

THE OPENING CALL

Newsletter of the Commodity Floor Brokers and Traders Association

NYBOT Move to NYMEX on Track

The NYBOT members are getting ready to change addresses on their business stationary. Come first quarter 2003, all expectations are that 1 North End Avenue will be the address for all commodity traders in New York. While negotiations started after terror attacks on Sept. 11 destroyed NYBOT's home at 4 World Trade Center, only final leasing details remain to be worked out for them to share space at the NYMEX facility. That, team members say, should be completed shortly.

"We're very happy about this and we think our members are too," said relocation team member Fred Schoenhut. "It will get everybody on a normal trading schedule...now, we're at a little more than half schedule."

Schoenhut was joined by team members Thomas Butler, Richie Esposito and Harry Falk in examining possible

business locations for NYBOT. In late March, the NYBOT Board voted to support the move to NYMEX over two others. As then NYBOT President Mark Fichtel wrote to members, "our real estate advisors, Cushman & Wakefield, presented a comprehensive comparison among the three primary alternatives that NYBOT has been pursuing. The review involved both qualitative and quantitative analysis of the choices available.... The Board spent a good deal of time discussing specific issues and clarifying various questions. At the end of the meeting, the Board voted unanimously to drop its pursuit of all other alternatives and concentrate all its efforts on coming to a final lease agreement with NYMEX."

NYBOT essentially will become a tenant of NYMEX, leasing about half the trading space on the seventh floor and some support office space. NYBOT will use city, state and federal

funds to pay for floor reconfiguration. "The final lease agreement is expected to be worked out real soon," said NYMEX team member Mitch Steinhouse. "Probably in the next two weeks." Steinhouse was joined by Gary Rizzi on the NYMEX team.

The lease will run for 10 years, with the possibility for renewal. In addition to trading and office space, NYBOT members will have full use of cafeterias, etc.

"As a group that represents all New York traders, we couldn't be happier with this news," said Chairman A. George Gero. President John Hanemann joined in, "We look forward to NYBOT moving in...as an industry we belong together. We need to remain competitive and that can only be helped by sharing one facility."

Backup facilities will not be shared.

NYBOT Board Elections Set for Wednesday, June 19

NYBOT Board elections are set for Wednesday, June 19. CFBTA members who are candidates are noted by an asterisk *.

Class A (CSCE)

Floor

*Anthony Compagnino
*Richard Esposito

Coffee Trade

W.C. Hay

FCM

*Alfred J. Mascia

At-Large

*Fred W. Schoenhut

Cocoa Trade

William J. Shaughnessy

Class B (Cotton)

At Large

*Roger Corrado

FCM

*Herman S. Kohlmeyer Jr.
*John Cox

Cotton Trade

Joseph T. Nicosia

Floor

John Marchisotto
Clint Pazdera
Stephen J. Place
John Stickle

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Representing our members in areas of concern encompassing the exchange' trading floors and regulatory agencies.

NYBOT BOARD ELECTION FOCUS 2002

(continued from page 1)

Candidates who are CFBTA members were entitled to submit a brief statement for this newsletter. Those statements follow.

Floor Anthony Compagnino

As I approach my 23rd anniversary in the commodity business, I have decided to enter the race for the floor category of the NYBOT Class A Division. I'm a partner in East Coast Options Services, a floor brokerage company executing orders in sugar futures and options, cocoa futures and options and coffee options. I started in this business in 1979, and worked in all aspects of the trading floor, from the days of writing cards, checking trades, phone clerking and finally becoming a floor broker, my ultimate goal. From 1981 and through 1984, I worked in the sugar division of a European trade firm called M. Golodetz Ltd. In 1984, after developing strong trade relationships, I decided to return to the exchange floor. Today, East Coast executes orders for a wide variety of clients worldwide.

An important character of a board member should be to possess a high level of confidence in the future of our business. This confidence brings enthusiasm and generates positive forward planning. Proper representation of the floor community must include the encouragement of dialogue at all levels of the floor community.

Despite the constant threat of electronic trading and the adversity of shorter trading hours in a limited facility that resulted from the 9-11 tragedy, we have seen an increase in the open interest and daily volumes. It is this level of commitment from the industry to continue to use the most efficient and effective system to date — the open outcry system.

