

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 20-212SSS

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/26/20 Filing Description: Amendments to the Daily Price Limit Rule of all Livestock and Dairy Futures Contracts

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

**Please note only ONE product per Submission.**

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

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

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

**Official Name(s) of Product(s) Affected:** Live Cattle, Feeder Cattle, Lean Hogs, Class III Milk, Cash-Settled Cheese, Block Cheese, Dry Whey, Class IV Milk, Cash-Settled Butter, and Nonfat Dry Milk Futures

**Rule Numbers:** CME Rulebook Chapters: 101, 102, 152, 52, 54, 55, 56, 57, 60, & 61

May 26, 2020

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulations 40.4(a)/40.5(a). Request for Approval: Amendments to Daily Price Limit Rule of all Livestock and Dairy Futures Contracts.  
CME Submission No. 20-212SSS**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”), pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulations 40.4(a)/40.5(a) seeks the Commission’s approval to amend the Daily Price Limit Rule of all Livestock and Dairy contracts in the table below (the “Contracts”) as more specifically summarized below (collectively, the “Rule Amendments”). Additionally, the Exchange requests expedited approval of the Rule Amendments pursuant to CFTC Regulation 40.5(g) such that CME may implement effective on Sunday, June 21, 2020 for trade date Monday, June 22, 2020.<sup>1</sup>

<b>Contract Title</b>	<b>Rulebook Chapter</b>	<b>Clearing Code</b>	<b>CME Globex Code</b>	<b>CME ClearPort Code</b>
Lean Hog Futures	152	LN	HE	LN
Live Cattle Futures	101	48	LE	48
Feeder Cattle Futures	102	62	GF	62
Class III Milk Futures	52	DA	DC	DA
Cheese Futures	60	CSC	CSC	CSC
Block Cheese Futures	61	BLK	BLK	BLK
Dry Whey Futures	57	DY	DY	DY
Class IV Milk Futures	55	DK	GDK	DK
Cash-Settled Butter Futures	56	CB	CB	CB
Nonfat Dry Milk Futures	54	NF	GNF	NF

Lean Hog, Live Cattle, Feeder Cattle, and Cash-Settled Butter futures are deemed enumerated agricultural products by the Commission while Class III Milk, Cheese, Block Cheese, Dry Whey, Class IV Milk and Nonfat Dry Milk futures are not. The Exchange is voluntarily including and submitting the non-enumerated products to the Commission for approval in this submission so that the Rule Amendments may be concurrently effective for the Contracts.

CME Submission 20-212SSS provides additional clarifying language as requested by the CFTC to the Feeder Cattle futures on the last trading date of an expiring contract for contract months up to and including September 2020. No other changes have been made to the submission.

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<sup>1</sup> In accordance with its standard internal policies and procedures and pursuant to Exchange Rule 230.j, the Exchange determined to adopt the Rule Amendments.

Pursuant to the Commission's request, CME Submission 20-212SS includes additional amendments to the Daily Price Limit rule of the Live Cattle futures and Feeder Cattle futures contracts such that convergence is not impeded by Price Limits on the last trading date ("LTD") of an expiring contract. The changes will apply for the August and September 2020 Feeder Cattle futures contract expirations and the June and August 2020 Live Cattle futures contract expirations. The Exchange believes that, given the recent volatility in the Live Cattle and Feeder Cattle futures contracts, the expanded limits provided for in the amendments will prevent convergence from being impeded in the event that trading is volatile on the last days of trading; it would also avoid the need to take further regulatory action, such as emergency action, in the event the Exchange determined that convergence was being impeded and the Exchange believed that such action was necessary under the circumstances. For convenience, the additional amendments are provided in red.

#### Summary of the Rule Amendments:

##### A. CME Livestock:

- Link Live Cattle and Feeder Cattle futures regarding when the daily limits are expanded and when they revert so that both contracts are always at initial price limits together or at expanded price limits together.
- Amend the methodology that triggers the expanded/reverted daily price limits from being based on the settlement from the front two (2) contract months in Live Cattle and Feeder Cattle futures to the front four (4) contract months of Live Cattle and Feeder Cattle futures.
- Include a price limit floor of \$3.00/cwt in Lean Hog futures.
- **Add a mechanism that allows for the triggering of an additional expanded daily price limit in the expiring contract for Live Cattle and Feeder Cattle futures for the LTD.**

##### B. CME Dairy:

- Add an expanded daily price limit in Class III & IV Milk futures of \$1.50/cwt.
- Amend how expanded limits are triggered in all CME Dairy futures contracts.
- Link Class III, Cash-Settled Cheese, Block Cheese, and Dry Whey futures price limits so that all contracts are always at initial price limits together or at expanded price limits together. Also link Class IV, Cash Butter, and Nonfat Dry Milk futures in the same manner.
- Remove the second expanded price limit in Cheese futures, Block Cheese futures, and Cash-Settled Butter futures.
- Increase the initial and expanded limits for Cash-Settled Butter futures from \$0.05 / \$0.10 to \$0.075 / \$0.150.
- Decrease the initial and expanded limits for Dry Whey futures from \$0.06 / \$0.12 to \$0.04 / \$0.08.
- Amend the methodology regarding reversion to initial limits from expanded limits in all CME Dairy futures contracts.

## Background

Covid-19 has resulted in volatility in Livestock and Dairy markets as the supply chain has been severely disrupted by shelter-in-place orders and plant shutdowns. As a result, limit settlements have occurred more frequently than normal and on consecutive days across products that are regularly traded together as intra-commodity spreads (see Appendix A: Exhibit 1).

There were limit settlements in one or multiple Dairy products on twenty-five of fifty trading days and limit settlements in one or both Live Cattle and Feeder Cattle contracts on twenty-two of fifty trading days between March 2, 2020 and May 11, 2020.

Limit settlements can inhibit price discovery and can hinder market participants' ability to enter, exit, and/or roll positions. This is particularly problematic when limit settlements occur on consecutive trading days. While the Exchange recognizes the desire of most commercial customers to have hard price limits, it also must periodically evaluate the effectiveness of the daily price limit methodology to ensure that limits are not overly restrictive.

