



## Special Executive Report

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### **CHANGES TO LIVE CATTLE FUTURES DELIVERY DEADLINES**

Please be advised that certain Live Cattle delivery deadlines will change, **beginning with the June 2007 Live Cattle futures contract**. These changes are necessary due to the expanded trading hours that begin on Monday, June 4, 2007. As a result,

- The deadline for submitting Notices of Intent to Deliver (Certificates of Delivery) and Retenders will change to 4:30 PM;
- Notices of Intent will be posted by 4:35 PM;
- Demands and Reclaims must be submitted by 5:00 PM; and
- Assignments will be posted by 5:30 PM.

The corresponding rule amendments are presented below, with additions underlined and deletions bracketed and overstruck:

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

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

##### **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 ~~[4:30]~~ 4:30 p.m. on any business day except that Certificates may not be tendered:

1. On or before the first Friday of the contract month;
2. After the third business day after expiration.

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 tendered before the termination of trading requires delivery on the sixth business day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on any day the slaughter plant is in operation between the third business day and the sixth business day, inclusive, following tender of that Certificate.

A Certificate tendered on or after the day trading terminates requires delivery on the fourth business day

that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on the third business day or fourth business day following tender of that Certificate, or on an intervening day that the slaughter plant is in operation.

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 stockyards to which the cattle are tendered for delivery; (2) the distance between the feedlot and the approved slaughter plants corresponding to the stockyards to which the cattle are tendered for delivery; and (3) any other approved slaughter plants within 150 miles of the feedlot and the distances to such approved slaughter plants.

**10104.B. Posting**

By ~~[2:00]~~ 4:35 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) ~~[between 2:00 p.m. and 3:00]~~ by 5:00 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, 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 day 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 ~~[4:30]~~ 4:30 p.m. on the business day following assignment. The short position may be established for the purpose of retendering without regard to the provisions of Rule 818.
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 ~~[between 2:00 p.m. and 3:00]~~ by 5:00 p.m. on the day the Certificate is retendered. The long position may be established for the purpose of reclaiming without regard to the provisions of Rule 818.

**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 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 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.

(End of Rule 10104)

If you have any questions regarding this matter, please contact Paul Peterson, Director, Commodity Research & Product Development at (312) 930-4587.