Office of the Superintendent of Financial Institutions Canada | Bureau du surintendant des institutions financières Canada

January 7, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
Station Place
100 F Street NE
Washington, DC 20549-1090

Re: File Number SR-CBOE-2009-087

Dear Ms. Murphy:

We recently became aware of the noted filing with the Securities and Exchange Commission ("SEC") made by the Chicago Board Options Exchange ("CBOE"). Although we do not feel comfortable making comments on the particular proposal put forth by the CBOE, we would like to provide some information related to variable annuity products that the SEC may find helpful when considering the CBOE's submission.

Variable annuities are sold to retail investors by life insurance companies operating in the United States, Canada and other jurisdictions. These products offer guarantees of varying complexity based on the performance of particular investments or securities such as equities over extended periods of time.

Life insurance companies with large variable annuity businesses can face challenges managing and mitigating the equity and related risk exposures associated with variable annuity products. One such challenge is the availability of longer-dated instruments for hedging.

OSFI believes that the development of deeper and more liquid markets in longer-dated financial derivatives would be beneficial to variable annuity writers. Such a development would likely increase the tools available to manage variable annuity risk and provide writers additional information about the risks that are embedded in the variable annuity products they sell.

Yours sincerely,

Mark E. White
Assistant Superintendent
Regulation Sector

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