

The Opening Call

Newsletter of the Commodity Floor Brokers and Traders Association

Fall Board Meeting Minutes



On November 16, the CFBTA held an officers and directors meeting at CME Group's NYMEX World Headquarters in New York.

New York Law School Professor Ronald Filler, a former industry attorney and current public director of the NFA, was a special guest speaker. He discussed implications of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which will, among other things, regulate the swaps market. He also spoke about the so-called Volcker Rule, a specific part of Dodd-Frank which will restrict bank investments and proprietary trading.

Frank Siciliano was named to replace the late Larry Bilello as a Vice President and a member of the Executive Committee. Frank will also be the sole chair of the Benefits Committee.

Warren Rosen of Harmony Insurance Brokerage, Inc. reported that open enrollment begins in January.

The organization also discussed a CFBTA membership drive with tables located on the NYMEX floor, where members could increase awareness about the Association and its perks. Directors and officers will take turns running the table.

Counsel Sam Abernethy and Legal Committee member Melvyn Falis spoke about MF Global's bankruptcy situation. The CFBTA discussed having a representative on a commodity traders' creditors committee, if one is authorized by Bankruptcy Judge Martin Glenn. Walter Fair volunteered to be the representative. The website will be regularly updated with news concerning the MF Global situation.

In Memory of Lawrence Bilello



Lawrence Bilello (LJB), a beloved member of the trading community and CFBTA Vice President, passed away on September 8.

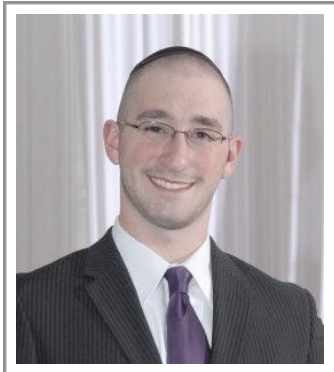
Larry, affectionately known as OMB (Old Man Bilello), began working at COMEX in 1971. In the 1980's, he and a few other brokers started a firm called Great American Trading, which eventually became Bilello & Costa Trading in the early 1990's.

Larry retired from the floor in 2007, but remained active in the trading community. He was a big supporter of charities such as Futures & Options for Kids.

Larry was married to his wife Linda for 45 years. He was the proud father of Lawrence, Jr. and Sean, who both traded, and grandfather to Lily and Jordan.

CFBTA SCHOLARSHIP WINNERS

The CFBTA recently launched a scholarship program for students interested in pursuing a career in the futures industry. Applicants were judged based on merit, need, and an essay. Two undergraduate



students were selected from nearly 75 applications.

Joshua Cohen, a student at Rutgers University with a 3.96 GPA, has been trading since he was 15 years old. He was the youngest person at New York University to obtain a certificate in portfolio management,

and has interned with four major brokerage firms.

Amber Criscone will be graduating ahead of schedule at Syracuse University. An Economics and International Relations major, she worked as a Short Term Investment Funds Intern at the Bank of NY Mellon.

Amber had an outstanding essay about her career aspirations.

Larry Bilello, Madeline Boyd, Scott Hess, David Greenberg, Fred Schoenhut, and Frank Siciliano served on the Scholarship Committee.



REMEMBERING SEPTEMBER 11

On Friday, September 9, CME Group held a memorial to honor those lost ten years ago on September 11. The ceremony was held on the NYMEX floor.

CME Chief Executive Officer Craig Donohue, former NYMEX Chairman Vincent Viola, and CME Group Managing Director Sean Keating spoke at the event.

Moments of silence were held at 8:46 am, 9:03 am, 9:59 am, and 10:29 am to mark when the planes flew into the towers and when they fell.

The names of members of the exchange community were also read immediately following the market close. The ceremony was well attended by floor brokers, clerks, employees, and families of those who had been lost on 9/11.

MF GLOBAL BANKRUPTCY

On October 30, MF Global reported a shortage in customer funds and declared bankruptcy on October 31. As a result of bankruptcy proceedings, approximately \$5.45 billion in customer accounts were frozen, some of which has already been distributed back to customers.

The SIPC Bankruptcy Trustee has recently reported that as much as \$1.2 billion may be missing from brokerage customer accounts, although CME Group has disputed that figure, expressing confidence that the shortfall is smaller.

Roughly \$1.45 billion of collateral and positions were transferred earlier in November, also by order of the Trustee. Subsequently, CME Group offered the trustee a \$550 million guarantee to accelerate the Trustee's return of cash to customers, as well as pledging the \$50 million in assets of CME Trust to offset any CME Group customer losses at the final

accounting of the bankruptcy procedure. On November 23, the Trustee announced that it would begin transferring roughly \$520 million of cash frozen in MF Global customer accounts on Friday, November 25 for those customers who held cash-only positions as of October 31. This figure represents approximately 60% of the cash in their accounts.

