



Special Executive Report

S-7144R

August 14, 2014

Amendments to Delivery Procedures for the Live Cattle Futures Contract

(This SER supersedes SER-7144 dated July 17, 2014 to revise the effective date.)

Please be advised that effective for trade date of Monday, September 8, 2014, and pending CFTC approval, the Chicago Mercantile Exchange Inc. (CME or Exchange) will amend the delivery procedures for the Live Cattle Futures contract (Rulebook chapter: 101; Clearing Code: LC; CME Open Outcry Code: LC; CME Globex Code: LE; CME ClearPort Code: 48).

Under current delivery procedures, certificates for delivery in live cattle futures are not allowed to be submitted on business days that would normally have the result of a live graded delivery being scheduled on Christmas Eve or New Year's Eve. The amendments will allow a delivery certificate to be submitted on those days, however, the live graded delivery will be scheduled for the next business day. All live graded deliveries will continue to be subject to the one-day daily grading capacity limits for each delivery facility. The amendments will apply to all contract months.

The amendments to CME Rulebook chapter 101 (Live Cattle Futures) are provided in blackline format below.

Chapter 101 Live Cattle Futures

(underscore denotes additions; ~~strikethrough~~ denotes deletions)

FOR ALL CONTRACT MONTHS BEGINNING WITH AUGUST 2014 THROUGH JUNE 2015

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 p.m. on any Business Day except that Certificates may not be tendered:

1. On or before the first Friday of the contract month; and
2. After the third Business Day after expiration.
- ~~3. On any Business Day that would result in a live delivery being scheduled on Christmas Eve or New Year's Eve.~~

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 requires delivery on the eighth Business Day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If live graded delivery would occur on either Christmas Eve or New Year's Eve, then live graded delivery shall occur on the following Business Day. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on any Business Day the slaughter plant is in operation between the fourth Business Day and the eighth Business Day, inclusive, following tender of that Certificate. 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 200 miles of the feedlot and the distances to such approved slaughter plants.

The seller is responsible for determining, in advance of tendering a Certificate, if the delivery point stockyards will be able to accommodate a live-graded delivery on the eighth Business Day following the day of tender should the buyer request one. If the buyer requests a live-graded delivery which the stockyards is unable to accommodate, then this will be deemed a failure by the seller to present a load of cattle for USDA grading under Rule 10103.B.8. In addition, the Exchange may prohibit deliveries on certain days for certain locations at which it deems deliveries would not be feasible due to auctions or other activities.

FOR ALL CONTRACT MONTHS BEGINNING WITH AUGUST 2015

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