# DORMAN TRADING, LLC

## FINANCIAL STATEMENTS
## AND SUPPLEMENTARY SCHEDULES
### PURSUANT TO REGULATION 1.10 UNDER
### THE COMMODITY EXCHANGE ACT

**December 31, 2011**

**AVAILABLE FOR PUBLIC INSPECTION**

# CFTC FORM 1-FR-FCM [0005]

OMB NO. 3038-0024

| NAME OF COMPANY | EMPLOYER ID NO: | NFA ID NO: |
|---|---|---|
| **DORMAN TRADING, LLC** | **363993338** | **0002569** |

| ADDRESS OF PRINCIPAL PLACE OF BUSINESS: | PERSON TO CONTACT CONCERNING THIS REPORT: |
|---|---|
| **141 W. Jackson Blvd.**<br>**Suite 2070**<br>**Chicago, IL 60604** **[0050]** | **Robert Sheeren** **[0040]**<br>**TELEPHONE NO: (312) 341-7070** **[0060]** |

1. Report for the period beginning **01/01/11** [0070] and ending **12/31/11** [0080]

2. Type of report [0090] [**X**] Certified [ ] Regular quarterly/semiannual [ ] Monthly 1.12 (b)

   [ ] Special call by: ______________________ [ ] Other - Identify:______

3. Check whether [0095] [**X**] Initial filing [ ] Amended filing

4. Name of FCM's Designated Self-Regulatory Organization: **CME Group Inc.** [0100]

5. Name(s) of consolidated subsidiaries and affiliated companies:

| Name | Percentage Ownership | Line of Business |
|---|---|---|
| [0110] | [0120] | [0130] |
| [0140] | [0150] | [0160] |
| [0170] | [0180] | [0190] |
| [0200] | [0210] | [0220] |
| [0230] | [0240] | [0250] |

The futures commission merchant, or applicant for registration therefore, submitting this Form and its attachments and the person whose signature appears below represent that, to the best of their knowledge, all information contained therein is true, correct and complete. It is understood that all required item, statements and schedules are integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted. It is further understood that any intentional misstatements or omissions of facts constitute Federal Criminal Violations (see 18 U.S.C. 1001).

Signed this **22nd** day of **March**, **2012**

Manual signature ________________________________

Type or print name Robert Sheeren

[ ] Chief Executive Officer [ X ] Chief Financial Officer Corporate Title ________________

[ ] General Partner [ ] Sole Proprietor

Authority: Sections 4c, 4d, 4f, 4g, 5a, 8a, and 17 of the Commodity Exchange Act (7 U.S.C. 6c, 6d, 6f, 6g, 7a, 12a, and 21)

RYAN & JURASKA
Certified Public Accountants
141 West Jackson Boulevard
Chicago, Illinois 60604
Tel: 312.922.0062
Fax: 312.922.0672

**INDEPENDENT AUDITOR'S REPORT**

To the Members of
Dorman Trading, LLC

We have audited the accompanying statement of financial condition of Dorman Trading, LLC (the "Company") as of December 31, 2011. The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above present fairly, in all material respects, the financial position of Dorman Trading, LLC as of December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The information contained in the supplementary schedules is presented for the purpose of additional analysis and is not a required part of the basic financial statement, but is supplementary information required by regulations under the Commodity Futures Trading Commission. These schedules are the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Ryan & Juraska

Chicago, Illinois
March 2, 2012

**DORMAN TRADING, LLC**

**Statement of Financial Condition**

**December 31, 2011**

## Assets

| | | |
|---|---|---|
| Cash | $ | 596,641 |
| Cash segregated under federal and other regulations | | 76,910,917 |
| Securities owned, marketable, at fair value | | 4,210,948 |
| Receivables from: | | |
| Broker-dealers, futures commission merchants, and clearing organizations | | 5,699,593 |
| Customers (net of allowance for doubtful accounts of $46,239) | | 355,133 |
| Noncustomers | | 20,297 |
| Deposits with clearing organizations | | 64,734,871 |
| Secured Demand Notes | | 590,000 |
| Exchange memberships and stock, at cost (fair value $2,328,179) | | 1,826,164 |
| Furniture, equipment, and leasehold improvements, at cost (net of accumulated depreciation and amortization of $421,811) | | — |
| Other | | 31,679 |
| Total assets | $ | 154,976,243 |

## Liabilities and Members' Equity

| | | |
|---|---|---|
| Liabilities: | | |
| Payables to: | | |
| Customers | $ | 139,064,141 |
| Noncustomers | | 233,170 |
| Accounts payable and accrued expenses | | 2,865,021 |
| Total liabilities | | 142,162,332 |
| Liabilities subordinated to claims of general creditors | | 675,000 |
| Members' equity | | 12,138,911 |
| Total liabilities and members' equity | $ | 154,976,243 |

See accompanying notes.

