



Spring 1998

*Newsletter of the
Commodity Floor Brokers and Traders Association*

Previous issues...

[| Winter 1997](#) | [| Summer 1997](#) | [| Winter 1996/1997](#) | [| Summer 1996](#) |

Members: Keep All Eyes on Washington

The sentiment at the 1998 annual meeting of CFBTA was clear: KEEP ALL EYES ON WASHINGTON! Recent staff changes at the CFTC are causing tremors across trading floors in the U.S., as fines, sanctions and levies for abuses are often multiples of what they were in the recent past. And, traders argue, if a CFTC administrative decision is appealed one faces an increase in the time. On top of that, the cost of defending administrative actions can be so prohibitive that you may as well change careers.

"At some point you can never afford to question a decision," CFBTA member Richard Saitta said at the annual meeting Feb.26. "The word is coming down that you can't appeal," said another member Scott Hess, adding, "But, we need due process...the exchanges and CFBTA have to do something."

CFBTA leaders heard their members' cries, immediately taking action to plan a Washington trip to visit new CFTC officials. Among those going will be Chairman A. George Gero, Conlin Bradley and Pat O'Shea.

"The CFTC has to have some guidelines about fair fines," David Klein told fellow CFBTA members. He said that at times rookie mistakes are being punishable as though they are intentional acts of fraud. Attorneys and public directors Sam Abernethy and Jim Gargan agreed. Abernethy said, "All should be on notice....this is as new era, the numbers (amount of fines) are going way up...what used to be a registration suspension is now a revocation....the CFTC doesn't seem capable of distinguishing between minor and truly egregious offenses. Gargan added that he has seen the pendulum swing during his 20 years in the business and, "Now it's overkill...floor brokers are an easy target."

They won't be an easy target if CFBTA has any say. In the past, the group has fought to protect the livelihood of the floor brokers and traders, taking on issues such as "pro-

markets" legislation, transaction tax increases, and burdensome directives for floor brokers concerning allocations of "bunched orders."

In addition to the CFTC enforcement issues, the group recently came out in favor of futures-style margining for options (see story, page 2) and is looking into the EFP issue which the CFTC is seeking clarification on regarding non-competitive trading. Comments on the EFP issue are due at the end of March, although an extension is expected due to the breadth of the issue. For CFBTA, Abernethy, Scott Hess, Pat O'Shea and Eric Plateis will examine the EFP issue and recommend to the board what action to take.

"We're here to be the voice of the floor," said President John Hanemann. And, if attendance at their standing-room only annual meeting is an indication, CFBTA will be a mighty loud voice.

Support CFBTA

The only organization to fight for floor traders' and brokers' causes!

In the past few years alone, CFBTA has worked to:

- * Stop legislation that would have drained business off the exchanges by allowing so-called "Pro-markets."
- * Stop a CFTC requirement that floor brokers "police" bunched orders placed by CTAs.
- * Halt regulatory agency requests for higher fees.
- * Keep the open outcry system as a priority at the exchanges.

Keep the fight going!

In 1998, we are looking into unfair, and out-of-line fines and sanctions recently levied by the CFTC.

Your dues are vital to funding our trips to Washington.

Please re-new you membership or become a member of the CFBTA by filling out our [membership application](#).

Return application to:

CFBTA, CEC Box 631, 4 World Trade Center, NY, NY 10048;

CFBTA, Box 204, 1 North End Ave., NY NY 10282;

or give to a director or officer of the CFBTA.

Cast an Informed Vote!

Elections are upcoming for the boards of COMEX, NYMEX and CSCE. We urge you to not only vote, but to carefully review the candidates, their records and their dedication to the causes of the floor brokers and traders before casting your vote. In our listing of the candidates on page 2, you will note the we have designated board candidates who also belong to CFBTA with an (*) asterisk to assist in your evaluations. While belonging to CFBTA does not necessarily make the better candidate, it does show a certain dedication

and concern about floor issues. So examine, question and evaluate the candidates. Remember, the boards make decisions that can affect your livelihood for years to come.

Candidates Posted for Exchange Board Elections

Elections for the boards are upcoming at COMEX, NYMEX and CSCE. Candidates are listed below, with an (*) asterisk used to denote CFBTA members.

COMEX	
Election date: March 10	
Floor Group (Elect 1)	At-Large (Elect 2)
* Michael Tobey (TOBY)	* John Hanemann (HAN) * Charles Rasher (CR) * Roger Smith (RGR)

CSCE		
Election date: March 25		
Vice Chairman	At Large	At Large, FCM
Richard Esposito	Brian Kurtzer James A. Calcagnini	* Alfred Mascia
At Large, Coffe	At Large, Floor Trader	At Large, Floor Broker
Andreas Enderlin	Jan-Willem van den Dorpel	* E. Conlin Bradley
At Large, Cocoa	Nominating Committee	
William J. Shaughnessy	* David Klein, FCM Robert Corrado, floor * Gary Mitchell, floor Fred Ganning Jr., cocoa Paul Fisher, coffee H.Paul Garner, sugar	

NYMEX		
Election date: March 17		
(Elect 1 in each category)		
Vice Chairman	Floor Broker	Local
Albert Helmig Jr. (ALBT) * Gary Lapayover (ZERO) * David Wender (WHEN)	Stephen Ardizzone (ZONE) * Thomas Courtney, Jr. (TFC) * Richard Saitta (SAIT)	Douglas Hodgson (HODG) * Mitchell Steinhouse (STEN)
Futures Commission Merchant	Trade House	Trade House (one-year term)

