

 **CME Group**
Special Executive Report

DATE: **November 9, 2017**

SER#: **8032**

SUBJECT: **Reminder: Amended Procedures for Tender, Demand, Retender, Reclaim, and Assignment of Certificates of Delivery of the Live Cattle Futures Contract**

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") previously advised of amendments to the Rule 10104. ("Procedures for Tender, Demand, Retender, Reclaim, and Assignment of Certificates of Delivery") of the Live Cattle Futures contract (Rulebook Chapter 101; Clearing Code: LC; CME Globex Code: LE; CME ClearPort Code: 48) (the "Contract") via [SER-7915RR](#) dated September 5, 2017.

By way of reminder, commencing with the December 2017 Live Cattle futures contract month delivery period, the procedures for tendering, demanding, retendering, reclaiming, and the assignment of Certificates of Delivery will be amended as set for the Rule 10104. The table below provides the relevant dates for the December 2017 contract month of the Contract.

Live Cattle Futures	DEC 2017 Contract Month
Last Trade Date	12/29/2017
Settlement Date	12/29/2017
Last Holding Date	1/2/2018
Last Position Date	1/2/2018
Last Notice Date	No later than 12:00 p.m. CT on 1/2/2018
*Last Delivery Date	1/17/2018

*If seller is granted an extension, delivery may occur no later than **1/22/2018**

CME Rule 10104. is provided below in Appendix A.
In addition, CME Chapter 101 ("Live Cattle Futures") in its entirety may be found [HERE](#).
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Appendix A
CME Rulebook
Chapter 101
Live Cattle Futures

10104. PROCEDURES FOR TENDER, DEMAND, RETENDER, RECLAIM, AND ASSIGNMENT OF CERTIFICATES OF DELIVERY

(FOR ALL CONTRACT MONTHS COMMENCING WITH DECEMBER 2017 AND BEYOND)

10104.A. Tendering a Certificate

A clearing member representing a short may present a Certificate of Delivery (on a form prescribed by the Clearing House) to the Clearing House no later than 3:00 p.m. on any Business Day except that Certificates may not be tendered:

1. On or before the first Friday of the contract month; and
2. After 12:00 p.m. on the business day following the Last Trade Date.

A Certificate of Delivery is a commitment to deliver cattle conforming with contract specifications at the delivery point designated in the Certificate, or at a corresponding approved slaughter plant selected by the buyer, if the Certificate is not reclaimed. A Certificate presented prior to the Last Trade Date of the contract month requires delivery on the eighth Business Day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading.

If the seller tenders on or after the Last Trade Date, the Certificate shall require delivery on a business day chosen by the seller that is between the eighth Business Day and the eleventh Business Day following the Last Trade Date as prescribed by Rule 10103.B.1. If the seller is unable to obtain clearance from an approved livestock yard to make live delivery between Business Days eight through eleven following Last Trade Date, the seller shall request extension from the Exchange and if granted, delivery may occur no later than the 14th Business Day after Last Trade Date.

If live graded delivery would occur on either Christmas Eve or New Year's Eve, then live graded delivery shall occur on the following Business Day.

If the buyer elects carcass grading and the Certificate was presented prior to the Last Trade Date of the contract month, delivery shall be at the option of the buyer on any Business Day the slaughter plant is in operation between the fourth Business Day and the eighth Business Day, inclusive, following tender of that Certificate.

If the seller tenders on or after the Last Trade Date and the buyer elects carcass-graded delivery, the slaughter shall take place on a Business day chosen by the buyer between the fourth Business Day and the eleventh Business Day, inclusive, following tender of that Certificate as prescribed by Rule 10103.C.2. If the seller was granted extension by the Exchange when tendering, the buyer may choose slaughter to take place between the fourth Business Day of the succeeding calendar month and the Business Day for which the extension was granted, inclusive, no later than the 14th Business Day after Last Trade Date. A Certificate must include the name, location, business address, and telephone number of the feedlot from which the cattle originate. A Certificate must also include: (1) the distance between the feedlot and the livestock yards to which the cattle are tendered for delivery; (2) the distance between the feedlot and the approved slaughter plants corresponding to the livestock yards to which the cattle are tendered for delivery; (3) any other approved slaughter plants within 225 road miles of the feedlot and the distances to such approved slaughter plants and (4) whether steers or heifers will be delivered.

