

June 14, 2013

**VIA E-MAIL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: Regulations 40.6(a): Amendments to Rules for Live Cattle Futures  
CME Submission No. 13-234**

Dear Ms. Jurgens:

By letter dated March 1, 2013 the Commission staff was informed of a delay in the listing of the August 2014 Live Cattle futures and options contracts and subsequent contract months, pending consideration of changes in contract specifications suggested by market users. Now, pursuant to Commodity Futures Trading Commission ("Commission") Regulations 40.6(a), Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is self-certifying revisions to the delivery specifications and procedures for the Live Cattle futures contract. The proposed effective date for the revisions is Monday, July 1, 2013, and will be applied beginning with the August 2014 contract month to be listed on that date, and for subsequent contract months when listed. The listing of the October 2014 contract month will continue to be delayed as will the December 2014 contract month, scheduled for July 1, pending consideration of further changes in the contract specifications.

The revisions provide for the following (rule amendments attached as Appendix A):

Maximum deliverable individual live weight: increase the maximum individual live weight to 1,550 pounds from 1,500 pounds with a market-based discount for live animals weighing 1,500 to 1,550 pounds (based on discounts for carcasses weighing 900-1000 lbs. as noted in the relevant USDA weekly report).

Premium/discount for carcass characteristics: a) payments will be made upon receipt of visual and final carcass grade/yield results, b) the fixed 20% discount for certain light and heavy carcass weights will be eliminated, and c) utilize all the newly revised weight categories and market-based price information for premiums and discounts on carcass weights from the relevant USDA weekly report.

Delivery scheduling: a) eliminate Christmas Eve and New Year's Eve scheduling for live delivery, b) eliminate Saturday or holiday scheduling for carcass delivery, c) eliminate the contraction of the delivery scheduling period that occurs for tenders submitted on and after the last trading day, and d) add one day to both the notice period and scheduling window for all deliveries.

The Exchange's staff collectively reviewed the designated contract market core principles (the "Core Principles") as set forth in the Commodity Exchange Act ("CEA") and identified the following Core Principles as potentially being impacted:

Compliance with the rules: Trading in these contracts is subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in these contracts is subject to the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, trading activity in these contracts is subject to monitoring and surveillance by CME Group's Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified. The rule amendments certified herein strengthen the ability of the Exchange to monitor and enforce compliance with the rules of

the contract market, specifically in respect of compliance with contract terms and conditions pertaining to physical deliveries in fulfillment of the contract.

Contracts not readily susceptible to manipulation: The rule amendments certified herein will conform all of the cattle carcass valuation procedures to market-based information publicly reported by USDA. The ability of the futures contract to more closely reflect prevailing market valuations for carcasses will be enhanced by full use of USDA-reported pricing information. See Appendix B. The increase in maximum individual deliverable weight reflects the cash market trend in recent years to higher live animal weights. See Appendix C.

Prevention of market disruption: Trading in Live Cattle futures is subject to CME Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the physical delivery process. As with any product recently listed for trading on a CME Group designated contract market, trading activity in Live Cattle futures shall be subject to monitoring and surveillance by CME Group's Market Regulation Department. Amendments to contract terms and conditions certified herein further this purpose by eliminating potential bottlenecks and conflicts in scheduling grading or slaughter periods, and by expanding delivery scheduling windows to ensure orderliness in deliveries. See Appendix D.

Availability of general information: The Exchange shall publish on its website information in regard to futures contract specifications, terms and conditions, and any changes to the delivery procedures.

CME certifies that the amendments comply with the CEA and the regulations thereunder.

Since August 2012, CME staff has received input about the Live Cattle futures contract from numerous market participants through group and individual meetings, phone calls, letters and email messages. The participants represented a broad cross section of the cattle producing/processing/marketing communities and include national and state associations, individual feedlots, major beef packing companies, individual traders and brokerage firm representatives. As a result of this customer input, the CME staff reviewed the futures contract delivery specifications and determined the changes noted herein for new contract months would enhance the risk management and price discovery functions of the contract.

