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January 31, 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: **Petition for Amendments to NYMEX Rule 559, Spot-Month Position Limits for Soft Commodity Futures**
NYMEX Submission # 11-049

A. Planned Amendments

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") hereby notifies Commodity Futures Trading Commission ("Commission" or "CFTC") that it intends to amend NYMEX Rule 559 specifying spot-month position limits for Soft Commodity futures.

Currently, four agricultural soft commodity futures contracts are traded at NYMEX (Cocoa, Coffee, Cotton, and No. 11 Sugar). All four of these contracts are cash settled with their daily and final cash settlement prices set to the value of the corresponding ICE futures contracts. The current spot-month (expiration month) speculative position limit for NYMEX Cocoa is 300 contracts; 100 contracts for NYMEX Coffee; 50 contracts for NYMEX Cotton; and 100 contracts for NYMEX No. 11 Sugar. These spot-month position limits go into effect at the open of trading on the third to last trading day of the expiring contract. The single- and all-month limits for NYMEX Cotton are 2,500 contracts and 5,000 contracts, respectively. NYMEX Cocoa, Coffee and Sugar specify position accountability levels of 6,000/6,000; 5,000/5,000; and 9,000/9,000 in single- and all-months, respectively.

The Exchange intends to increase the spot-month speculative position limits from 300 to 1,000 for NYMEX Cocoa futures; from 100 to 500 for NYMEX Coffee futures; from 50 to 300 for NYMEX Cotton futures; and from 100 to 1,000 for NYMEX No. 11 Sugar futures.

B. Justification

1. Market participants support the increase of spot-month speculative position limits.

The current spot-month limits are low relative to the single- and all-month limits resulting in market congestion in the days leading up spot-month limit implementation. This unwinding, particularly in NYMEX No. 11 Sugar futures, can cause unnecessary volatility in these markets. Therefore, market participants have requested that the Exchange increase the spot-month position limits to at least the level of the primary market spot-month limits.

2. The proposed increases are justified by current and proposed Commission Rules on spot-month speculative position limits.

The CFTC has provided guidance for compliance with Core Principle 5 (Position Limitations or Accountability) in CFTC Regulation 150.5 criteria. The criteria states that the spot-month

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speculative position limit for cash-settled futures contracts must be no greater than necessary to minimize the potential for manipulation or distortion of the contract's or the underlying commodity's price. In addition, Commission proposed rules on spot-month limits for cash-settled futures contracts that reference core referenced physically delivered contracts may have spot-month limits consistent with primary market spot-month limits. The spot-month limits certified here are consistent with the spot-month limits in the ICE primary markets. In Cocoa, Coffee, and Cotton, NYMEX spot-month limits are implemented before the spot-month limits are implemented on the primary ICE markets and final settlement on NYMEX Cocoa, Coffee, and Cotton occurs on the same date ICE market participants must comply with spot-month limits. Spot-month limits are in effect on ICE No. 11 Sugar futures during the period they are in effect for NYMEX No. 11 Sugar futures.

The Exchange plans to implement spot-month limits of 1,000 contracts for NYMEX Cocoa futures; 500 contracts for NYMEX Coffee futures; 300 contracts for NYMEX Cotton futures, consistent with Federal Limits for cotton; and 1,000 contracts for NYMEX No. 11 Sugar futures.

The Exchange intends to implement these increased spot-month limits on the March 2011 contracts for NYMEX Cocoa (2/9/2011); NYMEX Coffee (2/14/2011); NYMEX No. 11 Sugar (2/24/2011); and on the December 2011 contract for NYMEX Cotton (11/18/2011).

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 Renyuan.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 #11-049 in any related correspondence.

Sincerely,

Christopher K. Bowen
Managing Director, Chief Regulatory Counsel

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

**NYMEX Rulebook Chapter 5
 Trading Qualifications and Practices**

559. POSITION LIMITS AND EXEMPTIONS

The position limit levels applicable to those contracts with position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table ("Table") in the Interpretations Section at the end of Chapter 5.

