



Neal L. Wolkoff
Chief Executive Officer
ELX Futures L.P.

T. 212 294 8056
F. 212 294 8058

110 East 59th Street
New York, NY 10022
nolkoff@elxfutures.com

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Via eRulemaking Portal
Gabrielle A. Sudik, Special Counsel
Division of Market Oversight
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: Proposed Rules on Block Trading and EFP and EFS Transactions, 73
FR 54097, September 18, 2008**

Dear Special Counsel Sudik,

ELX Futures, L.P. (“Electronic Liquidity Exchange” or “ELX”) was formed in December, 2007 by eight dealers, three trading firms, and a major electronic and voice broker and technology provider, and is now in the process of applying for designation with the Commodity Futures Trading Commission (“CFTC”) as a Board of Trade and Contract Market for exchange trading in, among other products, U.S. Treasury Futures Contracts. Once it is approved, ELX will be a fully electronic exchange, and will not support a trading floor.

ELX submits these comments with respect to the Commission’s above-referenced proposed rules concerning Block Trading and EFP and EFS transactions. With the exceptions noted below, ELX supports the proposed rules and commends the Commission for proposing rules which are sensitive to a variety of market needs and circumstances, and which give the contract markets latitude in fashioning rules that meet the needs of their marketplaces and individual circumstances.

ELX supports integrating the requirements of large market participants within the structure of the centralized market facility. Bright line, one size fits all rule sets only serve to disenfranchise the largest users of the regulated markets and incent them to move their business off-exchange or off-shore. Clearly, if we are worried about liquidity, driving business off-exchange harms market liquidity and price transparency more than any other outcome. Given that they are promptly price reported, block transactions that take place on an exchange provide price discovery by the marketplace for large trades that otherwise would be unseen if they were executed off-exchange. Retaining for the