The tide of technology should be used to protect the longevity of open outcry. Technological enhancements such as order routing and electronic order pads should be made available to those individuals who might benefit from their use, but they certainly should not be forced upon anybody. Our markets are niche markets with special needs provided by our floor brokers. The added value provided to our markets by our floor brokers is well regarded in the industry.

It will be my commitment to apprise you, the floor members, of all issues big and small that arise at the board level. I will actively ensure that you are kept informed

and that your ideas are heard and pursued.

As a multiple seat owner, I have a vested interest in maintaining and preserving the interest of equity holders first and foremost. Realizing that, lessees provide an integral part of the floor and we should provide incentives for them to become seat owners.

We should look to improve our exchange through broader partnerships, possible mergers and demutualization. The latter of these ideas is very important to the evolution of our exchange. In order to demutualize, we need to expedite the completion of the merger between the CSCE and Cotton. Completing the merger will eliminate many of our current problems. Under a completed merger, we could forge ahead with the idea of demutualization and governance. With respect to governance, I believe we should have a paid chairman/CEO position and a chief operating officer. The chairman should be elected by the entire membership and obviously be a member of the NYBOT. The chief operating officer should concentrate on the daily operation of our exchange and carry out the Board's long term business plan. Demutualizing will create a for profit organization. This will foster many positive opportunities. For example, if you recall the Broker Incentive Awards Program, the exchange was obligated to pay rebates to lessees due to a double tax implication. If we were a for profit organization, these rebates would have gone only to equity owners. This certainly would encourage seat ownership.

If you share in these ideas and agree with me in principle on these issues, I urge you to vote for me. It will be an honor and a privilege to serve you on the Board.

Floor Richard P. Esposito

I have served on our Board for the last 20 years with the exception of two years. The last time I ran two years ago, my platform was mainly to fight for open outcry trading and I have, and continue to do so, as can be confirmed by anyone who serves with, or knows me.

I feel that the exchange is now in the process of changing direction in favor of its members, and again, I am very confident that I have been, and will continue to be a strong force in the process.

All I can say at this point is that I stay strongly committed to the members of NYBOT to contribute my time, and efforts for the continued success of the exchange,

and its members, and would be honored to continue to do so. I do agree that there should always be some changes to our Board, to bring in fresh input and ideas. However, these changes should always be made in the spirit of selfless commitment, and the confidence of our members, that our Board will continue to convey a unified effort for our future.

I would be proud to continue my tenure, and will always put forward my views, and listen to others on all issues, before decisions are made.

I feel I have, and always will be, an asset to NYBOT and its members if I am re-elected to serve. Thank you.

FCM Alfred J. Mascia

The Board of Directors of NYBOT faces some very important decisions in the next few months and in the years to come. I would like to continue working on these critical decisions.

I am running for the Board of Directors of the NYBOT in the FCM category. I am a vice president of the Geldermann Division of F.C. Stone. This division deals with guaranteeing and clearance of many of our floor members as well as many NYMEX members. I have run both floor and back office operations in my service to various firms. I am an equity owner on the CSCE, Cotton and the NYMEX. I am presently on the Board of NYBOT and have served as treasurer for the last two years. I am a past member of the Board of Directors of the New York Clearing Corporation, serving on their executive committee. I have served and am presently serving on numerous NYBOT committees.

We, as a Board, must hasten NYBOT's relocation into a permanent facility. We are on course to do this by early 2003. We must diligently complete this task. This will give our members a quality facility in which to conduct business. Also, the completion of a primary data center is of the utmost importance. In the wake of Sept. 11, we were able to continue in our price discovery mission because of our Long Island City backup facility. We must continue to show this kind of foresight.

At Large Fred Schoenhut

I am a candidate for reelection in the Class

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NYBOT BOARD ELECTION FOCUS 2002

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A Member At Large category for the Board of Directors of NYBOT.

I have been a member of CSCE and NYBOT since 1980 and have served on many of its committees during that time. I have served on our Board from 1994 to 1997 and then again from 1999 to present. I currently serve on the executive committee, the relocation and negotiating committee and the compensation committee.