There were no opposing views expressed concerning the changes in any of the delivery scheduling and payment procedures or in the full usage of USDA-reported data for assigning carcass valuations.

Some industry representatives proposed increasing the maximum individual live weight to 1,650 pounds. Subsequent discussion with those representatives has resulted in their acceptance of an increase to 1,550 pounds at this time. Other market participants have indicated an opposite view that the increase proposed herein is not necessary. The Exchange continues to monitor the contract for further changes in the maximum weight limit and is currently engaged in discussions with the cattle industry to determine if other modifications are necessary.

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>

If you require any additional information regarding this submission, please contact me at 212.299.2200 or via email at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Please reference our CME Submission No. 13-xxx in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments

## Appendix A

### Rule Amendments

(with additions underlined and deletions overstruck)

#### **Live Cattle Futures**

##### **10103. SETTLEMENT PROCEDURES**

###### **10103.A. Sources and Calculation of Adjustment Factors**

Quality grade adjustments for all delivery units will make use of the live weight equivalent of the Choice-Select boxed beef spread calculated from information reported by USDA (in \$/cwt.) for the day of tender in the National Daily Boxed Beef Cutout and Boxed Beef Cuts – Negotiated Sales – Afternoon report. This is referred to hereafter as the Live Equivalent Choice-Select Spread (LECSS) and is computed by subtracting the “Selected Boxed Beef Cut-Out Value” from the “Choice Boxed Beef Cut-Out Value” and multiplying that result by 0.0063.

The USDA By-Product Drop Value report for the day of tender shall serve as the source of information for calculating the condemned liver factor used in carcass-graded deliveries. The condemned liver factor shall equal the reported liver value (in \$/cwt.) multiplied by -0.01.

In addition, quality grade, yield grade and carcass weight adjustments will make use of factors calculated from values reported by USDA (in \$/cwt.) in the 5-Area Weekly Weighted Average Direct Slaughter Cattle – Premiums and Discounts report. The Prime, Standard, Yield Grade 1, Yield Grade 2, Yield Grade 4, Yield Grade 5, 400-500 lbs., 500-550 lbs., 550-600 lbs., 900-~~950~~1000 lbs., and ~~950-~~1000-1050 lbs. and over 1050 lbs. factors are calculated by multiplying the reported weighted average for the corresponding category by 0.0063. If a quality grade or yield grade is broken into subcategories on this report, then the factor for that quality or yield grade shall be the simple average of all reported averages for the subcategories in that category multiplied by 0.0063. The most recently issued report with respect to the day a Certificate is tendered shall be used to calculate the factors for that delivery unit. When a Certificate is tendered on the same day that a new report is issued, that new report shall be used in factor calculation regardless of the time of day that the report is released.

The sub-Standard factor shall equal -25% of the tender day settlement price.

Should the USDA determine that an error exists in any of the reports used to calculate adjustment factors and subsequently issues a corrected report, that corrected report shall be used in place of the original.

###### **10103.B. Live Graded Deliveries**

###### 1. Delivery Days

Delivery may be made on any Business Day of the contract month, and the first ~~seven~~eleven Business Days in the succeeding calendar month, provided a Certificate has been tendered as prescribed in Rule 10104.A., except that live graded deliveries may not be made prior to the ~~seventh-~~ninth Business Day following the first Friday of the contract month and may not be made on Christmas Eve nor made on New Year's Eve.

###### 4. Par Delivery and Substitutions

a. Par Delivery Unit. A par delivery unit is 40,000 pounds of USDA estimated Yield Grade 3, 55% Choice, 45% Select quality grade live steers, with no individual animal weighing less than 1,050 pounds or more than 1,500 pounds deliverable at par.

Par delivery units shall have an estimated average hot yield of 63%.

