



Special Executive Report

S-7477

October 27, 2015

Amendments to Feeder Cattle Futures Contract

Effective on Tuesday, November 10, 2015, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will amend CME Rule 10203.A. (“Final Settlement”) in connection with a change in the CME Feeder Cattle Index™ (“Index”) that underlies the Feeder Cattle futures contract (Rulebook chapter: 102; Clearing Code: FC; CME Globex Code: GF; CME ClearPort Code: 62). These amendments will be effective commencing with the November 2016 contract month and beyond. The November 2016 contract month will be listed for trading on November 20, 2015. This contract is listed for trading on CME Globex and for submission for clearing through CME ClearPort.

Commencing with the November 2016 contract month and beyond, the weight range for cattle included in the Index will be changed from 650-849 pounds to 700-899 pounds. In order to implement this change, the Index price reported for Tuesday, November 1, 2016 will begin to reflect the new weight range. Beginning on Tuesday, November 1, 2016 and the next consecutive four (4) Business Days, a new day’s data using the new weight range will be incorporated into the Index calculation and the prior corresponding day’s data using the old weight range will be dropped. This phase-in process will be implemented for market continuity and the Index price commencing on Monday, November 7, 2016 and subsequent days will only contain data using the new weight range. No other changes are being made to CME Rule 10203.A.1.

CME Rule 10203.A.1 is provided below in blackline format.

(Additions are underlined.)

Chapter 102 Feeder Cattle Futures

10203. SETTLEMENT PROCEDURES

(FOR ALL CONTRACT MONTHS PRIOR TO NOVEMBER 2016)

10203.A. Final Settlement

There shall be no delivery of feeder cattle in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Feeder Cattle Index™ for the seven calendar days ending on the day on which trading terminates.

1. The Sample

The CME Feeder Cattle Index™ is based upon a sample of transactions from these weight/frame score categories: 650 to 849 pound Medium and Large Frame #1 feeder steers, and 650 to 849 pound Medium and Large Frame #1-2 feeder steers.

The sample consists of all feeder cattle auction, direct trade, video sale, and Internet sale transactions within the 12-state region of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming for which the number of head, weighted average price and weighted average weight are reported by the Agricultural Marketing Service of the USDA (USDA-AMS).

All direct trade reports shall be considered to be Friday transactions.

Multiple day sales, for which separate weighted average reports are not issued for each day or it is not evident from the reports issued what cattle sold on which day, shall be included in the sample as if all transactions occurred the final day of the sale.

Saturday and Sunday sales shall be included in the sample as if all transactions occurred on Monday.

Reports that are designated as "preliminary" shall not be included in the sample, and no transactions from that location shall be used until a final report is issued.

Cattle identified in the report as being fancy, thin, fleshy, gaunt or full; having predominantly dairy, exotic or Brahma breeding; shall be excluded from the sample. Transactions for cattle that are reported by USDA-AMS as having an origin outside of the United States shall be excluded from the sample. Direct trade, video sale, and Internet sale transactions must be quoted on an FOB basis, 3% standing shrink or equivalent, with pickup within 14 days to be included in the sample.

2. The Calculation

The procedure for calculating the CME Feeder Cattle Index™ is as follows:

- a. For each of the relevant weight/frame score categories in each report:
 - i. the number of head is multiplied by the corresponding weighted average weight to obtain the total pounds sold in that weight/frame score category for that report; and
 - ii. the number of head is multiplied by the corresponding weighted average weight, and the resulting product is then multiplied by the corresponding weighted average price, to obtain the total dollars sold in that weight/frame score category for that report.
- b. For each report:
 - i. the total pounds sold in the relevant weight/frame score categories (i.e., the results from 1.a., above) are aggregated to obtain the total pounds sold for that report; and
 - ii. the total dollars sold in the relevant weight/frame score categories (i.e., the results from 1.b., above) are aggregated to obtain the total dollars sold for that report.
- c. For all reports covering relevant transactions that occurred within the same seven calendar day period:
 - i. the total pounds (i.e., the results from 2.a., above) are aggregated to obtain the total pounds sold within the 12-state region during that seven calendar day period; and
 - ii. the total dollars (i.e., the results from 2.b., above) are aggregated to obtain the total dollars sold within the 12-state region during that seven calendar day period.
- d. The total dollars sold within the 12-state region during that seven calendar day period (i.e., the result from 3.b., above) is divided by the total pounds sold within the 12-state region during that same seven calendar day period (i.e., the result from 3.a., above) to obtain the CME Feeder Cattle Index™.

10203.B. - H.[Reserved]

10203. SETTLEMENT PROCEDURES

(FOR ALL CONTRACT MONTHS COMMENCING WITH NOVEMBER 2016 AND BEYOND)

10203.A. Final Settlement

There shall be no delivery of feeder cattle in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Feeder Cattle Index™ for the seven

calendar days ending on the day on which trading terminates.

1. The Sample

The CME Feeder Cattle Index™ is based upon a sample of transactions from these weight/frame score categories: 700 to 899 pound Medium and Large Frame #1 feeder steers, and 700 to 899 pound Medium and Large Frame #1-2 feeder steers.

The sample consists of all feeder cattle auction, direct trade, video sale, and Internet sale transactions within the 12-state region of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming for which the number of head, weighted average price and weighted average weight are reported by the Agricultural Marketing Service of the USDA (USDA-AMS).

All direct trade reports shall be considered to be Friday transactions.

Multiple day sales, for which separate weighted average reports are not issued for each day or it is not evident from the reports issued what cattle sold on which day, shall be included in the sample as if all transactions occurred the final day of the sale.

Saturday and Sunday sales shall be included in the sample as if all transactions occurred on Monday.

Reports that are designated as "preliminary" shall not be included in the sample, and no transactions from that location shall be used until a final report is issued.

Cattle identified in the report as being fancy, thin, fleshy, gaunt or full; having predominantly dairy, exotic or Brahma breeding; shall be excluded from the sample. Transactions for cattle that are reported by USDA-AMS as having an origin outside of the United States shall be excluded from the sample. Direct trade, video sale, and Internet sale transactions must be quoted on an FOB basis, 3% standing shrink or equivalent, with pickup within 14 days to be included in the sample.

2. The Calculation

The procedure for calculating the CME Feeder Cattle Index™ is as follows:

a. For each of the relevant weight/frame score categories in each report:

- i. the number of head is multiplied by the corresponding weighted average weight to obtain the total pounds sold in that weight/frame score category for that report; and
- ii. the number of head is multiplied by the corresponding weighted average weight, and the resulting product is then multiplied by the corresponding weighted average price, to obtain the total dollars sold in that weight/frame score category for that report.

b. For each report:

- i. the total pounds sold in the relevant weight/frame score categories (i.e., the results from 1.a., above) are aggregated to obtain the total pounds sold for that report; and
- ii. the total dollars sold in the relevant weight/frame score categories (i.e., the results from 1.b., above) are aggregated to obtain the total dollars sold for that report.

c. For all reports covering relevant transactions that occurred within the same seven calendar day period:

- i. the total pounds (i.e., the results from 2.a., above) are aggregated to obtain the total pounds sold within the 12-state region during that seven calendar day period; and
- ii. the total dollars (i.e., the results from 2.b., above) are aggregated to obtain the total dollars sold within the 12-state region during that seven calendar day period.

d. The total dollars sold within the 12-state region during that seven calendar day period (i.e., the result from 3.b., above) is divided by the total pounds sold within the 12-state region during that same seven calendar day period (i.e., the result from 3.a., above) to obtain the CME Feeder Cattle Index™.

10203.B. - H.[Reserved]

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