## 1. Organization and Business

Dorman Trading, L.L.C. (the "Company") is a limited liability company that was formed June 1, 1995, for the purpose of acting as a futures commission merchant and clearing member of the Chicago Board of Trade, the Chicago Mercantile Exchange, and the Intercontinental Exchange.

Effective June 1, 1995 it succeeded to substantially all of the assets and liabilities of Dorman Trading Company, which had been a futures commission merchant and a Chicago Board of Trade clearing member since 1980.

## 2. Summary of Significant Accounting Policies

Depreciation

Depreciation of furniture and equipment is computed using accelerated methods for financial reporting purposes.

Income Taxes

The Company is a limited liability company, and is taxed under the partnership tax provisions of the Internal Revenue Code. Under those provisions, the company is not liable for federal income taxes on its taxable income. The members are liable for individual income taxes on their share of the Company's taxable income.

Deferred income taxes are recorded to reflect the future tax consequences of the difference between the carrying value of assets and liabilities for income tax and financial reporting purposes, and for the benefits of tax credit and loss carryforwards. The amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be fully realized.

The Company has adopted FASB ASC topic 740, which provides guidance regarding how uncertain income tax positions should be recognized, measured, presented, and disclosed in the financial statements. FASB ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company continues to evaluate uncertain tax positions, if any, and income tax contingencies under FASB ASC topic 450 Accounting for Contingencies. FASB ASC 450 requires the Company to accrue for losses it believes are probable and can be reasonably estimated. Management believes the impact of FASB ASC 740 on its financial position and results of operations will have no material impact on its statement of financial condition.

Use of Estimates

The preparation of statement of financial condition in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and the accompanying notes. Management determines that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

## 3. Segregated Assets

At December 31, 2011, assets segregated or held in separate accounts under Federal regulations included in the statement of financial condition are as follows:

| | | |
|---|---|---|
| Segregated for customers trading on U.S. futures exchanges: | | |
| Cash and cash equivalents | $ | 76,853,416 |
| Deposits with clearing organizations | | 60,499,083 |
| Receivables from clearing organizations | | 809,147 |
| Receivables from broker-dealers and futures commission merchants | | 2,118,202 |
| | $ | 140,279,848 |

| | | |
|---|---|---|
| Held in separate accounts for foreign futures and foreign options customers: | | |
| Cash and cash equivalents | $ | 57,501 |
| Receivables from broker-dealers and futures commission merchants | | 2,675,349 |
| | $ | 2,732,850 |

Customers' funds, regulated under the Commodity Exchange Act, as amended (the "CEAct"), are required to be segregated from the funds of the Company and its employees. Customers' segregated funds and equities in customers' regulated trading accounts, as shown in the statement of financial condition, do not reflect the market value of options positions owned by customers and securities owned by customers and held by the Company as collateral or as margin. At December 31, 2011, the market value of net customers' options positions totaled approximately $(15.2) million. The market value of securities owned by customers and held by the Company totaled approximately $3.1 million. This amount is in stock and U.S. Treasury securities. Interest on customer owned securities accrues to the benefit of the customers.

## 4. Deposits with Clearing Organizations

At December 31, 2011, deposits with clearing organizations consisted of cash margins totaling $25,234,085, U.S. Government Securities totaling $39,450,786, and cash guarantee deposits totaling $50,000.

There are also U.S. Government Securities held for collateral that are deposited with clearing organizations and utilized as a security deposit of the Company in the amount of $509,587.

## 5. Liabilities Subordinated to Claims of General Creditors

At December 31, 2011, the Company had $ 675,000 of liabilities subordinated to claims of general creditors. All of the borrowings are from the Company's members or related persons and are pursuant to subordinated loan agreements and secured demand loans.

