



CHICAGO MERCANTILE EXCHANGE BEEF CARCASS GRADING PROGRAM

1 Purpose

This Procedure defines the responsibilities and requirements for cattle delivered under Chicago Mercantile Exchange (CME) futures trading contracts.

2 Scope

The following guidelines were developed to assist personnel in the proper procedures for receiving, controlling, and reporting livestock and carcass information for cattle delivered under CME futures trading contracts.

3 Policy

Refer to CME Chapter 101, Live Cattle Futures, 10103.C, Carcass Graded Deliveries.

4 References

[CME Chapter 101, Live Cattle Futures, 10103.C, Carcass Graded Deliveries](#)

[QAD 508A Form: CME Carcass Grading Worksheet](#)

5 Responsibilities

5.1 CME will:

Notify the National scheduling supervisor of:

- A. CME certificate numbers/delivery identification numbers
- B. Lot number
- C. Delivery date
- D. Slaughter location
- E. Number of “delivery units” for large lot deliveries
- F. Delivery time for each lot

5.2 The QAD grader will:

5.2.1 At the time of Receiving:

- A. Be in the pen area when the cattle are delivered.



B. Record the following information on QAD 508 Form: *CME Carcass Grading Worksheet*:

1. Delivery Point Information (plant name, location and establishment number)
2. CME certificate number
3. CME lot number
4. Arrival date
5. Arrival time
6. Slaughter date (if applicable)
7. Pen number
8. Pen seal number (if not direct to slaughter)
9. Packer lot number
10. Total number of cattle in lot
11. Total live weight of cattle

C. The plant's truck scale or live cattle scale may be used to determine the net weight of the lot. Ensure that each lot weighs 40,000 pounds. A tolerance of +/- 5% is allowed. Thus, the acceptable weight range for a 40,000 pound lot is 38,000 to 42,000 pounds. "Large lot deliveries" may consist of one to ten 40,000 pound unit(s). A tolerance of +/- 5% is allowed. Scales should be balanced and zeroed out prior to weighing.

D. Examine live cattle for the following CME specification requirements:

1. Cattle must be healthy
2. Cattle must be in sound condition, i.e., no crippled or obvious external injuries
3. Cattle that possess predominate dairy breed characteristics are not eligible for delivery
4. Cattle that exhibit a prominent hump are not eligible for delivery

E. All non-complying cattle are ineligible for delivery and must be excluded from the lot. Non-complying cattle will be held in separate pens, and will become the property of the slaughter plant.



- F. If the cattle are not offered for immediate slaughter, seal the pen or have a plant employee seal the pen under QAD supervision and record the pen seal number.
- G. Contact the CME Clearing House Delivery Manager at (312) 930-3172 or (312) 930-3185. Notify the CME Clearing House of the following:
 - 1. Slaughter plant
 - 2. CME certificate and lot information
 - 3. All complying lots
 - 4. The reason(s) for all non-complying cattle or lots

5.2.2 At the time of Slaughter:

- A. If a complying lot was not slaughtered directly after examination for specification compliance, the QAD employee shall break the pen seal or monitor the plant employee breaking the pan seal and maintain visual control of the cattle into the slaughter area.
- B. Ensure that the complying lot is separated from other lots. The cattle may be marked with paint or chalk utilizing normal plant procedures to keep the lots segregated.
- C. Ensure that plant slaughter supervisors are aware that the CME cattle are entering the slaughter operation.
- D. The plant's lot identification system will maintain identification of the lot through the slaughter process and cooling process.
- E. Identify the lot by placing a CME stamp on each carcass within the lot or have plant employee stamp each carcass.
- F. Obtain the number of condemned livers and condemned carcasses from the kill floor personnel and record the data on QAD 508 Form: *CME Carcass Grading Worksheet*. If the count is not available, note in that information in the appropriate location on the form.

5.2.3 At time of Grading:

- A. In plants that no longer yield grade, but are utilizing an approved USDA grading instrument (E+V or RMS camera), the yield grade as assigned by the instrument and recorded in the plant records is acceptable. It is not necessary to stamp these carcasses with a yield grade.



- B. Record the following information per carcass on QAD 508 Form: *CME Carcass Grading Worksheet*. If over 30 months of age (determined by dentition on the slaughter floor)
1. Check the box that indicates “Over 30 Months”
 2. Enter the hot carcass weight
 3. Input only this information on carcasses “Over 30 Months” on the worksheet
 4. If eligible to grade Prime, Choice, Select, or Standard
 - a. Enter the hot carcass weight
 - b. Enter the quality grade
 - c. Enter the yield grade
 5. If “Sub-Standard” (Commercial, Utility, Cutter, or Canner)
 - a. Enter the hot carcass weight
 - b. Enter “Un” for ungraded
 - c. Enter the yield grade
 6. If “ineligible” for quality grade due to blood splash, callous, etc.
 - a. Enter the hot carcass weight
 - b. Enter the yield grade
 - c. In the Number of Ineligible Carcasses and Reason section on page 1 make the statement:
“carcass on page _____, weighing _____ pounds, is/are ineligible for quality grade due to _____”
 7. The QAD 508 Form: *CME Carcass Grading Worksheet* is available from the QAD intranet. Complete and distribute this form in accord with the use directions for the form on the QAD intranet.
 8. Include any carcasses that the Food Safety and Inspection Service (FSIS) inspectors are holding for further review and any carcasses held for regrading.
 9. Do not record information regarding:
 - d. Carcasses condemned by FSIS



e. "Lost" carcasses

C. Carcasses must receive the final grade within 3 business days after slaughter in accord with the following:

1. For carcasses graded 1 business day after slaughter -- the top third of the Select grade must be held another day for additional chill and regrading
2. For carcasses graded 2 business days after slaughter -- the top third of the Select grade may be held for regrading

D. Total the number of graded, retained, condemned, and "lost" carcasses to ensure that the live and carcass numbers are equal.

6 Change Record

The following changes were made to the 05/11/2009 revision of this document.

- a. Name change to QAD 508 Procedure CME Beef Carcass Grading Program
- b. Address updated
- c. Format updated
- d. Added sections 2, 4, 5.23 A, and 6

7 Change Record

The following changes were made to the 07/11/14 revision of this document:

- a. The header was changed to include the most recent mail stop.

Mark Perigen, Director
Quality Assessment Division
Livestock and Poultry Program

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.