Appendix C to Part 38 of the Commission's regulations provides guidance on specific product terms and conditions, including discretionary Exchange price limits as follows:

**Maximum Price Fluctuation Limits.**

Designated contract markets may adopt price limits to ... provide a "cooling-off" period for futures market participants to respond to bona fide changes in market supply and demand fundamentals that would lead to large cash and futures price changes. If price limit provisions are adopted, the limits should be set at levels that are not overly restrictive in relation to price movements in the cash market for the commodity underlying the futures contract.

## **Market Participant Outreach and Opposing Views**

CME engaged with a wide range of market participants, industry groups, and trade associations to solicit feedback on the Rule Amendments. A majority of these individuals and groups were supportive to indifferent to the proposed changes to price limits across CME Dairy and Livestock markets. Most commercial participants believe that daily price limits provide a needed "cooling off" period. Opposing views focused on the belief that changes to price limits, particularly as they relate to expanded limits, could increase volatility and lead to higher margin levels. The Exchange respects these opposing views but believes strongly that margin levels are based on underlying price volatility and not on price limits and that any increase in price limits does not increase volatility (see Appendix A: Exhibit 2).

## **Live Cattle and Feeder Cattle**

To ensure that Live Cattle and Feeder Cattle contracts are simultaneously able to accommodate price discovery, the Exchange plans to link expanded daily price limits between Live Cattle and Feeder Cattle. While Live Cattle and Feeder Cattle contracts represent very different types of animals, they are often subject to very similar price movements.

Pursuant to the Rule Amendments, the Exchange will also increase the number of contracts that can trigger expanded limits and the reversion back to initial limits from the first two contracts to the first four contracts.

Since March 2, 2020, there have been four occasions when expanded limits were triggered in one product but not the other and then the other product experienced a limit settlement on the next business day.

An example of this scenario took place on March 26, 2020 when the front month Live Cattle futures contract settled limit down at its initial daily price limit of \$0.03, triggering expanded limits of \$0.045 for March 27, 2020. As the front two contract months of the Feeder Cattle futures did not settle at their initial daily price limit of \$0.045 on March 26, 2020, expanded limits were not triggered on March 27, 2020. On March 27, 2020, the second month of the Feeder Cattle futures contract settled at its initial daily price limit of -\$0.045, triggering expanded limits for March 30, 2020. On March 30, 2020, the second month of the Feeder Cattle contract settled at -\$0.550.

There have been three instances since March 2, 2020, where the third and fourth contract months of Live and/or Feeder Cattle futures have settled at the initial daily price limit while the front two contracts did not. Because the triggering of expanded limits is based on the settlement of the front two contracts, the limits did not expand on the next business day.

An example of this scenario took place on March 11, 2020. At that time, the third and fourth listed contract months for both the Live Cattle and Feeder Cattle futures contracts settled at their initial daily price limits while the first and second months did not. Because the front two contracts in both Live Cattle and Feeder Cattle did not settle at limit, on March 12, 2020 (the subsequent trading day) the Live Cattle and Feeder Cattle futures did not have expanded limits in place. On March 12, 2020, both Live Cattle and Feeder Cattle futures contracts settled at their initial limit thereby triggering expanded limits for the next trade date, March 13, 2020.

Lastly, to ensure that convergence is unimpeded on the last trade date (“LTD”) in the Live Cattle futures and Feeder Cattle futures contracts, the Exchange will implement a mechanism that will allow an additional expanded daily price limit to be triggered in the expiring contract for LTD.

With specific regard to the Feeder Cattle futures contract, a daily price limit equal to two times the expanded price limit will be triggered for LTD should either of the following take place:

- If at the end of trade on the day prior to LTD for an expiring Feeder Cattle futures contract, the CME Feeder Cattle Index differs from the settlement price of the expiring Feeder Cattle futures contract by an increment that exceeds the initial price limit (if under initial price limits) OR
- If the CME Feeder Cattle Index differs from the settlement price of the expiring Feeder Cattle futures contract by an increment that exceeds the expanded price limit (if under expanded price limits).

In Live Cattle, a daily price limit equal to two times the expanded price limit will be triggered for LTD should the expiring futures contract settle at its price limit (initial or expanded) on the day prior to LTD.

The Exchange plans to make these changes to LTD price limits temporary to cover the extreme volatility currently in the market due to Covid-19 and will consider making the changes permanent at a later date after deeper vetting with the market. The changes will apply for the August and September 2020 Feeder Cattle futures contract expirations and the June and August 2020 Live Cattle futures contract expirations.

## Lean Hogs

The Exchange implemented changes to daily price limits for Lean Hog futures in April 2020 (see [SER 8540](#)). This mechanism resets price limits annually based on the average daily settlement price of the nearest August contract over 45 consecutive trading days before and including the tenth business day in July. The August contract was chosen because it typically experiences some of the highest prices during the historically most volatile time of the year. Since implementation, however, the Exchange plans to implement a price limit floor to prevent occurrences of extremely low initial price limits. The floor price being implemented, \$3.00/cwt., is the same fixed price limit in effect prior to the change in April 2020. Thus, the price limit implemented each September will be the higher of the four and a half percent calculated value and the specified minimum limit of \$3.00/cwt.

## Dairy Products

To ensure that Dairy contracts are simultaneously able to accommodate price discovery, the Exchange has determined that the following amendments would be appropriate.

While each dairy product’s specifications reflect a different underlying commodity, there are relationships across certain products that often result in similar price movements. This is particularly true across the products that trade together in a “crush” such as the Class III Milk (“DA”), Cash-Settled Cheese (“CSC”), Block Cheese (“BLK”), and Dry Whey (“DY”). The other crush involves Class IV Milk (“DK”), Cash-Settled Butter (“CB”), and Nonfat Dry Milk (“NF”).