The CFBTA has been actively working to help those affected by the situation. A representative has been named to join a possible commodity traders' creditors committee, and Compliance Advisor Vinny White has volunteered to answer questions and concerns at vinwhit@netscape.net.

For forms and answers to FAQs, visit www.mfglobaltrustee.com. The CFBTA will also be regularly updating the website with information.

GIVING BACK TO THE COMMUNITY

The CFBTA was a sponsor of the Manhattan Youth Downtown Community Center’s 25th Anniversary Gala on November 3. The center was founded in 1986 to provide after-school and childcare programs for families in need.

The fundraiser was held to honor the organization’s founder, Bob Townley. CFBTA Vice President John McNamara and NYMEX Director Mitchell Steinhouse attended the event.

The Emergency Children’s Help Organization (ECHO) held its annual fundraiser, “Treasure the Moment,” on September 23.

ECHO was founded by former member Sebastian Angelico as a way of helping families facing a medical or living emergency. A number of present and former

members of NYMEX are on the board of directors.



John Rzeznik of the Google Dolls raffles off items with ECHO Journal Chairman Eric Eremita.

MAJOR VICTORY FOR CFBTA LEGAL COMMITTEE MEMBER

Legal Committee Member Melvyn Falis recently won a substantial ruling in the Second Circuit of the United States Federal Appeals Court.

Mr. Falis’ firm, Gusrae Kaplan Nusbaum PLLC, represented the brokerage firm Fiero Brothers, which had been accused of violating federal fraud statutes by Financial Industry Regulatory Authority (FINRA). The firm was expelled and fined \$1 million. Owner John Fiero refused to pay the fine and FINRA took him to court. Mr. Falis challenged FINRA’s statutory authority and failure to follow federal rule-making procedures. The Second Circuit

reversed the lower court’s decision and ruled in favor of Fiero, saying that FINRA had no power to pursue monetary sanctions in court.

The decision was a major victory for Mr. Falis and his firm, as well as one that imposes a significant limitation on FINRA’s ability to impose monetary sanctions on trading firms.

The case was written about in an October 6 article by *The New York Times*. To view the entire article, visit <http://www.nytimes.com/2011/10/06/business/court-rules-against-finra-on-enforcement-actions.html>.

CME GROUP HOSTS GLOBAL FINANCIAL LEADERSHIP CONFERENCE

On October 24-26, the CME Group hosted its fourth annual Global Financial Leadership Conference at the Ritz Carlton in Naples, Florida. President George W. Bush was the keynote speaker. CBS News Anchor Katie Couric, Blogger Arianna Huffington, former Senator and Senate Majority Leader Tom Daschle, and former Energy Secretary and Governor Bill Richardson were among the prominent guest speakers in attendance.

CFBTA Chairman George Gero attended the event. He is pictured from left, along with CME Director Dennis Suskind, State Street Bank Senior Managing Director and former CFBTA Director Steve Winter, FIA President John Damgard, CME Director Jim Oliff, BP Head of Supply and Trading

Andy Milnes, and CME Board Member Leo Melamed.



IN BRIEF...



CME Group Provides \$550 Million Guarantee for MF Global Accounts

CME Group announced that it will provide a financial guarantee of \$550 million to the SIPC Trustee, an increase of \$300 million of its initial guarantee. This would increase the payout percentage to 75% and includes customers holding cash balances and warehouse receipts, as well as those who received insufficient funds checks from MF Global. This will distribute the entire \$2.5 billion held at CME Clearing.

ICE Launches 33 New Cleared OTC Contracts

ICE Futures U.S. launched 33 new global refined petroleum and North American power cleared OTC contracts for the trade date of December 5. With the addition of these contracts, ICE now offers more than 635 cleared OTC energy contracts.

CME Group Launches NYMEX Brent 25-Day Futures and Options Contracts

CME Group announced the launch of NYMEX Brent 25-day futures and options contracts to begin trading December 12. The

contracts will be listed for open outcry, electronic trading on CME Globex, and OTC on CME ClearPort. Final settlement will be based on the Platts 25-day Brent cash assessment and will have February 2012 as the first listed month.

ICE Reports Increase in ADV for October

ICE announced a 21% increase in average daily volume (ADV) for October 2011 from October of the previous year. The ADV was 1,610,020 contracts. Year-to-date ADV was 1,549,076, an increase of 17% compared to this time last year.

McGraw-Hill and CME Group Enter into Joint Business Venture

McGraw-Hill and CME Group announced they will partner up to create S&P/Dow Jones indices, an index service business with more than \$400 million in annual revenue. The joint venture is expected to launch in the first half of 2012. McGraw-Hill will own 73%, CME Group will own 24.4%, and Dow Jones will own 2.6% of the new company.

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