## 5. Liabilities Subordinated to Claims of General Creditors, Continued

| | Due Date | | Amount |
|---|---|---|---|
| Non-interest bearing | 10/01/2012 | $ | 90,000 |
| | 10/01/2012 | | 500,000 |
| | | $ | 590,000 |
| Interest bearing | 10/01/2012 | $ | 85,000 |
| | Total | $ | 675,000 |

Pursuant to the terms of each agreement, each note is renewed for one year upon maturity, unless notified otherwise in advance by the note holder. Notification by the note holder not to renew must be made thirteen months in advance of a maturity date.

The $590,000 of secured demand loans are collateralized by securities valued at $936,576 on December 31, 2011. The subordinated borrowings are available in computing adjusted net capital under the minimum capital requirements.

## 6. Related Party transactions

The Company has subordinated loan agreements and secured demand notes due to members and related persons of the Company. Terms of these agreements are described in Note 5.

## 7. Concentration of Credit Risk

At December 31, 2011, a significant credit concentration consisted of cash deposited in four banks. The balances exceeded federally insured limits by approximately $76,000,000 which represents approximately 626% of the Company's equity. Management believes that the Company is not exposed to any significant credit risk on cash.

## 8. Commitments

The Company conducts its operations in leased office facilities and annual rentals are charged to current operations. The leases are subject to escalation clauses based on the operating expenses of the lessors.

The approximate minimum annual rental commitments under non-cancelable operating leases as of December 31, 2011 are approximately as follows:

| Year Ending December 31 | | Amount |
|---|---|---|
| 2012 | | 280,000 |
| 2013 | | 247,000 |
| | $ | 527,000 |

## 9. Off-Balance Sheet Risk

The Company executes customer transactions in the purchase and sale of commodity futures contracts (including options on futures contracts), substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell futures contracts at prevailing market prices in order to fulfill the customer's obligations. The Company controls this risk by monitoring margin collateral levels on a daily basis for compliance with regulatory and internal guidelines and requires additional collateral when necessary. The Company requires a customer to deposit additional margin collateral, or reduce positions, if it is determined that the customer's activities may be subject to above normal market risks.

## 10. Minimum Capital Requirements

The Company is a futures commission merchant subject to Commodity Futures Trading Commission minimum capital requirements (Regulation 1.17). In addition, the Company is subject to minimum capital requirements of the CME Group, Inc. The Company is required to maintain "net capital" equivalent to the greater of $1,000,000 or the sum of 8% of the customer risk maintenance margin requirement plus 8% of the non-customer risk maintenance margin requirement, as these terms are defined. In addition, the Company is subject to minimum capital requirement of the CME Group, Inc. Under the more restrictive of these rules, the Company is required to maintain net capital equivalent to the greater of $5,000,000 or 8% of the customer risk maintenance margin requirement plus 8% of the non-customer risk maintenance margin requirement.

At December 31, 2011, under Regulation 1.17 and under the requirements of the CME Group, Inc., the Company had adjusted net capital and net capital requirements of $9,337,433 and $5,000,000, respectively. The net capital rule may effectively restrict member withdrawals and the repayment of subordinated loans.

## 11. Fair Value Disclosure

The Company has adopted FASB ASC topic 820, which requires, among other things, enhanced disclosures about investments that are measured and reported at fair value. FASB ASC topic 820 establishes a hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

## 11. Fair Value Disclosure, Continued

Level 1 Inputs - quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Inputs - other than quoted prices included with Level 1 that are observable for substantially the full term of the asset or liability, either directly or indirectly. Level 2 assets include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies.

Level 3 Inputs - unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation

At December 31, 2011, the Company's Level 1 investments consisted of U.S. government securities and securities owned with fair values of $39,450,786 and $4,210,948. The Company held no Level 2 or Level 3 investments at December 31, 2011.

## 12. Contingency

The Company has been named in an arbitration claim filed with the National Futures Association. The claimant, a former customer of the Company, alleges the Company is responsible for losses suffered in an account managed by a commodity trading advisor. The claimant seeks damages based on a maximum exposure of $7.3 million. The Company filed an Answer and Counterclaim denying liability for the claimants' losses and seeking indemnification under the customer agreement. By order dated October 18, 2011, the Company was dismissed as a respondent to this matter. However, the Company remains a counter-claimant in this matter and, further, the customer was introduced by an introducing broker guaranteed by the Company. Management and legal counsel believe the Company has meritorious defenses against all claims. Accordingly, no provision has been made in the financial statements for any loss that may result from the complaint.

