

(In the text of the amendments set forth below, additions are underscored and deletions are placed in brackets and lined out.)

**SECTION 6.02 CONTRACT FOR FUTURE DELIVERY**

(b) All contracts for the future delivery of cotton under Sections 6.02 and 6.03 shall be in the following form:

**NEW YORK COTTON EXCHANGE**

Contract No. 2

NEW YORK.....[19]20.....

A. B. of the County and State of New York have this day Sold/Bought and agreed to Deliver to/Receive from C. D. of the same place 50,000 pounds in about 100 square bales of cotton, growth of the United States, at the price of ..... cents per pound for Strict Low Middling one and one-sixteenth inches with additions or deductions for other grades in accordance with the provisions of the United States Cotton Futures Act, subsection (f) (3) and with additions for staple premiums or deductions for staple and micronaire discounts, deliverable from licensed warehouse at a permissible point of delivery

[REMAINDER OF BY-LAW UNCHANGED]

**SECTION 6.03 DELIVERY NOTICES**

(a) Every notice of delivery, issued by the seller pursuant to a contract for future delivery under Section 6.02, shall be in the form approved by the Board from time to time and as set forth in the footnote\* to this By-Law.

In connection with the USDA's new color and leaf classing standard, the Board has approved a new Notice of Delivery form set forth on page 67 which was effective from and after August 5, 1993.

EXHIBIT A

RECEIVED  
C.F.T.O.  
01 MAR 21 PM 2 23  
RECEIVED C.F.T.O.  
RECORDS SECTION

NEW YORK COTTON EXCHANGE NOTICE

C/N # \_\_\_\_\_

CONTRACT# \_\_\_\_\_

TO: ~~(COMMODITY)~~ NEW YORK CLEARING CORPORATION

NEW YORK, N.Y. - ISSUED TODAY: \_\_\_\_\_, 199\_\_

Please take notice that, on \_\_\_\_\_ in accordance with and subject to the New York Cotton Exchange By-Laws and Rules applicable to Contract No. 7 and the United States Cotton Futures Act, subsection (f), we shall deliver to you \_\_\_\_\_ square bales of cotton weighing 50,000 pounds (1% more or less) at the notice price of \_\_\_\_\_ cents per pound, basis Strict Low Middling one and one-sixteenth inches, warehouse to \_\_\_\_\_

\_\_\_\_\_ Micronaire-T tested by the U.S.D.A. at not less than 3.5 nor more than ~~(4.9)~~ 4.7 having a Gram Per Text of not less than ~~(24.5)~~ 25.0 and classed and reviewed by the United States Department of Agriculture as follows:

STAPLE CODES AND EQUIVALENT LENGTHS

B/C	COLOR GRADES	(33) 1-1/32"					(34) 1-1/16"					(35) 1-3/32" & UP				
		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	LEAF GRADES															
	GOOD MIDDLING (11)															
	STRICT MIDDLING (21)															
	MIDDLING (31)															
	STRICT LOW. MID. (41)															
	LOW MIDDLING (51)															
	LEAF GRADES*															
	GOOD MID. LT. SPOTTED (12)															
	STRICT MID. LT. SPOTTED (22)															
	MIDDLING LT. SPOTTED (32)															
	(STRENGTH-GRAM-PER- FEM) MICRONAIRE READING	[24.5-25.0] 3.5-4.7		[3.5-4.7] 4.8-4.9		[24.5-25.0] 3.5-4.7		[3.5-4.7] 4.8-4.9		[24.5-25.0] 3.5-4.7		[3.5-4.7] 4.8-4.9				
	MICRONAIRE															
	*ONLY LEAF GRADES OF 1, 2 OR 3 ARE TENDERABLE FOR LIGHT SPOTTED															
	TOTAL B/C RAIN GROWN															
	TOTAL B/C NON-RAIN GROWN															

Each Contract shall provide for the delivery of either all Rain-Grown or all Non-Rain-Grown Cotton (and for Cotton from the \_\_\_\_\_ Year of Growth)

YEAR OF GROWTH: \_\_\_\_\_

\_\_\_\_\_ bales \_\_\_\_\_ Year of Growth  
 \_\_\_\_\_ bales \_\_\_\_\_ Year of Growth  
 \_\_\_\_\_ bales \_\_\_\_\_ Year of Growth

\_\_\_\_\_ bales \_\_\_\_\_ Year of Growth  
 \_\_\_\_\_ bales \_\_\_\_\_ Year of Growth

CLEARING MEMBER \_\_\_\_\_

SIGNATURE \_\_\_\_\_

Print Name \_\_\_\_\_

Phone # \_\_\_\_\_

Delayed Certification \_\_\_\_\_ B/C

ACCEPTED
BY
<del>(COMMODITY)</del> NEW YORK CLEARING CORPORATION <del>(NYCC)</del> NYCC

AND

ALLOCATED BY <del>(NYCC)</del> NYCC
TO

Location of Samples _____
Name of Owner _____
Phone # _____

All the information for which blank spaces have been provided in said form of notice shall be given therein by the issuer. With respect to notices issued on the last notice day, if the Government certificates have not been issued, the issuer may state his own classification on the notice; provided he complies with the regulations of the Secretary of Agriculture issued under the United States Cotton Futures Act in regard thereto. Where the issuer uses his own classification as permitted above, he shall add a notation on the notice stating "Delayed Certification".

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(d) When notices are received from the [Commodity] Clearing Corporation, they may be stopped only for an account previously long, or can be passed only against a current day's sale for such an account.