All cattle contained in a delivery unit shall be healthy. No cattle which are unmerchantable, such as crippled, sick, obviously damaged or bruised, or which for any reason do not appear to be in satisfactory condition to withstand shipment by truck shall be deliverable. No cattle showing a predominance of dairy breeding or showing a prominent hump on the forepart of the body shall be deliverable. Such determinations shall be made by the grader and shall be binding on all parties.

b. Weight Deviations. Steers weighing less than 1,050 pounds or more than ~~4,500~~ 1,550 pounds shall not be deliverable. Steers weighing more than 1,500 pounds but less than or equal to 1,550 pounds shall be deliverable at an adjustment equal to the 900-1000 lbs. factor described in Rule 10103.A., multiplied by the average live weight of the delivery unit. The judgment of the grader as to the number of such overweight or underweight cattle in the delivery unit shall be final and shall be so certified on the grading certificate.

### **10103.C. Carcass Graded Deliveries**

#### **1. Conditions**

A buyer assigned a Certificate of Delivery may call for delivery of the cattle to an approved slaughter plant corresponding to the stockyards designated in the Certificate, or to any other approved slaughter plant within 200 miles of the feedlot from which the cattle originate. For the purposes of Chapter 101, a feedlot shall be defined as any location where cattle are confined to a pen and provided access to feed and water including, but not limited to, commercial feeding operations, farmer feeding operations and stockyards. Final grading will reflect actual carcass results. If the buyer elects carcass grading, slaughter shall not occur prior to the ~~second-~~ third Business Day following the buyer's notification of the CME Clearing House. The Clearing House must be notified by 10:00 a.m. on the ~~second-~~ third Business Day prior to the day of slaughter of the buyer's election of carcass grading, the approved slaughter plant and slaughter day, and whether the buyer consents to a Large Lot Delivery Unit if elected by the seller under Rule 10103.C.5.f.

Upon arrival at the slaughter plant, cattle must be allowed access to water.

#### **2. Delivery Days**

Delivery may be made on any Business Day day of the contract month on which the approved slaughter plant selected by the buyer is in operation, and on the first ~~seven-~~ eleven Business Days in the succeeding calendar month, provided a Certificate has been tendered as prescribed in Rule 10104.A., and provided proper notification has been given to the Clearing House as prescribed in Rule 10103.C.1., except that carcass graded deliveries may not be made prior to the ~~fourth-~~ fifth Business Day following the first Friday of the contract month

#### **4. Payment**

Upon the seller's fulfillment of delivery to the slaughter plant selected by the buyer and Clearing House receipt of visual grading results, the Clearing House shall release 90% of the funds to the seller. Remaining funds will be released to the seller upon the completion of final carcass grade and yield results. Title to each delivered unit shall pass to the buyer when the delivered unit is weighed and placed in a holding pen for slaughter at the approved slaughter plant selected by the buyer.

#### **5. Par Delivery and Substitutions**

b. Weight Deviations. Resulting carcasses weighing less than ~~550~~ 500 pounds ~~or more than 1000 pounds~~ shall be deliverable at a per pound adjustment equal to the 400-500 lbs factor described in Section 10103.A. discount of 20% of the settlement price. Resulting carcasses weighing 500 pounds but less than 550 pounds shall be deliverable at a per pound adjustment equal to the 500-550 lbs factor described in Section 10103.A. Resulting carcasses weighing more than or equal to 550 pounds but less than 600 pounds shall be deliverable at a per pound adjustment equal to the 550-600 lbs. factor described in Section 10103.A. Resulting carcasses weighing more than 900 pounds but less than or equal to ~~950~~ 1000 pounds shall be deliverable at a per pound adjustment equal to the 900-~~950~~ 1000 lbs. factor described in Section 10103.A. Resulting carcasses weighing more than ~~950~~ 1000 pounds but less than or equal to ~~1000~~ 1050 pounds shall be deliverable at a per pound adjustment equal to the ~~950-1000~~ 1000-1050 lbs. factor described in Section 10103.A. Resulting carcasses weighing more than 1050 pounds shall be deliverable at a per pound adjustment equal to the over 1050 lbs factor described in Section 10103.A.