## 13. Subsequent Events

A customer of the Company has been named in a statement of claim filed under the laws of Canada related to the customer's former business. The statement of claim alleges the customer, a commodity trading adviser ("cta") located in Canada, is responsible for losses suffered by the plaintiffs from an investment in the cta's former business. On February 21, 2012, the plaintiffs were granted leave to amend the statement of claim to add the Company as a defendant. The amended statement of claim has not yet been served on the Company as of March 2, 2012. The Company continues to deny that it has any responsibility with respect to this statement of claim. Management does not believe that the outcome will have a material effect on the Company's financial statements.

## SUPPLEMENTARY SCHEDULES

**DORMAN TRADING, LLC** **Schedule 1**

**Reconciliation of Statement of Financial Condition to Net Capital Computation**

**December 31, 2011**

| | | | | |
|---|---|---|---|---|
| Total assets per Statement of Financial Condition | | | $ | 154,976,243 |
| Add: | | | | |
| Securities owned by customers | $ | 3,148,734 | | |
| Securities owned by members - collateral for secured demand notes | | 509,587 | | |
| Value of net customer options positions | | (15,208,322) | | (11,550,001) |
| Deduct: Noncurrent assets (as defined) | | | | |
| Receivables from customers, net | $ | 321,989 | | |
| Receivables from noncustomers | | 20,297 | | |
| Exchange memberships | | 1,826,164 | | |
| Other assets | | 14,876 | | (2,183,326) |
| Current Assets (as defined) | | | | 141,242,916 |

| | | | | |
|---|---|---|---|---|
| Total liabilities per Statement of Financial Condition | | | $ | 142,162,332 |
| Add: | | | | |
| Securities owned by customers | $ | 3,148,734 | | |
| Securities owned by members - collateral for secured demand notes | | 509,587 | | |
| Value of net customer options positions | | (15,208,322) | | |
| Subordinated borrowings | | 675,000 | | (10,875,001) |
| Adjusted Total Liabilities | | | | 131,287,331 |

**DORMAN TRADING, LLC** **Schedule 2**

**Statement of the Computation of Net Capital and Minimum Capital Requirements**

**December 31, 2011**

| | | | | |
|---|---|---|---|---|
| Current assets, as defined (see reconciliation on prior page) | | | $ | 141,242,916 |
| Increase (decrease) to U.S. clearing organization stock to reflect margin value | | | | — |
| Net current assets | | | | 141,242,916 |
| Total liabilities (see reconciliation on prior page) | | $ 131,287,331 | | |
| Deductions from total liabilities | | | | |
| Liabilities subject to satisfactory subordination agreements | $ 675,000 | | | |
| Total deductions | | $ (675,000) | | |
| Adjusted liabilities | | | | 130,612,331 |
| Net capital | | | | 10,630,585 |
| | | Charge | | |
| Charges against net capital: | | | | |
| Twenty percent of market value of uncovered inventories | | $ 11,280 | | |
| Charges as specified in section 240.15c3-1(c)(2)(vi) and (vii) against securities owned by firm, including securities representing investments of domestic and foreign customers' funds | | | | |
| | Market Value | | | |
| U.S. and Canadian Government Obligation | $ 39,450,786 | 219,150 | | |
| Stocks and warrants | 4,000,087 | 1,044,300 | | |
| Other securities | 210,861 | 4,217 | | |
| Uncovered futures contracts in proprietary accounts | | 14,205 | | 1,293,152 |
| Adjusted net capital | | | | 9,337,433 |
| Net capital required using risk-based requirement: | | | | |
| Amount of customer risk maintenance margin | $ 19,125,749 | | | |
| 8% of customer risk-based requirement | | $ 1,530,060 | | |
| Amount of noncustomer risk maintenance margin | 5,250 | | | |
| 8% of customer risk-based requirement | | 420 | | |
| Total risk based requirement | | 1,530,480 | | |
| Minimum dollar amount requirement | | 1,000,000 | | |
| Amount required | | | | 1,530,480 |
| Excess net capital | | | $ | 7,806,953 |

Guaranteed Introducing Brokers

List all IBs with which guarantee agreements entered into by the FCM, currently in effect — See attached.

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filing as of December 31, 2011.

