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January 27, 2011

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

**Re: Clarification of Rule Implementing Price Limits in NYMEX Cotton Futures
NYMEX Submission No. 11-051**

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") hereby notifies Commodity Futures Trading Commission ("Commission" or "CFTC") that it intends to clarify the language in NYMEX Rule 932 specifying daily price limits for Cotton futures.

The Exchange proposed implementation of daily price limits, which were "consistent with ICE-US Cotton futures" in its submission dated January 5, 2011. On January 18, 2011, the Commission approved changes to NYMEX Rule 932 implementing daily price limits on NYMEX Cotton futures stating that the Exchange's proposal would "adopt price limits that are substantially identical to the ICE-US Cotton No. 2 futures contract." One of the aspects of price limits in ICE-US Cotton futures is that under certain market conditions, the price limits can expand or contract. Since NYMEX Cotton futures receive the same daily settlement price as ICE-US Cotton futures, it is important that price limits in NYMEX Cotton futures expand and contract with price limits in ICE-US Cotton. Thus, the same language used in the ICE-US contract was adopted for the NYMEX contract.

What triggers expansions or contractions in the daily price limit is limit bids or offers in two of the first five contracts in the primary ICE-US market. The notification here clarifies the language in NYMEX Rule 932 that expansions or contractions in daily price limits are triggered in the primary (ICE-US) market.

This revision clarifies the language to meet the intention of the Exchange's original proposal and the Commission's approval. This revision also meets the definition of a nonsubstantive revision that has no effect on the economic characteristics of the product meeting requirements specified in Regulation 40.4(b)(6) and Regulation 40.6(c)(2)(i).

Implementation of price limits is scheduled for January 31, 2011.

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

If you require any additional information, please contact Randy Shao at 312-648-3795 or via e-mail at Ren yuan.Shao@cmegroup.com; Fred Seamon at 312-634-1587 or via e-mail at Fred.Seamon@cmegroup.com; or contact me at 212-299-2200. Please reference our NYMEX Submission No. 11-051 in any related correspondence.

Sincerely,

Christopher K. Bowen
Managing Director, Chief Regulatory Counsel

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.

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.