The Exchange plans to link the products of each crush with expanded daily price limits. To do so, an expanded limit for Class III and IV Milk of \$1.50/cwt will be implemented (currently neither Class III nor Class IV Milk have expanded price limits). Additionally, Cheese, Block Cheese, and Butter futures have two expanded price limits rather than one. To harmonize across all dairy products, this second expanded limit in these products will be eliminated. Having only one expanded limit for every product across the CME Dairy product suite ensures that the crush products can be linked (see Appendix A: Exhibit 3) for expansion and reversion of daily price limits. Analysis shows that neither Cheese nor Block Cheese has ever settled at the second expanded limit (since 2015) while Butter has only settled at the second expanded limit once.

An example of this scenario occurred on May 11, 2020; Cheese futures settled at limit bid +\$0.075/lb., triggering expanded limits for trade date May 12, 2020. Class III Milk futures also settled at limit +\$0.75/cwt.

on May 11, 2020 but because it did not have an expanded limit mechanism, it did not trigger expanded limits for trade date May 12, 2020. Thus, there was a possibility that Class III Milk futures could not respond to price changes in Cheese futures on May 12, 2020.

Appendix A: Exhibit 3 shows that Cash-Settled Butter futures is the CME Dairy product that experiences limit daily settlements most frequently. To ensure that the daily price limits function properly given that the second expanded limit will be removed, the Exchange plans to increase the initial and expanded daily limits in Butter from \$0.05 / \$0.10 to \$0.075 / \$0.15 per pound. Analysis of the average price of the most active contract month (the third listed contract month) in Butter futures since 2015 indicates that a minimum daily price limit of \$0.07 would capture 99 percent of daily price moves, assuming normal market conditions. The same analysis of the most active contract month in Dry Whey futures (the third listed contract month) since 2015 indicates that a minimum daily price limit of \$0.02 would capture 99 percent of daily price movements, again assuming normal market conditions. In harmonizing across all products, the Rule Amendments provide that the Exchange decrease the initial and expanded daily price limits in Dry Whey futures from \$0.060 / \$0.120 to \$0.04 / \$0.08.

Lastly, the methodology regarding the triggering of expanded and the reversion to initial limits will be amended. Expanded limits will be triggered in any Dairy product should the net change of the daily settlement for any listed contract month be equal to the initial daily price limit for that product. Previously, expanded limits were only triggered if a contract month was limit bid or limit offered. This reversion mechanism operates such that limits will only revert back to the initial limit once all contract months for that product have settled less than the initial price limit.

An example of this scenario occurred on May 8, 2020 when Butter futures settled at limit bid triggering expanded limits on May 11, 2020. On May 11, 2020, multiple contract months settled greater than the initial limit with the July 2020 contract month settling at a net change equal to the expanded limit. However, because no contract month settled at limit bid of the expanded price limit, the daily price limits reverted back to their initial level for trade date of May 12, 2020.

## Core Principles

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (the “Act”) and identified that the Rule Amendments may impact the following Core Principles:

- **Compliance with Rules** – The Rule Amendments will not affect the Exchange’s ability to assure compliance with rules and conduct market surveillance obligation under the Act. The Exchange believes that it has appropriate systems, policies and procedures in place to address the new price limits mechanism.
- **Contracts not Readily Subject to Manipulation** – The Contracts are not readily susceptible to manipulation as the cash market transactions are subject to USDA mandatory price reporting regulations.
- **Prevention of Market Disruption** – Appropriate price limits establish boundaries that allow the market to reflect and adjust to shocks and major price moves without becoming too intrusive and regularly disrupting trade.
- **Availability of General Information** – The Exchange will issue a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.
- **Execution of Transactions** – Appropriate price limits allow the futures price discovery process to function satisfactorily while still providing time for reflection during periods of high volatility.

- **Trade Information** – The Rule Amendments will not affect the Exchange’s ability to record and store identifying trade information in order to assist in the prevention of customer and market abuses.
- **Protection of Market Participants** – The Exchange will continue to monitor all market participants to prevent any abusive practices and to assure equitable trading for all users.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.4(a) and 40.5(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

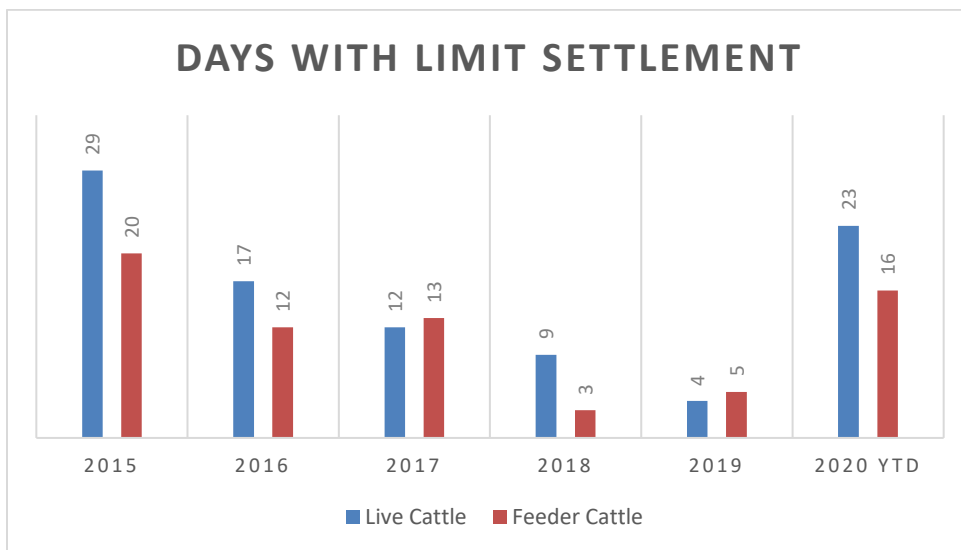
Sincerely,

/s/Christopher Bowen  
 Managing Director and Chief Regulatory Counsel

- Attachments: Appendix A: Exhibit 1: Limit Settlement Days in CME Livestock & Dairy Futures  
 Exhibit 2: Volatility and Margin Charts  
 Exhibit 3: CME Dairy Initial & Expanded Daily Price Limits  
 Appendix B: Amendments to CME Rulebook Chapters 101, 102, 152, 52, 54, 55, 56, 57, 60, & 61 (blackline format)

