

February 18, 2007

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

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

Dear Ms. Morris,

With the financial support of two older brothers, I bought a membership on the CBOE in early 1974, shortly before its first anniversary as an exchange. I remember so well my first day on the trading floor, a smoke filled room adjacent to the big floor of the CBOT. I was scared out of my wits. Arms were flailing and traders were screaming. As difficult as it was, I composed myself enough to make two trades at the IBM post. One buy, one sell. Lost \$25 for the day. This began a trading career that would span over thirty years. Such excitement! I was so proud to be a member.

When I arrived home that night, I told my wife, Nancy, about my exciting day. With no money and two small children to feed, she was quite concerned about our survival in this new business, to say the least. We talked into the night and she asked me many questions. One I recall was, "How do you know who you traded with and will that person own up to the other side." The next day I asked that same question and was told that your word was your bond and if you broke that code, nobody would trade with you. That answer became the linchpin for the industry. If two traders disagreed on a price or an amount, they would negotiate a settlement on their own. If that wasn't possible, the next step was to take the case to the CBOE Arbitration Committee which clearly espoused that a trade was a trade and if you went back on your word, you would be fined. Integrity was paramount in this business. Along with so many of my colleagues, I let that lesson dictate my trading practices through the remainder of my career.

In 1979, I sold my CBOE Membership and bought a CBOT seat because I was advised that the CBOT Membership not only gave its members full privileges but, that it also gave full CBOE member privileges to those who exercised that privilege. Because the CBOT created the CBOE, all CBOT members were given a perpetual right to exercise and become CBOE members at any time. My decision was made for many reasons but, most importantly, because the CBOE guaranteed that exercise right in its Charter.

For many years, I enjoyed the dual trading advantages of owning a CBOT membership. I had access to multiple trading arenas and could move from market to market as the economy changed. Since I have retired, I lease that privilege to another CBOE trader and rely on that income for support.

Now the CBOE has asked the SEC to extinguish that exercise right. Its management claims that the exercise right is a rule and not a contract. The institution that taught me

that my word was my bond no longer wants to keep its word. Promises were made and written in stone. The CBOE put that promise in writing when it put its word in its Charter and reaffirmed its guarantee in numerous contracts with the CBOT since its creation.

Look at the facts. The CBOT created, funded, housed and nurtured the CBOE into existence. It did so without asking for dividends, return of capital or a percent of its income. What it did ask for and was granted in the CBOE Charter was that each CBOT member had the right to exercise and become a CBOE member in perpetuity.

Now this great institution, the CBOE, is being run by those who weren't involved at its inception, who don't recognize the contributions of the CBOT, who don't feel those obligations and only see dollar signs for themselves. Yet, they risk tarnishing forever the precise institution that they serve.

Shame on the CBOE management for going back on its words of thirty years. Shame on those who feverishly look for legal loopholes to break thirty year promises. Shame on those managers for being so arrogant as to ask the U. S. Government (SEC) for permission to go back on its word. Shame on them for being so bold as to ask the SEC to validate their deceit.

What good is a Charter if sharp lawyers can be allowed to manipulate its words and blur its original intent. We all know the truth. Now it's only a matter of which side to stand on. I am betting that integrity wins.

Respectfully submitted,

Nicholas M. McBride
Member, Chicago Board of Trade
Member, Chicago Board Options Exchange