

THE OPENING CALL

Newsletter of the Commodity Floor Brokers and Traders Association

Examine "Alphabet" Programs Now

Learning your ABC's never ends. At NYMEX/COMEX these days — TAS, EFS, LOX and ECN — are just a few "alphabets" on the road to making the exchange more competitive with the OTC markets, and closer to the internet. Some, of course, are controversial because they are viewed as taking business away from the trading floor. These "alphabets" in fact were the cause for 200+ members to attend a town meeting called by Mark Fisher at MBF Clearing Corp. in early June to learn more about the programs. Remember, however, that at this point, all are either pilot programs or under study. Decisions will be made on them in the next three to six months.

"We're trying to be competitive with the OTC market on the one hand and get business that should go to the exchange," said Neal Wolkoff, executive vice president at NYMEX. "Some products are trying to draw OTC markets closer to the exchange and utilize and enhance business

...We're trying to build customer relationships and keep people using the exchanges."

"Our members are concerned that some of these programs may take away trading opportunities for the local and floor community," said CFBTA Chairman A. George Gero. "We urge our members to study the issues carefully and voice their concerns before final decisions are made." He described Fisher's town meeting as forward thinking and well attended ... all issues were aired and it was very informative. Overall the membership endorsed NYMEX demutualization.

One new program is Trading at Settlement (TAS) — a pilot program in natural gas and crude oil futures. TAS, which began in February for crude oil and April for natural gas, allows a futures transaction to be executed at any time during the session but to be priced at that day's settlement. TAS is allowed from the opening until 3:10 in

natural gas and crude oil spot months (except on the last trading day). Cross trades are prohibited. TAS transactions must be identified as such on the executing members trading records. The pilot program was to end on May 31, but was just extended to July 28 for natural gas futures and September 29 for crude oil.

A decision on TAS is expected at the end of the pilot program's extension. However, on one day during the program there were 20,000 TAS trades in natural gas in addition to the 150,000 regular natural gas futures trades, according to Wolkoff. "There clearly is a demand," he explained, "It is obviously another mechanism for trading." The exchange, however, is also aware that the program has trade-offs and admits that some volume and open interest may be taken out of the closing range due to the program. That is being looked at during the pilot.

Two other programs — EFS, exchange of futures for swaps, and LOX, large order execution, are also under study. EFS transactions work similarly to exchange of futures for physicals (EFPs). Two parties will be allowed to privately negotiate the execution of an integrated over-the-counter swaps and related futures transaction on pricing terms agreed upon by the involved parties. The transaction must involve approximately equal but opposite side-of-market quantities of futures and swap exposures in the same or related

Cast an Informed Vote

Critical votes are scheduled this month for members of all the New York exchanges. For NYMEX/COMEX, the vote on demutualization is set for Tuesday, June 20; for NYBOT, board elections are set for Wednesday, June 21. We urge our members to vote in both critical elections, but to cast an informed vote. Start by reading this issue of *Opening Call*, but also remember to attend candidates' forums, study the websites of the exchanges, and talk to fellow traders, candidates and exchange staff. Don't take a summer vacation from your voting obligation.

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Board Candidates Address Key Issues

NYBOT elections are set for Wednesday, June 21. Campaign statements from the candidates are printed below as a courtesy to our members. Note that CFBTA members who are candidates are noted with an * next to their name.

