



Special Executive Report

DATE: May 22, 2018

SER#: 8154

SUBJECT: Amendments to the Feeder Cattle Futures and Options Contracts - Inclusion of Commented Cattle in the CME Feeder Cattle Index and Temporary Listing Delay of the May 2019 Feeder Cattle Futures and Options Contract

Effective Friday, May 25, 2018, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will amend the Rule 10203.A.1. (“The Sample”) of the Feeder Cattle Futures contract (CME Rulebook Chapter 102; CME Globex Code GF; Clearing Code: 62) to include commented cattle in the calculation of the Feeder Cattle Index (“Index”) price. Rule 10203.A.1. shall no longer exclude cattle identified on USDA-AMS reports as being fancy, thin, fleshy, gaunt or full. CME Rule 10203.A.1 is provided below in blackline format. Amendments to Rule 10203.A.1. shall be effective with the May 2019 contract and all subsequent contract months.

In addition, effective immediately, the Exchange will delay the listing of the May 2019 of its Feeder Cattle futures and options contracts (the “Contracts”) noted in the table below. The May 2019 contract month of the Contracts, originally scheduled to be listed on May 28, 2018, will be listed on June 10, 2018 for trade date June 11, 2018.

Contract Title	Rulebook Chapter	Clearing Code	CME Globex Code	Floor Code	CME ClearPort Code
Feeder Cattle Futures	102	62	GF	N/A	62
Options on Feeder Cattle Futures	102A	LC	LE	JP	62

CME Rulebook

Chapter 102

Feeder Cattle Futures

(bold/underscored) indicates addition, ~~strikethrough~~ indicates deletion)

10203. SETTLEMENT PROCEDURES

(FOR ALL CONTRACT MONTHS PRIOR TO MAY 2019)

10203.A. Final Settlement

There shall be no delivery of feeder cattle in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Feeder Cattle Index™ for the seven calendar days ending on the day on which trading terminates.

1. The Sample

The CME Feeder Cattle Index™ is based upon a sample of transactions from these weight/frame score categories: 700 to 899 pound Medium and Large Frame #1 feeder steers, and 700 to 899 pound Medium and Large Frame #1-2 feeder steers.

The sample consists of all feeder cattle auction, direct trade, video sale, and Internet sale transactions within the 12-state region of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming for which the number of head, weighted average price and weighted average weight are reported by the Agricultural Marketing Service of the USDA (USDA-AMS).

All direct trade reports shall be considered to be Friday transactions.

Multiple day sales, for which separate weighted average reports are not issued for each day or it is not evident from the reports issued what cattle sold on which day, shall be included in the sample as if all transactions occurred the final day of the sale.

Saturday and Sunday sales shall be included in the sample as if all transactions occurred on Monday.

Reports that are designated as "preliminary" shall not be included in the sample, and no transactions from that location shall be used until a final report is issued.

Cattle identified in the report as being fancy, thin, fleshy, gaunt or full; having predominantly dairy, exotic or Brahma breeding; shall be excluded from the sample. Transactions for cattle that are reported by USDA-AMS as having an origin outside of the United States shall be excluded from the sample. Direct trade, video sale, and Internet sale transactions must be quoted on an FOB basis, 3% standing shrink or equivalent, with pickup within 14 days to be included in the sample.

10203. SETTLEMENT PROCEDURES

(FOR ALL CONTRACT MONTHS COMMENCING WITH MAY 2019 AND BEYOND)

10203.A. Final Settlement

There shall be no delivery of feeder cattle in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Feeder Cattle Index™ for the seven calendar days ending on the day on which trading terminates.

1. The Sample

The CME Feeder Cattle Index™ is based upon a sample of transactions from these weight/frame score categories: 700 to 899 pound Medium and Large Frame #1 feeder steers, and 700 to 899 pound Medium and Large Frame #1-2 feeder steers.

The sample consists of all feeder cattle auction, direct trade, video sale, and Internet sale transactions within the 12-state region of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming for which the number of head, weighted average price and weighted average weight are reported by the Agricultural Marketing Service of the USDA (USDA-AMS).

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Cattle identified in the report as being fancy, thin, fleshy, gaunt or full; having predominantly dairy, exotic or Brahma breeding; shall be excluded from the sample. Transactions for cattle that are reported by USDA-AMS as having an origin outside of the United States shall be excluded from the sample. Direct trade, video sale, and Internet sale transactions must be quoted on an FOB basis, 3% standing shrink or equivalent, with pickup within 14 days to be included in the sample.

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