## **APPENDIX A**

Exhibit 1: Limit Settlement Days in CME Group Livestock & Dairy Futures (2015 through May 11, 2020)



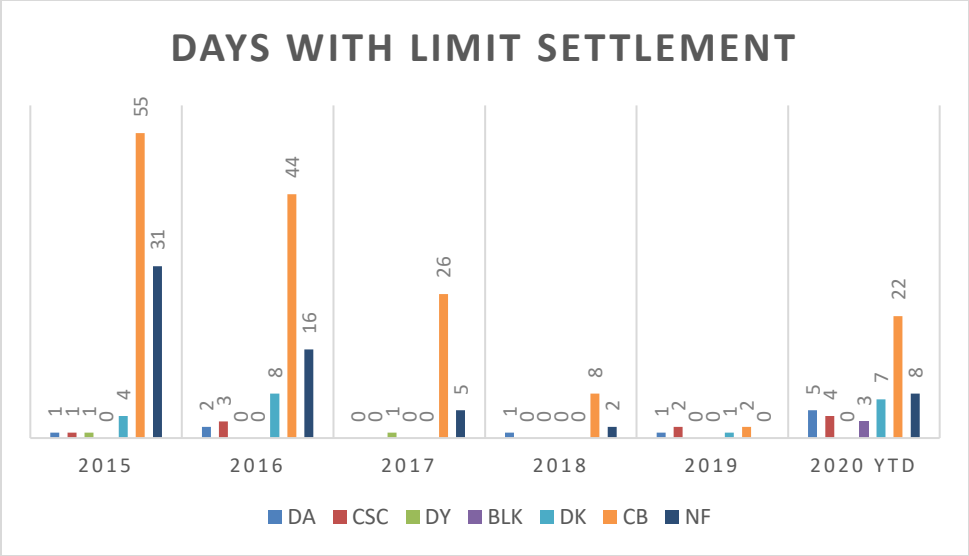
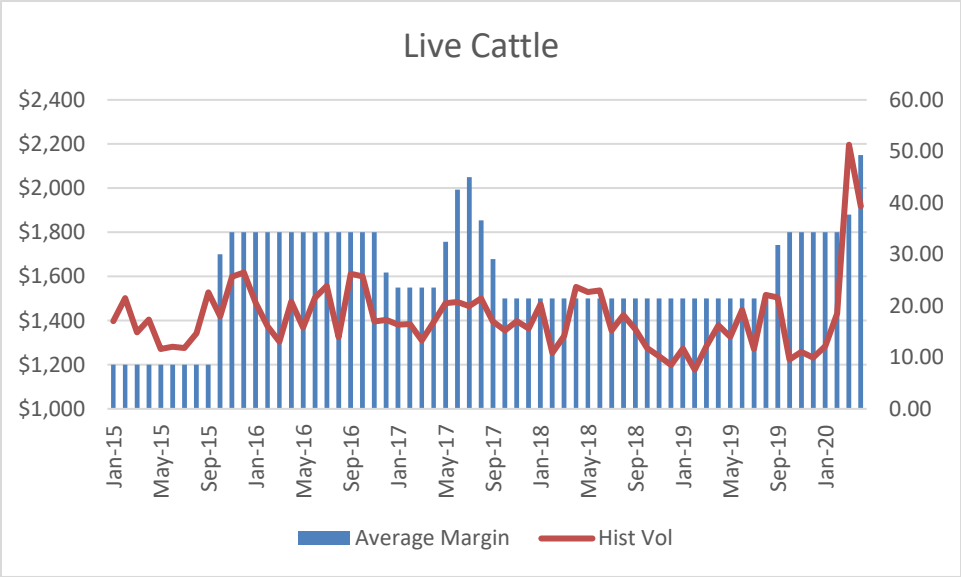
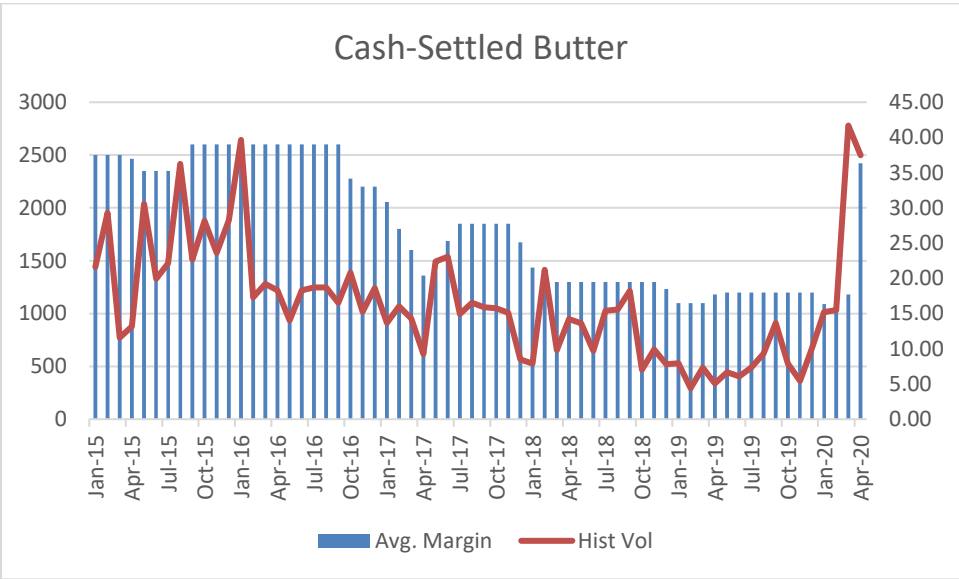
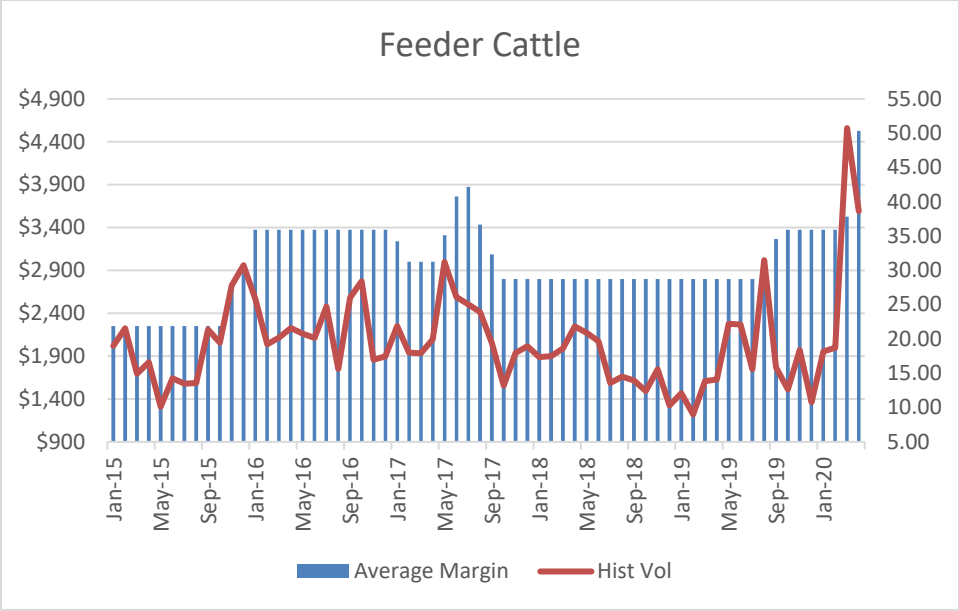


