

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 14-359

**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 29, 2014 **Filing Description:** Delist Weekly Options on Futures for Live Cattle and Calendar Spread Options on Lean Hog Futures

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

- |                          |                                     |            |
|--------------------------|-------------------------------------|------------|
| <input 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:**

**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 checked="" 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:** Live Cattle Weekly Options; Lean Hog CSOs

**Rule Numbers:** CME Rulebook Chapter 152B;101A.D.3; 101A.E.3; 101A.I.2; 588.H

September 29, 2014

**VIA ELECTRONIC PORTAL**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) Certification. Notification Regarding the Delisting of Ten (10) Options Contracts.  
CME Submission No. 14-359**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the delisting of ten (10) options contracts, effective immediately, as set out in the table below:

<b>Options Contract</b>	<b>Clearing Code</b>	<b>CME Globex Code</b>	<b>CME Rule</b>
Live Cattle Weekly Options Wk 1	LC1	LC1	101A.D.3, 101A.E.3, 101A.I.2
Live Cattle Weekly Options Wk 2	LC2	LC2	101A.D.3, 101A.E.3, 101A.I.2
Live Cattle Weekly Options Wk 3	LC3	LC3	101A.D.3, 101A.E.3, 101A.I.2
Live Cattle Weekly Options Wk 4	LC4	LC4	101A.D.3, 101A.E.3, 101A.I.2
Live Cattle Weekly Options Wk 5	LC5	LC5	101A.D.3, 101A.E.3, 101A.I.2
1st contract back Lean Hog CSO	R0A	B0A	152B
2nd contract back Lean Hog CSO	R0B	B0B	152B
3rd contract back Lean Hog CSO	R0C	B0C	152B
4th contract back Lean Hog CSO	R0D	B0D	152B
5th contract back Lean Hog CSO	R0E	B0E	152B

These contracts were delisted from the CME trading floor and on CME Globex, the trading venues on which they were listed. There was no open interest in these contracts.

As a result of the delistings, information regarding these contracts have been deleted from the respective product chapters, from the Position Limit, Position Accountability and Reportable Level Table in the Interpretations and Special Notices Section of Chapter 5 (Trading Qualifications and Practices), and the CME Globex non-reviewable ranges in Rule 588.H.

CME business staff responsible for the delisting of the contracts and the Legal Department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, CME staff identified that the delisting of the contracts may have some bearing on the following Core Principles:

- **Emergency Authority:** There is no open interest in these contracts, and therefore there will be no market disruption related to their delisting.
- **Availability of General Information:** The Exchange will make publicly available the details of the contracts’ delisting by publishing a notice to the market. Furthermore, the Exchange will update the CME rulebook to reflect the delisting of the contracts.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the delisting of these contracts complies 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 me at (212) 299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Amendments to CME Position Limit Table for Live Cattle Weekly Options (attached under separate cover)  
Appendix B – Amendments to CME Position Limit Table for Lean Hog CSOs (attached under separate cover)  
Appendix C – CME Rulebook Revision

## **Appendix A**

**Position Limit, Position Accountability, and Reportable Level Table for**

**Live Cattle Weekly Options**

**in Chapter 5 of the CME Rulebook**

(attached under separate cover)

## **Appendix B**

**Position Limit, Position Accountability, and Reportable Level Table for**

**Lean Hog CSOs**

**in Chapter 5 of the CME Rulebook**

(attached under separate cover)

## Appendix C

### CME Rulebook

(~~strikethrough~~ indicates deletion)

#### Chapter 101A

#### Options on Live Cattle Futures

##### 101A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Live Cattle futures. In addition to this chapter, options on Live Cattle 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.

##### 101A01. OPTIONS CHARACTERISTICS

###### 101A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

###### 101A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Live Cattle futures contract as specified in Chapter 101.

###### 101A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of \$.00025 per pound (also known as one tick). A trade may occur at a price of \$.000125 per pound (\$5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

###### 101A01.D. Underlying Futures Contract

###### 1. Options in the February Bi-Monthly Cycle

For monthly options that expire in the February bi-monthly cycle (i.e., February, April, June, August, October and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in February is the February futures contract.

###### 2. Options in the January Bi-Monthly Cycle

For monthly options that expire in months other than those in the February bi-monthly cycle (i.e., January, March, May, July, September, and November), the underlying futures contract is the next futures contract in the February bi-monthly cycle that is nearest to the expiration of the option. For example, the underlying futures contract for an option that expires in January is the February futures contract.

###### ~~3. Weekly Options~~

~~For weekly options, if the weekly option expires prior to the expiration date of the nearby option in the February bi-monthly cycle, then the underlying future is the nearby contract. If the weekly option expires after the expiration date of the nearby option in the February bi-monthly cycle but before the expiration date of the nearby futures, then the underlying future is the first deferred contract.~~

###### 101A01.E. Exercise Prices

###### 1. Options in the February Bi-Monthly Cycle

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract month, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next Trading Day put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the second nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range 24¢ above and below the previous day's settlement price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next Trading Day list put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise prices; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next Trading Day list put and call options at the next higher (or next lower) even-numbered exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals within the range that exercise prices at 2¢ intervals have been listed.

