



Special Executive Report

DATE: February 23, 2022

SER#: 8924

SUBJECT: Amendments to Chapter 12 (CME Spot Market Trading – Electronic) in Connection with Settlement Procedures for the Spot Call Cheese Contracts

Effective Sunday, March 6, 2022 for trade date Monday, March 7, 2022, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will amend Rule 1206.C. (“Settlement Procedures”) of Chapter [12](#) (“CME Spot Market Trading – Electronic”) for the Spot Cheese Blocks (Commodity Code: KB) and Spot Cheese Barrels (Commodity Code: RB) (collectively, the “Contracts”) to delete language pertaining to payment before shipment in the Contracts (collectively, the “Rule Amendments”).

The Exchange implemented similar changes to the Spot Call Nonfat Dry Milk and Spot Call Dry Whey contracts effective February 25, 2019. (See SER [8303](#) dated January 30, 2019).

The Rule Amendments are provided in Appendix A below in blackline format.

The Commodity Futures Trading Commission (“CFTC”) will be notified of the Rule Amendments during the week of March 14, 2022, 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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Appendix A

CME Rulebook

Chapter 12

CME Spot Market Trading – Electronic

(additions underscored, deletions struck through)

1206. SPOT CALL CHEESE

1206.C. Settlement Procedures

Seller's Duties

1. The seller shall, by 3:00 p.m. (Chicago time) on the day of sale submit to the Clearing House the identity of the seller.
2. The seller shall provide details about the cheese, to the Clearing House by 12:00 noon (Chicago time) on the business day after the date of sale.
3. The seller shall, by 3:00 p.m. (Chicago time) on the business day after the day of sale, notify the Clearing House if the cheese is to be graded.
- ~~4. The seller may demand payment in full by wire transfer before making shipment. Such demand must be made by the seller upon the date of sale and evidence of the receipt of such demand by the buyer must be filed with the Clearing House in the form of either an electronic acknowledgment or a copy of a wire sent to the seller on the date of the sale.~~
54. Upon receipt of buyer's instructions, seller shall immediately make shipment in accordance therewith. If the seller is unable to obtain shipping facilities, seller shall promptly notify buyer of its inability to obtain shipping facilities and ship at the earliest opportunity. Cheese shall be loaded on truck and shipped as directed by the buyer. All other transportation charges shall be borne by the buyer.
65. Proof of delivery (i.e. bill of lading or warehouse form showing ownership transfer) shall accompany the invoice and seller shall submit copies of the documents to the Clearing House no later than 5 business days after the buyer receives the product.

Buyer's Duties

1. The buyer shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to the Clearing House the identity of the buyer.
2. The buyer shall, by 3:00 p.m. (Chicago time) on the business day after the day of sale, notify the Clearing House if the cheese is to be graded.
3. The buyer shall be responsible for arranging and providing transportation for the cheese. The buyer shall deliver instructions for shipping and routing to final destination via the Clearing Houses online deliveries system by 12:00 noon (Chicago time) on the third business day after the day of sale. If the buyer fails to deliver such instructions within the required time or if the buyer fails to pick up the cheese at the specified date and time, the seller shall either store the cheese and charge the buyer the generally accepted commercial monthly rate or ship the cheese by truck or rail to the buyer at the buyer's main warehouse.
4. The buyer shall pay for the cheese within 3 business days after the date of the invoice covering the cheese.

Clearing House Responsibilities

The Clearing House shall make available an invoice that specifies the date and price of sale, adjusted for moisture content when applicable. The freight differential, if any, shall be credited to the buyer on the invoice.