Exhibit 2: Volatility and Margin Charts







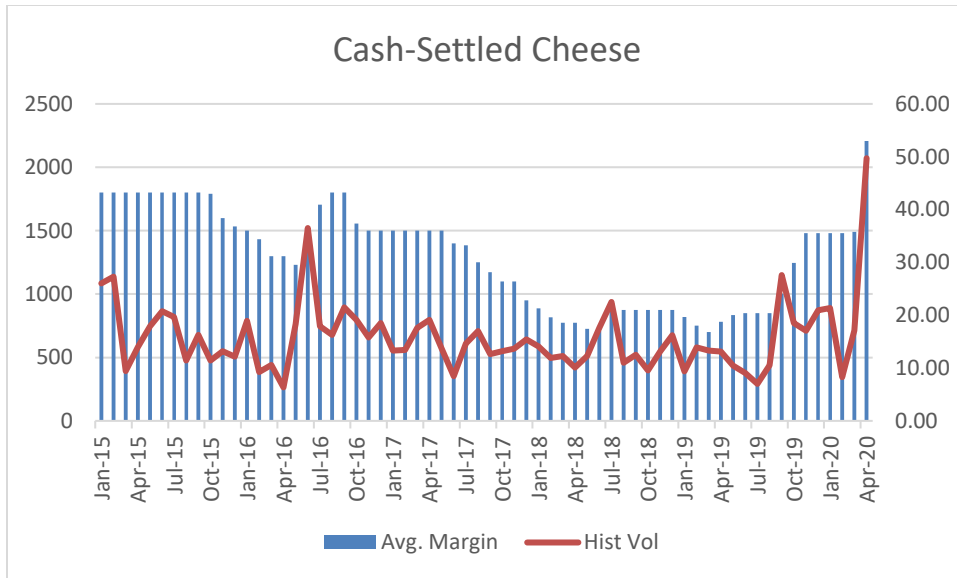


Exhibit 3: CME Dairy Initial & Expanded Daily Price Limits  
(additions underscored; deletions struck through)

<b>Current</b>	CME Dairy	DA	CSC	BLK	DY	DK	CB	NF
	Initial Limit	\$ 0.750	\$ 0.075	\$ 0.075	<del>\$ 0.060</del>	\$ 0.075	<del>\$ 0.050</del>	\$ 0.040
	Expanded 1		\$ 0.150	\$ 0.150	<del>\$ 0.120</del>		<del>\$ 0.100</del>	\$ 0.080
	Expanded 2		<del>\$ 0.300</del>	<del>\$ 0.300</del>			<del>\$ 0.200</del>	
<b>Amended</b>	CME Dairy	DA	CSC	BLK	DY	DK	CB	NF
	Initial Limit	\$ 0.750	\$ 0.075	\$ 0.075	<u>\$ 0.040</u>	\$ 0.750	<u>\$ 0.075</u>	\$ 0.040
	Expanded	<u>\$ 1.500</u>	\$ 0.150	\$ 0.150	<u>\$ 0.080</u>	<u>\$ 1.500</u>	<u>\$ 0.150</u>	\$ 0.080

## APPENDIX B

### CME Rulebook

(additions underscored; deletions struck through)

## Chapter 101 Live Cattle Futures

### 10102. TRADING SPECIFICATIONS

(FOR ALL CONTRACT MONTHS THROUGH AUGUST 2020)

\* \* \*

#### 10102.D. Daily Price Limits

With the exception of the last two trading days in the expiring contract month, there shall be a daily price limit of \$0.030 per pound above or below the previous day's settlement price.

Should any Live Cattle futures contract month within the first four listed contracts subject to price limits settle at limit, or should any Feeder Cattle futures contract month within the first four listed contracts

subject to price limits settle at limit, the daily price limits for all contract months shall expand to \$0.045 per pound on the next business day.

If none of the first four listed Live Cattle contracts subject to price limits settles at \$0.045 on the next business day, or if none of the first four listed Feeder Cattle contracts subject to price limits settles at \$0.0675 on the next business day, daily price limits for all contract months shall revert back to \$0.030 per pound on the following business day. During the last two days of trading, the expiring contract month shall be excluded from triggering expanded limits.

During the last two trading days in the expiring contract month, there shall be a daily price limit of \$0.050 per pound above or below the previous day's settlement price. All other contract months remain subject to a \$0.030 per pound daily price limit or \$0.045 per pound price limit in the event the daily price limits have been expanded pursuant to the provisions set forth above.