Class A Candidates Floor

James A. Calcagnini
John J. Connolly
Jean Claude Heilberg
Kenneth C. Pappas
* Fred W. Schoenhut

FCM

* Alfred J. Mascia
* Sebastian Angelico

Trade

W.C. Hay
William J. Shaugnessy

At-Large

Jan-Willem van den Dorpel
* Richard P. Esposito

Class B Candidates

Floor

* Marc A. Brenner
Stephen J. Place
* Luis de Amechazurra Christie

FCM

Herman S. Kohlmeyer

Trade

Joseph Nicosia

At-large

Robert S. Weil, II
Roger Corrado

Campaign Statements

Class A Candidates

Floor

James A. Calcagnini (JCAL)

I am very pleased to accept the nomination for the NYBOT board. My extensive involvement and experience, both as a market participant and as an active member of many of the exchange's committees, makes me a worthy candidate to serve at this critical juncture in our exchange's history. Providing commercially viable products in a liquid, technologically enhanced open outcry environment, as cost-effectively and efficiently as possible, should continue to be the NYBOT goal. As a floor category representative, I will actively provide a voice from the floor, to foster cooperative interaction and open communication between the membership and all market participants and ensure

that trading floor concerns are adequately and satisfactorily addressed.

I entered the commodities business after graduating from the University of Notre Dame with a degree in accountancy in 1984. Formerly, I was a VP at Lombard & Co., a commodity physicals trading company active in the CSCE's three core products, and was the CFO of its small IB subsidiary Lombard Futures, Inc. I have been a member of the exchange since 1986, and presently am president of the East Coast Options Services Inc., (ECOS) an executing brokerage company I started in May, 1992. Today, ECOS is one of the largest floor brokerage firms on NYBOT, providing order execution services in all three of the A Divisions major options contracts in sugar and cocoa futures, and, on a limited basis, in coffee futures. I am a multiple seat holder (3 full, 2 associate) and ECOS employs 11 exchange members (5 full, 6 associate) and has significant relationships throughout the commodities industry.

As chairman of the settlement committee, vice chair of the executive floor and floor broker evaluation committees, and member of the floor facilities renovation and finance committees, I have been involved with most exchange floor issues, developments or rule changes over the past few years. I also serve on the business conduct and the NFA membership committees, and previously was chairman of the options quotation committee and a member of the adjudication committee.

I have tremendous confidence in our exchange products and in the effectiveness of the open outcry system. Based on my customer feedback and the fundamental characteristics of our niche agricultural markets, I do not believe an electronic trading platform is imminent. However, it is imperative that the exchange focuses on technological enhancements and produces a state-of-the-art facility to improve the trading environment.

I look forward to sharing thoughts and idea for improving the exchange and would appreciate the opportunity to reflect those thoughts and ideas as a member of the NYBOT board.

Floor

* Fred W. Schoenhut (FWS)

Fellow Member:

proactive or pro-active (adj.) – Acting in advance to deal with an expected difficulty; anticipatory; not reactive, but proactive.

I am a member of CSCE since 1980 and the NYCE since 1997. I have served on many committees at CSCE including: the board of managers; executive floor, operations and technology, membership, business conduct and others. I am the principal owner of Copia Trading Co., Ltd., a floor brokerage firm executing mostly in coffee futures and coffee and cocoa options.

I include the definition of proactive primarily because I believe we are currently within a time period that calls for our board to define a business plan that will take our exchange well beyond the foreseeable future. While NYBOT has had to deal with the merger of two exchanges and replacing it's

president and CEO, I believe that valuable time has passed without the creation of a strategic and tactical plan for our future.

I support the philosophy that we must remain competitive in all markets in order to maintain our "franchise." I support an exchange that embraces technology while sustaining the liquidity that open outcry trading provides. I also support the idea of the consummation of a complete and cooperative merger of CSCE and NYCE to effect a transition for NYBOT to proceed towards demutualization.

If elected, I assure you that I will give these causes my best effort. Please remember this; I am local, accessible and will always leave my door open.

FCM

* Sebastian Angelico

I have been a member of CSCE for 20 years. I have also been a member of NYMEX and COMEX and, I am currently a member of the NYCE. I have traded in almost every pit on the floor. For the past 15 years, I've owned, or been associated with, FCMs that cleared trades on all the NY exchanges. Prior to my involvement in commodities, I owned several retail businesses. I can boast at having more than 30 years of business experience.

