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May 5, 2004

Ms. Jean A. Webb  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**RE: Rule 300.C. and Rule 400  
Submission No. 04-08**

Dear Ms. Webb,

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has made a non-substantive change to Rule 300.C. to correct a grammatical error in the text. The Exchange has also made a non-substantive change to Rule 400 in which the phrase "of clearing members of the Exchange" was inadvertently omitted in the description of brokers that qualify as a CME "Member." The revised Rules 300.C. and 400 are attached with additions underlined and deletions lined out.

The Exchange certifies that this revision neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules and regulations thereunder.

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

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

### **300.C. Disciplinary Offenses Defined**

"Disciplinary offense" is defined as a:

- (1) Violation of an Exchange rule designated by the Exchange as requiring disqualification from service on the above committees, which list of rules shall be posted in a public place;
- (2) Violation of any other Exchange rule ~~unless such violation:~~ (a) such violation did not involve fraud, deceit or conversion, (b) such violation did not result in suspension or expulsion, or (c) the committee of jurisdiction specifically makes a finding that the violation is based solely on: (i) decorum or attire, (ii) financial requirements, or (iii) reporting or recordkeeping requirements which receive cumulative fines of \$5,000 or less within any calendar year;
- (3) Violation of the rules of a self-regulatory organization which involve: (a) fraud, deceit or conversion, or (b) result in suspension or expulsion;
- (4) Violation of the Commodity Exchange Act or CFTC regulations; or
- (5) Failure to exercise supervisory responsibility in violation of the Rules of the Exchange, the rules of other self-regulatory organizations, the Commodity Exchange Act or CFTC regulations with respect to activities that involved fraud, deceit or conversion.

A Member who serves on any of the committees listed in Rule 300.B. shall inform the Exchange if he or she is currently ineligible, and shall immediately inform the Exchange if he or she later becomes ineligible, to serve on such committees under the standards set forth above with respect to disciplinary offenses. Violation of this rule may be a major offense.

### **400. GENERAL PROVISIONS**

The Board has adopted rules, and from time to time adopts amendments and supplements to such rules, to promote a free and open market on the Exchange, to maintain appropriate business conduct and to provide protection to the public in its dealings with the Exchange and its Members. The Board has created committees to which it has delegated responsibility for the investigation, hearing and imposition of penalties for violations of Exchange rules. The Board has also delegated responsibility for the investigation and imposition of penalties for violations of Exchange rules to Exchange staff as set forth in the rules. The delegation of such responsibility and authority shall in no way limit the authority of the Board with respect to all rule violations.

For purposes of Chapter 4, the term "Member" shall mean: 1) individual members and clearing members of the Exchange, including retired members with

floor access privileges and individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members of the Exchange (including, but not limited to, related parties of Rule 106.l. firms in regard to their Exchange related business); 3) guaranteed introducing brokers of clearing members of the Exchange, Exchange permit holders and any person or entity that has been granted cross-exchange trading privileges; and 4) employees, authorized representatives, contractors, and agents of any of the above persons or entities, in regard to the Exchange related activities of such employees and agents.

Members are deemed to know, consent to and be bound by all Exchange rules. Former Members shall be subject to the continuing jurisdiction of the Exchange, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Member.