

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-430

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/26/2015 Filing Description: Amendments to Feeder Cattle Futures Contract

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 checked="" 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: CME Feeder Cattle Futures

Rule Numbers: CME Rules 10203.A.1

October 26, 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. Notification Regarding Amendments to Feeder Cattle Futures Contract.
CME Submission No. 15-430**

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 amendments to CME Rule 10203.A. (“Final Settlement”) of the Feeder Cattle futures contract (Rulebook chapter: 102; Clearing Code: FC; CME Globex Code: GF; CME ClearPort Code: 62) commencing with the November 2016 contract month and beyond. This submission shall be effective on Tuesday, November 10, 2015. It should be noted that the November 2016 contract month will be listed for trading on Friday, November 20, 2015. This contract is listed for trading on CME Globex and for submission for clearing through CME ClearPort.

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

Background

Recent feedback from the beef cattle industry has prompted CME Group to review its CME Feeder Cattle Index™ (Index) specifications. As a result of this review, and for the reasons stated below, CME Group has determined that it is appropriate to increase the qualifying weight range for feeder steers from 650-849 pounds to 700-899 pounds. After extensive interaction with a wide number of industry participants and comprehensive analysis of the available data, CME Group has decided to apply that change in the weight range to newly listed contracts commencing with the November 2016 contract month and beyond. The November 2016 contract month will be listed for trading on November 20, 2015.

The Index is generally meant to track the valuations for cattle that most closely fit the definition of “cattle on feed” as noted by the terms and definitions in the USDA’s monthly Cattle on Feed Report; namely, cattle on feed are steers and heifers being fed a ration of grain, silage, hay and/or protein supplement for slaughter market that are expected to produce a carcass that will grade select or better. The definition of

cattle on feed excludes cattle being "backgrounded only" for later sale as feeders or later placement in another feedlot. Backgrounding entails the maximal use of pastures and forage grasses for feeding cattle from the time they are weaned until they are placed in a final feeding lot where they are fed a concentrated ration of corn and soymeal or similar feed inputs. Steers constitute the majority of the cattle on feed (65-75%) and in order to provide the most precise measure of value, only prices for steers have been used as an input for the Index calculations since inception.

The current weight range of 650-849 pounds was approved in 2004 and has been in place since mid-2005. Data from the monthly USDA "Cattle on Feed" report indicates that since 2004 the number of animals annually placed on feed that weigh 800 pounds or more has increased by about 1.5 million head. However, during the same period the annual numbers of placement animals between 600-699 pounds and 700-799 pounds have both decreased by about 1.5 million head with a small decrease in the annual number of placement animals weighing less than 600 pounds. See table of annual placements below:

	ANNUAL PLACEMENTS ON FEED (head)				
		U S TOTAL			
	UNDER 600#	600-699#	700-799#	800# PLUS	TOTAL
2004	5,849,000	5,414,000	6,524,000	5,480,000	23,267,000
2005	5,641,000	5,270,000	6,407,000	6,238,000	23,556,000
2006	6,490,000	5,113,000	5,954,000	6,038,000	23,595,000
2007	5,680,000	5,228,000	6,176,000	6,316,000	23,400,000
2008	4,965,000	5,001,000	5,968,000	6,365,000	22,299,000
2009	4,990,000	4,975,000	5,832,000	6,390,000	22,187,000
2010	5,670,000	5,145,000	6,063,000	6,698,000	23,576,000
2011	6,605,000	4,795,000	5,630,000	6,370,000	23,400,000
2012	5,807,000	4,351,000	5,257,000	6,485,000	21,900,000
2013	5,320,000	4,190,000	5,459,000	6,895,000	21,864,000
2014	5,490,000	4,105,000	4,985,000	6,890,000	21,470,000

As a result of these trends, in 2014 the annual proportion of placement animals that weigh 800 pounds or more had increased from 28% to 32% (7 million head total) and placement animals weighing less than 600 pounds had increased from 24% to 26% (5.5 million head total). Placement animals weighing 700-799 pounds (5 million head total) and 600-699 pounds (4 million head total) each decreased proportionally by 3% to 23% and 19%, respectively. The proposed weight range is reflective of this trend in placements to heavier weights and answers a growing need to incorporate the pricing information found in transactions for feeder animals heavier than 800 pounds.