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Position Limit, Position Accountability and Reportable Level Table												
Contract Name	Rule Chapter	Commodity Code	Dismissing Balances Contracts	All Month Accountability Level	Any One Month Accountability Level	Any/All Month Limit	Expiration Month Limit	Expiration Accountability Level - Penultimate and Metals Contracts	Expiration Accountability Level Last Day Contracts	Reporting Level	Aggregate Into (1)	Aggregate Into (2)
				Rule 560	Rule 560	Rule 559	Rule 559	Rule 560	Rule 560	Rule 561		
PECO Zone												
PJM PECO Zone 5 MW Peak Calendar-Month Day-Ahead LMP Swap Futures	182	4N		9,000	7,000		2,000			25	4N	
PJM PECO Zone 5 MW Off-Peak Calendar-Month Day-Ahead LMP Swap Futures	183	4P		100,000	80,000		40,000			25	4P	
PENELEC Zone												
PJM PENELEC Zone Peak Calendar-Month Day-Ahead LMP Swap Futures	292	49		9,000	7,000		2,000			25	49	
PJM PENELEC Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures	293	50		200,000	150,000		40,000			25	50	
PEPCO Zone												
PJM PEPCO Zone Peak Calendar-Month Day-Ahead LMP Swap Futures	168	R8		9,000	7,000		2,000			25	R8	
PJM PEPCO Zone Peak Calendar-Month Day-Ahead LMP Swap Option	924	PEP		9,000	7,000		2,000			25	R8	
PJM PEPCO Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures	169	Q8		100,000	80,000		40,000			25	Q8	
PPL Zone												
PJM PPL Zone Peak Calendar-Month Day-Ahead LMP Swap Futures	170	L5		9,000	7,000		2,000			25	L5	
PJM PPL Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures	171	F5		100,000	80,000		40,000			25	F5	
PSEEG Zone												
PJM PSEEG Zone Peak Calendar-Month Day-Ahead LMP Swap Futures	172	L6		9,000	7,000		2,000			25	L6	

PJM PSEZ Zone Peak Calendar-Month Day-Ahead LMP Swap Option	922	PSG		9,000	7,000		2,000			25	L6	
PJM PSEZ Zone Off-Peak Calendar-Month Day-Ahead LMP Swap Futures	173	W6		100,000	80,000		40,000			25	W6	
Western Hub												
PJM Peak Calendar-Month LMP Swap Futures	635	JM		7,000	5,000		1,000			25	JM	
PJM Calendar-Month LMP Swap Option	380	JO		7,000	5,000		1,000			25	JM	
PJM Peak Calendar-Day LMP Swap Futures	637	JD		7,000	5,000		1,000			25	JM	
PJM Western Hub Peak Calendar-Month Real-Time LMP Swap Futures	176	L1		7,000	5,000		1,000			25	JM	
PJM Western Hub 50 MW Peak Calendar-Month Real-Time LMP Swap Futures	178	4S		7,000	5,000		1,000			25	JM	
PJM Electricity Option on Calendar Futures Strip	354	6O		7,000	5,000		1,000			25	JM	
PJM Western Hub Peak Calendar-Month Day-Ahead LMP Swap Futures	174	J4		50,000	30,000		7,000			25	J4	
PJM Off-Peak Calendar-Month LMP Swap Futures	635A	JP		4,500	3,000		600			25	JP	
PJM Western Hub Off-Peak Calendar-Month Real-Time LMP Swap Futures	177	N9		4,500	3,000		600			25	JP	
PJM Western Hub Off-Peak Calendar-Month Day-Ahead LMP Swap Futures	175	E4		300,000	250,000		120,000			25	E4	
Soft Commodities												
NYMEX Cocoa Futures	930	CJ		6,000	6,000		[300] 1,000			25	CJ	
NYMEX Coffee Futures	931	KT		5,000	5,000		[400] 500			25	KT	
NYMEX Cotton Futures	932	TT					2,500/5,000			[50] 300	25	TT

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Contract Name	Rule Chapter	Commodity Code	Diminishing Balances Contracts	All Month Accountability Level	Any One Month Accountability Level	Any/All Month Limit	Expiration Month Limit	Expiration Accountability Level - Penultimate and Metals Contracts	Expiration Accountability Level Last Day Contracts	Reporting Level	Aggregate Into (1)	Aggregate Into (2)
				Rule 560	Rule 560	Rule 559	Rule 559	Rule 560	Rule 560	Rule 561		
NYMEX No. 11 Sugar Futures	931	YO		9,000	9,000		[400] 1,000			25	YO	
Currency Commodities												
NYMEX US Dollar/Colombian Peso Futures	972	V2		20,000	12,000		4,000			350	V2	