The per animal carcass weight adjustment shall equal the per pound adjustment multiplied by the average live weight of the delivery unit.

### **10104. PROCEDURES FOR TENDER, DEMAND, RETENDER, RECLAIM, AND ASSIGNMENT OF CERTIFICATES OF DELIVERY**

#### **10104.A. Tendering a Certificate**

A clearing member representing a short may present a Certificate of Delivery (on a form prescribed by the Clearing House) to the Clearing House no later than 4:30 p.m. on any Business Day except that Certificates may not be tendered:

1. On or before the first Friday of the contract month;

2. After the third Business Day after expiration.

3. On any Business Day that would result in a live delivery being scheduled on Christmas Eve or New Year's Eve.

A Certificate of Delivery is a commitment to deliver cattle conforming with contract specifications at the delivery point designated in the Certificate, or at a corresponding approved slaughter plant selected by the buyer, if the Certificate is not reclaimed.

A Certificate ~~tendered before the termination of trading~~ requires delivery on the ~~sixth-~~ eighth Business Day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on any Business Day ~~day~~ the slaughter plant is in operation between the ~~third-~~ fourth Business Day and the ~~sixth-~~ eighth Business Day, inclusive, following tender of that Certificate.

~~A Certificate tendered on or after the day trading terminates requires delivery on the fourth Business Day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on the third Business Day or fourth Business Day following tender of that Certificate, or on an intervening day that the slaughter plant is in operation.~~

A Certificate must include the name, location, business address, and telephone number of the feedlot from which the cattle originate. A Certificate must also include: (1) the distance between the feedlot and the stockyards to which the cattle are tendered for delivery; (2) the distance between the feedlot and the approved slaughter plants corresponding to the stockyards to which the cattle are tendered for delivery; and (3) any other approved slaughter plants within 200 miles of the feedlot and the distances to such approved slaughter plants.

The seller is responsible for determining, in advance of tendering a Certificate, if the delivery point stockyards will be able to accommodate a live-graded delivery on the ~~sixth-~~ eighth Business Day following the day of tender (~~fourth Business Day following the day of tender if tender is on or after the last Trading Days~~) should the buyer request one. If the buyer requests a live-graded delivery which the stockyards is unable to accommodate, then this will be deemed a failure by the seller to present a load of cattle for USDA grading under Rule 10103.B.8. In addition, the Exchange may prohibit deliveries on certain days for certain locations at which it deems deliveries would not be feasible due to auctions or other activities.

## Appendix B

Please refer to the amended rules 10103.A, 10103.C.4 and 10103.C.5.b.

The current rules for carcass deliveries reference the USDA report titled "5-AREA WEEKLY WTD AVERAGE DIRECT SLAUGHTER CATTLE - PREMIUMS AND DISCOUNTS" (LM\_CT169) for assigning premiums and discounts to the carcasses received in deliveries. This report has recently been modified to reflect that a former category for 950-100 pound carcasses has been merged with that for 900-950 lbs. so that a new category for 900-1000 pounds is used. The rule changes proposed will utilize this new category in the report. Further, the current rules set a fixed discount of 20% of the settlement price for carcasses weighing less than 550 lbs. or more than 1000 lbs. The rule changes will allow the average discounts reported in LM\_CT169 for 400-500, 500-550, 1000-1050 and over 1050 lbs. to be utilized in assigning any discounts to carcasses in those weight ranges.

This will allow the delivery process to more closely reflect market-based discounts. A recent version of this USDA report is shown below.

A further rule change will specify that the Clearing House must receive visual grading results on carcass deliveries before releasing 90% of sale proceeds to the seller. This is the current practice but has not been stated as such in the rules. The visual grading is to verify that the delivered animals appear to be in satisfactory condition to enter normal fresh meat marketing channels. All these changes are acceptable to the delivering and receiving firms consulted.

