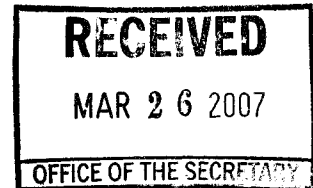




132  
6600 SEARS TOWER  
CHICAGO, ILLINOIS 60606  
t 312.258.5500  
f 312.258.5600  
www.schiffhardin.com

Michael L. Meyer  
312-258-5713  
mmeyer@schiffhardin.com

March 19, 2007



Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

**Re: File Number: SR-CBOE-2006-106**

Dear Ms. Morris:


We write on behalf of the Chicago Board Options Exchange, Incorporated ("CBOE") in response to the March 15, 2007 letter that was sent to the Commission by the Chicago Board of Trade ("CBOT"). In its letter, CBOT asserts that a letter from the Delaware Court of Chancery regarding the briefing schedule on CBOE's pending motion to dismiss and on CBOT's pending motion for partial summary judgment represents a development "that further support[s] CBOT's position that the SEC should not approve" CBOE's proposed rule change in SR-CBOE-2006-106. CBOT's letter also suggests that CBOE was attempting to improperly delay the Delaware action and asserts that the Delaware Court "has demonstrated that it intends to bring the Delaware Action to an early decision." All of these assertions are unfounded.

Contrary to CBOT's assertions, CBOE has not sought to delay the Delaware proceedings. Instead, CBOE merely suggested that briefing should proceed first on its dispositive motion to dismiss, because the Court first should determine the threshold issue of its power to decide the merits of the case. In particular, the motion argues that CBOT's challenge of CBOE's proposed rule change is preempted by federal law, which grants the Commission exclusive jurisdiction to resolve issues of membership in CBOE and the proper interpretation of CBOE's rules. CBOE's scheduling suggestion was premised on efficiency, not delay – because, if the Court grants CBOE's motion to dismiss, the parties would be spared the unnecessary expense of briefing the fact-intensive issues raised in CBOT's motion for partial summary judgment.

While the Delaware Court ultimately determined that briefing on both motions should proceed simultaneously, the Court did not find that CBOE was improperly trying to delay the Delaware proceedings. Moreover, when addressing that scheduling issue, the Delaware Court certainly did not suggest that it had decided to reach the merits of the underlying dispute about the proposed rule change. The Court simply decided to have all issues *briefed* at once, without in any way deciding that it would *reach* the substance of all issues. Of course, CBOE's position is that the Court is preempted from addressing the underlying merits of the proposed rule change. Because the Court agreed that this issue needs to be briefed and considered, it is manifestly incorrect to suggest that the Court's scheduling order "demonstrated that it intends to bring the Delaware Action to an early decision" on the merits.

Nancy M. Morris  
March 19, 2007  
Page 2

In sum, rather than providing “further support” for CBOT’s position that the Commission should not approve CBOE’s proposed rule change, CBOT’s March 15 letter is nothing more than a continuation of CBOT’s misguided attempts to convince the Commission to “defer” its consideration of CBOE’s properly filed proposed rule change. The Commission already implicitly denied that request when it published the proposed rule change for public comment. Comments have been received from interested parties, and CBOE is in the process of analyzing those comments for appropriate response. For the reasons stated in CBOE’s January 12, 2007 letter to the Commission, CBOE respectfully requests that the Commission continue to act on SR-CBOE-2006-106 and to deny CBOT’s effort to delay or avoid the Commission’s consideration of that filing.

Sincerely,  
  
Michael L. Meyer

MLM:mcb

cc: The Honorable Christopher Cox, Chairman  
The Honorable Paul S. Atkins, Commissioner  
The Honorable Roel C. Campos, Commissioner  
The Honorable Kathleen L. Casey, Commissioner  
The Honorable Annette L. Nazareth, Commissioner  
Brian G. Cartwright, Esq., SEC General Counsel  
Elizabeth King, SEC  
Janice Mitnick, Esq., SEC Assistant General Counsel for Market Regulation  
Katherine England, SEC  
Richard Holley, SEC  
Johnna Dumler, SEC  
Charles M. Horn, Mayer, Brown, Rowe & Maw LLP  
Gordon Nash, Counsel for Plaintiff Class in the Delaware Action