



Special Executive Report

DATE: January 19, 2018

SER#: 8081

SUBJECT: Contingency Plans for Livestock and Dairy Futures and Options Contracts in the Event of a U.S. Federal Government Shutdown

In the event of a U.S. federal government shutdown in January 2018 and in an effort to ensure orderly markets, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is advising market participants of its contingency plans in connection with the following products:

CME	Rulebook Chapter	Commodity Code
Live Cattle Futures	101	48
Lean Hog Futures	152	LN
Lean Hog Options	152A	LN
Feeder Cattle Futures	102	62
Feeder Cattle Options	102A	62
Class III Milk Futures	52	DA
Class III Milk Options	52A	DA
Class IV Milk Futures	55	DK
Class IV Milk Options	55A	DK
Cheese Futures	60	CSC
Cheese Options	60A	CSC
Butter Futures	56	CB
Butter Options	56A	CB
Whey Futures	57	DY
Whey Options	57A	DY
Nonfat Dry Milk Futures	54	NF
Nonfat Dry Milk Options	54A	NF

Live Cattle Futures

February 2018 Live Cattle Futures Deliveries

Live and carcass grading performed by USDA graders will be available as needed for all live cattle deliveries against the February 2018 Live Cattle futures contract.

Information on the specific programs within the USDA's Agricultural Marketing Service ("AMS") which will be impacted can be found by following this link: <https://www.usda.gov/sites/default/files/documents/usda-ams-shutdown-plan.pdf>.

Until further notice, for any cattle deliveries occurring during a government shutdown, the current most issued reports by the USDA for adjustment factors will be used for calculating final invoice amounts for live and carcass deliveries.

Feeder Cattle Futures and Options

January 2018 Feeder Cattle Futures and Options Alternative Final Settlement Methodology

The CME Feeder Cattle Index is used to determine the final settlement value of Feeder Cattle futures and cannot be calculated if there is a shutdown of the USDA's AMS website and its reported cash market information. CME Rule 701. ("Declaration of Force Majeure") authorizes the Exchange to change final settlement procedures for currently listed contracts. Accordingly, the January 2018 Feeder Cattle futures and options contracts' final settlement will follow the methods detailed below.

January 2018 Feeder Cattle Futures and Options Alternative Final Settlement Methodology

- If USDA price reporting of the relevant data are available for January 19, 22, 23, 24, and 25 by January 26, 2018, then that data will be used to determine the final settlement price for January 2018 futures and options contracts, pursuant to the current methodology for calculating the CME Feeder Cattle Index. <http://www.cmegroup.com/confluence/display/EPICSANDBOX/Livestock>
- If USDA price reporting of the relevant data are **not** available for January 19, 22, 23, 24, and 25 by January 26, 2018, the final settlement for January 2018 Feeder Cattle futures and options contracts will be calculated by using the volume weighted average price of the January 2018 futures contract for trades occurring during the 5-day period of January 19, 22, 23, 24, and 25, 2018, during Regular Trading Hours only (8:30 a.m. to 1:05 p.m. Central Time (CT) on January 19, 22, 23, 24 and 8:30 a.m. to 12:00 p.m. CT on January 25). The alternate final settlement price will be applied to any open positions in January 2018 futures and options on the normally scheduled date of January 26, 2018.

Lean Hog Futures and Options

February 2018 Lean Hog Futures and Options Alternative Final Settlement Methodology

The CME Lean Hog Index is used to determine the final settlement value of Lean Hog futures and cannot be calculated if there is a shutdown of the USDA's AMS website and its reported cash market information. CME Rule 701. ("Declaration of Force Majeure") authorizes the Exchange to change final settlement procedures for currently listed contracts. Accordingly, the February 2018 Lean Hog futures and options contracts' final settlement will follow the methods detailed below.

February 2018 Lean Hogs Futures and Options Alternative Final Settlement Methodology

- If USDA price reporting of the relevant data are available for both February 13 and 14 by February 16, 2018, then that data will be used to determine the final settlement price for February 2018 futures and options contracts, pursuant to the current methodology for calculating the CME Lean Hog Index. <http://www.cmegroup.com/confluence/display/EPICSANDBOX/Livestock>
- If USDA price reporting of the relevant data are **not** available for both February 13 and 14 by February 16, 2018, the final settlement for February 2018 Lean Hog futures and options contracts will be calculated by using the volume weighted average price of the February 2018 futures contract for trades occurring during the 2-day period of February 13 and 14, 2018, during Regular Trading

Hours only (8:30 a.m. to 1:05 p.m. Central Time (CT) on February 13 and 8:30 a.m. to 12:00 p.m. CT on February 14). The alternate final settlement price will be applied to any open positions in February 2018 futures and options on the normally scheduled date of February 16, 2018.

Dairy: Milk (Class III & IV), Cheese, Butter, Whey and Nonfat Dry Milk Futures and Options

February 2018 Dairy Futures and Options Final Settlement Methodology

- The ten (10) Federal Milk Marketing Orders will release the prices on January 31, 2018. Therefore, the final settlement of the CME Milk (Class III & IV), Cheese, Butter, Whey and Nonfat Dry Milk futures and options will occur on Wednesday, January 31, 2018, as scheduled.
- In order to access the settlement data for the January 2018 contracts, please link to your Federal Milk Order website. For example, the following link is for the Upper Midwest Order: <http://www.fmma30.com>

Should you have any questions regarding this Special Executive Report, please contact either: Jim Sullivan, Manager, Commodity Research and Product Development, 312-930-2308, Jim.Sullivan@cmegroup.com, Charles Piszczor, Director, Commodity Research and Product Development, 312-930-4536, Charles.Piszczor@cmegroup.com, or Fred Seamon, Executive Director, Commodity Research and Product Development, 312-634-1587, Fred.Seamon@cmegroup.com.

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