



# Dorman Trading, L.L.C.

## Futures Account Documentation

### JOINT ACCOUNT

Account Name: \_\_\_\_\_

Dorman Account Number: \_\_\_\_\_

#### FOR INTERNAL USE ONLY

Approvals (Please sign and date)

F.A.	Date	Branch Manager	Date

## Opening Your Account

Thank you for your interest in opening a futures trading account with Dorman Trading.

This package includes the agreements and forms necessary to establish a futures trading account as well as certain documentation which may, at your discretion, be completed by you to allow specific types of trading activities. Included is a set of Disclosure Statements required by exchanges and regulators for certain types of activities. You should review these statements to understand some of the risks of trading and be aware of how your rights in certain markets might be limited. These Statements should be kept by you and copies should be distributed to the relevant parties within your organization.

Pursuant to the Know Your Customer provisions of the Patriot Act, we are required to obtain proof of your identity. If you are a U.S citizen or U.S. resident we will attempt to satisfy this requirement by obtaining an Equifax credit report. If we are unable to determine your true identity in this manner, we may ask for a Government issued picture ID card. If you are a Foreign citizen, you must submit a copy of your passport or other Government issued picture ID.

In addition to the attached documents, additional legal, financial and other personal information may be required from you prior to approving a new account.

Employees of banks and brokerage firms will be asked to submit an Employer Consent Letter.

If your account will be traded by someone other than you under a power of attorney, additional documentation will be required prior to the start of trading.

Hedge clients must be sure to complete the appropriate hedge information on the Account Application and the Hedge Election.

## Fund your account

You may fund your account in any of the following three ways:

**Bank Wire:** Bank wires are considered cleared funds and allow you to begin trading your account immediately. When wiring funds, please contact your account representative for instructions.

**Checks:** You may fund your accounts with a personal check, savings and loan check, and checks drawn on a money market or credit union account. These funds require clearance before you may begin trading. You may also fund your account with a cashier's check or certified check, however please discuss this with your account representative prior to funding, for further instruction. **MAKE ALL CHECKS PAYABLE TO DORMAN TRADING, LLC.**

**Transferred Funds:** You may fund your account by transferring funds to Dorman Trading, LLC from an investment or brokerage account of another firm. Funds transferred from another brokerage account are considered cleared funds. To transfer funds, simply fill out the one-page External Transfer Form and return it to us. We'll take care of the rest.

***Please note: Regardless of the funding method you choose, the originator of the funds must always match the name listed as the account holder.***



# JOINT ACCOUNT APPLICATION

## **Non- Acceptable Forms of Funding**

Currency  
Money Orders  
Third Party Checks  
Checks drawn on Foreign Banks  
Credit Cards and Credit Card Checks  
Starter Checks without Imprinted Name  
Cash Advance Checks  
Drafts or Wires from Currency Exchanges or Currency Changers

## **ACH Disclosure**

If you fund your account by check, you authorize Dorman to use the information on that check to either make a one-time electronic funds transfer or to process your payment as a traditional check transaction. When Dorman processes your check as an electronic funds transfer, the funds may be withdrawn from your account immediately and you will not receive your cancelled check back from your financial institution. Dorman will not be held responsible for any transfer errors that arise due to any inaccurate data that you have provided.

## **Important Information about Procedures for Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

### **What this means for you:**

When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. For Non- U.S. Citizens, we will also ask for a copy of your passport or other Government issued picture ID. Without this information we will not open any account.

We look forward to serving you!

