



20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.1000 *tel*
312/466.4410 *fax*

September 20, 2004

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

**RE: Rule 300
Submission No. 04-93**

Dear Ms. Webb,

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has approved certain changes to CME Rule 300. Chapter 3 of CME's Rulebook discusses procedures associated with the committee process at the Exchange. The provisions in Chapter 3 pertain to Board level committees and non-Board level committees. In an effort to conform the quorum and voting procedures of the Board level committees of CME Inc. to those of CME Holdings, certain non-substantive changes were made to Chapter 3. Specifically, CME Rule 300.B. (Board Level Committees) and CME Rule 300.C. (Non-Board Level Committees) now exist as separate paragraphs that clarify the procedures for these two levels of committees. The revised Chapter 3 is attached.

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

**CHAPTER 3
EXCHANGE COMMITTEES**

300. COMMITTEES

300.A. General Provisions

The Board shall establish from time to time Board level committees as defined in the bylaws and non-Board level committees necessary to conduct the business of the Exchange.

Every committee of the Exchange must have a chairman or co-chairmen. For purposes of these Rules, each co-chairman shall have the powers and duties of a chairman if acting in the capacity of a chairman. The chairman or co-chairmen may either be members of the Board, if required by the Rules or applicable committee charter, Members of the Exchange, or non-members. The Chairman of the Board may appoint vice-chairmen or alternate chairmen to each committee. All meetings shall be called upon request of the chairman of the committee. In the absence of the chairman or a co-chairman, the function of that office shall be performed by a vice-chairman or an alternate chairman and may be performed by the Chairman of the Board.

Meetings shall be conducted according to established procedures of the Exchange, its bylaws or committee charter, as applicable. In the absence of established procedures, or in case of dispute, Robert's Rules of Order may be consulted as a guide. Voting by proxy at committee meetings shall not be permitted.

300.B. Board Level Committees

The duties of Board level committees are to establish plans for the strategic direction of the Exchange, develop regulatory policy, advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules and/or in their charter. The Board may refer to a committee any matter within the committee's jurisdiction, and it shall be the duty of the committee to meet, consider the matter and make a complete report to the Board.

A quorum of a Board level committee shall consist of a majority of the members of the committee. All members of a Board level committee shall be entitled to vote.

300.C. Non-Board Level Committees

The duties of non-Board level committees are to conduct investigations and hearings and advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules, in their charter or by the Board. The Board may refer to a committee any matter within the committee's jurisdiction and it shall be the duty of the Committee to meet, consider the matter and make a complete report to the Board.

The Chairman may appoint Members and non-members to all non-Board level committees to serve during the Chairman's term of office and until new committees are appointed and approved. The Chairman may at any time remove any member of a committee, with or without cause, and all vacancies shall be filled as in the case of an original appointment.

Unless otherwise provided in the Rules, a quorum of a non-Board level committee shall consist of a majority of the members of a committee or a committee panel, excluding the vice-chairman, if any. The chairman of a non-Board level committee, or another individual acting in the capacity of the chairman, may vote only to make or break a tie vote unless otherwise provided in the Rules.

No more than one member of a single broker association may serve on an adjudicatory committee.

300.D. Disqualification from Certain Committees and Governing Boards

A Member is ineligible to serve on the Board of Directors or any Board level committee; the Clearing House Risk Committee; the Business Conduct Committee; the Probable Cause Committee; any Pit Committee; the Pit Supervision Committee and the Arbitration Committee if:

(1) within the prior three years (or within the prior five years in the case of major Exchange rule violations), such Member: (a) was found by a final decision of a self-regulatory organization, administrative law judge, court of competent jurisdiction or the CFTC, to have committed a disciplinary offense (as defined below); (b) entered into a settlement agreement where the findings or, if none, the acts charged included a disciplinary offense; or (c) has had his CFTC registration revoked or suspended or has been convicted of a felony listed in §8a(2)(D)(ii)-(iv) of the Commodity Exchange Act; or,

(2) such Member currently is subject to: (a) an agreement with the CFTC, SEC or any self-regulatory organization not to apply for registration or membership; (b) a trading ban, suspension or expulsion from any self-regulatory organization; (c) any sentence of probation or owes any portion of a fine imposed pursuant to (1)(a) or (b) above; (d) a denial, suspension or disqualification from service at any securities industry self-regulatory organization; or (e) a CFTC or SEC registration revocation or suspension.

300.E. 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: (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.D. 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.

(End Chapter 3)