My current objectives as chairman of the relocation and negotiating committee are to ensure a seamless business transition for our members to move into the NYMEX facility at One North End Avenue. From both the financial and quality of life perspectives, our committee, comprised of Thomas Butler and Richard Esposito (running in the Floor Broker Category), has worked diligently for the interests of our members.

It is our hope that the work we have put forth, with the help of Pat Gambaro and NYBOT staff, as well as our Chairman Harry Falk, will result in the successful move of our business. Our belief is that this move will enable the open outcry price discovery system to be maintained for many years to come.

I appreciate your support and efforts to make the NYBOT the preeminent marketplace for all of our core markets.

Class B – Cotton Exchange

At Large Roger Corrado

I am writing this letter to once again ask for your support in the upcoming NYBOT elections. I have been on the NYBOT floor since 1981 and a member since 1984. Needless to say, my first priority is to be a voice for all floor traders and to protect their interests and listen to their concerns. I have served on the NYBOT Board for the past three years and serve on numerous committees as well as serving as president of the citrus committee.

I believe that our exchange has proven its resilience in the past nine months and will once again thrive on the integrity of its members. I believe the exchange also needs the right leadership as it faces many challenges in the next few months and make its transition to the NYMEX.

I look forward to serving on your Board and will always keep your opinions and concerns on the top of my list. I am

committed to working with the Board and the staff for the benefit of our exchange and its members.

Thank you in advance for your support. Please feel free at 201-315-8020 to contact me with any questions or concerns.

FCM Herman S. Kohlmeyer, Jr.

I'm pleased to have been nominated for another two-year term at NYBOT.

My service started, as best our records show, in about 1984. A lot has happened in that time, needless to say, but there has been very little change in the way that the exchange has done business.

For many, of course, that is a source of great discontent. My experience, however, tells me that the system works, and I prefer not to change it. If someone started out to invent this futures market, he could not come up with a model as successful as the one that has evolved over the past hundred-plus years.

With all due deference to computers, to computer trading, and to markets which work well in that environment, I continue to believe that the industry has been well served by the open outcry system. The basic purpose of the exchange is to achieve price discovery and to have a platform for transferring risk to parties outside the trade. Those two purposes are well served by our exchange. I hope to play a role in preserving that.

I see my main constituency as being the FCMs, since I am nominated from that segment of the industry. At the same time, acknowledging the traditional adversarial relationships that develop in the business, I have great pleasure in championing the cause of floor brokers, with many of whom, after all, we work, and with whom I started working as a kid in high school.

I hope very much I can earn another term.

FCM John Cox

Thank you for allowing me to introduce myself and share some of my views on the future of our exchange. I am a petition candidate for an FCM slot on the Cotton side.

I have been involved in the futures business

for 30 years, beginning with Merrill Lynch in 1970, and I have been with PaineWebber since 1984. I have been a member of the NYCE and a Citrus Associates Board member since the mid-1980's, serving on every committee possible except floor committees. I was honored to serve as President of the Citrus Associates of the NYCE for 1999 and 2000.

I also have experience in non-exchange related boards of directors, dealing with several member-owned organizations from the viewpoint of long-range planning, the budgeting process, including capital expense priority and control of operating costs. I am currently the president of a member-owned organization with 1100 members and a \$5 MM annual budget.

UBS PaineWebber represents a significant portion of the hedge business in FCOJ. I have more than 30 years' experience with the relationship between the hedge community and the floor brokers. I like the way we do business now, and I can assure you that the FCOJ hedge community supports the current open outcry system 100%.

There are many issues facing us, not the least of which is our profitability as a futures exchange. I am willing to devote time and energy to review all sides of the issues. I believe I will bring a fresh viewpoint to the Board in the coming year as it tries to address the future course of the NYBOT.

On some of the issues:

- Advocate for individual floor traders as well as FCM's; Locals and paper brokers should have equal voice in exchange matters
- FOR OPEN OUTCRY: Period. End of Subject.
- FOR MOVE TO NYMEX: ASAP, however, the Board needs to have serious input into the facilities developed for NYBOT's membership. We deserve to have the kind of facilities we need to do business properly.
- Electronic Order Routing: has benefits for the fund and spec traders; however, commercial traders behave differently. We are beta-testing the system, and it is not ready for our type of trading.

