



Special Executive Report

DATE: June 13, 2017

SER#: 7942

SUBJECT: USDA Announces Updated Guidance to Swine Reporting Under the Livestock Mandatory Reporting (LMR) Program

As a result of the USDA's recent announcement regarding updated guidance to swine reporting under the Livestock Mandatory Reporting ("LMR") program, effective July 3, 2017, all swine packing companies subject to LMR will report their swine purchases under the following new guidance, if applicable:

- Swine Purchases Based on the Chicago Mercantile Exchange Inc. ("CME") Lean Hog Index:
 - o All purchases of swine where the base price is based on the CME Lean Hog Index as the pricing mechanism should be reported as a Swine or Pork Market Formula Purchase. These hogs are currently reported as Other Market Formula Purchases.
 - o Any swine purchases formulated off of a future or option will continue to be reported as Other Market Formula Purchases. Following implementation, AMS will update the published reports by placing "Futures/Options" underneath the Other Market Formula label as a descriptor on the reports.
- Formula Purchases where the Base Price is Known:
 - o Any formula based purchases of swine where the base price is known at the completion of negotiation should be reported as a Negotiated Purchase.
 - o Any swine purchases using a formula price with an undetermined price at the completion of the negotiation will be reported as either a Negotiated Formula Purchase or a Swine or Pork Market Formula Purchase depending on the terms and times associated with the purchase.

More information and the complete release can be found on the USDA's website using the following link:
<https://www.ams.usda.gov/content/usda-announces-industry-call-discuss-lmr-guidance-updates>

The Commodity Futures Trading Commission ("CFTC") will be notified of the aforementioned during the week of July 10, 2017, via the weekly notification procedures set forth in Part 40 of the CFTC Regulations.

Questions regarding this notice may be directed to:

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