

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-080

Organization Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/17/22 Filing Description: Expanded Daily Price Limits of the Random Length Lumber Futures Contract Effective Until May 2022

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 |

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: See filing.

Rule Numbers: See filing.

February 17, 2022

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Certification. Expanded Daily Price Limits of the Random Length Lumber Futures Contract Until May 2022.
CME Submission No. 22-080**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) expanded daily price limits in the Random Length Lumber Futures Contract (the “Contract”) (CME Globex Code: LBS; Clearing Code: LB; Rulebook Chapter [201](#)) effective on Monday, March 7, 2022.

Pursuant to Rule 20102.D. (“Daily Price Limits”) of the Contract, the Exchange previously advised market participants via [SER 8873](#) dated October 2, 2021 that effective November 1, 2021, the daily price limits of Contract were reset at \$30/thousand board feet (mbf). Pursuant to Rule 20102.D., the daily price limit is calculated by taking the average settlement price during the 45 trade days prior to April 16th (for the July expiry) and October 16th (for the November expiry) respectively and multiplying that average price by 5 percent.

Due to recent market conditions, the Exchange is accelerating the timeframe for the calculation of daily price limits for the Contract and is therefore expanding the daily price limits of the Contract to \$57 per mbf, expandable to \$86 per mbf if the first listed contract month settles at the initial limit effective until the next regularly scheduled reset in May 2022 (the “Rule Amendments”).

These figures were calculated using the methodology in the rules of the Contract with a forward adjustment. Previous Exchange analysis showed that a 5 percent price move traditionally captures 99 percent of all daily price movements making limit days rare. Additionally, the Contract also has expanded price limits; if the nearest contract month settles at the daily price limit on one day, all expiries are subject to the expanded limit, which is a further 50 percent increase in the daily price limit. The expanded price limit shall remain in place until the nearby contract month settles within limit. Applying the aforementioned methodology with alternative dates, March 2022 settlement prices have averaged \$1,131.98 over the last 45 trade days (December 14, 2022 through February 16, 2022). Applying the 5 percent calculation and rounding to the nearest \$1 per mbf, as defined in the Exchange rules, CME is applying a daily price limit of \$57 per mbf and an expanded daily price limit of \$86 per mbf. Additionally, the Exchange shall allow the price limits to move to the expanded limit in the event that either of the two nearest contract months settle at the initial limit as opposed to only triggering to expanded limits if the nearest contract month settles at the initial limit. The limit will revert back to the initial limit if both of the nearest two listed contract months that are subject to a daily limit do not settle at the expanded limit the next Business Day. There will be no price limit in the expiring month contract beginning on the first business day of the contract month, as is currently the case.

The Exchange will continue to closely monitor market conditions of the Contract and will be exploring other potential rule amendments to remedy the matter in the long term.

The Rule Amendments shall become effective on March 17, 2022 and shall apply until the next regularly scheduled reset on May 1, 2022 pursuant to Exchange Rules.

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 Rule Amendments may impact the Core Principles as follows:

- **Prevention of Market Disruption:** The Exchange believes that the Rule Amendments are consistent with this Core Principle requiring the Exchange to maintain and promote an orderly market.
- **Availability of General Information:** CME will make publicly available the details of the revision and issue a Special Executive Report (“SER”) to the marketplace. The SER and amended rules will be available on the CME Group website.
- **Execution of Transactions:** The Rule Amendments will further enable the Exchange to continue its current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that Rule Amendments comply with the Act, including all 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 e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment - Exhibit A – SER 8927

Exhibit A



Special Executive Report

DATE: February 17, 2022
SER#: 8927
SUBJECT: Random Length Lumber Futures – Expanded Daily Price Limits Effective Until May 2022

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) previously advised via [SER 8873](#) dated October 2, 2021 that effective November 1, 2021 the daily price limits of the Random Length Lumber Futures contract (Commodity Code LBS; Rulebook Chapter [201](#)) (the “Contract”) were reset at \$30/thousand board feet pursuant to Exchange rules.

Effective March 7, 2022, and pending all relevant CFTC regulatory review periods, CME will expand the daily price limit to **\$57/thousand board feet** of the Contract until the next regularly scheduled daily price limit reset in May 2022.

Specifically, there shall be no trading in the Contract at a price more than the initial price limit above or below the previous day’s settlement price. Daily price limits for the Contract will be \$57/ thousand board feet. Should either of the nearest two listed contract months that are subject to a daily limit settle at a limit, the daily price limits for all contract months shall increase to \$86 per thousand board feet. If both of the nearest two listed contract months that are subject to a daily limit do not settle at the expanded limit the next Business Day, daily limits for all contract months shall revert back to the initial price limit the following Business Day. There shall be no price limit in the expiring month contract beginning on the first Business Day of the contract month.

Questions regarding the aforementioned may be directed to:

Alison Coughlin: 312-338-7171 or via email at Alison.Coughlin@cmegroup.com
Candice Lucas: 312-930-3365 or via email at Candice.Lucas@cmegroup.com