I believe that the issues that management faces today are the most important ever to be addressed. These issues can be satisfactorily dealt with only if we focus all of our resources to their resolve. One such issue is electronic trading. Will it come and, if it does, what role will the exchange and its individual members play? If I serve on the board, I will push for a working committee, represented by all affected groups, to research and develop, on a priority basis, probable scenarios regarding this matter. The membership should be kept well informed, on a regular basis, of the committee's progress.

Other issues, or other areas where improvements are needed include communications between management and the floor community, and determination of the status of the "Cantor-Fitzgerald IPO deal." If you elect me to the board, I will work to develop solutions to these problems.

Like each of you, I have invested most of my financial resources, and a lifetime of effort in the exchange. Those who know me are aware that I am a devoted, clear-thinking and open-minded businessman. I have a lot to offer and I'm ready to devote whatever time is needed to do the job that is expected of a board member. My commitment to the well being and longevity of the exchange is well documented. When I first became a member, I was proud to be part of such a great organization. I hope that when I represent our membership on the board, I can bring us back to the status we all have worked so hard to earn.

I hope that I have touched on the issues you consider to be significant. I am available at my office almost any day. Please call or visit me if I can answer any other questions of concern to you.

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Candidates...

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Trade W.C. Hay

As a member of the CSCE board for nearly 10 years (including treasurer), chairman of the coffee committee and a member of both the executive committee and compensation committee during the critical merger period between CSCE and NYCE, I would like to take this opportunity to highlight my background to advance my reasons to win re-election to the board.

Why am I seeking re-election to represent the coffee trade? Coffee has been my life for two decades during which time I bought coffee for Proctor & Gamble and for Nestle. Today, I trade coffee exclusively for my former colleagues and competitors in the coffee industry. Trade representation to the board demands a breadth of business experience, strategic thinking and a willingness to serve. It also demands a person with depth of integrity and character sufficient to put the exchange's best interests before individual interests. My years as a corporate officer in a Fortune 100 company, a Naval officer and NYBOT service uniquely qualify me to represent the coffee trade.

Why should people from the same company be on the board? This is not without precedent on our exchange. At least six individuals on the current board are employed by the same corporations. It should not surprise anyone that consolidation in the coffee trade has narrowed the available selection pool for NYBOT board service. The central issue is the qualifications of the individual.

Beyond that, I own my own seat. Neither Paine Webber nor any other FCM has influence on my positions or votes. The equity interest that I have in our exchange is the same interest that most of our members have. Our survival is more than an academic interest to me. My financial well being is tied to our exchange.

You have a very difficult task as you go about choosing the board. Our exchange's future will be decided over the next six months. The new board will face complex issues: electronic trading, order entry management, strategic alliances/mergers with other exchanges, competitive threats to our contracts and ownership of our clearing house all need careful, insightful and experienced decision making. I am equipped and ready to serve our membership

At-Large Jan-Willem van den Dorpel (JWD)

I am honored to be re-nominated as a candidate for the board. I look forward to continuing your representation on the board and will do my best to ensure that our exchange remains a vibrant place to work and is an environment where we are proud to be members.

My futures career began in 1982 as a floor trader on the European Options Exchange in Amsterdam. I became a floor trader on the CSCE in 1987 and NYCE in 1988. In addition I am a member of COMEX. During my tenure here, I have served on numerous committees, including operations and

technology, appeals, options, dairy, floor trader evaluation, coffee compliance, etc. I have been a director of the Cantor Financial Futures Exchange since 1998 and a board member of CSCE since 1996. Currently, I am vice chairman of NYBOT.

Some of the important issues I will focus on when re-elected include: integrating technology to enhance open outcry trading and saving operating costs for our members; creating alliances that solidify our position in the industry; creating broader access to our pits through internet connections; renovating our trading floor with its short-term and long-term use in mind; and, taking a fresh look at our clearing structure in light of recent events.

If there are any issues that you would like to discuss with me, or bring to my attention, please contact me either on the floor, or at 212/488-1074.

