

January 9, 2009

**VIA ELECTRONIC SUBMISSION AND OVERNIGHT DELIVERY**

Ms. Florence Harmon  
Acting Secretary  
U.S. Securities and Exchange Commission  
100 F Street N.E.  
Washington, D.C. 20549

**Re: File No. SR-CBOE-2008-127**

Dear Ms. Harmon:

NYSE Euronext appreciates the opportunity to comment on the Chicago Board Options Exchange's ("CBOE") proposal to eliminate the \$3 underlying price requirement for continued listing and the listing of additional series. As the operator of two options exchanges, NYSE Arca Inc., and NYSE Alternext US LLC, we applaud efforts to provide investors with greater opportunities and improved tools to manage risk.

NYSE Euronext agrees with the CBOE that the current restrictions may have a negative impact on investors, and that the inability to list a series below \$3, despite investor demand for such a product, has a detrimental effect on an investor's ability to limit or manage risk. However, NYSE Euronext believes that CBOE's proposal is not complete, as it does not encompass certain provisions that are otherwise necessary in order to offer a meaningful opportunity for the investing public to manage their risks.

NYSE Euronext believes that provisions similar to the following should be added in order to make the proposal meaningful to investors:

- Strike intervals for underlying securities trading at \$5 per share or below should be \$.50, but strike prices more than \$3.00 from the underlying price per share should not be added. Without this provision, exchanges cannot list in-the-money calls, and the relative distance between strikes in comparison to the price of the underlying security makes risk limitation and complex strategies difficult.
- Options for all underlying securities trading below \$5 per share should be added to the Penny Pilot. At such low prices, the minimum price variation in the options relative to the price of the underlying security would exacerbate the discontinuity in option prices



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as the price of the underlying security moves: for example, a \$.05 movement in an option price is two percent of the underlying security price when the underlying is trading at \$2.50, compared to a \$.10 MPV which is one-half of one percent of a \$20 security.

NYSE Arca Inc. and NYSE Alternext US LLC each intend to file a proposal similar to the CBOE's but with the added provisions outlined above. Without provisions such as these, we believe the present proposal, although seemingly a good start, will not offer investors a meaningful opportunity to best manage their risk.

We appreciate the Commission's consideration of our comments. If the Commission or its Staff has any questions, please feel free to contact Edward Boyle, at (312) 442-7662, Peter Armstrong, at (415) 393-4232, or Andrew Stevens, at (312) 442-7632.

Sincerely,

A handwritten signature in black ink that reads "Janet M. Kissane". The signature is written in a cursive style with a large, looping initial 'J'.

Janet M. Kissane  
Senior Vice President - Legal  
Corporate Secretary

cc: E. King, Division of Markets and Trading  
H. Seidel, Division of Markets and Trading