**DORMAN TRADING LLC**

encl.:

Futures Account Application  
Disclosure Documents  
Futures Customer Agreement  
Acknowledgement of Risk Disclosures and Customer Agreement  
Joint Account Statement  
Proprietary Funds Letter  
Consent to Delivery of Statements by Electronic Media  
W-9  
Discretionary Trading Authorization / Power of Attorney  
FCM Risk Disclosure

## CHECKLIST

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- ☐ Futures Account Application (pages 5-10)
- ☐ Disclosures (pages 10-28)
  - ☐ Risk Disclosure Statement
  - ☐ Risk Disclosure Statement for Futures and Options
  - ☐ Supplement to Risk Disclosure Statement
  - ☐ Electronic Trading and Order Routing Systems Disclosure Statement
  - ☐ Uniform Notification Regarding Access to Market Data
  - ☐ Notice Regarding Average Price System
  - ☐ Direct Foreign Order Transmittal Disclosure Statement
  - ☐ CME Disclosure Statement for Payment for Order Flow
  - ☐ Non-Cash Margin Disclosure Statement
  - ☐ Special Notice to Foreign Brokers and Foreign Traders
  - ☐ Notice to Singapore-based Market Participants
  - ☐ Notice to Introduced Customers
  - ☐ Privacy Policy
  - ☐ Conflicts of Interest
  - ☐ USA Patriot Act Notice and Anti Money Laundering Policy Statement
- ☐ Futures Customer Agreement (pages 29-39)
- ☐ Acknowledgement of Risk Disclosures and Customer Agreement (page 40)
- ☐ Joint Account Statement (page 41)
- ☐ Proprietary Funds Letter (page 42)
- ☐ Consent To Delivery of Statements by Electronic Media (page 43)
- ☐ W-9 (page 44-45)
- ☐ Discretionary Trading Authorization / Power of Attorney (pages 46-48)
- ☐ FCM Risk Disclosure (pages 49-56)
- ☐ Additional Information to be Supplied by the Customer
  - ☐ Proof of Identity
  - ☐ Joint Account Signatures (if filing jointly)
  - ☐ Employer Consent Letter (if required)
  - ☐ Any Other Required Supplemental Documentation

## FUTURES ACCOUNT APPLICATION [PRIMARY ACCOUNT HOLDER]

TYPE OF JOINT ACCOUNT: ☐ JOINT TENANTS ☐ TENANTS IN COMMON

### PERSONAL INFORMATION (Primary Account Holder)

First				Last				SSN			
Address						City			State		
Zip/Postal			Country			Phone					
Mobile			E-Mail						Date of Birth		
Are you a U.S. Citizen?	<input type="checkbox"/> YES <input type="checkbox"/> NO		Marital Status?					No. of Dependents?			
Mailing Address (if different)											

### EMPLOYER (Primary Account Holder)

Are you retired?	<input type="checkbox"/> YES <input type="checkbox"/> NO		Source of Income (if retired)								
Employer Name				Nature of Business					Job Title		
Address						City			State		
Zip/Postal			Country			Phone					
E-Mail											

### BANKING (Primary Account Holder)

Name of Bank						Account #					
Address						City			State		
Zip/Postal			Country			Phone					

## ASSETS (Primary Account Holder)

<b>Annual Income</b>	<input type="checkbox"/> \$25,000-\$49,000 <input type="checkbox"/> \$50,000- \$200,000 <input type="checkbox"/> more than \$200,000 <input type="checkbox"/> less than \$25,000, please specify amount \$_____ and complete Additional Risk Disclosure		
<b>Net Worth (excluding equity in home)</b>	<input type="checkbox"/> \$50,000 - \$99,000 <input type="checkbox"/> \$100,000 - \$249,000 <input type="checkbox"/> \$250,000 - \$499,000 <input type="checkbox"/> \$500,000 - \$1,000,000 <input type="checkbox"/> More than \$1,000,000 <input type="checkbox"/> Less than \$50,000, please specify amount \$_____ and complete Additional Risk Disclosure		
<b>Estimated Liquid Net Worth (excluding residence)</b>	<input type="checkbox"/> Under \$15,000 <input type="checkbox"/> \$15,000 - \$49,000 <input type="checkbox"/> \$50,000 - \$499,000 <input type="checkbox"/> \$500,000 - \$1,000,000 <input type="checkbox"/> More than \$1,000,000		
<b>Amount to be deposited to Trading Account</b>	\$		
<b>Approximate Risk Capital</b>	\$		