* David Greenberg (DGRE) * Gary Rizzi (RAZZ)	Thomas Costantino	* A. George Gero (ANT) Jay Miller
At Large		
* Madeline Boyd (MJB) Bruce Gallo (MOMR) * William Keeney, Jr. (WLKE) * Kevin Kilbane		

Futures-Style Margining Backed for Options

Futures-style margining of options would be beneficial to the industry, CFBTA believes. In a recent comment to the CFTC, the association wrote, "The Association supports the Commission's proposal to repeal Commission regulation 33.4 (a)(2) to allow for futures-style margining of commodity options. The Association concurs with the Commission's view that asymmetrical cash flows associated with stock-style margining can create financial risk and resultant market stresses in situations where none should exist because of offsetting gains. Moreover, the reduction of such risk will in turn increase liquidity in the markets.:"

Comments on the CFTC proposal were due by March 4. After that, the CFTC staff will sculpt a final recommendation based on comments received. It appears, however, that the industry supports a rule change that would at least allow the exchange the option of either stock-style or futures-style margining. One New York exchange, CSCE, replied to the commission: "CSCE is pleased that the CFTC is proposing the repeal of Commission Regulation 33.4 (a)(2) that requires full payment of an option premium at the time of purchase. This repeal would permit "futures-style margining" of commodity options. The CSCE has been supporter of this concept dating back to its petition to repeal Reg.... in June 1982. We believe that the current margining system has created unbalanced cash flows between buyers and sellers on U.S. exchanges. ...It has also hindered market efficiency between options and their underlying futures."

Tax Preparation Requires Extra Paperwork for '97

Tax season is underway and a little extra paperwork may save traders money. Changes in the tax on capital gains are being phased in for 1997, so some trades will be taxed at the old 28% rate, and others at the new lower 20% rates.

Basically the long-term portion of trades made between Jan. 1 and May 6, 1997 will be taxed at the old 28% rate and the long-term portion of trades made after May 6 will be taxed at the maximum rate of 20%.

Alan Berk, partner with Leonard Rosen & Co. and Marvin Insler, CPA, both urge clients to give their tax preparers their May monthly commodity account statement as well as their daily statement for May 6 to help in calculating 1997 taxes..

Stock transactions will now have three different possible tax rates for taxpayers above the

15% tax bracket. Once again, dates in 1997 play an important role. The following are the maximum tax rates for securities transactions made in 1997:

Date of Sale	Holding Period	Maximum Tax Rate
1/1/97-12/31/97	Less than 12 mos.	39.6%
1/1/97-5/6/97	More than 12 mos.	28.0%
After 5/6/97 before 7/29/97	Over 12 mos.	20%
After 7/28/97	More than 12 mos./Less than 18 mos.	28%
After 7/28/97	More than 18 mos.	20%

CFBTA Welcomes New Directors

CFBTA would like to welcome new directors -- Sebastian Angelico, Madeline Boyd, and James Gargan -- to our organization. We are thankful to have such talented and knowledgeable individuals willing to dedicate time to our cause. Again, welcome aboard!

Directors of CFBTA were elected at a general membership meeting on Thursday, Feb. 26.

Officers are up for election next year.

Visit our [Officers and Directors](#) page to view the CFBTA leaders for 1998.

In Brief.....

CFBTA to Act as Ombudsman!

CFBTA members are reminded that when and if their "cards" are pulled, they can obtain a free initial consult from members of the legal committee, including Sam Abernethy, 212/545-1900 or Jim Gargan, 212/683-8672.

Treasurer's Report

At the Feb.26 annual meeting , Treasurer Joe Salvatore reported a balance of \$2,249. 1998 dues of \$50 per member are now being collected.

CSCE/Cotton Merger

The merger of CSCE and Cotton is going to happen, according to Cotton President Joe O'Neill. In an update with Opening Call, he said that members of both exchanges have overwhelmingly approved the merger, the boards favor it, and final details are being worked out. May is the targeted date for the merger implementation. The first board of the new exchange will be appointed by the boards of each respective exchange. No plans have been made final for a building to house the exchange which will be known as The New York Board of Trade.

Trade Show

As part of Energy Week, CFBTA will again co-sponsor a trade show with NYMEX. The show will run for three days this year -- May 11-13, from 8:30 a.m. to 4 p.m.-- on the 10th floor of the NYMEX Building at 1 North End Ave. From 15-20 vendors are expected. In past years, vendors such as Platt's, Translux, Dow Jones, Bloomberg, Zai-Net, Reuters, Data Code Incorporated, Peco, DocuPro, CQG, Securities Dealing Systems, Track Data and CFBTA have had booth space. For show information, please contact Diana Femia at NYMEX, 212/299-2315.

Web Page

CFBTA's web page -- <http://www.cfbta.org> -- will once again be sponsored by Warren Rosen & Co. during 1998. Other sponsors and advertisers are being lined up.

A new web committee -- comprised of Nick Mangano with NetList, and CFBTA member David Wender, are exploring offering analysts views on the web page, as well as links to new sites. Currently, the site links to the FIA, CFTC, the exchanges and offers newsletters from CFBTA as well as the National Alliance in Chicago.

For further information, contact: [Nick Mangano](#), NetList USA, 718/843-7189 or Mary Ann Matlock, 908/709-1280.

Opening Call is published by the **Commodity Floor Brokers & Traders Assn.**, CEC Box 630, 4 World Trade Center, New York, N.Y. 10048; 212/249-7276. **Opening Call** is produced under the supervision of Mary Ann Matlock, publications/public relations consultant, 908/709-1280.



| [Prev](#) | [Home](#) | [Next](#) |