

DONALD E. FRYHOFER

3212 S.E. Cambridge Ct.
Bartlesville, Oklahoma 74006

November 16, 1987

Mr. John J. Phelan, Jr., Chairman
New York Stock Exchange
11 Wall Street
New York, New York 10005

Dear Mr. Phelan,

The recent events in the financial markets, viz: "Black Monday", together with the varied self serving views that have been expressed as the cause or causes of this debacle, compel me to write this letter urging you to take the steps that are necessary to eliminate the practice of computer program trading and the abolition of the stock index futures market.

It is obvious that the investors using the computer program trading vehicle do so because it gives them an advantage over the other investors who do not have access to this trading vehicle. The trades of these privileged-favored investors are instantly executed. Their computers are instantly aware of all changes in values in the "cash" and "futures" markets as they occur and – depending on the spread – immediately trigger "Buy" or "Sell" programs, depending on the movements of the "cash" and /or "futures" markets.

Whereas, the investor that does not have the benefit of computer program trading must rely on his broker and floor trader to execute a "buy" or "sell" order. On "Black Monday", this investor was looking at values that were two hours old. This investor had no way to compete with those investors using the program trading vehicle. How can it be that a computer program trader is constantly aware of the change in values immediately as they occur and the non-computer program trader only has access to values that are two hours or more old?

It is my strong perception that the advantages these investors have are so great that investors such as myself are playing a losing game. We don't have a fair chance. The computer program trading investors will win every time. Its like playing with "loaded" dice that rolls "craps" everytime whereas the privileged-favored investors use dice that rolls "seven" or "eleven" each time on the first roll. This is not fair!!! You know it; they know it and yet everyone wants to stick their head in the sand.

DONALD E. FRYHOFER

3212 S.E. Cambridge Ct.
Bartlesville, Oklahoma 74006

The stock markets must have the same rules for every participant. These rules must be fair to everyone and all loopholes must be eliminated and favoritism prohibited.

I am enclosing a copy of a recent bulletin I received which supports my thoughts on this subject.

Very truly yours,

Donald E. Fryhofer

P.S. I am asking the two Senators from Oklahoma along with my congressman to look into this.