

SSUBMISSION COVER SHEET

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-539

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 12/11/2015 Filing Description: Amendments to Daily Settlement Procedure for the CME Random Length Lumber Futures Contract and CME Livestock Futures Contract

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

**Rule Numbers:** Random Length Lumber Futures Daily Settlement Procedure Document and CME Livestock Futures Daily Settlement Procedure Documents

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

**Official Product Name:**

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change"                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**

December 11, 2015

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: CFTC Regulation 40.6(a) Certification. Amendments to Daily Settlement Procedure for the CME Random Length Lumber Futures Contract and CME Livestock Futures Contract.  
CME Submission No. 15-539**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to the daily settlement procedure in CME Random Length Lumber Futures and CME Livestock Futures, effective Sunday, January 3, 2016 for trade date Monday, January 4, 2016.

The CME Random Length Lumber Futures daily settlement procedure is being amended to change a reference to the current bid or the current offer to the low bid or the high offer. This amendment will harmonize the language used to describe bids and offers with other CME futures settlement procedures.

The CME Livestock Futures daily settlement procedure is being amended to mirror the procedure language of the CME Random Length Lumber Futures daily settlement procedure in order to ensure harmonization across settlement procedures of these CME agricultural futures contracts.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified the amendments to the daily settlement procedures may have some bearing on the following Core Principles:

Prevention of Market Disruption: The Global Command Center, the Settlement team and the Market Regulation Department each have the capacity to identify abnormal price movements during the settlement period and to take remedial actions as appropriate relative to their respective functions. The amendments described in this submission will not diminish the Exchange’s ability in this regard.

Availability of General Information: As required by this Core Principle, the Exchange is publicly issuing a Special Executive Report to ensure that market participants have updated guidance and information attendant to the amendments. The Special Executive Report will also be available on the CME Group website.

Daily Publication of Trading Information: CME will continue to publish daily settlement prices in CME futures products without interruption.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the amendments to the daily settlement procedure comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

The Exchange certify that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information, please e-mail [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact the undersigned at 212.299.2200.

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Random Length Lumber Futures Daily Settlement Procedure (blackline format)  
Exhibit B – Livestock Futures Daily Settlement Procedure (blackline format)

## Exhibit A

### Random Length Lumber Futures Daily Settlement Procedure

(additions underlined; deletions ~~everstruck~~)

#### Normal Daily Settlement Procedure

CME Group staff determines the daily settlements for Random Length Lumber (LBS) futures based on trading activity on CME Globex between 13:04:30 and 13:05:00 Central Time (CT), the settlement period.

**Tier 1:** For each contract month, the contract settles to its volume-weighted average price (VWAP) of all trades that occur between 13:04:30 and 13:05:00 CT, the settlement period, rounded to the nearest tradable tick. If the VWAP is exactly in the middle of two tradable ticks, then the settlement will be the tradable price that is closer to the contract's prior day settlement price.

**Tier 2:** If no trades occur on CME Globex between 13:04:30 and 13:05:00 CT, the settlement period, then the last trade (or the contract's settlement price from the previous day in the absence of a last trade price) is used to determine whether to settle to the Low current ~~b~~Bid/~~or the~~ High current ~~a~~Ask during this period.

1. If the last trade price is outside of the bid/ask spread, then the contract month settles to the nearest bid or ask price.
2. If the last trade price is within the bid/ask spread, or if a bid/ask spread is not available, then the contract month settles to the last trade price.

**Tier 3:** In the absence of any trade activity or bid/ask in a given contract month during the current trading day, the daily settlement price will be determined by applying the net change from the preceding contract month to the given contract month's prior daily settlement price.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.

## Exhibit A

### CME Livestock Futures Daily Settlement Procedure

(additions underlined; deletions ~~everstruck~~)

#### Normal Daily Settlement Procedure

CME Group staff determines the daily settlements for Feeder Cattle (GF), Lean Hogs (HE), and Live Cattle (LE) futures based on trading activity on CME Globex between 12:59:30 and 13:00:00 Central Time (CT), the settlement period.

#### ~~Normal Daily Settlement Procedure~~

~~**Tier 1:** — Each contract month settles to the volume-weighted average price (VWAP) of the outright between 12:59:30 and 13:00:00 Central Time (CT), the settlement period, rounded to the nearest tradable tick. If the VWAP is equidistant between two ticks, then it's rounded to the nearest tradable tick that is closer to the prior day's settlement price.~~

~~**Tier 2:** — In the absence of any trade activity during the settlement period in a given contract month, the bid price that is higher than the last trade (if the contract traded during the respective trade date) or prior day's settlement price (if the contract did not trade during the respective trade date), or the ask price that is lower than the last trade or prior day's settlement price — from 12:59:30 to 13:00:00 CT — will determine the daily settlement price for that contract month.~~

~~**Tier 3:** — In the absence of any trade activity or bid/ask in a given contract month during the current trading day, the daily settlement price will be determined by applying the net change from the preceding contract month to the given contract month's prior daily settlement price.~~

**Tier 1:** Each contract month settles to its volume-weighted average price (VWAP) of all trades that occur between 12:59:30 and 13:00:00 CT, the settlement period, rounded to the nearest tradable tick. If the VWAP is exactly in the middle of two tradable ticks, then the settlement will be the tradable price that is closer to the contract's prior day settlement price.

**Tier 2:** If no trades occur on CME Globex between 12:59:30 and 13:00:00 CT, the settlement period, then the last trade (or the contract's settlement price from the previous day in the absence of a last trade price) is used to determine whether to settle to the low bid or the high ask during this period.

a. If the last trade price is outside of the bid/ask spread, then the contract month settles to the nearest bid or ask price.

b. If the last trade price is within the bid/ask spread, or if a bid/ask spread is not available, then the contract month settles to the last trade price.

**Tier 3:** In the absence of any trade activity or bid/ask in a given contract month during the current trading day, the daily settlement price will be determined by applying the net change from the preceding contract month to the given contract month's prior daily settlement price.

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

**Note:** In the event the aforementioned calculations cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity produces results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.