Chapter 103
90% Lean Beef Trim Futures

10300. SCOPE OF CHAPTER

This chapter is limited in application to 90% Lean Beef Trim Futures (“Futures”). In addition to this chapter, 90% Lean Beef Trim 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.

10301. CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 20,000 pounds times the CME 90% Lean Beef Trim Index® (“Index”).

10302. TRADING SPECIFICATIONS

10302.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.

10302.B. Trading Unit

The unit of trading shall be 20,000 pounds of fresh boneless beef, 90% lean.

10302.C. Price Increments

Minimum price fluctuations shall be in multiples of $.0005 per pound.

10302.D. Daily Price Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits and daily price limits as set forth in Rule 589. and in the Special Price Fluctuation and Daily Limits Table in the Interpretations & Special Notices Section of Chapter 5. There shall be no price limits on the expiring contract month during the last five trading days.

10302.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.

10302.F. Termination of Trading

Trading shall terminate on the last Friday of the contract month. If such Friday is not a Business Day, trading shall terminate on the previous Business Day.

10303. SETTLEMENT PROCEDURES

10303.A. Final Settlement

There shall be no delivery of 90% lean boneless beef in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the Index for the 4-week period ending on the day on which trading terminates.

1. The Sample

The weighted average price is based on a sample of transactions for fresh 90% chemical lean boneless processing beef and beef trimmings.

The sample consists of the weekly estimates by the USDA of the negotiated and formulated weighted average prices of 90% chemical lean fresh boneless beef – FOB Plant. The information upon which the estimates are made, and the resulting values are reported weekly by the USDA in the "National/Regional Weekly Boneless Processing Beef and Beef Trimmings – Negotiated Sales – (LM_XB460)" and "National Weekly Boneless Cow Beef and Beef Trimmings - Formulated Sales (LM_XB450)".

2. The Calculation

The procedure for calculating the Index is as follows, using data reported on 4 consecutive weeks.

A. The most recent weekly values for total pounds and weighted average price from the USDA reports LM_XB460 and LM_XB450 for FOB Plant – National chemical lean fresh 90 % lean beef trim are collected. A weighted average for the latest week is calculated using the following formula:

Weighted average price for latest week = ((LM_XB460 price * (LM_XB460 pounds / (LM_XB460+LM_XB450 pounds)))) + ((LM_XB450 price * (LM_XB450 pounds / (LM_XB460+LM_XB450 pounds))))

B. The weekly total pounds (LM_XB460+LM_XB450 pounds) and the weighted average price calculated in Section A above are multiplied. The result is the most recent weekly value.

C. The most recent weekly value from Section B above is added to the 3 previous weekly values to determine the 4-week value.

D. The most recent weekly total pounds (LM_XB460+LM_XB450) are added to the 3 previous consecutive weekly total pounds to determine the 4-week total pounds.

E. The 4-week value (i.e., the result from Section C above) is divided by the 4-week total pounds (i.e. the result from Section D above) to obtain the Index.

The USDA LM_XB460 and LM_XB450 report are typically released on Fridays. If Friday is a federal holiday, the reports are generally published on the preceding Thursday. Thus, final settlement consists of the reports released on the Last Trading Day plus the previous three reports. However, should USDA price reporting be unavailable during any portion of the final settlement pricing timeframe, the Exchange may utilize alternative data compiled from futures market activity during that corresponding pricing timeframe to calculate the final settlement price.

10304. [RESERVED]

(End of Chapter 103)