Consultation with market participants indicates that animals weighing less than 700 pounds are increasingly being sent to intermediate feeding stations (backgrounding) before heading to a final feed yard. Industry feedback also suggests that transaction prices for animals sent to intermediate stations are not reflective of the same market conditions as are prices for animals being placed in final feed yards and add variation to the hedging process that the Feeder Cattle futures contract is designed to facilitate. Applying the 700-899 pound standard to historical data for the period 2010-2014 indicates that a higher weight range would have resulted in a slight decrease in the standard deviation of the daily changes in the Index value. In addition, comparisons during that period for various local sales barns throughout the

region covered by the Index indicate that standard deviations of annual basis differences were typically lower for a weight range of 700-899 pounds than for the current range of 650-849 pounds.

A weight range of 700-899 pounds produced an average animal weight of 796 pounds using data from 2010-2014, compared to the average animal weight of 756 pounds for the current Index. Given that heavier weight animals are transacted at lower prices per hundredweight (cwt) than lighter animals, the increase in average weight using a 700-899 pound range was accompanied by an average price of \$146.26 per cwt as compared to an average price of \$148.91 per cwt for the current Index, for the period 2010-2014.

In general, higher head counts indicate a larger number of transactions and a more robust Index formulation, particularly if the increases occur during the final settlement period for futures contracts. Measurements of futures contract settlement periods were compared for the period 2010-2014 to detect any differences between Indexes with the proposed and current weight ranges. The current Index had a higher measurement for January, October and November contract final settlements while the proposed weight range had a higher measurement for the March, April, May, August and September contract final settlements. The average for all contract months during that period was higher for the proposed weight range than for the current Index.

As noted earlier, the change in weight range was requested by several cattle industry associations, among them the National Cattlemen's Beef Association and Nebraska Cattlemen which have requested the change in their official organization policies. In addition, CME Group published a request for comment from market users and received numerous favorable responses to the change from the Texas and Southwestern Cattle Raisers Association, Texas Cattle Feeders Association, Iowa Cattlemen's Association, Superior Livestock Auctions, Cactus Feeders, Bartlett Cattle Company and Great Plains Feeders. Opposition to the change was received from two individual futures traders who are concerned about a perceived decrease in the head count with the new Index. As noted above and shown in the attached data, the head count at expiration increase on average and in the majority of contract months. Another response from a cattle feeding company requested analysis by an independent party to assess the implications of the proposed contract changes on such things as liquidity in the futures contract. CME Group is satisfied with the analysis that has been done.

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 following Core Principles as potentially being impacted:

- Contracts Not Readily Susceptible to Manipulation: The amendments certified herein will further prevent manipulation by allowing traders to more fully react to changing market fundamentals.
- Position Limits or Accountability: As noted above, the new weight range does not appreciably decrease the observed quantities used in calculating the final settlement price and the average for all contract months was higher for the proposed weight range than for the current Index.
- Availability of General Information: The Exchange shall publish on the CME Group website information in regard to futures contract specifications, terms and conditions, and any changes. In addition, the Exchange will issue a Special Executive Report ("SER") to notify the marketplace of the amendments. The SER will be posted on the CME Group website.

CME Rule 10203.A. is provided in blackline format in Appendix 1, attached.

A file with relevant feeder cattle data is provided in Appendix 2, attached under separate cover.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a), the Exchange hereby certifies that the 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 1 – Amendments to CME Rule 10203.A (blackline format)
Appendix 2 – Feeder Cattle Data (attached under separate cover)

Appendix 1

(Additions are underlined)

CME RULEBOOK

Chapter 102 Feeder Cattle Futures

10203. SETTLEMENT PROCEDURES

(FOR ALL CONTRACT MONTHS PRIOR TO NOVEMBER 2016)

10203.A. Final Settlement

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

1. The Sample

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

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

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

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

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

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

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

2. The Calculation

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

- a. For each of the relevant weight/frame score categories in each report:
 - i. the number of head is multiplied by the corresponding weighted average weight to obtain the total pounds sold in that weight/frame score category for that report; and
 - ii. the number of head is multiplied by the corresponding weighted average weight, and the resulting product is then multiplied by the corresponding weighted average price, to obtain the total dollars sold in that weight/frame score category for that report.
- b. For each report:
 - i. the total pounds sold in the relevant weight/frame score categories (i.e., the results from 1.a., above) are aggregated to obtain the total pounds sold for that report; and

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

10203.B. - H.[Reserved]

10203. SETTLEMENT PROCEDURES

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

10203.A. Final Settlement

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

1. The Sample

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

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

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

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

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2. The Calculation

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

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

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

10203.B. - H.[Reserved]

Appendix 2

Feeder Cattle Data

(attached under separate cover)