LM\_CT169

St. Joseph, MO Mon Jun 03, 2013 USDA Market News Service

5-AREA WEEKLY WTD AVERAGE DIRECT SLAUGHTER CATTLE - PREMIUMS AND DISCOUNTS

For the Week of: 6/3/2013

Value Adjustments

	Range	Wtd Avg	Change
Quality:			
Prime	8.00 - 25.00	13.46	0.02
Choice	0.00 - 0.00	0.00	0.00
Select	(20.00)- (17.00)	(18.78)	(0.40)
Standard	(40.00)- (27.00)	(31.46)	(0.38)
CAB	3.00 - 6.00	3.97	0.00
Dairy - Type	(7.00)- 0.00	(1.48)	0.00
Bullock/Stag	(55.00)- (25.00)	(40.99)	0.00
Hardbone	(55.00)- (20.00)	(37.20)	0.00
Dark Cutter	(55.00)- (28.00)	(38.91)	0.00
Over 30 Months of Age	(40.00)- (10.00)	(16.00)	0.00

\*Cutability Yield Grade, Fat/Inches

1.0-2.0 < .10"	3.00 - 8.00	4.58	0.00
2.0-2.5 < .20"	1.50 - 3.00	2.24	0.00
2.5-3.0 < .40"	0.00 - 2.50	2.11	0.00
3.0-3.5 < .60"	0.00 - 0.00	0.00	0.00
3.5-4.0 < .80"	0.00 - 0.00	0.00	0.00
4.0-5.0 < 1.2"	(12.00)- (6.00)	(9.25)	0.00
5.0/up > 1.2"	(17.00)- (15.00)	(15.02)	0.00

Weight:

400-500 lbs	(40.00)- (15.00)	(25.48)	0.00
500-550 lbs	(25.00)- (12.00)	(19.62)	0.00
550-600 lbs	(15.00)- 0.00	(3.89)	0.00
600-900 lbs	0.00 - 0.00	0.00	0.00
900-1000 lbs	(15.00)- 0.00	(0.24)	0.00
1000-1050 lbs	(15.00)- 0.00	(2.35)	0.00
over 1050 lbs	(35.00)- (15.00)	(23.05)	0.00

Based on individual packer's quality, cutability, and weight buying programs. Values reflect adjustments to base prices, dollars per cwt., on a carcass basis.

Weighted average price is calculated on individual packer slaughter volume of packers represented in the 5 state area.

\* If yield grades are not available, yield differentials may be based on fat at 12th rib using a constant of average ribeye area and muscling for carcass weight and KPH. Superior or inferior muscling may adjust lean yield.

Source: USDA Market News Service, St. Joseph, MO  
816-238-0678 or 816-676-7000 email: stjoe.lgmn@ams.usda.gov  
www.ams.usda.gov/LSMarketNews

## Appendix C

Please refer to amended rules 10103.B.4.a and 10103.B.4.b.

As previously noted, some industry representatives proposed increasing the maximum individual live weight to 1,650 pounds. That request reflects the trend in recent years to higher animal weights (see graph 1 below). However, it is generally agreed that a level of 1,650 pounds is at the far upper end of live weights. Entities that receive deliveries expressed concern about increasing the maximum weight to 1,650 pounds since animals that heavy produce carcasses which are difficult to handle in the existing infrastructure of the slaughtering process, according to packing company representatives.

Since 2002, the maximum individual live weight for the futures contract was increased several times from 1,350 pounds to the current level of 1,500 pounds with the incremental increases between 25 and 75 pounds. Based on the minimum deliverable live weight of 1,050 pounds and the recommended increase in the maximum deliverable live weight to 1,550 pounds, the Live Cattle contract would specify a deliverable live weight range of 1,050 to 1,550 pounds. Recent discussions with cattle producer group representatives have indicated that an upper live weight limit of 1,550 pounds is acceptable at the present time. The Exchange will continue to monitor steer weights to see if further modifications are needed, as in the past.