**DORMAN TRADING, LLC** **Schedule 3**

**Reconciliation of Statement of Financial Condition to Segregation Statement (U.S. Exchanges)**

**December 31, 2011**

| | | |
|---|---|---|
| Customers' Segregated Funds per Statement of Financial Condition (Note 3) | $ | 140,279,848 |
| Add: | | |
| U.S. Treasury securites owned by customers | | 3,100,000 |
| Other securites owned by customers | | 48,734 |
| Value of customers' open long futures options contracts | | 44,800,031 |
| Deduct: | | |
| Value of customers' open short futures options contracts | | (60,008,353) |
| Total Amount in Segregation | $ | 128,220,260 |

See accompanying independent auditors' report.

**DORMAN TRADING, LLC** **Schedule 4**

**Segregation Requirement and Funds in Segregation**

**December 31, 2011**

| | | |
|---|---|---|
| Segregation requirement: | | |
| Net ledger balance: | | |
| Cash | $ | 131,956,719 |
| Securities | | 3,148,734 |
| Net unrealized loss in open futures contracts traded on a contract market | | 4,169,427 |
| Exchange traded options: | | |
| Market value of open options contracts purchased on a contract market | | 44,800,031 |
| Market value of open options contracts sold on a contract market | | (60,008,353) |
| Net equity | | 124,066,558 |
| Accounts liquidating to a deficit and accounts with debit balances - gross amount | | 368,858 |
| Amount required to be segregated | | 124,435,416 |
| Funds on deposit in segregation: | | |
| Deposited in segregated funds bank accounts: | | |
| Cash | | 76,818,006 |
| Securities held for particular customers in lieu of cash | | 48,734 |
| Margins on deposit with clearing organizations of contract markets: | | |
| Cash | | 25,234,085 |
| Securities representing investments of customers’ funds, at market | | 35,264,998 |
| Securities held for particular customers in lieu of cash margins, at market | | 3,100,000 |
| Net settlement from clearing organizations of contract markets | | 809,147 |
| Exchange traded options: | | |
| Value of open long option contracts | | 44,800,031 |
| Value of open short option contracts | | (60,008,353) |
| Net equities with other futures commission merchants: | | |
| Net liquidating equity | | 2,118,202 |
| Securities held for particular customers in lieu of cash margins, at market | | — |
| Customers’ segregated funds on hand (Petty Cash) | | 35,410 |
| Total amount in segregation | | 128,220,260 |
| Excess funds in segregation | $ | 3,784,844 |

There are no material differences between the above computation and the Company’s corresponding unaudited Form 1FR-FCM filing as of December 31, 2011.

See accompanying independent auditors' report.

**DORMAN TRADING, LLC** **Schedule 5**

**Segregation Requirement and Funds in Segregation - Customers' Dealer Options**

**December 31, 2011**

The Company does not carry customers' dealer option accounts as defined by Commodity Exchange Act Regulation 32.6. Therefore, the Company is exempt from the provisions of Regulation 32.6.

**DORMAN TRADING, LLC** **Schedule 6**

**Secured Requirement and Funds Held in Separate Accounts**

**December 31, 2011**

| | | | | |
|---|---|---|---|---|
| Amount required to be set aside in separate Section 30.7 accounts | | | $ | 2,535,993 |
| Funds on deposit in separate Section 30.7 accounts: | | | | |
| Cash in banks | | | | |
| Banks located in the United States | $ | 57,501 | | 57,501 |
| Equities with registered futures commissions merchants, as follows: | | | | |
| Cash | $ | 2,604,929 | | |
| Unrealized loss on open futures contracts | | 70,420 | | 2,675,349 |
| Total amount in separate Section 30.7 accounts | | | | 2,732,850 |
| Excess funds in separate Section 30.7 accounts | | | $ | 196,857 |

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filing as of December 31, 2011.

**DORMAN TRADING, LLC** **Schedule 7**

**Exchange Supplementary Information**

**December 31, 2011**

| | | |
|---|---|---|
| Capital to be withdrawn within 6 months | $ | 500,000 |

See accompanying independent auditors' report.