**If an expiring Live Cattle futures contract settles at its price limit (initial or expanded) on the day prior to the last trading day, the price limit for an expiring Live Cattle futures contract on the last trading day shall be two times the expanded price limit.**

[Remainder of Rule Unchanged.]

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10102.

## TRADING SPECIFICATIONS

~~(FOR ALL CONTRACT MONTHS THROUGH DECEMBER 2020)~~

**(FOR ALL CONTRACT MONTHS OCTOBER 2020 THROUGH DECEMBER 2020)**

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### 10102.D. Daily Price Limits

With the exception of the last two trading days in the expiring contract month, there shall be a daily price limit of \$0.030 per pound above or below the previous day's settlement price.

~~In the event that one or both of the first two contract months settle at limit~~ **Should any Live Cattle futures contract month within the first four listed contracts subject to price limits settle at limit, or should any Feeder Cattle futures contract month within the first four listed contracts subject to price limits settle at limit,** the daily price limits for all contract months shall expand to \$0.045 per pound on the next business day.

~~If neither of the first two listed futures contract months settle at the expanded limit the next business day~~ **If none of the first four listed Live Cattle contracts subject to price limits settles at \$0.045 on the next business day, or if none of the first four listed Feeder Cattle contracts subject to price limits settles at \$0.0675 on the next business day,** daily price limits for all contract months shall revert back to \$0.030 per pound on the following business day. During the last two days of trading, the expiring contract month shall be excluded from triggering expanded limits.

During the last two trading days in the expiring contract month, there shall be a daily price limit of \$0.050 per pound above or below the previous day's settlement price. All other contract months remain subject to a \$0.030 per pound daily price limit or \$0.045 per pound price limit in the event the daily price limits have been expanded pursuant to the provisions set forth above.

[Remainder of Rule Unchanged.]

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10102.

## TRADING SPECIFICATIONS

**(FOR ALL CONTRACT MONTHS COMMENCING WITH FEBRUARY 2021 and BEYOND)**

\* \* \*

### 10102.D. Daily Price Limits

With the exception of the last two trading days in the expiring contract month, there shall be a daily price limit of \$0.030 per pound above or below the previous day's settlement price.

~~In the event that one or both of the first two contract months settle at limit~~ **Should any Live Cattle futures contract month within the first four listed contracts subject to price limits settle at limit, or should any Feeder Cattle futures contract month within the first four listed contracts subject to price limits settle at limit,** the daily price limits for all contract months shall expand to \$0.045 per pound on the next business day.

~~If neither of the first two listed futures contract months settle at the expanded limit the next business day~~  
**If none of the first four listed Live Cattle contracts subject to price limits settles at \$0.045 on the next business day, or if none of the first four listed Feeder Cattle contracts subject to price limits settles at \$0.0675 on the next business day,** daily price limits for all contract months shall revert back to \$0.030 per pound on the following business day. During the last two days of trading, the expiring contract month shall be excluded from triggering expanded limits.

During the last two trading days in the expiring contract month, there shall be a daily price limit of \$0.050 per pound above or below the previous day's settlement price. All other contract months remain subject to a \$0.030 per pound daily price limit or \$0.045 per pound price limit in the event the daily price limits have been expanded pursuant to the provisions set forth above.

[Remainder of Rule Unchanged.]

## Chapter 102 Feeder Cattle Futures

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### 10202. TRADING SPECIFICATIONS

**(FOR ALL CONTRACT MONTHS AUGUST 2020 THROUGH SEPTEMBER 2020)**

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#### **10202.D. Daily Price Limits**

There shall be a daily price limit of \$0.045 per pound above or below the previous day's settlement price. Should any Feeder Cattle futures contract month within the first four listed contracts subject to price limits settle at limit, or should any Live Cattle futures contract month within the first four listed contracts subject to price limits settle at limit, the daily price limits for all contract months shall expand to \$0.0675 per pound on the next business day.

If none of the first four listed Feeder Cattle contracts subject to price limits settles at \$0.0675 on the next business day, or if none of the first four listed Live Cattle contracts subject to price limits settles at \$0.045 on the next business day, daily price limits for all contract months shall revert back to \$0.045 per pound on the following business day.

If at the end of trade on the day prior to last trade day for an expiring Feeder Cattle futures contract, the CME Feeder Cattle Index differs from the settlement price of the expiring Feeder Cattle futures contract by an increment that exceeds the initial price limit (if under initial price limits), or if the CME Feeder Cattle Index differs from the settlement price of the expiring Feeder Cattle futures contract by an increment that exceeds the expanded price limit (if under expanded price limits), the price limits on the last trading day for the expiring Feeder Cattle futures contract shall be two times the expanded price limit.

[Remainder of Rule Unchanged.]

\* \* \*

### 10202. TRADING SPECIFICATIONS

**(FOR ALL CONTRACT MONTHS COMENCING OCTOBER 2020 AND BEYOND)**

\* \* \*

#### **10202.D. Daily Price Limits**

There shall be a daily price limit of \$0.045 per pound above or below the previous day's settlement price. ~~In the event that one or both of the first two listed contract months settle at limit~~ **Should any Feeder Cattle futures contract month within the first four listed contracts subject to price limits settle at limit, or should any Live Cattle futures contract month within the first four listed contracts subject to price limits settle at limit,** the daily price limits for all contract months shall expand to \$0.0675 per

pound on the next business day.

~~If neither of the first two listed futures contract months settle at the expanded limit the next business day~~  
**If none of the first four listed Feeder Cattle contracts subject to price limits settles at \$0.0675 on the next business day, or if none of the first four listed Live Cattle contracts subject to price limits settles at \$0.045 on the next business day,** daily price limits for all contract months shall revert back to \$0.045 per pound on the following business day.

[[Remainder of Rule Unchanged.]]

## Chapter 152 Lean Hog Futures

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### 15202. **TRADING SPECIFICATIONS (commencing April 13, 2020 and up to and including August 31, 2020)**

#### 15202.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.

#### 15202.B. **Trading Unit**

The unit of trading shall be 40,000 pounds of lean value hog carcasses.