New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

## 2. Options in the January Bi-Monthly Cycle

Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next February bi-monthly cycle futures options that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

## 3. Weekly Options

~~At the commencement of option trading, the Exchange shall list put and call options at intervals of 1¢ in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next Trading Day put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.~~

New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

## 101A01.F. 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.

**101A01.G. [Reserved]**

**101A01.H. [Reserved]**

**101A01.I. Termination of Trading**

1. Options in the January or February Bi-Monthly Cycle

Options trading shall terminate on the first Friday of the contract month. If that Friday is not a Business Day, then trading shall terminate on the immediately preceding Business Day.

~~2. Weekly Options~~

~~For weekly options, trading shall terminate on Friday, except that no weekly option shall be designated to terminate on any Friday that is also the termination date for an option in either the January or February bi-monthly cycle. If that Friday is not a Business Day, then trading shall terminate on the immediately preceding Business Day.~~

(remainder of chapter is unchanged)



## **Chapter 152B**

### **Options on Lean Hogs Futures Calendar Spreads**

#### **152B00. SCOPE OF CHAPTER**

This chapter is limited in application to options on Lean Hog futures calendar spreads. In addition to this chapter, options on Lean Hog futures calendar spreads 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.

#### **152B01. OPTIONS CHARACTERISTICS**

##### **152B01A. Contract Months and Trading Hours**

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

##### **152B01B. Trading Unit**

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Lean Hogs futures calendar spread. A Lean Hogs futures calendar spread consists of a combination of a purchase in one futures contract month and a sale in another futures contract month. A call calendar spread option is the equivalent of a long position in a nearer futures contract and a short position in a deferred futures contract. A put calendar spread option is the equivalent of a short position in a nearer futures contract and a long position in a deferred futures contract.

##### **152B01C. Minimum Fluctuations**

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of \$.00025 per pound (also known as one tick). A trade may also occur at a price of \$.000125 per pound (\$.000125, also known as one half tick), whether or not it results in the liquidation of positions for both parties to the trade.

##### **152B01D. Underlying Futures Contracts**

The underlying futures contracts are the futures contract for the month in which the option expires and the corresponding futures contract month in that combination. For example, the underlying futures contracts for a February-April calendar spread option are the February futures contract and the April futures contract.

##### **152B01E. Exercise Prices**

The exercise prices shall be based on the price difference obtained by subtracting the deferred futures contract price from the nearer futures contract price. The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 1 cent; e.g. 10, 11, 12. In addition, for options involving the first two underlying futures contract months, some exercise prices shall be at intervals of .50 cent, as described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at 1 cent intervals in a range 12¢ above and below the difference between the previous day's settlement prices of the underlying futures contracts. When a sale or settlement price in the underlying futures contracts price differential occurs at, or passes through an exercise price, the Exchange shall list on the next Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 12¢ range above (or below) the exercise price at which or through which the sale or settlement price in the underlying futures contracts price differential occurred. When an underlying futures contract month becomes the second nearest contract month, the Exchange shall add exercise prices at .50 cent intervals in range 6¢ above and below the difference between the previous day's settlement prices of the underlying futures contracts. When a sale or settlement price in the underlying futures contracts price differential occurs at, or passes through an exercise price, the Exchange shall list on the next Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 6¢ range above (or below) the exercise price at which or

through which the sale or settlement price in the underlying futures contracts price differential occurred.

New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

#### **~~152B01F. 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.

#### **~~152B01G. [Reserved]~~**

#### **~~152B01H. [Reserved]~~**

#### **~~152B01I. Termination of Trading~~**

Options trading shall terminate on the Business Day preceding the last day of trading in the underlying nearby futures contract.

#### **~~152B01J. [Reserved]~~**

#### **~~152B02. EXERCISE AND ASSIGNMENT~~**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Lean Hogs options on calendar spreads:

#### **~~152B02A. Exercise of Option by Buyer~~**

An option may be exercised by the buyer only on the day that the option expires. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bonafide clerical error, (2) an unreconciled Exchange option transaction (s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

#### **~~152B02B. Assignment~~**

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following Business Day.

~~The clearing member assigned an Exercise Notice shall be assigned a short position in the underlying nearer futures contract and a long position in the underlying distant futures contract if a call was exercised or a long position in the underlying nearer contract and a short position in the underlying distant contract if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying nearer futures contract and a short position in the underlying distant futures contract if a call was exercised and a short position in the underlying nearer contract and a long position in the underlying distant contract if a put was exercised.~~

~~All such futures positions shall be assigned at prices as follows: the nearby futures contract shall be assigned at the settlement price and the distant futures contract shall be assigned at a price equal to the settlement price of the nearby futures contract minus the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day following acceptance by the Clearing House of the Exercise Notice.~~

~~**152B03. [RESERVED]**~~

~~(End Chapter 152B)~~