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November 24, 2008

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington DC 20581

**RE: Amendments to Live Cattle Futures Rule 10103.A. ("Sources
and Calculation of Adjustment Factors")
CME Submission No. 08-191R**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has approved two amendments to Live Cattle Futures Rule 10103.A. (Sources and Calculation of Adjustment Factors). These amendments are designed to eliminate possible confusion among market participants regarding the USDA report used to obtain the Choice and Select boxed beef values, and regarding the averaging process used for the premium and discount values found in a separate USDA report. The Exchange believes these amendments will have no material impact on the pricing or other economic performance of the contract because they simply reflect current and longstanding Exchange practices. As a result, the Exchange intends to apply these amendments to both existing and newly listed contract months 10 days following submission, unless notified by the Commission that the amendments are material and subject to prior Commission approval.

The first amendment provides the complete title of the USDA-AMS National Daily Boxed Beef Cutout and Boxed Beef Cuts – Negotiated Sales – Afternoon report, making it clear that it is the afternoon (rather than morning) report that serves as the source for these values. The afternoon report has been used as the source for Choice and Select boxed beef values since June 1995, when market-based differentials for Choice and Select grades were first implemented.

The second amendment replaces "simple" with "weighted" to more accurately describe the average values from the USDA-AMS 5-Area Weekly Weighted Average Direct Slaughter Cattle – Premiums and Discounts report that serves as the source for various premiums and discounts. This report has been used as the source for these premiums and discounts since

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October 2004, and it should be emphasized that it contains only weighted average (not simple average) values. This amendment corrects an oversight in CME Submission #04-30 dated April 8, 2004, in which the 5-Area Weekly Weighted Average Direct Slaughter Cattle – Premiums and Discounts report replaced the National Weekly Direct Slaughter Cattle – Premiums and Discounts report.

Both amendments are presented below, with additions underlined and deletions bracketed and overstruck.

The Exchange certifies that these changes comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding this submission, please contact Paul Peterson at (312) 930-4587 or via e-mail at paul.peterson@cmegroup.com or me at (312) 648-5422. Please refer to CME Submission #08-191 in all correspondence regarding this matter.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

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10103. SETTLEMENT PROCEDURES

In addition to the procedures or requirements of Chapter 7, the following shall specifically apply to the delivery of live beef cattle:

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 "Select 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, 550-600 lbs. 900-950 lbs. and 950-1000 lbs. factors are calculated by multiplying the reported simple 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.

(End Rule 10103.A.)