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June 15, 2007

Via Electronic Mail

Ms. Eileen A. Donovan
Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Certifications by HedgeStreet to List
Options on Corporate Earnings and Revenues

Dear Ms. Donovan:

This letter is submitted by Chicago Board Options Exchange, Incorporated (“CBOE”), in response to the certifications filed by HedgeStreet, Inc. (“HedgeStreet”) dated May 10, 2007 to introduce new classes of options on the quarterly earnings per share and quarterly revenues of specified public issuers of securities (the “HedgeStreet Products”). For the reasons set forth below, CBOE believes that the HedgeStreet Products are options on securities and are therefore outside the Commission’s jurisdiction.

First, the definition of a security under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”), with respect to options, is not limited to options that provide for physical delivery of a security or that are based on the value of a security. These definitions under the federal securities laws have been adopted and codified in Section 2(a)(1)(C)(i) of the CEA and encompass any option “on” a security or group or index of securities, including (but not limited to) an option on any interest therein or based on the value thereof. Therefore, if a derivative is an option, and it is “on” a security, even if it does not provide for delivery of the security or for payments based on the value of the security, the option is itself a security. In this regard, the Securities and Exchange Commission (“SEC”), in its approval of CBOE’s proposal to list credit default options, concluded that the definition of a security includes “options whose pricing in the secondary market moves in relation to the value of the underlying security or securities of the option in question. Thus the fact that the payout of a cash-settled option will not increase or decrease based on the price movement of the underlying security of that option is not dispositive.” SEC Release No. 34-55871 (June 6, 2007), 72 FR

32372 (June 12, 2007). CBOE believes that these conclusions are equally applicable to the HedgeStreet Products.

Second, the HedgeStreet Products are options “on” securities within the meaning of the Securities Act and the Exchange Act and under the standards articulated by the SEC. The payment obligations under the options can only be determined by reference to specific issuers, the options relate to specific measures of the performance of the issuers and their securities and the options are therefore directly related to such securities. HedgeStreet argues that earnings and revenues are not necessarily correlated with an issuer’s stock price. While this may occur from time to time, it does not diminish the fact that earnings and revenues generally are correlated to price and constitute the most widely used measures of corporate and stock performance. CBOE believes that it is incorrect to say that earnings and revenues of a particular issuer are merely “information” that is not connected to the issuer’s securities. In fact, in the release referred to above, the SEC concluded that CBOE’s proposed credit default options are “on” securities because of the relationship and correlation between the options and securities of an identified issuer. In this respect as well, the SEC’s conclusions are applicable to the HedgeStreet Products.

Lastly, CBOE believes that trading of the HedgeStreet Products under the Commission’s jurisdiction would fall outside the Securities Act and the Exchange Act, including the antifraud provisions of those statutes that prohibit insider trading.

CBOE appreciates the opportunity to provide these comments. Should you require any further information, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in blue ink that reads "Joanne Moffic-Silver / JMS".

Joanne Moffic-Silver