**DORMAN TRADING, LLC** **Schedule 8**

**Listing of Guaranteed Introducing Brokers**

**December 31, 2011**

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Absolute Futures - Fremont, OH
Aequitas Group LLC - Brooklyn, NY
Agland Marketing, Inc. - Overland Park, KS
Alt Capital LLC - Chicago, IL
Ascension Capital Markets Inc - Toronto, Canada
CV Futures LLC - Houston, TX
Freeze Kenneth Dale - Costa Mesa, CA
Gentry Financial LLC - Kankakee, IL
Grollemond Russel Phillip - Sycamore, IL
Heartland Trading Group LLC - Freeport, IL
Marketxtra LLC - Los Angeles, CA
ND Global Trading - Chicago, IL
North America Trade Center LLC – Huntington Beach, CA
Pacific Options and Wealth Management - Huntington Beach, CA
Porter Ringhold & Company Inc - Chatsworth, CA
Premier Futures Group Inc. - San Clemente, CA
Redlands Futures and Options - Redlands, CA
Reiter Dave Richard – Muenster, TX
Sarasota Futures Group Inc – Sarasota, FL
Vantage Trading, LLC - Loma Linda, CA
Vequitas Trading LLC - Toronto, Canada
Western Commodities – Eugene, OR
Ziemba Capital Management LLC - Chicago, IL

See accompanying independent auditors' report.

FREEDOM OF INFORMATION ACT (“FOIAct”) NOTICE

Certain statements and schedules in financial reports received by the Commission from futures commission merchants (“FCMs”) are considered by the Commission to be a public record, copies of which may be obtained upon written request to the Commission’s FOIAct, Privacy and Sunshine Acts compliance staff in Washington, D.C. Such financial reports include CFTC form 1-FR-FCM. Pursuant to Section 1.10(g) of the Commission’s regulations, the following portions of these reports will be considered public and be made available pursuant to requests received:

1. the Statement of Financial Condition;

2. the Statement of the Computation of the Minimum Capital Requirements (the schedule of guaranteed introducing brokers that is to be included with this statement in Form 1-FR-FCM will be considered public);

3. the Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges

4. the Statement of Segregation Requirements and Funds in Segregation for Customers’ Dealer Options Accounts;

5. the Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers;

6. supplemental schedules that explain or provide additional details concerning any line item for which a supplemental schedule is specifically called for by the statements set forth in (1) through (5) above; and

7. the Independent Public Accountant’s Opinion, if the report is audited.

These statements will be considered public whether filed in electronic or in hard copy form. All other statements or schedules included in form 1-FR-FCM, and notes to audited financial reports will be deemed non-public. Generally, the Commission may disclose to third parties portions of the “nonpublic” information in the report under the following circumstances:

1. in connection with matters in litigation:

2. in connection with Commission investigations:

3. where the information is furnished to regulatory, self-regulatory and law enforcement agencies to assist them in meeting responsibilities assigned to them by law; and

Petitions for confidential treatment filed by an FCM with respect to any of the public information contained in the Form 1-FR-FCM will not be processed by Commission staff. However, if the applicant or registrant believes that the placing of any other information submitted on or with its report in the Commission’s public files would constitute an unwarranted invasion of the applicant’s or registrant’s personal privacy or would reveal sensitive business information, the registrant or applicant may petition the Commission to treat such other information as nonpublic pursuant to Section 145.9 in response to requests under the Freedom of Information Act. Section 145.9 of the Commission’s regulations affords the applicant or registrant the right to notice and a right to appeal any Commission staff decision to disclose this information pursuant to a request for information under the Freedom of Information Act.

RYAN & JURASKA
Certified Public Accountants
141 West Jackson Boulevard
Chicago, Illinois 60604
Tel: 312.922.0062
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL**

To the Members of
Dorman Trading, LLC

In planning and performing our audit of the financial statements of Dorman Trading, LLC (the "Company") as of and for the year ended December 31, 2011, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (the "CFTC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding customer and firm assets. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the following:

> The periodic computations of minimum financial requirements pursuant to Regulation 1.17
>
> The daily computations of the segregation requirements of section 4d(2) of the Commodity Exchange Act (the "CEAct") and the regulations thereunder, and the segregation of funds based on such computations
>
> The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 under the CFTC.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the CFTC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the proceeding paragraphs.

Because of inherent limitations in internal control or the practices and procedures referred to previously, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

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A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of control deficiencies, in internal control over financial reporting that is less severe than a material weakness; yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities and certain regulated commodity customer and firm assets that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for its purposes in accordance with the CEAct and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes.  Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2011 to meet the CFTC's objectives.

This report is intended solely for the information and use of management, the CFTC, the Chicago Mercantile Exchange, the Chicago Board of Trade, and other regulatory agencies that rely on Regulation 1.16 under the CEAct in their regulation of registered futures commission merchants, and is not intended to be and should not be used for any other purpose.

Ryan & Juraska

Chicago, Illinois
March 2, 2012