

October 7, 2013

VIA E-MAIL

Ms. Melissa Jurgens
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)(6) Emergency Rule Certification. Notification of
Emergency Action (Declaration of Force Majeure) with Respect to Chicago
Mercantile Exchange Lean Hog Futures and Options pursuant to CME Rule 701
CME Submission 13-492**

Dear Ms. Jurgens:

The federal government shutdown has resulted in the closure of reporting systems used by the US Department of Agriculture (“USDA”) to gather, compile and publish a large range of livestock market information, among other commodities. The Chicago Mercantile Exchange (“CME” or the “Exchange”) uses some of this information to calculate the CME Lean Hog Index (“Index”) on a daily basis. The Index is used for the final valuation of expiring cash-settled Lean Hog futures and options contracts. The information, which is sourced from individual packing firms who report cash market transactions, is required to be reported to USDA under federal mandatory reporting laws. At present, there are no alternative reporting services that provide the necessary information and none are likely to be developed prior to the expiration of the Exchange’s October 2013 Lean Hog futures and options contracts on October 16, 2013.

Pursuant to its authority under CME Rule 701 (“Declarations of Force Majeure”), the Exchange has determined to use the following settlement methodology for the expiration of the October 2013 futures and options contracts:

October 2013 Lean Hogs Alternative Settlement Methodology

October 2013 Futures and Options:

- In the event that USDA price reporting of the relevant data is available for both October 11 and 14 by October 15, 2013 then that data will be used to determine the final settlement price for October 2013 futures and options contracts, pursuant to the current methodology for calculating the CME Lean Hog Index.
- If USDA price reporting of the relevant data is **not** available for both October 11 and 14 by October 15, 2013, then final settlement for October 2013 Lean Hog futures and options contracts will be calculated by using the volume weighted average price of the October 2013 futures contract for the 2-day period of October 11 and 14, incorporating both trading-floor-based (open outcry) and CME Globex-based (electronic) trading activity during trading floor Regular Trading Hours only (9:05 a.m. to 1:00 p.m. Central Time/CT on October 11 and 9:05 a.m. to 12:00 noon CT on October 14).

Notification to the marketplace of this determination is being made pursuant to the attached Special Executive Report S-6867 dated October 7, 2013, a copy of which is attached as Appendix A.

CME has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA”) and has identified that the declaration of Force Majeure may have some bearing on the following Core Principles:

- Emergency Authority: The declaration of Force Majeure by CME is an emergency circumstance, and, as such, requires prompt notice to be provided to the Commission under both Commission Regulations and CME Rule 701. The declaration of Force Majeure with respect to the CME Lean Hog Index is being made pursuant to CME Rule 701.
- Availability of General Information: CME is publishing SER S-6867 to provide notice to the marketplace of the actions being taken pursuant to CME Rule 701. In addition to being emailed to all market participants subscribed to receive SERs via email, the SER has also been uploaded to the CME Group website.

CME certifies that the declaration of Force Majeure and SER S-6867 complies with the Commodity Exchange Act and regulations thereunder. In reviewing potential approaches, some industry participants expressed the view that CME Group should take over the responsibility to collect cash price data from hog slaughtering firms and publish a cash lean hog index. While we understand the industry’s desire to have this cash price information collected by an alternative entity, we believe the Exchange’s lack of enforceability in collecting this data and the absence of any audit/verification authority would have created a level of risk. Consequently, in this particular circumstance, CME has elected to use data generated from the CME markets.

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 have any further questions or comments, please do not hesitate to contact David Lehman at david.lehman@cmegroup.com or 312-930-1875 or me at christopher.bowen@cmegroup.com or at 212-299-2200.

Very truly yours,

/s/Christopher Bowen
Managing Director,
Chief Regulatory Counsel

Attachment: Appendix A - Special Executive Report S-6867 dated October 7, 2013

cc: Kathleen Cronin, CME
Thomas LaSala, CME
Vincent McGonagle, CFTC
David Van Wagner, CFTC
Matt Hunter, CFTC
Harry Hild, CFTC

APPENDIX A



Special Executive Report

S-6867

October 7, 2013

October 2013 Lean Hog Futures and Options Alternative Final Settlement Methodology

In recent public notices, the CME Group has informed the market of its inability to calculate the Lean Hog Index which is used to determine final settlement value of Lean Hog futures contracts due to the shutdown of USDA's Agricultural Marketing Service website used to report cash price information. Under CME Rule 701 (Declaration of Force Majeure), the CME Group is authorized to change final settlement procedures for currently listed contracts. Accordingly, the October 2013 Lean Hog futures and options contracts' final settlement will follow the methods detailed below.

October 2013 Lean Hogs Alternative Final Settlement Methodology

October 2013 Futures and Options:

- In the event that USDA price reporting of the relevant data is available for both October 11 and 14 by October 15, 2013, then that data will be used to determine the final settlement price for October 2013 futures and options contracts, pursuant to the current methodology for calculating the CME Lean Hog Index.
- If USDA price reporting of the relevant data is **not** available for both October 11 and 14 by October 15, 2013, then final settlement for October 2013 Lean Hog futures and options contracts will be calculated by using the volume weighted average price of the October 2013 futures contract for trades occurring during the 2-day period of October 11 and 14, 2013, incorporating both Floor-based and Globex-based trading activity during Regular Trading Hours only (9:05 a.m. to 1:00 p.m. on October 11 and 9:05 a.m. to 12:00 noon on October 14). The alternate final settlement price will be applied to any open positions in October 2013 futures and options on the normally scheduled date of October 16, 2013.

Should you have any questions regarding this Special Executive Report, please contact one of the following individuals: David Lehman, Managing Director, Commodity Research and Product Development, 312-930-1875, David.Lehman@cmegroup.com or Jack Cook, Director, Commodity Research and Product Development, 312-930-3295, Jack.Cook@cmegroup.com.

For media inquiries concerning this Special Executive Report, please contact CME Group Corporate Communications at 312-930-3434 or news@cmegroup.com.

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