

Michael Floodstrand
Merrill Lynch Clearing
440 South LaSalle Street, 34th Floor
Chicago, IL 60610-4764

February 14, 2007



Sent via U.S. mail

Nancy M. Morris
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 50549-1090

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

Dear Ms. Morris:

My name is Michael Floodstrand, and I am a member of the Chicago Board Options Exchange, Inc. (the "CBOE"). I am writing you today with respect to File No. SR-CBOE-2006-106, and I write to ask you to deny the proposed rule change for the reasons set forth in this comment letter.

I became a member of the CBOE by exercising the same exercise right that the CBOE now seeks to unilaterally eliminate through its rule change. In other words, I am a Full Member of the Board of Trade of the City of Chicago ("Board of Trade"), and I exercised the right that had been granted to all Board of Trade Full Members in the CBOE's original Certificate of Incorporation. Since the time when I exercised my contractual right, I have been trading on the CBOE, paying CBOE dues and technology fees, receiving materials and information distributed solely to CBOE members, and enjoyed the same voting rights as other CBOE members. For all intents and purposes, therefore, I have enjoyed the same rights, and have been responsible for the same obligations, as CBOE "regular" members. As a result, contrary to the CBOE's proposed rule change, I have just as much of a right to share equally in any CBOE demutualization as any other CBOE member. CBOE's proposed rule change is representative of CBOE's efforts to unilaterally take the contract rights of CBOT Full Members without any compensation and to thereafter sell the CBOE entity to enrich others. I am not looking to prevent the CBOE from undertaking its own demutualization. I just want my contractually-given right to an equal share in that demutualization.

The CBOE's proposed rule change is also a violation of my contractual rights to access the CBOE. The CBOE's rule change proposes to extinguish my properly exercised right and instead create a new, previously non-existent, financial burden and risk to me to remain an active member of the CBOE. This is in direct violation of my contractual rights under the CBOE's Certificate of Incorporation and subsequent agreements interpreting those rights to, upon exercise, freely access the CBOE without obtaining a separate CBOE membership. In this way as well, the CBOE seeks to unilaterally take the contract rights of CBOT Full Members without any compensation.

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For each of the reasons stated above, I believe the SEC should disapprove the CBOE's proposed rule change, File No. SR-CBOE-2006-106.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Floodstrand". The signature is written in black ink and is positioned above the printed name.

Michael Floodstrand