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Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090
Attention: Nancy M. Morris, Secretary

RE: **File No.: SR-CBOE-2006-106**

I am writing as a CBOT shareholder, former member of the CBOT Board of Directors, former member of the CBOE, former market maker on the floor of the CBOE, a former and current Partner/Director/Senior Executive of several Wall Street firms, and, currently, an Institutional Option Specialist working with global customers. I wish to express my opposition to the proposed rule change SR-CBOE-2006-106.

Thirty-five years ago a visionary group of CBOT members took a proven business concept, price discovery in an open-outcry auction market, and applied this elegant business model to trading equity options. These entrepreneurs saw a new concept which they believed had big potential. They developed a solid business plan, hired smart and aggressive business people to implement the plan, raised the necessary risk capital, and then opened for business. They made markets in a product that at the time had limited acceptance and was virtually unknown to most of the investment community. They risked their own capital to provide liquid and transparent markets and took time away from their far more lucrative careers in the commodity pits to build this nascent market place. These hardy souls saw the potential of commoditizing a market, which in turn would revolutionize capital markets and produce the largest transformation in the management of risk to date. The rest, of course, is history.

This new entity, the CBOE, exploded in volume and brought new participants to the equity and derivatives marketplace from throughout the investment community. The founding CBOT members motive was to create a new risk management tool to trade when the more traditional commodities markets were quiescent. The CBOT membership carefully included verbiage in the CBOT by-laws specifying their CBOE property rights

via an exercise right to the CBOE, conferring full trading rights and membership privileges to an exercising CBOT member on the CBOE. CBOE members have been in full accord with this position until very recently. What has altered the CBOE's perspective is the wave of demutualizations and IPOs that has swept through the exchange community, bringing wealth to the exchanges and to its former members. The CBOE would like to join the party and demutualize followed by either an IPO or a combination with another exchange. However, the CBOE is unable to respond to Wall Street's demand for an accurate count of its memberships: CBOE would like to believe this number is simply the sum of its CBOE memberships: while according to the CBOT, the CBOE membership consists of ALL CBOE MEMBERS PLUS ALL CBOT MEMBERS – thus diluting whatever wealth may be obtained through an IPO or combination with another exchange by approximately 50%. The CBOE wishing to aggrandize the interests of its membership proposes to extinguish the CBOT Exercise Right, invalidating in the process both the established rules of both exchanges and the intent of the Founding Fathers of the CBOT. With the fruition of an idea pioneered by the CBOT and its membership, the CBOE has now taken the position, without legal basis, that the reward of this enterprise belongs to CBOE's members alone: To wit: "Thanks for getting us started CBOT, but now that there's a lot of money involved – get lost!"

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In conclusion, the CBOE exercise right was clearly established in the by-laws of the CBOT. The exercise right was supported and understood by the CBOE throughout its development. It is only with the wave of exchanges demutualizing and the anticipated "big payoff" to its members that the CBOE wishes to change the rules of the game in the middle of the game. CBOE's attempt to extinguish the rights, privileges and equity participation of the CBOT members is based purely on financial self-interest without respect to history or the exchanges inalterable legal relationship to the CBOT. I believe that common sense and the clear intent of the founders of the CBOE dictates that the resolution of the value of the exercise right is most appropriately resolved not by a Regulatory Agency -- the SEC --but by a court of law, where the CBOE's position will be found unwarranted and without merit.

Thank you for your consideration. Should you have additional questions, you may contact me at my office in Chicago, 312-604-8460.

Respectfully submitted,

Veda Kaufman Levin