Chapter 152
Lean Hog Futures

15200. SCOPE OF CHAPTER
This chapter is limited in application to Lean Hog futures. In addition to this chapter, Lean Hog futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

15201. CONTRACT SPECIFICATIONS
Each futures contract shall be valued at 40,000 pounds times the CME Lean Hog Index®.

15202. TRADING SPECIFICATIONS (commencing April 13, 2020 and up to and including August 31, 2020)

15202.A. Trading Schedule
Futures contracts shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the Exchange.

15202.B. Trading Unit
The unit of trading shall be 40,000 pounds of lean value hog carcasses.

15202.C. Price Increments
Minimum price fluctuations shall be in multiples of $.00025 per pound.

15202.D. Daily Price Limits
There shall be no trading at a price more than $0.0375 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the expiring month contract during the last 2 Trading Days. In the event that any of the first eight listed contract months settle at limit, the daily price limits for all contract months shall expand to $0.0550 per pound on the next Business Day. If none of the first eight listed Lean Hog contracts subject to price limits settles at a price change equal to or greater than $0.0375 on the next business day, daily price limits for all contract months shall revert back to $0.0375 per pound on the following Business Day. During the last two days of trading, the expiring month contract shall be excluded from triggering expanded limits.

15202.E. Position Limits, Exemptions, Position Accountability and Reportable Levels
The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

15202.F. [Reserved]
15202.G. [Reserved]
15202.H. Termination of Trading
Trading shall terminate on the tenth Business Day of the contract month.

15202.I. [Reserved]

15202. TRADING SPECIFICATIONS (commencing September 1, 2020 and beyond)

15202.A. Trading Schedule
Futures contracts shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the Exchange.

15202.B. Trading Unit
The unit of trading shall be 40,000 pounds of lean value hog carcasses.

15202.C. Price Increments
Minimum price fluctuations shall be in multiples of $.00025 per pound.

15202.D. Daily Price Limits
Daily price limits for Lean Hog futures are reset annually on the first trading day in September based on the following: Daily settlement prices are collected for the nearest August contract over 45 consecutive trading days before and including the tenth business day in July (Last Trade Date of the nearest July contract). The average price is calculated based on the collected settlement prices and then multiplied by 4.5 percent. The resulting number, or $.03 per pound, whichever is higher, rounded down to the nearest $.0025 per pound, will be the new initial price limits for Lean Hog futures and will become effective on the first trading day in September and will remain in effect through the last trading day in August of the following year. During the last two days of trading, the expiring contract month shall be excluded from triggering expanded limits.

There shall be no trading in Lean Hog futures at a price more than the initial price limit above or below the previous day’s settlement price. Should any Lean Hog futures contract month within the first eight listed contracts subject to price limits settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded down to the nearest $.0025 per pound. If none of the first eight listed Lean Hog contracts subject to price limits settles at a price change equal to or greater than the initial price limit on the next business day, daily price limits for all contract months shall revert back to the initial price limit the following business day. There shall be no price limits on the current month contract during the last two trading days.

15202.E. Position Limits, Exemptions, Position Accountability and Reportable Levels
The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

15203. SETTLEMENT PROCEDURES

15203.A. Final Settlement
There shall be no delivery of hogs in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Lean Hog Index® for the two–day period ending on the day on which trading terminates.

1. The Sample
The sample consists of all producer-sold negotiated, swine or pork market formula and negotiated formula barrows and gilts purchased on a lean value direct basis by packers for which the head count, average net price and average carcass weight are reported in the “National Daily Direct Hog Prior Day Report-Slaughtered Swine” released by the USDA.

2. The Calculation
The procedure for calculating the CME Lean Hog Index is as follows, using data reported on two consecutive weekdays.

1. The daily head count for negotiated transactions is multiplied by the corresponding daily average carcass weight to obtain the negotiated daily total weight;

2. The daily head count for swine or pork market formula transactions is multiplied by the corresponding daily average carcass weight to obtain the swine or pork market formula daily total weight;

3. The daily head count for negotiated formula transactions is multiplied by the corresponding daily average carcass weight to obtain the negotiated formula daily total weight;

4. The daily totals for negotiated weight (i.e., the result from 1. above), swine or pork market formula weight (i.e., the result from 2. above) and negotiated formula weight (i.e., the result from 3. above) are added to obtain the daily total weight;
5. The daily total weights (i.e., the result from 4. above) for two consecutively reported days are aggregated to obtain the two–day total weight;

6. The negotiated daily total weight (i.e., the result from 1. above) is multiplied by the corresponding daily average net price to obtain the negotiated daily total value;

7. The swine or pork market formula daily total weight (i.e., the result from 2. above) is multiplied by the corresponding daily average net price to obtain the swine or pork market formula daily total value;

8. The negotiated formula daily total weight (i.e., the result from 3. above) is multiplied by the corresponding daily average net price to obtain the negotiated formula daily total value;

9. The daily totals for negotiated value (i.e., the result from 6. above), swine or pork market formula value (i.e. the result from 7. above) and negotiated formula value (i.e., the result from 8. above) are added to obtain the daily total value.

10. The daily total values (i.e., the result from 9. above) for two consecutively reported days are aggregated to obtain the two–day total value; and

11. The two–day total value (i.e., the result from 10. above) is divided by the two–day total weight (i.e., the result from 5. above) to obtain the CME Lean Hog Index.

For the purposes of this rule, Friday of one week and Monday of the following week shall be considered to be consecutive weekdays.

Also for the purposes of this rule, any days when the necessary data are not released by the USDA shall not be considered weekdays, in which case the first weekday immediately preceding and the first weekday immediately following such day(s) shall be considered two consecutive weekdays.

15203.B. - H. Reserved]

15204.-08. [RESERVED]

(End Chapter 152)