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November 14, 2008

COMMENT

TO: The Commodity Futures Trading Commission

RE: Proposed Rules for Trading off the Centralized Market

To Whom It May Concern:

My name is Daniel Vassallo and I've been a member of ICE Futures, U.S. since 2001 (pre-NYBOT). In that time I've held the position of broker, local trader, and currently options market-maker. Since I've begun here numerous and swift changes have altered the landscape of this dynamic profession, many for the better but some for worse. The intent of this letter is to address the latter, in particular, the practice of block trading.

As you are aware, block trading involves a private transaction for a large quantity of a given trading product; in my case I will use options as the example. Firstly, I feel this practice to be inherently wrong solely due to the fact that it undermines the two true constants that our open markets attempt to maintain, price discovery and market transparency. Secondly, having been exposed to these trades as a market-maker who cannot participate in these "private" transactions, I find these trades to be grossly lopsided both in fairness and reasonability. In short, in almost all block trades I've witnessed from the trading floor, either the buyer is buying the best price (which is quoted by market-makers on the floor) while the seller is selling the worst or vice versa. All trades I've witnessed were consummated at prices that could have been filled at significantly better prices had they been executed on the trading floor via the open market thereby fulfilling the duty of "due diligence" that our floor community prides itself on.

Given the minimum quantity requirements that are required for block trades to take place there are those who are calling merely for an increase in the minimum block requirement (currently 250 lots). I personally am calling for a complete abolition of the practice due to the fact that it undermines the principles of not only our agricultural markets but also the free market economy upon which this country is built. Thank you.

Sincerely,

Daniel L. Vassallo

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