



Chicago Mercantile Exchange

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

O.F.C. OF THE SECRETARIAT

2006 AUG -9 AM 11:36

RECEIVED
R.F.T.C.

August 8, 2006

Ms. Eileen Donovan
Acting Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: CME Rule 408.C. ("Conduct of Hearings – Settlement Offers")
Submission No. 06-69**

Dear Ms. Donovan:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has approved amendments to Rule 408.C. to clarify that settlement offers unsupported by the Market Regulation Department may not be submitted to a Panel of CME's Business Conduct Committee for consideration prior to the issuance of charges by CME's Probable Cause Committee. Previously the rule did not clearly state that unsupported settlement offers cannot be submitted to the Business Conduct Committee prior to the issuance of charges by the Probable Cause Committee.

The Exchange certifies that this program 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) 338-2861.

Sincerely,

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

enc.

408.

CONDUCT OF HEARINGS

[Sections A and B are unchanged.]

408.C. Settlement Offers

A respondent that is the subject of an investigation or charges may submit for consideration by the Panel a written offer of settlement in disposition of such investigation or charges. A respondent may submit a settlement offer without admitting or denying the rule violations upon which the penalty is based; provided, however, that an offer must include a consent to entry of findings by the Panel regarding the conduct and rule violations at issue and to the penalty to be imposed.

If the Market Regulation Department does not oppose the respondent's offer of settlement, the respondent's written offer of settlement and the Market Regulation Department's supporting statement shall be submitted to the Panel for consideration.

If the Market Regulation Department opposes the respondent's offer of settlement, then following the issuance of any charges by the PCC, the respondent's may submit a written offer of settlement and the Market Regulation Department's written opposition shall be submitted tofor consideration by the Panel for consideration. In considering whether to accept the respondent's offer, the Panel shall examine the respondent's written offer of settlement, the Market Regulation Department's written opposition thereto, and the investigation reportevidence presented to the PCC with respect to such matter.

[The remainder of the Rule is unchanged.]