

KARL G. ESTES
 945 PONTE VEDRA BLVD.
 PONTE VEDRA BEACH, FLORIDA 32082
 PHONE - (904) 285-3351
 FAX - (904) 285-2199



February 20, 2007

Ms. Nancy M. Morris, Secretary
 Security and Exchange Commission
 100 F. Street, NE
 Washington, DC 20549-1090

Subject: File No. SR-CBOE-2006-106

Dear Ms. Morris:

I have been a full member of the Chicago Board of Trade since 1962. My membership is an asset, one of the components of this asset is "Exercise Rights Privilege", ERP, which allows full CBOE members a CBOE membership and trading rights on that exchange. There is no reason for me to herein review the known positions of all parties involved in this controversy. I do wish to respectfully submit for your consideration an aspect that I have not seen raised or reviewed. To wit: Some months ago the CBOE assembly agreed to buy any and all the outstanding ERP's at their arbitrary price of \$100,000.00. It is my understanding that they were successful in acquiring approximately one, (1), percent of those ERP's. Subsequently a free market developed. That market has revealed a value up to \$175,000.00 per ERP in numerous transactions, obviously the CBOE correctly assessed considerable value in ERP's but they were unsuccessful in their mission to acquire and retire approximately ninety nine, (99), percent of the outstanding ERP's. Subsequently after the announced planned merger of the CME and the CBOE, the CBOE created the nebulous theory that this merger would void the ERP that has been a recognized contractual guarantee for approximately thirty five, (35), years. Please recognize the long time charter and contractual legal right that CBOE Full Members have for access and trading on the CBOE. Further I submit that we have the right to share equally in any distribution stemming from the planned demutualization of the CBOE. I appeal to you to reject this blatant attempt to void a long existing contractual agreement. Other wise CBOE members would be enriched at the expense of full CBOE members. If such is allowed that would be nothing less than disgraceful extortion.

Respectfully,
 Karl Estes