

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-361

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): September 15, 2016 Filing Description: Amendments to Rule 15203.A. ("Final Settlement") of the Lean Hog Futures Contract.

SPECIFY FILING TYPE

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

Official Product Name:

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: Amendment to CME Lean Hog Futures

Rule Numbers: 15203A. Settlement Procedures

September 15, 2016

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 Regulation 40.6(a) Notification. Amendments to Rule 15203.A. ("Final Settlement") of the Lean Hog Futures Contract. CME Submission No. 16-361

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to Rule 15203.A. ("Final Settlement") of the Lean Hog Futures contract (Rulebook Chapter: 152, Commodity Code: HE) (the "Contract") to include negotiated formula purchases effective on Tuesday, October 11, 2016 for trade date Wednesday, October 12, 2016 and commencing with the October 2016 contract month and beyond.

On September 30, 2015, the negotiated formula purchase type was created when the Livestock Mandatory Reporting program was reauthorized.

<https://www.federalregister.gov/documents/2016/08/11/2016-19040/livestock-mandatory-reporting-reauthorization-of-livestock-mandatory-reporting-and-revision-of-swine>

Commencing on Wednesday, October 12, 2016, the United States Department of Agriculture, Agricultural Marketing Service ("AMS") LM_HG201 "National Daily Direct Hog Prior Day Report" (the "Report") will include the negotiated formula purchases category.

Although this is a new purchase type, the data is currently collected by the AMS and reported within the Swine or Pork Market Formula category of the Report. The data is being separated to provide more market transparency into the cash or spot market transactions between sellers and buyers. AMS provided a sample of the revised Report to the market place with the listing of the negotiated formula category. See Appendix A attached.

As a result, CME will concurrently incorporate negotiated formula purchases into the final settlement calculation methodology for all listed months of the Contract and commencing with the October 2016 contract month and beyond.

Amendments to Rule 15203.A. are provided in Appendix B attached with additions underlined and deletions overstruck.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principles may be impacted by this initiative as follows:

- **Contracts Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying futures market and settlement index.
- **Availability of General Information:** The Exchange will make publicly available the details of the addition of the new USDA category added to the daily and final settlement calculation of the Contract by publishing a Special Executive Report (“SER”) to the market. The SER will be available on CME Group’s website.
- **Daily Publication of Trading Information:** The Exchange will make public daily information on settlement prices, volume, open interest, and opening and closing ranges for the Contract.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the rule amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Sample Report
Appendix B: CME Rule 15203.A. (“Final Settlement”) (blackline format)

APPENDIX A

LM_HG201 ***REPORT FOR EXAMPLE PURPOSE ONLY***
 Des Moines, Iowa Mon, Feb 22, 2016 USDA Market News

NATIONAL DAILY DIRECT HOG PRIOR DAY REPORT - SLAUGHTERED SWINE
 Slaughter Data for Friday, February 19, 2016 and Saturday, February 20, 2016

Barrows and Gilts (Live and Carcass Basis): 532,464

	NEGOTIATED	OTHER MARKET FORMULA	SWINE OR PORK MARKET FORMULA	OTHER PURCHASE ARRGMENT	NEGOTIATED FORMULA	TOTALS/ WTD AVG

Producer sold:						
HEAD COUNT	15,990	45,937	227,103	77,619	15,990	366,649
CARCASS BASE PRICE	63.23	65.64	63.87	67.55	63.23	64.88
AVERAGE NET PRICE	64.62	68.08	66.48	68.58	64.62	67.06
LOWEST NET LOSS	56.43	56.37	53.28	49.59	56.43	53.69
HIGHEST NET LOT	72.11	77.81	79.21	85.69	72.11	79.09
AVERAGE LIVE WT	279.04	286.66	283.88	282.88	279.04	283.85
AVERAGE CARCASS WT	207.56	216.62	214.66	213.48	207.56	214.37
AVERAGE SORT LOSS	-1.3	-2.3	-1.92	-1.32	-1.3	-1.8
AVERAGE BACKFAT	0.74	0.72	0.69	0.71	0.74	0.7
AVERAGE LOIN DEPTH (2.34	2.76	2.74	2.49	2.34	2.67
LOINEYE AREA (LD Con	7.04	8.3	8.24	7.48	7.04	8.02
AVERAGE LEAN PERCENT (Packer Buying Programs)	53.57	55.72	55.75	55.17	53.57	55.54

APPENDIX B

CME Rulebook Chapter 152 Lean Hog Futures

(additions are underlined; deletions are ~~overstruck~~)

15203. SETTLEMENT PROCEDURES

15203.A. Final Settlement

There shall be no delivery of hogs in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Lean Hog Index® for the two-day period ending on the day on which trading terminates.

1. The Sample

The sample consists of all producer-sold negotiated, ~~and~~ swine or pork market formula and negotiated formula barrows and gilts purchased on a lean value direct basis by packers for which the head count, average net price and average carcass weight are reported in the "National Daily Direct Hog Prior Day Report-Slaughtered Swine" released by the USDA.

2. The Calculation

The procedure for calculating the CME Lean Hog Index is as follows, using data reported on two consecutive weekdays.

1. The daily head count for negotiated transactions is multiplied by the corresponding daily average carcass weight to obtain the negotiated daily total weight;
2. The daily head count for swine or pork market formula transactions is multiplied by the corresponding daily average carcass weight to obtain the swine or pork market formula daily total weight;
3. The daily head count for negotiated formula transactions is multiplied by the corresponding daily average carcass weight to obtain the negotiated formula daily total weight;
- ~~34.~~ The daily totals for negotiated weight (i.e., the result from 1. above), and swine or pork market formula weight (i.e., the result from 2. above) and negotiated formula weight (i.e., the result from 3. above) are added to obtain the daily total weight;
- ~~45.~~ The daily total weights (i.e., the result from ~~34.~~ above) for two consecutively reported days are aggregated to obtain the two-day total weight;
- ~~56.~~ The negotiated daily total weight (i.e., the result from 1. above) is multiplied by the corresponding daily average net price to obtain the negotiated daily total value;
- ~~67.~~ The swine or pork market formula daily total weight (i.e., the result from 2. above) is multiplied by the corresponding daily average net price to obtain the swine or pork market formula daily total value;
8. The negotiated formula daily total weight (i.e., the result from 3. above) is multiplied by the corresponding daily average net price to obtain the negotiated formula daily total value;
- ~~79.~~ The daily totals for negotiated value (i.e., the result from ~~56.~~ above), and swine or pork market formula value (i.e. the result from ~~67.~~ above) and negotiated formula value (i.e., the result from 8. above) are added to obtain the daily total value;
- ~~810.~~ The daily total values (i.e., the result from ~~79.~~, above) for two consecutively reported days are aggregated to obtain the two-day total value; and
- ~~911.~~ The two-day total value (i.e., the result from ~~810.~~, above) is divided by the two-day total weight (i.e., the result from ~~45.~~, above) to obtain the CME Lean Hog Index

For the purposes of this rule, Friday of one week and Monday of the following week shall be considered to be consecutive weekdays.

Also for the purposes of this rule, any days when the necessary data are not released by the USDA shall not be considered weekdays, in which case the first weekday immediately preceding and the first weekday immediately following such day(s) shall be considered two consecutive weekdays.

15203.B. - H. [Reserved]