At Large * Richard P. Esposito (ESPO)

I have been a member and floor broker/trader on CSCE since 1974 and have also been president of ESPO Commodities Inc. (a clearing firm) from 1978-97. I served on the board from 1980-99. I have also chaired many of our committees including executive, membership, executive floor, broker awards, etc. I feel extremely capable and experienced in the business and specialties of our exchange.

My feelings and opinions are passionate and extreme. I have decided to air them without hesitation so members will know exactly what they are voting for if they decide to cast their vote for me. I strongly feel that the directions our exchange have been taking in the past year indicates that the membership, especially the floor membership, is no longer the priority they should be.

Our seat values have dropped drastically, our attitudes are that of a defeated group. Most members wonder how long we have left (I'm asked that every day). There seems to be a rollover attitude on the exchange that I would like to change. I think it can be done by coming together to better the open outcry system – not cripple it by using devices that in my opinion will render us helpless against the challenge of electronic competition that may or may not be a threat at this time. I would like to fight for better working conditions on the floor, and make it a priority so as to improve the morale and attitude of our members, and of our board.

The open outcry trading system has stood the test of time. And, I strongly feel that if we hone our extremely successful, very exciting, very efficient open outcry trading system, we can win the battle against the destruction of our livelihood. We need not surrender to the enemy that we have not yet seen, nor weaken our trading system and become helpless as I fear our very expensive electronic order routing/order book management system will make us.

I would like your votes and your help. It is time to stop worrying and take action to move forward with confidence in ourselves and our very specialized profession. I feel that our exchange's

interests should be that of our members and their futures; not the survival of an exchange per se.

Our members' strength will make our exchange strong. We have a history and a future, and we need strong, informed, intelligent member representation on our board. I think I am one who fulfills these needs, and I hope you will join together and cast your vote for me and others who are not ready to rollover.

Class B Candidates At Large Robert S. Weil, II

After graduating from Dartmouth College in 1973, I worked about two years at Citibank before joining the family company, Weil Brothers Cotton. My first job with Weil Brothers was a two-month stint as a floor clerk on the NYCE, then on Wall Street next to Morgan Guaranty. My primary mentor was Jack Rutkay but I spent time with Don Conlin, Bud Knell and Joe O'Neill among others. I just celebrated my 25th anniversary in the cotton business and have been involved not only on the board of NYCE but also on the boards of the National Cotton Council, the American Cotton Shippers and the Atlantic Cotton Association. I have also served on and chaired a number of boards in Alabama. Additionally, I graduated from the Advanced Management Program at Harvard Business School in 1985.

The NYBOT board has two primary issues that override all others right now. First, we need to aggressively seek ways not only to maintain but enhance the value of the NYBOT membership. Second, the merger of CSCE and NYCE is not "complete".

The world is changing a lot right now and new opportunities are presenting themselves to NYBOT daily. We need to choose what paths can create the best returns to our exchange and, by extension, its members. Weil Brothers owns three seats so I am very interested in increasing the values of these seats.

The merger with CSCE has not been as smooth as anticipated...there were definite differences in cultures. Sometimes, these differences still surface in board discussions although not to the extent they were two years ago. Thankfully, by working together these last two years, members of the board are exhibiting more trust toward each other. The process is ongoing but not complete. Continuity is critical at this stage to hasten the "completion" of the merger.

Finally, it is the tradition in my company that when we participate as a member of a board, we represent the interests of the board and not those of Weil Brothers. In any given discussion of a particular issue, I will vote for what I consider to be in the best interests of the NYBOT.

Members campaign statements are printed here as a courtesy and do not represent an endorsement of any individual.

