origin	US, with premiums and discounts for all other origins
Par Delivery Point	Malaysia and Taiwan, with discounts for US and Australia

The World Cotton contract size will be larger than the No. 2 Cotton contract size

COTTON NO. 2 CONTRACT

Contract size	50,000 pounds
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NEW WORLD COTTON CONTRACT

Contract size	55,000 pounds
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WORLD COTTON CONTRACT DELIVERABLE ORIGINS

ORIGINS

US
Australia
Brazil

India
Benin

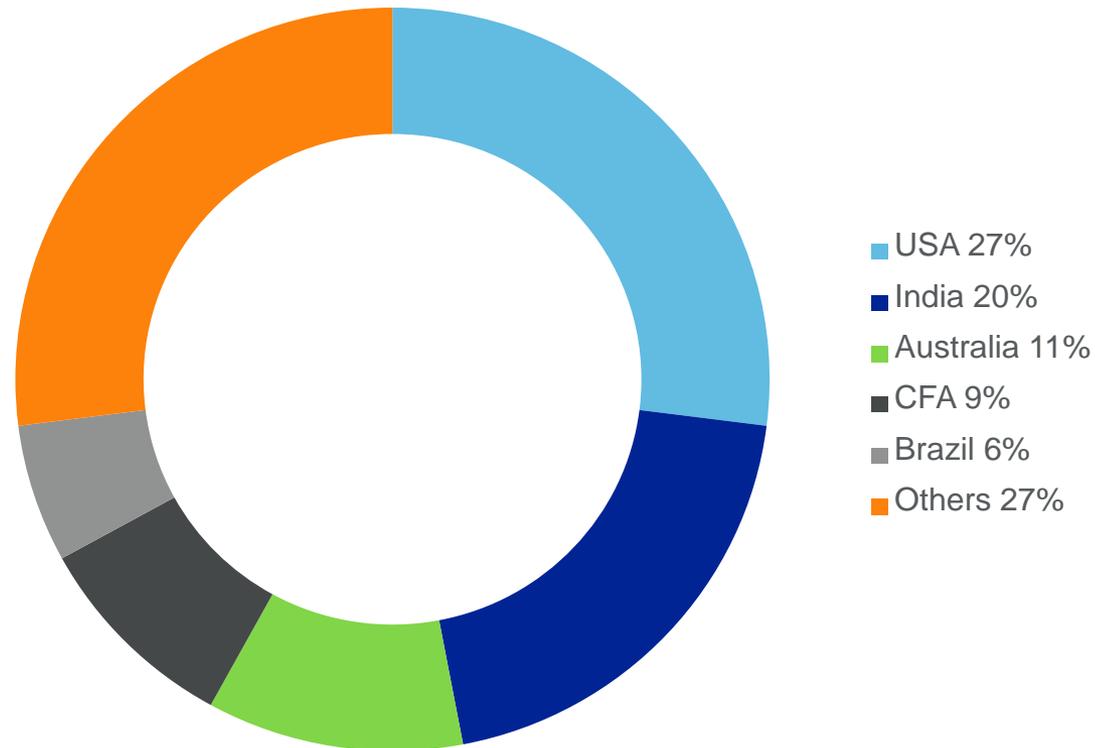
Burkina Faso
Cameroon

Ivory Coast
Mali



SHARE OF TOTAL EXPORTS 2013 / 2014

The new World Cotton contract deliverable origins will represent 73% of world cotton exports



Source: WASDE April Report

CFA represents Benin, Burkina Faso, Cameroon, Ivory Coast and Mali

WORLD COTTON CONTRACT DELIVERY POINTS

EXCHANGE LICENSED WAREHOUSES

United States

Dallas / Ft. Worth
Memphis
Houston
Greenville
Galveston

Australia

Melbourne
Sydney
Brisbane

Malaysia

Port Klang
Tanjung Pelepas

Taiwan

Port Keelung
Port Kaoshiung





LAUNCH: NOVEMBER 2, 2015*

FIRST DELIVERY MONTH: MAY 2016

**Subject to regulatory review*

WHY TRADE WORLD COTTON ON ICE?

ICE's demonstrated commitment to successful, physically delivered futures contracts that meet the needs of the respective commercial community

- ICE trading platform, with screens already in front of the global cotton community
- Margin offsets for the World Contract vs. No. 2 positions
- Experience operating the No. 2 contract
- Multiple contracts serving the global sugar, cocoa and coffee trading communities
- Global sales and customer support presence

QUESTIONS?

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