



## Special Executive Report

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S-5622R

February 18, 2011

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

On January 31, 2011, daily price limits were implemented on the NYMEX Cotton futures contract that were consistent with the daily price limits on the physically-delivered ICE-US Cotton No. 2 futures contract. Because the frequency of limit moves was adversely affecting the cotton market's price discovery function, ICE-US amended their rules on price limits in cotton on February 7, 2010. NYMEX has received CFTC approval to amend NYMEX Rule 932 to maintain daily price limit consistency between the NYMEX and ICE-US cotton markets. Implementation is February 11, 2011.

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Deletions [~~bracketed and struck through~~]; 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.

**To maintain consistency with the primary physically-delivered Cotton futures contract, daily price limits will be consistent with the ICE-US Cotton futures market as detailed in the ICE-US Rulebook for Cotton No. 2 Futures and Options.**

~~[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.]~~