In Brief...**Floor Compliance Advisors**

CFBTA has launched a floor compliance advisory program to help members interpret generic issues, such as new rulings from the CFTC or exchanges. Two advisors are David Schneiderman, NYMEX Director/Trade Practice Surveillance and Vincent White, NYBOT Manager of Special Investigations. The program is designed to prevent members from making simple mistakes due to misinterpretations of CFTC or exchange rules. "We want to give CFBTA members a heads-up," said White. "Someone who can answer their questions such as 'is this practice OK or not?'... They can come to us and ask instead of getting into trouble with silly mistakes. It's designed to be a preventative program." Schneiderman added that even anonymous questions are accepted. He can be contacted at e-mail: DSchneiderman@NYMEX.com or FAX: 212/301-4710.

FIA Convention

CFBTA representatives A. George Gero, John Hanemann and Mike Belmont met with NFA and CFTC commissioners at the FIA Convention in Boca Raton this spring to strengthen ties between the groups. "The result is a better understanding between our

groups and issues we face," said Hanemann. "It was time well spent representing traders and floor issues, especially since officials at the CFTC have changed in recent years."

Trade Show

CFBTA once again joined forces with NYMEX this May to host a trade show during energy week. The show gave traders a chance to see the latest innovations in technology and support services for the industry. Some vendors who participated: GlobalView Software, Financial Analysis Systems, Allegro Development, CQG, Inc., Metal Bulletin, Saladin and Future Source/Bridge.

Dues Payments

CFBTA officers would like to thank all members who paid their dues -- the sole source of income for CFBTA. Special thanks to Bobby Pellegrino for his help in the membership drive.

Futures & Options for Kids

The annual dinner dance for Futures & Options for Kids will be Thursday, Oct.5 at Windows on the World. For tickets contact Theresa Silk, 212/748-1055.

Examine "Alphabet" Programs

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commodity. EFS transactions will be permitted to liquidate, initiate, and transfer futures market positions between the two parties involved in the transaction. EFS began on May 4 with the introduction of the Middle East sour crude contract, and has yet to be utilized. In the next 3-6 months more intensive study is expected on this mechanism, including its possible use in natural gas and crude.

The LOX program is still under development and next on the exchange's agenda after TAS and EFS. LOX would enable large orders to be filled immediately at one time, but at a higher or lower price than the current market. There would be floor participation in the block, but it would not trigger contract limits.

The next "alphabet" ECN or electronic communication network has essentially been replaced by eNYMEX.

Announced on May 4 eNYMEX is an internet venture that eventually will allow trades to be placed on the internet, and then routed to a broker for execution either on the trading floor or NYMEX ACCESS. It is expected to integrate trading for physical, OTC and futures markets. "We want to tie the product as closely as possible to the regular NYMEX business," said Wolkoff. He explained that eNYMEX will be able to clear OTC and physical trades; act as a portfolio manager by providing consolidated clearing positions, and give the industry NYMEX's proven track record. It is expected to compete with products such as the Intercontinental Exchange, recently announced by financial institutions and European oil majors.

An October launch is expected for OTC trading. However, members must approve the demutualization plan for eNYMEX to proceed.

CFBTA leaders for 2000

A. George Gero, Chairman
Robert DeMartino, Vice Chairman
John Hanemann, President
Henry Terranova, Vice President
Pat O'Shea, Secretary
Joe Salvatore, Treasurer
Larry Bilello, Vice President

Directors

COMEX: Michael Devaney, Rich Esposito, Jeremy Lubscher, Peter Meyer, John Moore, Al Panzaro, Robert Pellegrino, Charles Rasher, Michael Tobey, Mike Wagner, Bruce Zins

COMEX Options: Mike Hammer

Cotton: Marc Brenner, Ken Farco, Stanley Meierfeld

CSCE: Sebastian Angelico, Ed Bollard, David Klein, Fred Mascia, Tom McCloskey, Fred Schoenhut

NYFE/Dollar Index: Anthony Dowd, Walter Fair, Norman Eisler

NYMEX: Madeline Boyd, Rich Buccellato, David Greenberg, Jeff Grossman, Z. Lou Guttman, Scott Hess, David Wender

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