#### 15202.C. **Price Increments**

Minimum price fluctuations shall be in multiples of \$.00025 per pound.

#### 15202.D. **Daily Price Limits**

There shall be no trading at a price more than \$0.0375 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the expiring month contract during the last 2 Trading Days. In the event that any of the first eight listed contract months settle at limit, the daily price limits for all contract months shall expand to \$0.0550 per pound on the next Business Day. If none of the first eight listed Lean Hog contracts subject to price limits settles at a price change equal to or greater than \$0.0375 on the next business day, daily price limits for all contract months shall revert back to \$0.0375 per pound on the following Business Day. During the last two days of trading, the expiring month contract shall be excluded from triggering expanded limits.

#### 15202.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.

#### 15202.F. **[Reserved]**

#### 15202.G. **[Reserved]**

#### 15202.H. **Termination of Trading**

Trading shall terminate on the tenth Business Day of the contract month.

#### 15202.I. **[Reserved]**

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### 15202. **TRADING SPECIFICATIONS (commencing September 1, 2020 and beyond)**

#### 15202.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.

#### 15202.B. **Trading Unit**

The unit of trading shall be 40,000 pounds of lean value hog carcasses.

**15202.C. Price Increments**

Minimum price fluctuations shall be in multiples of \$.00025 per pound.

**15202.D. Daily Price Limits**

Daily price limits for Lean Hog futures are reset annually on the first trading day in September based on the following: Daily settlement prices are collected for the nearest August contract over 45 consecutive trading days before and including the tenth business day in July (Last Trade Date of the nearest July contract). The average price is calculated based on the collected settlement prices and then multiplied by 4.5 percent. The resulting number, or \$0.03 per pound, whichever is higher, rounded down to the nearest \$0.0025 per pound, will be the new initial price limits for Lean Hog futures and will become effective on the first trading day in September and will remain in effect through the last trading day in August of the following year. During the last two days of trading, the expiring contract month shall be excluded from triggering expanded limits.

There shall be no trading in Lean Hog futures at a price more than the initial price limit above or below the previous day's settlement price. Should any Lean Hog futures contract month within the first eight listed contracts subject to price limits settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded down to the nearest \$0.0025 per pound. If none of the first eight listed Lean Hog contracts subject to price limits settles at a price change equal to or greater than the initial price limit on the next business day, daily price limits for all contract months shall revert back to the initial price limit the following business day. There shall be no price limits on the current month contract during the last two trading days.

**15202.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.

**15202.F. [Reserved]**

**15202.G. [Reserved]**

**15202.H. Termination of Trading**

Trading shall terminate on the tenth Business Day of the contract month.

**15202.I. [Reserved]**

[Remainder of Chapter Unchanged.]

## Chapter 52 Class III Milk Futures

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### 5202. TRADING SPECIFICATIONS

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**5202.D. Daily Price Limits**

There shall be no trading at a price more than a daily price limit of \$0.75 per cwt. above or below the previous day's settlement price.

**Should any Class III Milk futures contract month settle at limit, the daily price limits for all contract months shall expand to \$1.50 per cwt. on the next business day.**

**If none of the listed Class III Milk futures contracts settle at a price change equal to or greater than \$0.75 per cwt. on the next business day, daily price limits for all contract months shall revert back to \$0.75 per cwt. on the following business day.**

Should any futures component of the Class III Crush (Class III, Cash-Settled Cheese, Block Cheese, and Dry Whey) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater than its respective initial price limit, daily price limits for all futures components of the Class III Crush shall revert back to their respective initial limits the following business day.

[Remainder of Rule Unchanged.]

## Chapter 54 Nonfat Dry Milk Futures

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### 5402. TRADING SPECIFICATIONS

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#### 5402.D. Daily Price Limits

There shall be ~~no trading at a price more than~~ a daily price limit of \$0.04 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month.

~~If Should any Nonfat Dry Milk contract that is subject to a daily price limit settle on the limit bid or the limit offer at limit, the daily price limits for all contract months shall expand to \$0.08 per pound on the next business day, then the daily price limit shall be raised to \$0.08 per pound for all contracts subject to a daily limit. If none of the contracts that are subject to a daily price limit of \$0.08 settles at a limit bid or limit offer, the price, without regard to market direction, limits for all contracts subject to a daily limit shall revert to \$0.04 per pound on the next Business Day.~~

If none of the listed Nonfat Dry Milk futures contracts settle at a price change equal to or greater than \$0.04 per pound on the next business day, daily price limits for all contract months shall revert back to \$0.04 per pound on the following business day. During the spot month period, the expiring month contract shall be excluded from triggering expanded limits.

Should any futures component of the Class IV Crush (Class IV, Cash-Settled Butter, and Nonfat Dry Milk) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater than its respective initial price limit, daily price limits for all futures components of the Class IV Crush shall revert back to their respective initial limits the following business day.

[Remainder of Rule Unchanged.]

## Chapter 55 Class IV Milk Futures

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### 5502. TRADING SPECIFICATIONS

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#### 5502.D. Daily Price Limits

There shall be no trading at a price more than a daily price limit of \$0.75 per cwt. above or below the previous day's settlement price.

**Should any Class IV Milk futures contract month settle at limit, the daily price limits for all contract months shall expand to \$1.50 per cwt. on the next business day.**

**If none of the listed Class IV Milk futures contracts settle at a price change equal to or greater than \$0.75 per cwt. on the next business day, daily price limits for all contract months shall revert back to \$0.75 per cwt. on the following business day.**

**Should any futures component of the Class IV Crush (Class IV, Cash-Settled Butter, and Nonfat Dry Milk) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater than its respective initial price limit, daily price limits for all futures components of the Class IV Crush shall revert back to their respective initial limits the following business day.**

[Remainder of Rule Unchanged.]

## Chapter 56 Cash-Settled Butter Futures

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### 5602. TRADING SPECIFICATIONS

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#### 5602.D. Daily Price Limits

There shall be no trading at a price more than a daily price limit of ~~\$0.05~~ **\$0.075** per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month.

