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From: David Golodetz [dgolly@optonline.net]

Sent: Wednesday, November 12, 2008 7:22 PM

OFC. OF THE SECRETARIAT

To: secretary

Subject: Re: Proposed Rules for Trading Off the Centralized Market

To whom it may concern,

COMMENT

It has come to my attention that several members of the trading community on ICE's New York exchange have been communicating concerns viz a viz off-floor block trades and the detrimental effect to the health and vitality of the futures and options markets. I would like to pitch in my agreement with those folks. As a long standing participant from both on and off the floor I am concerned about the well-being of our markets. My family has been trading commodities in this country since 1926 and has always been a member of New York's (and other) major exchanges. Our companies included Primary Industries and Lonconex, large traders in the ferrous and non-ferrous physicals and futures markets and M. Golodetz & Co., a large sugar trade house. We also owned General Cocoa, a highly regarded cocoa house. Personally, I have been engaged in the futures markets since 1976, first with the sugar department in our midtown office then on the floor as a trader.

I am not familiar with the use of block trades on the futures exchanges. The pricing of physicals between trade houses and producers or end users has been facilitated by the use of AA's or EFP's once the exact price has been determined, but more often than not the pricing of whole shipments was done by buying or selling futures on the open market competing with the whole marketplace to get the best price. That's the way I thought it's supposed to work. Commonly 12,000 long ton sugar cargoes were priced by open outcry in the ring. That would be 240 futures contracts. The market handles that with ease.

I do not understand the point of allowing small lots to be defined as a "blocks". A block can be 100 lots? Why not 50 or even 10? If a block is so defined that it must traded off the floor doesn't common sense dictate that it must be so large that the open market cannot accommodate it? It defies logic that traders "upstairs" can get a better fill by executing without exercising any price discovery at all. It's likely one side is not getting the best possible price and doesn't even know it. The trade should at least be presented to the overall market. If there are no better takers the trade can still be crossed at the desired price. Arbitrarily allowing these off-floor trades is undermining the overall integrity of our markets reducing depth and liquidity to dangerous levels. We are already suffering from diminished interest largely because of the replacement of the open outcry system by electronic platforms. This is not good for all other current and potential participants.

I think we've learned from recent experiences that a lack of transparency is synonymous with abuse. These block trades are not at all transparent. The business needs to be presented fairly. To neglect to do so flies in the face of logic, invites abuse, and undermines overall market integrity. Please have a look at this issue and determine what is the best course for everyone.

Regards,

David Golodetz