



## Special Executive Report

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S-5601

January 28, 2011

### **CLARIFICATION IN DAILY PRICE LIMITS FOR NYMEX COTTON FUTURES**

Effective January 31, 2011, daily price limits will be implemented on cash-settled NYMEX Cotton futures consistent with the price limits currently imposed on the primary physically-delivered ICE-US Cotton futures contract (see SER-5588R issued January 21, 2011). Under certain market conditions, daily price limits can expand or contract in the primary market. In order to implement the intention that the NYMEX Cotton market and the primary market have consistent daily price limits, the following clarification in the NYMEX price limits rule will be implemented for trade date January 31, 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).

Additions **bolded** and underlined.

## **NYMEX Rulebook 932**

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

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 **in the primary market**, provided that the limit reverts to 3 cents on the business day after no contract month **in the primary market** 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 **in the primary market**, provided that the limit reverts to 4 cents on the business day after no contract month **in the primary market** 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 **in the primary market** 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.