## BROKERS (Primary Account Holder)

<b>Accounts with Other Brokers</b>						
<b>Name of Broker</b>				<b>Account #</b>		
<b>Address</b>				<b>City</b>	<b>State</b>	
<b>Zip/Postal</b>		<b>Country</b>		<b>Phone</b>		
<b>Account balance with other brokers:</b>		\$				

## TRADING PROFILE (Primary Account Holder)

<b>Investment Experience:</b> Stocks/Bonds Funds Commodities	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, how many years? _____</i> <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, how many years? _____</i> <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, how many years? _____</i>
<b>Are you affiliated with or employed by a futures or securities exchange, NFA, NASD, a member firm of either of those entities, or by Dorman Trading, LLC?</b>	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, what is the Affiliate Name? Please obtain employer's consent</i>
<b>Are you related to your broker or any employee of Dorman Trading?</b>	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>

Is this account for an IRA or Retirement Plan?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, Name of Custodian:</i>
Have you ever been party to an investigation, complaint or settlement with the NFA, CFTC, SEC or other?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
Do you have a pending complaint, or have you ever made a complaint, regarding a previous commodity futures or securities account?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
<b>TRADING PROFILE (Primary Account Holder Continued)</b>	
Does any person other the owner(s) of the account have the authority to trade this account?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, who is the authorized trader and complete Discretionary Trading Authorization?</i>
Are you trading or planning on trading any funds beside your own?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
Will anyone other than the joint owner, share in the profits or losses in this account?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
Trading objectives?	<input type="checkbox"/> Speculative <input type="checkbox"/> Hedging <i>If Hedging, please complete Hedge Letter</i>
Are you now or were you ever an NFA member?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, provide registration status and NFA ID</i>
Is this account being funded by a transfer from another firm?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, what is the firm name and complete External Transfer form.</i>
Do you understand the risk of loss in Futures Trading?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand the leverage provided in Futures Trading?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand the possibility of losing more than your account balance?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand that you may be required to deposit additional funds to your account?	<input type="checkbox"/> YES <input type="checkbox"/> NO

## FUTURES ACCOUNT APPLICATION [SECONDARY ACCOUNT HOLDER]

### PERSONAL INFORMATION (Primary Account Holder)

First		Last		SSN	
Address				City	State
Zip/Postal		Country		Phone	
Mobile		E-Mail			Date of Birth
Are you a U.S. Citizen?	<input type="checkbox"/> YES <input type="checkbox"/> NO	Marital Status?		No. of Dependents?	
Mailing Address (if different)					

### EMPLOYER (Primary Account Holder)

Are you retired?	<input type="checkbox"/> YES <input type="checkbox"/> NO	Source of Income (if retired)			
Employer Name			Nature of Business		Job Title
Address				City	State
Zip/Postal		Country		Phone	
E-Mail					

### BANKING (Primary Account Holder)

Name of Bank				Account #	
Address				City	State
Zip/Postal		Country		Phone	



## ASSETS (Primary Account Holder)

<b>Annual Income</b>	<input type="checkbox"/> \$25,000-\$49,000 <input type="checkbox"/> \$50,000- \$200,000 <input type="checkbox"/> more than \$200,000 <input type="checkbox"/> less than \$25,000, please specify amount \$_____ and complete Additional Risk Disclosure		
<b>Net Worth (excluding equity in home)</b>	<input type="checkbox"/> \$50,000 - \$99,000 <input type="checkbox"/> \$100,000 - \$249,000 <input type="checkbox"/> \$250,000 - \$499,000 <input type="checkbox"/> \$500,000 - \$1,000,000 <input type="checkbox"/> More than \$1,000,000 <input type="checkbox"/> Less than \$50,000, please specify amount \$_____ and complete Additional Risk Disclosure		
<b>Estimated Liquid Net Worth (excluding residence)</b>	<input type="checkbox"/> Under \$15,000 <input type="checkbox"/> \$15,000 - \$49,000 <input type="checkbox"/> \$50,000 - \$499,000 <input type="checkbox"/> \$500,000 - \$1,000,000 <input type="checkbox"/> More than \$1,000,000		
<b>Amount to be deposited to Trading Account</b>	\$ _____		
<b>Approximate Risk Capital</b>	\$ _____		