The seller is responsible for determining, in advance of tendering a Certificate, if the delivery point livestock yards will be able to accommodate a live-graded delivery on an eligible Business Day. If the buyer requests a live-graded delivery which the livestock yards is unable to accommodate, then this will be deemed a failure by the seller to present a load of cattle for USDA grading under Rule 10103.B.8. In addition, the Exchange may prohibit deliveries on certain days for certain locations at which it deems

deliveries would not be feasible due to auctions or other activities.

10104.B. Posting

By 3:05 p.m. the Clearing House shall post a list of the tendered and retendered Certificates specifying delivery points and accrued retender charges. Demand Notices and Reclaim Notices may be presented only for Certificates which are included on the list.

10104.C. Demand Notice

A clearing member representing a long may present a Demand Notice for the purpose of securing priority in the assignment of a Certificate of Delivery. The following rules govern Demand Notices:

1. The Demand Notice shall be presented to the Clearing House (on a form prescribed by the Clearing House) by 3:30 p.m. on any Business Day on which Certificates are tendered or retendered.
2. The Demand Notice shall specify: the date the long position was established, the buyer's choice (if any) for delivery points, the buyer's choice (if any) for the gender of the cattle and the minimum amount of accrued retender charges acceptable to the buyer.
3. A Certificate assigned to a Demand Notice may not be retendered.
4. A Demand Notice which is not assigned a Certificate on the day of presentment is void.

10104.D. Retender

A clearing member representing a long that is assigned a Certificate may retender that Certificate. The following rules govern retender:

1. A Certificate may only be retendered twice. A long that has been assigned a Certificate which has been retendered twice must take delivery.
2. A Certificate that has been assigned to a Demand Notice may not be retendered.
3. A Certificate may not be retendered after the last Trading Days of the contract month.
4. A long assigned a Certificate must establish a short position in the delivery month and notify the Clearing House of retender by 3:00 p.m. on the Business Day following assignment.
5. The retendering long will be assessed a retender charge of \$.01 per pound (\$400 per contract). The retender charges accrue to the Certificate and are payable to the long exercising the Certificate or to the reclaiming short.

10104.E. Reclaim

A clearing member representing a short that has tendered a Certificate may reclaim that Certificate upon the first or second retender if there is no Demand Notice issued for that Certificate.

The reclaiming short must have established a long position in the contract month and must issue a Reclaim Notice (on a form prescribed by the Clearing House) to the Clearing House by 3:30 p.m. on the day the Certificate is retendered.

10104.F. Assignment of Certificates

The Clearing House shall assign Certificates and notify the clearing member representing the long on the day of tender or retender. Assignments shall be made in the following order:

1. Newly-tendered Certificates and retendered Certificates shall be assigned to Demand Notices which specify delivery points, gender and retender charges which match those of the Certificate. In the case of duplication, the Certificate shall be assigned to the Demand Notice submitted by the long with the oldest long position. In the case of Demand Notices with long positions established on the same date, the time the Demand Notice was submitted to the Clearing House will determine priority.
2. Retendered Certificates which have not been assigned to Demand Notices will be assigned to Reclaim Notices, if any.
3. Retendered Certificates and newly-tendered Certificates which have not been demanded or reclaimed will be assigned to long positions by matching the Certificates having the largest retender charges with the oldest long positions.

10104.G. Payments for Tender and Retender

1. All payment shall be by wire transfer of funds or by certified or cashier's check presented to the Clearing House.
2. Payment for an assigned Certificate must be submitted to the Clearing House by 12:00 noon on the Business Day after a tendered or retendered Certificate is assigned. The assignee shall submit payment equal to the settlement price on the day of assignment less accrued retender charges and any applicable delivery location premiums/discounts, times the par weight, 40,000 pounds.
3. Payment received for a newly-tendered Certificate shall be retained by the Clearing House until the Certificate is reclaimed or until cattle conforming with contract specifications are delivered.
4. The Clearing House shall remit payment received for a retendered Certificate to the retenderer by the close of business on the Business Day following the day of retender.