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The Honorable Michael V. Dunn
Acting Chairman
Commodity Futures Trading Commission

Dear Mr. Dunn;

I am writing to you in your roll as head of the CFTC in the hope that you will consider my request. That request is that the CFTC consider banning block trading for all Greenhouse Gas Emission (GHG) contracts as defined by the Chicago Climate Exchange (CCX) and the Green Exchange.

Lest you think I am simply some disgruntled nut with a vendetta, my trading background shows that I am qualified to at least state my concerns re this practice. I am currently the Managing Member of Universal Carbon Fund (UCF), LLC, a commodity pool that trades on the CCX in GHG (carbon, So2, Reggi). I am also a member of the CME as the Managing Member of Gressel Produce LLC. I have been a member of the CME since 1976 trading for my own account as a local. During that time I've served on numerous committees, most actively those dealing with pit supervisory and floor practices. In 2005, I became a "liquidity provider" on the CCX and continue to maintain that role today through UCF.

My views on banning block trading stem from the following reasons:

1. The level field of trading and transparency, in which we take pride and consciously tout to all, is non-existent in block trading. By definition, block trading is a pre-arranged trade of which the rest of the marketplace is unaware until it becomes a "fait-accompli." As a result, there are many advantages accrued to the participants that work to the detriment of the rest of the market. For example; Party A is approached with an offer by Party B to sell a commodity below the current bid. Party A can then better the offer of Party C (who is currently making the transparent screen offer), or sell the bid of Party D (who does not see the block offer). Whichever way Party A chooses to go, both unknowing parties are at a disadvantage. Thus, these block trades are freezing out the rest of the marketplace. Both bids and offers can be, and are, violated.
2. Block trades affect the health of the market as a whole. The often quoted argument for block trading is that there is not enough liquidity. However, block trades starve the rest of the market of liquidity. This case is more so in new markets than in older, established markets. I feel that block trades are an impediment to growth because 100 cars mean more to a market when the total volume is 200 cars a day vs. 2000.
3. By its very nature block trading smacks of lack of market integrity. Because, by nature, this is a pre-arranged trade, there can be variables that are totally unrelated to actual market conditions. For instance, the perception of the old "sell me this here and I will make it up to you somewhere else" that we've worked so hard to in the past to avoid. Block trading in its purest form does not lend themselves to market integrity. At the very least, properly monitoring them would require an

additional regulatory burden that to my knowledge is currently not under consideration.

I have previously voiced my objections to the practice of block trading to representatives of the CCX where I trade. I have been told they are forced to condone and enable this practice due to competitive pressures. Although I have not spoken to anyone at the Green Exchange, I am confident I would receive an identical answer from them, as well.

It is for all these reasons, and more, that I believe block trading should be banned on all US exchanges for GHG contracts. Due to space considerations, I have merely touched the surface of my concerns over this practice, but would welcome a follow-up conversation about them. I can be reached during trading hours at 602-374-3885 or after hours on my cell at 312-543-5277 or at any time at my e-mail below.

Sincerely,
Joe Gressel
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