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OFFICE OF THE  
SECRETARIAT

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

**Re: Petition for Amendments to NYMEX Chapter 932, Daily Price Limits  
for Cotton Futures  
NYMEX Submission No. 11-004**

**A. Proposed amendments.**

The New York Mercantile Exchange ("NYMEX" or "Exchange") hereby notifies Commodity Futures Trading Commission ("Commission" or "CFTC") that it intends, with CFTC approval, to amend NYMEX Chapter 932 specifying daily price limits for Cotton futures.

The NYMEX Cotton futures contract is cash settled with its daily and final settlement price set to the value of the corresponding ICE Cotton futures contract. Currently, the NYMEX Cotton futures contract has no daily price limits. However, ICE Cotton futures have a 3 cent per pound daily price limit, which is subject to expansion in certain circumstances. The Exchange proposes that daily price limits, consistent with ICE Cotton futures, be applied to NYMEX Cotton futures.

**B. Justification of the amendments.**

Because the NYMEX cash settled Cotton futures daily and final settlement prices are based on ICE Cotton futures, adoption of daily price limits in NYMEX Cotton futures will maintain market consistency in daily price limits with the primary market.

**C. Conclusion.**

The Exchange requests that the Commission approve the amendments to NYMEX Rule 932 to adopt daily price limits to NYMEX Cotton futures for the reasons discussed herein.

The Exchange intends to implement these amendments shortly after commission approval.

The Exchange certifies that these contract terms and conditions comply with the Commodity Exchange Act and regulations thereunder.

Mr. David Stawick  
January 4, 2011

If you require any additional information, please contact Randy Shao at 312-648-3795 or via e-mail at [Renyuan.Shao@cmegroup.com](mailto:Renyuan.Shao@cmegroup.com); Fred Seamon at 312-634-1587 or via e-mail at [Fred.Seamon@cmegroup.com](mailto:Fred.Seamon@cmegroup.com); or contact me at (212) 299-2200. Please reference our Submission No. 11-004 in any related correspondence.

Sincerely,

/s/ Christopher K. Bowen  
Managing Director, Chief Regulatory Counsel

cc: Steve Benson, Martin Murray

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Mr. David Stawick  
January 4, 2011

Deletions [~~bracketed and struck through~~]; Additions **bolded** and underlined.

## **NYMEX Rulebook 932**

### **932.05 Prices, Price Fluctuations, and Daily Price Limits**

NYMEX Cotton Futures Contract bids and offers shall be quoted in increments of cents and hundredths of a cent per pound. The minimum price increment shall be one hundredth of a cent (\$.0001) per pound.

**A 3 cent per pound daily trading limit for all months, subject to expansion as noted below.**

**An expanded daily trading limit of 4 cents per pound for all months on the business day after any two of the first five listed futures contracts that are subject to limits (or the one remaining futures delivery month in a crop year) close at the 3 cent limit bid or limit offer, provided that the limit reverts to 3 cents on the business day after no contract month closes at the 4 cent expanded limit bid or offer.**

**An expanded daily trading limit of 5 cents per pound on the business day after any two of the first five listed futures contracts that are subject to limits (or the one remaining futures delivery month in a crop year) close at the 4 cent limit bid or limit offer, provided that the limit reverts to 4 cents on the business day after no contract month closes at the 5 cent expanded limit bid or offer.**

**An additional expansion of the 3, 4 or 5 cent per pound daily price limit specified above by 1 cent per pound (to 4, 5 or 6 cents respectively) on any business day on which either of the two futures delivery months with the highest open interest settles at a price of 84 cents per pound or higher.**

**For the purposes of this Daily Price Limit Rule, a crop year is defined as beginning with the October delivery month and ending with the July delivery month of the next calendar year.**