

October 16, 2007

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

**Re: Release No. 34-56492; File No. SR-CBOE-2007-106;  
CBOE Proposed Rule Change Relating to CBOE Rules Governing  
Doing Business with the Public**

Dear Ms. Morris:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> Options Committee and Self-Regulation and Supervisory Practices Committee appreciate the opportunity to comment on the above-referenced rule proposal submitted to the Securities and Exchange Commission (“Commission”) by the Chicago Board Options Exchange (“CBOE”).

SIFMA fully supports this long-awaited proposal which makes several important modifications to the required options supervisory structure and that are designed to enhance overall supervision and compliance. The proposal would eliminate the need for separate designations of the Senior Registered Options Principal (“SROP”) and Compliance Registered Options Principal (“CROP”) functions and instead assimilate them into the overall supervisory and compliance programs of the member firms. The rule change would also, among other things, permit options discretionary accounts to be supervised in the same manner as other discretionary securities accounts and would eliminate the same-day approval requirement for discretionary options orders. This latter change will allow firms to establish a risk-based approach to the approval of discretionary options orders.

SIFMA fully supports the rule proposal and appreciates the CBOE’s efforts to create a more effective and beneficial supervisory structure. We agree with the CBOE that the options markets have evolved such that firms no longer need separate supervisory

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<sup>1</sup> The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

positions from those covering other securities activities and that this proposal will enhance supervision of options accounts.

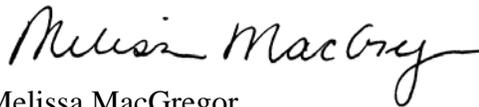
We do, however, request that the SEC and CBOE clarify how this rule change would affect compliance with NASD Rule 2220 (Options Communications with the Public) and CBOE Rule 9.21 (Communications with Customers) which require CROP approval for options-related communications with the public.

We also request that the SEC slightly modify proposed CBOE Rule Interpretation 9.2.02, which requires that for “individuals who are delegated responsibility pursuant to Rule 9.8 for the acceptance of discretionary accounts, for approving exceptions to a member organization’s criteria or standards for uncovered options accounts, and for approval of communications” must be Series 4 Registered Options Principals. We believe that at least for the acceptance of discretionary accounts, that this function can be done by a Branch Office Manager who has a Series 8 or 9/10. There is no substantive difference between the supervisory approval of discretionary options accounts versus discretionary non-options accounts. In both cases, a Series 8 or 9/10 qualified supervisor should be permitted to review and approve such accounts. The Series 4 is not needed for such acceptance. We thus request that the SEC modify the interpretation to Rule 9.2 and permit a Series 8 or 9/10 to approve discretionary options accounts.

Furthermore, SIFMA urges the New York Stock Exchange (“NYSE”) and the Financial Industry Regulatory Authority (“FINRA”) to adopt a corresponding changes with regard to the supervisory structure under NYSE Rules 722 and 724 and FINRA Rule 2860(b)(18). We also request that the SEC encourage the American Stock Exchange (“AMEX”) to amend its Rule 924 along the same lines. Having a consistent supervisory structure for members of NYSE, FINRA, AMEX and the CBOE would reduce unnecessary burden on the member firms.

If you have any questions, please contact me at 202-434-8447.

Sincerely,



Melissa MacGregor  
Vice President and Assistant General Counsel

cc: Elizabeth King, Associate Director, Division of Market Regulation, SEC  
Amal Aly, Managing Director & Associate General Counsel, SIFMA