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# SPECIAL EXECUTIVE REPORT

S-4011

October 15, 2003

## **BUSINESS CONDUCT COMMITTEE APPROVES EXPANDED DAILY PRICE LIMITS IN LIVE CATTLE**

On Tuesday morning, October 14, 2003, the Business Conduct Committee met to consider the issue of daily price limits in the Live Cattle Futures contract. The Committee, after due consideration, determined that an emergency as defined in Rule 411.B. existed and unanimously approved the following order to be applied to all contract months in the Live Cattle Futures contract:

**As of the opening of business on Wednesday, October 15, 2003, the daily price limits will be expanded** through the temporary amendment of Live Cattle Futures Rule 10102.D. to provide for additional daily price limits of \$.030 and \$.050 per pound above or below the previous day's settlement price.

**In addition, on Wednesday, October 15, 2003, the daily price limits will be set at \$.050 per pound for all contract months.** On Thursday, October 16, 2003 and subsequent trading sessions, the daily price limits will be determined according to the amended Live Cattle Futures Rule 10102.D., shown below with additions underscored and deletions bracketed and overstruck:

### **10102.D. Daily Price Limits**

There shall be [~~no trading at~~] a daily price limit of [~~more than~~] \$.015 per pound above or below the previous day's settlement price.

If either of the two contracts nearest to expiration in the even month cycle settles on the limit bid for two successive days or on the limit offer for two successive days, then the price limit shall be raised to \$.030 per pound for all contract months.

If the daily price limit is \$.030 and either of the two contracts nearest to expiration in the even month cycle settles on the limit bid for two successive days or on the limit offer for two successive days, then the price limit shall be raised to \$.050 per pound for all contract months.

If the daily price limit is \$.050 and neither of the two contracts nearest to expiration in the even month cycle settles on the limit bid or limit offer, without regard to market direction, then the daily price limit for all contract months shall revert to \$.030 on the next business day.

If the daily price limit is \$.030 and neither of the two contracts nearest to expiration in the even month cycle settles on the limit bid or limit offer, without regard to market direction, then the daily price limit for all contract months shall revert to \$.015 on the next business day.

For the purposes of this rule, “two contracts nearest to expiration in the even month cycle” may involve different contract months.

If you have any questions, please contact Mr. Eric Wolff, Managing Director, Regulatory Affairs at (312) 930-3255, Mr. Ken Lovett, Associate Director, Market Regulation at (312) 930-3257, or Mr. Paul Peterson, Director, Commodity Product Development at (312) 930-4587.