

## Special Executive Report

S-4595

July 6, 2007

### **CFTC APPROVES CHANGES TO LIVE CATTLE DELIVERABLE WEIGHTS BEGINNING WITH DECEMBER 2007 CONTRACT MONTH**

By letter dated July 3, the CFTC has approved changes to the Live Cattle futures contract to permit the par delivery of heavier cattle in live-graded deliveries. These changes are effective immediately, beginning with the December 2007 contract month.

The text of the rule amendments is presented below, with additions underlined and deletions bracketed and overstruck:

#### **CHAPTER 101 LIVE CATTLE FUTURES**

#### **10103. SETTLEMENT PROCEDURES**

##### **10103.B. Live Graded Deliveries**

##### **4. Par Delivery and Substitutions.**

- a. Par Delivery Unit. A par delivery unit is 40,000 pounds of USDA estimated Yield Grade 3, 55% Choice, 45% Select quality grade live steers, averaging between 1,100 pounds and ~~[1,350]~~ 1,425 pounds with no individual steer weighing more than 100 pounds above or below the average weight for the unit. No individual animal weighing less than 1,050 pounds or more than ~~[1,400]~~ 1,475 pounds shall be deliverable.

Par delivery units shall have an estimated average hot yield of 63%.

All cattle contained in a delivery unit shall be healthy. Cattle which are unmerchantable, such as crippled, sick, obviously damaged or bruised, or which for any reason do not appear to be in satisfactory condition to withstand shipment by rail or truck shall be excluded. No cattle showing a predominance of dairy breeding or showing a prominent hump on the forepart of the body shall be deliverable. Such determination shall be made by the grader and shall be binding on all parties.

- b. Weight Deviations. Steers weighing from 100 to 200 pounds over or under the average weight of the steers in the delivery unit shall be deliverable at a discount of 3¢ per pound provided that no individual animal weighing less than 1,050 pounds or more than ~~[1,400]~~ 1,475 pounds shall be deliverable. For purposes of computing such discount, the weight of the over or under weight animals shall be considered the same as the average weight per head of the delivered unit. Steers weighing more than 200 pounds over or under the average weight of the load are not acceptable. The judgment of the grader as to the number of such overweight or underweight cattle in the delivery unit shall be final and shall be so certified on the grading certificate.

(Remainder of Rule 10103.B.4. unchanged)

If you have any questions regarding this matter, please contact Paul Peterson, Commodity Research & Product Development at (312) 930-4587; John Harangody, Commodity Products at (312) 466-4437; or Ken Lovett, Market Regulation at (312) 930-3257.