08-9
32

Commodity Futures Trading Commission
attention: Office of the Secretariat

11/17/08

Subject: ``Proposed Rules for Trading Off the Centralized Market."

COMMENT

To Whom it May Concern

I have been an option trader for over 15 years and still trade on the floor as I execute orders for my customers. There is a major problem arising on our exchange. It is the implementation of the block trading system. While I might agree that this procedure has some merits for electronic future trading, it not only doesn't work for the option market; block trading is a major destructing force for trading our markets as we know it. Let me explain.

Trading as we know it. We, the traders, and not Board members who have no experience in commodities. Their goal, as any corporation, is to raise the stock price for the share holder and not help the actual end user. Such an example is the extending of trading hours that does not raise volume. It only extends periods of inactivity and illiquidity ultimately forcing and spooking participants away. Block trading is worse.

Block trading in options at any volume is a mistake. The option market is where "size" orders can be traded at one current price very easily. There is no limit to the amount of contracts or number of trade combinations that can be executed in an options market. The futures price is harder to pinpoint on large orders, especially in an electronic system, and therefore maybe necessary in executing a few thousand lots comfortably at one price. Futures, trade with limits and the options don't have limits. Option markets already trade fairly with open and competitive price discovery systems. So to use large orders or complex combinations as a reason for block trading is just an excuse. It will not raise the volume of trading.

I know trading will never be the same as it used to be as we transition to a new modernized system, but the basic principles must remain the same. Prearranged trades and non competitive trades are not the ways to entice, protect, and keep customers to the "new" system. Especially when fair price discovery was the cornerstone to assuring fair, liquid, and transparent markets.

Please re-evaluate any proposed changes in setting ridiculous limits or allowing block trading at all. At the very least, don't leave this a vague rule for all Exchanges to set as a one size fits all solution to skew near term results to the benefit of the shareholders. Instead, make it something substantial to benefit the long term health of all the markets. Make trading fair for all who participate. Remember that every commodity is different. So have a committee of trading professionals in each commodity make these decisions on what's best for their markets.

Commodity trading and investment is a necessary function in our economy. This is where we need CFTC regulation. The time to act is now. Before it's too late.

Sincerely
Jeffrey Chason