•   •   •

(i) Any member receiving a notice forwarded by the [Commodity] Clearing Corporation must accept it regardless of the period of time such notice may have been held by the Commodity Clearing Corporation. Members having contracts open in the delivery month must keep their offices open for the purpose of receiving such notices or of completing such deliveries.

•   •   •

(k) Each acceptor of notice shall continue his or its liability for the fulfillment of the contract under the By-Laws and Rules of the Exchange until the contract has been fulfilled, at which time the liability of intermediate parties shall cease; provided, however, that the [Commodity] Clearing Corporation shall have no liability on any such contract after a notice of delivery thereunder has been issued and stopped.

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#### INVOICE PRICE AND GRADE AND STAPLE DIFFERENCES

(t) (1) The notice price shall be the invoice price for Strict Low Middling one and one-sixteenth of an inch staple, Micronaire 3.5 to 4.7. Additions and deductions for other deliverable grades shall be made at the average of the differences quoted on the sixth business day prior to the day of delivery for corresponding grades in the spot markets designated by the Secretary of Agriculture for the purpose of quoting grade differences in accordance with the United States Cotton Futures Act and the regulations issued thereunder.

(2) If delivery is made pursuant to delayed certification class, all premiums, discounts and weight allowances shall be based on the last regular delivery day not the date of physical delivery of the documents.

(u) (1) An addition shall also be made for each bale having a staple of one and three thirty-seconds of an inch or longer, which shall be equal to the full average premium for like staple over one and one-sixteenth of an inch staple quoted on the sixth business day prior to the day of delivery except in delayed certification in such of the spot markets above referred to as do quote staple differences. A deduction shall also be made for each bale having a staple of one and one thirty-second of an inch, which shall be equal to 200% of the full average discount for like staple under one and one-sixteenth of an inch quoted as aforesaid.

(2) A deduction shall also be made for each bale having a micronaire reading of 4.8 to 4.9, which shall be equal to the average of the differences quoted on the sixth business day prior to the day of delivery for this micronaire range in the spot markets designated by the Secretary of Agriculture referred to in Section (t)(1)

above. If no such differences are available, the deduction under this provision shall be zero.

### SAMPLES

#### SECTION 6.03 (dd) SAMPLES

- (dd) All matters with respect to samples shall be governed by this By-Law 6.03(dd) together with such Rules as are from time to time adopted by the Board. All Deliverers and Receivers must follow the procedures set forth in the Deliverer's and Receiver's Guide of the New York Cotton Exchange. Duplicate samples of each bale tendered shall be held or shipped according to the Receiver's instruction demand letter. If the Receiver does not know his customer's intent regarding the samples, he shall instruct the Deliverer to hold the samples.

Any delivery outside the delivery point shall be at the Receiver's expense. Each sample shall be placed in a bundle or sack with about 50 samples to the bundle or sack with no more than 2 bundles or sacks per contract. Each sample must consist of two portions, one drawn from each side of the bale. Each portion should be as near six inches wide and 12 inches long as possible. Each portion must weigh at least three (3) ounces. Samples should not be drawn from old sample holes. [The] An official Warehouse Bale Tag Coupon issued by the warehouse shall be located inside each sample. The tag list must be in one of the bundles or sacks. Samples shall be delivered in contract units with the contract number clearly marked on each bundle. The contract number set forth on the "sample bundle" or any other document relating to a cotton contract delivery shall not be altered or changed where said cotton in its entirety is being redelivered during the contract month. The Receiver of samples must provide to the Deliverer a written receipt evidencing the time, date, place and number of bundles/or sacks received. In the event that the Deliverer of mis-marked samples can provide a written receipt to the Exchange that demonstrates the mis-marked samples were delivered within the time provided in the By-Laws and Rules and a notice of correction of the mis-marking was also delivered timely, then no penalty shall apply.

#### (oo) Grams Per Tex

All Cotton tenderable under Contract No. 2 must have been tested for Grams Per Tex under Department of Agriculture Regulations. Cotton with a Gram Per Tex of less than ~~[22]~~ 25 shall not be deliverable on contract.

### PENALTY ON AGE OF COTTON

(pp)(1) For purposes of this section, a marketing season is deemed to begin on August 1 of one (1) year and to end on July 31 of the subsequent year. The Year of Growth corresponding to a marketing season is referred to by the earlier of the two (2) years.

(2) Cotton that is delivered up to and including December 31 of the calendar year following the cotton's Year of Growth shall carry no penalty under this paragraph.

- (3) Cotton that is delivered during the calendar year which is two (2) years later than its Year of Growth shall carry a penalty of two (2) cents per pound.
- (4) Cotton that is delivered during a calendar year which is more than two (2) years later than its Year of Growth shall carry an additional penalty of two (2) cents per pound for every such calendar year after the second year following the cotton's Year of Growth.

**RULE 3.08 CONTRACT DELIVERY DIFFERENCES**

- (a) Grade, [and] staple, and micronaire differences for deliveries on Contract No. 2 shall be based on commercial differences determined in accordance with the United States Cotton Futures Act and the regulations thereunder, as from time to time amended, as provided in Section 6.03, paragraphs (t) and (u) of the By-Laws.

**RULE 3.09 INVOICING**

- (a) In the case of cotton being tendered against Contract No. 2, it shall be invoiced by calculating in bale units the average value on or off color grade of strict low middling white (41), leaf grade 4, staple length 1-1/16, micronaire 3.5 to 4.7 and adding or deducting such average premium or discount to or from the notice price and figuring the net weight of the total quantity being invoiced (deliverable weight less weight allowance) by the price ascertained in the manner outlined.

[REMAINDER OF RULE UNCHANGED]

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