Thanks for your time and consideration of my candidacy.

Campaign statements are published in Opening Call as a courtesy and do not represent an endorsement of any individual.

In Brief....

Health Insurance

Over 300 CFBTA members take advantage of health insurance at association rates, through the Horizon HealthCare plan coordinated by Warren Rosen & Co. For traders without employees, the plan is extremely cost-effective by providing group rates for individuals, resulting in savings of 40-50% over competing plans. "It's the only association plan in the state of New York through Horizon Healthcare," Rosen told *Opening Call*. "It allows individuals to afford better coverage at group rates."

Further information on the CFBTA plan can be obtained from Rosen & Companies at: their office on the NYMEX trading floor near the help desk; at their office in Suite 1233 in the NYMEX building, and at a desk set up in the NYBOT members' lounge two days a week. That will expand to four days soon. Rosen's main office has been relocated to 601 W. 26th St., Suite 1515.

Benefits Committee

At the annual meeting in late April, members were appointed to the CFBTA benefits committee: Sam Abernethy, Mike Belmont, Larry Bilello, Madeline Boyd, Robert Coakley, David Greenberg, and Scott Hess.

New Board Members

CFBTA would like to welcome new directors for 2002: Robert Coakley (SWIM), John McNamara with

BankOne, Stephen Forman with Fimat, Gary Rizzi with AG Edwards, and Steven Winter with Barclays. We would also like to thank outgoing directors for their service: Ken Farco, Anthony Dowd and Tom McCloskey.

Lapel Pins

Members in good standing who have not yet obtained their patriotic lapel pins, honoring those lost on September 11, can get them from officers/directors. Please contact your representative on the trading floor. (See directors' list, this page)

Web Site Link

A link is being established between the CFBTA web site – cfbta.org – and the NFA's web site – nfa.futures.org. This will enable members to complete an application on-line to become a security manager.

Washington Visit

CFBTA officers will meet with new CFTC commissioners this summer. Some issues that will be discussed: the transaction tax proposal which, though on the back burner for now, must be constantly monitored; the Andean Trade Bill which would effectively repeal the 1 cent per pound duty on South American copper; energy issues, such as regulation of OTC markets, MTBE additives and ethanol additives to gasoline.

Futures & Options for Kids

New 2002 Executive Committee members for Futures and Options for Kids are: Fred Mascia, chairman; Michael Belmont, 1st vice chairman; Anthony Compagnino, 2nd vice chairman; A. George Gero, secretary; Michael Karlin, treasurer; James McHale, asst. treasurer; Michael Hammer, past chairman; Peter Toumey, founder.

2002 Officers and Directors

Officers

Chairman: George Gero
Vice Chairman: Robert DeMartino
President: John Hanemann
Vice President: David Wender
Secretary:
Treasurer: Joe Salvatore
First Vice President: Larry Bilello

Directors:

COMEX: Michael Devaney, Steve Karvellas, John Moore, Bob Pellegrino, Al Pennisi, Charles Rasher, Mike Wagner, Bruce Zins

COMEX OPTIONS: Michael Hammer, John McNamara, Rob Panzera

COTTON: Marc Brenner, Stan Meierfeld

CSCE: Sebastian Angelico, Mike Belmont, Steve Forman, Fred Mascia, Fred Schoenhut, Jan-Willem van den Dorpel, Steven Winter

NYFE: Walter Fair, Al Peras

NYMEX: Madeline Boyd, Rich Buccellato, Robert Coakley, David Greenberg, Jeff Grossman, Z. Lou Guttman, Scott Hess, Gary Rizzi, Richard Schaeffer

CPA Member: Alan Berk, CPA

Counsel: Sam Abernethy, Esq.

Legal Committee: Mel Falis, Esq., James Gargan, Esq., Mike Wagner, Esq.

Assoc. Member Reps: Thomas LoBue, John Sakulick, Don Tierney

Open Outcry: Mary Ann Matlock

Fall Meeting

The fall CFBTA meeting is set for Thursday, Oct. 10, 3:30 p.m., 10th floor, 1 North End Ave.