~~If~~ **Should any Cash-Settled Butter** contract that is subject to a daily price limit **settle at limit** ~~on the limit bid or the limit offer,~~ **the daily price limits for all contract months shall expand to \$0.150 per pound on the next business day.** ~~then the daily price limit shall be raised to \$0.10 per pound for all contracts subject to a daily price limit.~~

**If none of the listed Cash-Settled Butter futures contracts settle at a price change equal to or greater than \$0.075 per pound on the next business day, daily price limits for all contract months shall revert back to \$0.075 per pound on the following business day. During the spot month period, the expiring month contract shall be excluded from triggering expanded limits.**

~~If, after the daily price limits have been increased to \$0.10 per pound, any contract that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to \$0.20 per pound for all contracts subject to a daily price limit.~~

~~If any contract that is subject to a daily price limit of \$0.20 does not settle at the limit bid or offer, the price limits shall revert to \$0.10 per pound on the next Business Day.~~

~~If any contract that is subject to a daily price limit of \$0.10 does not settle at the limit bid or offer, the price limits shall revert to \$0.05 per pound on the next Business Day.~~

**Should any futures component of the Class IV Crush (Class IV, Cash-Settled Butter, and Nonfat Dry Milk) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater**



than its respective initial price limit, daily price limits for all futures components of the Class IV Crush shall revert back to their respective initial limits the following business day.

[Remainder of Rule Unchanged.]

## Chapter 57 Dry Whey Futures

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### 5702. TRADING SPECIFICATIONS

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#### 5702.D. Daily Price Limits

There shall be no trading at a price more than a daily price limit of \$0.064 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month.

~~If Should any Dry Whey contract that is subject to a daily price limit settle on the limit bid or the at limit offer at limit, the daily price limits for all contract months shall expand to \$0.08 per pound on the next business day. then the daily price limit shall be raised to \$0.12 per pound for all contracts. If none of the contracts that are subject to a daily price limit of \$0.12 settles at the limit bid or offer, the price, without regard to market direction, limits for all contracts subject to a daily limit shall revert to \$0.06 per pound on the next Business Day.~~

If none of the listed Dry Whey futures contracts settle at a price change equal to or greater than \$0.04 per pound on the next business day, daily price limits for all contract months shall revert back to \$0.04 per pound on the following business day. During the spot month period, the expiring month contract shall be excluded from triggering expanded limits.

Should any futures component of the Class III Crush (Class III, Cash-Settled Cheese, Block Cheese, and Dry Whey) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater than its respective initial price limit, daily price limits for all futures components of the Class III Crush shall revert back to their respective initial limits the following business day.

[Remainder of Rule Unchanged.]

## Chapter 60 Cheese Futures

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### 6002. TRADING SPECIFICATIONS

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#### 6002.D. Daily Price Limits

There shall be no trading at a price more than a daily price limit of \$0.075 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month.

If Should any Cash-Settled Cheese contract that is subject to a daily price limit settle at limit, the daily price limits for all contract months shall expand to \$0.150 per pound on the next business day. on the limit

~~bid or the limit offer, then the daily price limit shall be raised to \$0.15 per pound for all contracts subject to a daily price limit.~~

**If none of the listed Cash-Settled Cheese futures contracts settle at a price change equal to or greater than \$0.075 per pound on the next business day, daily price limits for all contract months shall revert back to \$0.075 per pound on the following business day. During the spot month period, the expiring month contract shall be excluded from triggering expanded limits.**

~~If, after the daily price limits have been increased to \$0.15 per pound, any contract that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to \$0.30 per pound for all contracts subject to a daily price limit.~~

~~If any contract that is subject to a daily price limit of \$0.30 does not settle at a limit bid or limit offer, without regard to market direction, the price limits shall revert to \$0.15 per pound the next Business Day.~~

~~If any contract that is subject to a daily price limit of \$0.15 does not settle at a limit bid or limit offer, without regard to market direction, the price limits shall revert to \$0.075 per pound the next Business Day.~~

**Should any futures component of the Class III Crush (Class III, Cash-Settled Cheese, Block Cheese, and Dry Whey) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater than its respective initial price limit, daily price limits for all futures components of the Class III Crush shall revert back to their respective initial limits the following business day.**

[Remainder of Rule Unchanged.]

## Chapter 61 Block Cheese Futures

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### 6102. TRADING SPECIFICATIONS

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#### 6102.D. Daily Price Limits

There shall be no trading at a price more than **a daily price limit of** \$0.075 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month.

~~If **Should any Block Cheese** contract that is subject to a daily price limit settle **at limit, the daily price limits for all contract months shall expand to \$0.150 per pound on the next business day.** on the limit bid or the limit offer, then the daily price limit shall be raised to \$0.15 per pound for all contracts subject to a daily price limit.~~

**If none of the listed Block Cheese futures contracts settle at a price change equal to or greater than \$0.075 per pound on the next business day, daily price limits for all contract months shall revert back to \$0.075 per pound on the following business day. During the spot month period, the expiring month contract shall be excluded from triggering expanded limits.**

~~If, after the daily price limits have been increased to \$0.15 per pound, any contract that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to \$0.30 per pound for all contracts subject to a daily price limit.~~

~~If any contract that is subject to a daily price limit of \$0.30 does not settle at a limit bid or limit offer, without regard to market direction, the price limits shall revert to \$0.15 per pound the next Business Day.  
If any contract that is subject to a daily price limit of \$0.15 does not settle at a limit bid or limit offer, without regard to market direction, the price limits shall revert to \$0.075 per pound the next Business Day.~~

**Should any futures component of the Class III Crush (Class III, Cash-Settled Cheese, Block Cheese, and Dry Whey) trigger an expanded limit, the daily price limits for other futures components shall also expand on the same day. If no futures component settles at a price change equal to or greater than its respective initial price limit, daily price limits for all futures components of the Class III Crush shall revert back to their respective initial limits the following business day.**

[Remainder of Rule Unchanged.]