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July 18, 2007

Ms. Eileen Donovan
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CME Regulatory Advisory, RA-07-04
Submission No. 07-54**

Dear Ms. Webb:

CME Group Inc. ("Exchange") hereby notifies the Commission that the Exchange has issued a regulatory advisory to Chicago Mercantile Exchange Inc. ("CME") Market Users regarding CME Rules 539 and 432.D, in the context of options trading and options spread trading. A copy of this regulatory advisory is attached.

The Exchange certifies that this regulatory advisory 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 contact Robert Sniegowski, Associate Director, Regulatory Programs at (312) 648-5493 or me at (312) 930-2041.

Sincerely,

/S/ Richard H. Lamm
Managing Director, Regulatory Counsel

SMS/elm/6229 Sub 07-54

Regulatory Advisory

TO: CME Market Users RA-07-04

FROM: CME Market Regulation Department

DATE: July 17, 2007

SUBJECT: **CME Rules 539 and 432.D.**

Recently, questions have arisen in the context of options trading and options spread trading, particularly with respect to transactions involving deep-in-the-money options, concerning whether members may buy and sell the same options spread at the same price with the same opposite parties within the same trading day.

CME Rules are intended to foster open and competitive trading of options, even when members may, over time in separate transactions, buy and sell particular options at the same price with the same opposite parties; however, CME Rules do forbid the making of trades that are prearranged and noncompetitive. In instances where a trade is made with the understanding that the members who are parties to that trade will subsequently enter into an equal and offsetting trade, those contingent trades may be considered prearranged trades and, as such, are not permitted under CME Rules 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") and 432.D. ("to create or report a false or fictitious trade").

In the trading of options or options spreads that involve options contracts that are deep in the money, members are advised that when such trades are made in equal and opposite quantities opposite the same party, at the same price, on the same trade date, those characteristics may be noted as indicators of wash trades or prearranged trades, and the trades may be violative of Exchange rules. In particular, members should be aware that the above-cited rules preclude parties from entering into contingent options transactions intended to allow each party to both buy and sell the same options contracts and then same-day exercise the long side of the transactions while holding open the remaining short position.

If you have any questions concerning Rules 539, 432.D. or this Advisory, please contact Eric Wolff, Managing Director, Regulatory Affairs, at 312/930.3255; Timothy McDermott, Director and Compliance Counsel, at 312/648.5433; or Kathleen Zaino, Associate Director, at 312/930.2341.