



Special Executive Report

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

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

S-4168

November 18, 2004

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS APPROVES MODIFICATIONS TO CME RULE 508 ("GIVING AND RECEIVING OF GRATUITIES"), EFFECTIVE IMMEDIATELY

On November 8, 2004, the Executive Committee of the Board of Directors ("Committee") approved modifications to CME Rule 508 ("Giving and Receiving of Gratuities") which currently prohibits a member, member firm, broker association or trading group (or employees thereof) from giving a gift or gratuity to an employee of another member, member firm, broker association or trading group unless the receiving employee's employer has an established written internal policy relating to the receipt of such gifts and gratuities.

CME's existing rule is less restrictive than the rules of the National Association of Securities Dealers ("NASD") and the New York Stock Exchange ("NYSE"), which prohibit the giving of gifts and gratuities in excess of \$100 per individual per year. Given that many CME clearing member firms are also registered as broker/dealers, the disparity between CME Rule 508 and the rules of the NASD and NYSE has, for some of these firms, become problematic. In order to simplify and clarify the restrictions to which members and member firms are subject and to provide consistency with the restrictions imposed by the NASD and NYSE, the Committee approved a recommendation by the Market Regulation Department to modify CME Rule 508 to adopt a \$100 per individual per year limit on the amount of such gifts and gratuities.

The amendments to CME Rule 508 appear below, with additions underscored and deletions overstruck.

508. GIVING AND RECEIVING OF GRATUITIES

A member, member firm, broker association, trading group or an employee of such may not directly or indirectly give to any employee of another member, member firm, broker association or trading group any gratuities or gifts with an aggregate market value in excess of \$100 within any twelve-month period.

This rule applies notwithstanding any firm policies that allow for gifts in excess of \$100, and the requirements of this rule apply to both the providers and the recipients of such gifts and gratuities. Violation of this rule may be a major offense.

The amendments are effective immediately. If you have any questions, please contact Mr. Eric S. Wolff, Managing Director, Regulatory Affairs, at 312.930.3255 or Mr. Timothy McDermott, Director and Compliance Counsel, Market Regulation, at 312.648.5433.