In addition, the proposed amendments in Rule 10103.B.4.b. re-instates a discount for live graded deliveries based on the discount specified in USDA's LM\_CT169 report for carcasses (converted to a live steer basis) referred to in 10103.A. A similar discount was specified in this rule prior to October 2011, however, it was removed effective with the October 2011 contract when the maximum deliverable weight was reduced from 1,550 pounds to 1,500 pounds (CME Submission #10-130). Since we are now proposing to restore the maximum deliverable weight to the level that was specified prior to October 2011, we are also restoring the adjusted carcass discount procedure that was specified prior to October 2011 for cattle in live graded deliveries that weigh more than 1,500 but less than 1,550 pounds. The use of adjusted USDA reported carcass discounts to imply a corresponding discount for live graded steers in this weight category is necessary because USDA does not report discounts for live steers in this weight category.

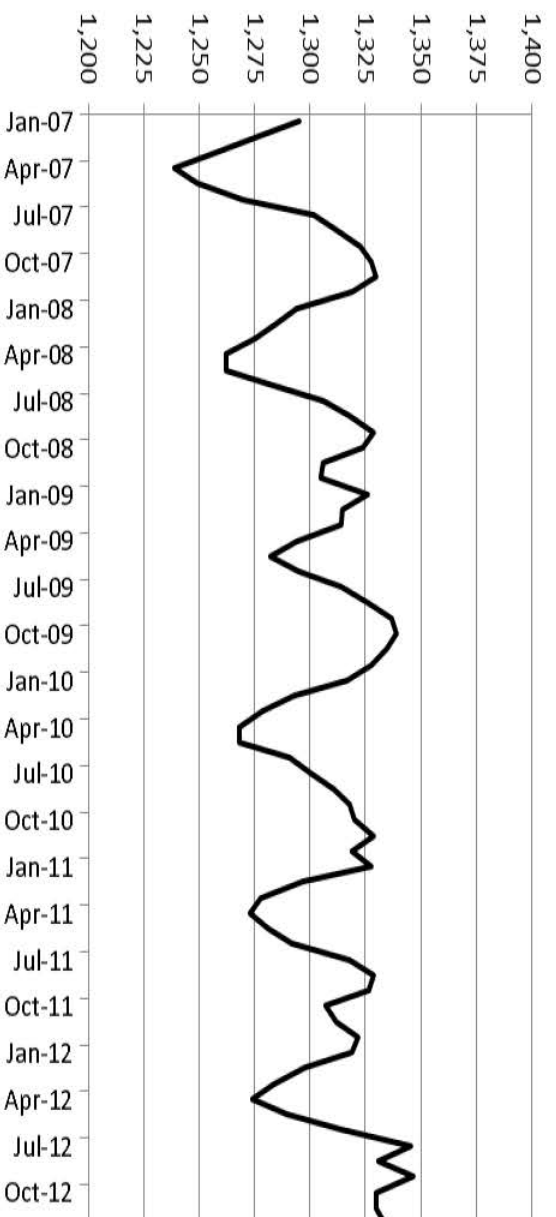
The impact on the deliverable supply of cattle is not precisely quantifiable in number since there is no data on the population distribution of the animals by weight. The direction of the change will certainly be positive since a larger number of steers will now be eligible for delivery as live animals. It is estimated from CME carcass deliveries during 2007-2012 that 7-8% of the animals were in the live weight range of 1,500-1,550 pounds (see section 2 below).

A further explanation of the discount procedure applied to steers taken in live animal deliveries that weigh between 1,500 and 1,550 pounds is presented in section 3 below.

1. Average monthly live steer weight for 5-Area region (from USDA report LM-CT180):



5-Area Live Steer Weight Ranges-monthly



2. Estimated percentages for implied live steer weight ranges from CME carcass deliveries

Note: once a deliverer tenders an intention, the receiver can choose a carcass delivery rather than a live animal. In carcass deliveries, the deliverer is not bound by any weight limits. Therefore, it is assumed that CME carcass deliveries may reflect the weight ranges typically seen in normal cash market transactions.

The weight range distribution for carcasses received in deliveries from 2007-2012 is as follows (no further detailed weight breakdown is available):

under 550 lbs	81	0.14%
550-599	164	0.28%
600-900	37373	64.91%
901-950	12721	22.09%
951-1000	5109	8.87%
1001 up	2127	3.69%
	57575	100.00%

By using the average yield percentages recorded for each carcass delivery unit and an average carcass weight for each weight category above, an implied live weight distribution was estimated, as seen below:

under 1050 lbs.	245	0.43%
1050-1500	47640	82.74%
1501-1550	4463	7.75%
1551-1600	3119	5.42%
1601-1650	1405	2.44%
1651 up	703	1.22%
	57575	100.00%

Thus, for the period 2007-2012, it is estimated that a live weight range of 1501-1550 pounds would have increased the number of deliverable live animals by 7.75%.

3. Discount application for Live Steer weights of 1500-1550 pounds

Live steers weighing between 1500 and 1550 pounds will receive a discount based on the weighted average discount for 900-1000 pound carcasses noted in the relevant USDA report LM\_CT169, which was described in Appendix B. Steers weighing 1550 pounds and 1550 pounds can produce carcasses of 945 and 967 pounds, respectively, when using the contract yield norm of 63%. The proposed change will allow the discount level for live steers delivered within those weights to fluctuate similarly to the market-based valuations already imposed on the carcasses that result from those animals.

## Appendix D

Please refer to amended rules 10103.B.1, 10103.C.1, 10103.C.2, and 10104.A.

The proposed rule changes will expand the delivery scheduling window for carcass deliveries by adding one day to the potential delivering period for the receiver (from 4 days to 5 days) and adding one day to the notification period for the deliverer (from 2 business days ahead of a scheduled carcass delivery to 3 days ahead). Thus, a receiver of deliveries will have additional time in which to schedule a potential carcass delivery at a slaughter plant and the deliverer will have additional time to arrange for transportation to a slaughter plant. These changes were suggested by representatives of delivering entities and were acceptable to representatives of receiving entities.

The scheduling changes will eliminate carcass delivery scheduling on Saturdays or holidays and eliminate Christmas Eve and New Year's Eve as delivery days for live animal deliveries (no holiday scheduling is currently allowed for live animal deliveries). While no problems have arisen from deliveries on any of those days, the elimination of deliveries on those days will prevent problems from occurring when sufficient delivery-related personnel are in short supply, such as USDA staff that perform live grading duties for deliveries and other staff that assist in the movement of the cattle. Since January 2008, there have been no CME carcass deliveries that were scheduled on Saturdays or holidays. Also since that time, there have been 34 total live animal delivery units that were scheduled on either Christmas Eve or New Year's Eve while total deliveries tendered were 4,564 in that time. These changes are acceptable to both delivering and receiving entities.

The scheduling changes will also eliminate the contraction of the delivery period that occurs for tenders submitted on or after the last trading day (LTD). For tenders submitted prior to LTD, there is a 2-day period built into the scheduling window so that delivery tenders may be resubmitted and reassigned. The resubmission requires establishing a new futures position and retendering a delivery intention. Currently, that 2-day period is eliminated when a tender is submitted on and after LTD since trading has ceased and no resubmission is allowed. With the elimination of the 2-day period and the consequent contraction of scheduling time, it is possible under the current rules that tenders which have been submitted on and after LTD may be scheduled for delivery on the same days as tenders which have been submitted prior to LTD. In order to eliminate the possibility of overlapping deliveries causing congestion at a delivery point due to this contraction of schedule, a uniform delivery scheduling period is being adopted. This change was acceptable to both delivering and receiving entities.