## BROKERS (Primary Account Holder)

<b>Accounts with Other Brokers</b>						
<b>Name of Broker</b>				<b>Account #</b>		
<b>Address</b>				<b>City</b>	<b>State</b>	
<b>Zip/Postal</b>		<b>Country</b>		<b>Phone</b>		
<b>Account balance with other brokers:</b>		\$ _____				

## TRADING PROFILE (Primary Account Holder)

<b>Investment Experience:</b> Stocks/Bonds Funds Commodities	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, how many years? _____</i> <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, how many years? _____</i> <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, how many years? _____</i>
<b>Are you affiliated with or employed by a futures or securities exchange, NFA, NASD, a member firm of either of those entities, or by Dorman Trading, LLC?</b>	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, what is the Affiliate Name? Please obtain employer's consent</i>
<b>Are you related to your broker or any employee of Dorman Trading?</b>	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>

Is this account for an IRA or Retirement Plan?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, Name of Custodian:</i>
Have you ever been party to an investigation, complaint or settlement with the NFA, CFTC, SEC or other?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
Do you have a pending complaint, or have you ever made a complaint, regarding a previous commodity futures or securities account?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
<b>TRADING PROFILE (Primary Account Holder Continued)</b>	
Does any person other the owner(s) of the account have the authority to trade this account?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, who is the authorized trader and complete Discretionary Trading Authorization?</i>
Are you trading or planning on trading any funds beside your own?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
Will anyone other than the joint owner, share in the profits or losses in this account?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, please explain.</i>
Trading objectives?	<input type="checkbox"/> Speculative <input type="checkbox"/> Hedging <i>If Hedging, please complete Hedge Letter</i>
Are you now or were you ever an NFA member?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, provide registration status and NFA ID</i>
Is this account being funded by a transfer from another firm?	<input type="checkbox"/> YES <input type="checkbox"/> NO <i>If YES, what is the firm name and complete External Transfer form.</i>
Do you understand the risk of loss in Futures Trading?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand the leverage provided in Futures Trading?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand the possibility of losing more than your account balance?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand that you may be required to deposit additional funds to your account?	<input type="checkbox"/> YES <input type="checkbox"/> NO

## DISCLOSURES

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### RISK DISCLOSURE STATEMENT

The risk of loss in trading commodity futures contracts can be substantial. You should, therefore, carefully consider whether such trading is suitable for you in light of your circumstances and financial resources. You should be aware of the following points:

- (1) You may sustain a total loss of the funds that you deposit with your broker to establish or maintain a position in the commodity futures market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required funds within the time required by your broker, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.
- (2) The funds you deposit with a futures commission merchant for trading futures positions are not protected by insurance in the event of the bankruptcy or insolvency of the futures commission merchant, or in the event your funds are misappropriated.
- (3) The funds you deposit with a futures commission merchant for trading futures positions are not protected by the Securities Investor Protection Corporation even if the futures commission merchant is registered with the Securities and Exchange Commission as a broker or dealer.
- (4) The funds you deposit with a futures commission merchant are generally not guaranteed or insured by a derivatives clearing organization in the event of the bankruptcy or insolvency of the futures commission merchant, or if the futures commission merchant is otherwise unable to refund your funds. Certain derivatives clearing organizations, however, may have programs that provide limited insurance to customers. You should inquire of your futures commission merchant whether your funds will be insured by a derivatives clearing organization and you should understand the benefits and limitations of such insurance programs.
- (5) The funds you deposit with a futures commission merchant are not held by the futures commission merchant in a separate account for your individual benefit. Futures commission merchants commingle the funds received from customers in one or more accounts and you may be exposed to losses incurred by other customers if the futures commission merchant does not have sufficient capital to cover such other customers' trading losses.
- (6) The funds you deposit with a futures commission merchant may be invested by the futures commission merchant in certain types of financial instruments that have been approved by the Commission for the purpose of such investments. Permitted investments are listed in Commission Regulation 1.25 and include: U.S. government securities; municipal securities; money market mutual funds; and certain corporate notes and bonds. The futures commission merchant may retain the interest and other earnings realized from its investment of customer funds. You should be familiar with the types of financial instruments that a futures commission merchant may invest customer funds in.
- (7) Futures commission merchants are permitted to deposit customer funds with affiliated entities, such as affiliated banks, securities brokers or dealers, or foreign brokers. You should inquire as to whether your futures commission merchant deposits funds with affiliates and assess whether such deposits by the futures commission merchant with its affiliates increases the risks to your funds.
- (8) You should consult your futures commission merchant concerning the nature of the protections available to safeguard funds or property deposited for your account.
- (9) Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market reaches a daily price fluctuation limit ("limit move").
- (10) All futures positions involve risk, and a "spread" position may not be less risky than an outright "long" or "short" position.

(11) The high degree of leverage (gearing) that is often obtainable in futures trading because of the small margin requirements can work against you as well as for you. Leverage (gearing) can lead to large losses as well as gains.

(12) In addition to the risks noted in the paragraphs enumerated above, you should be familiar with the futures commission merchant you select to entrust your funds for trading futures positions. Beginning July 12, 2014, the Commodity Futures Trading Commission will require each futures commission merchant to make publicly available on its Web site firm specific disclosures and financial information to assist you with your assessment and selection of a futures commission merchant. Information regarding this futures commission merchant may be obtained by visiting our Web site, [www.dormantrading.com](http://www.dormantrading.com).

ALL OF THE POINTS NOTED ABOVE APPLY TO ALL FUTURES TRADING WHETHER FOREIGN OR DOMESTIC. IN ADDITION, IF YOU ARE CONTEMPLATING TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS, YOU SHOULD BE AWARE OF THE FOLLOWING ADDITIONAL RISKS:

(13) Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, customers who trade on foreign exchanges may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction.

(14) Finally, you should be aware that the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS.

## RISK DISCLOSURE STATEMENT FOR FUTURES AND OPTIONS

*This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.*

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### FUTURES

#### 1. Effect of 'Leverage' or 'Gearing'

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

#### 2. Risk-Reducing Orders or Strategies

The placing of certain orders (e.g., 'stop-loss' orders, where permitted under local law, or 'stop limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as 'spread' and 'straddle' positions, may be as risky as taking simple 'long' or 'short' positions.

### OPTIONS

#### 3. Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the position is 'covered' by the seller holding a

corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## **ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS**

### **4. Terms and Conditions of Contracts**

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

### **5. Suspension or Restriction of Trading and Pricing Relationships**

Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

### **6. Deposited Cash and Property**

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

### **7. Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

### **8. Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

## 9. Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

## 10. Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

## 11. Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

## 12. Off-Exchange Transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.



## SUPPLEMENT TO RISK DISCLOSURE STATEMENT

***The following information supplements the disclosures contained in the Risk Disclosure Statement for Futures and Options.***

### 1. Exercise of Options

An option on a futures contract is exercised through the clearinghouse for the exchange listing the option. Notice of exercise must be given to the clearinghouse through the member of the clearinghouse carrying the customer's account.

The exercise of an option involves an overnight process. Following the receipt of an exercise notice, the clearinghouse will randomly assign the exercise to a clearing member holding a position as a writer, or seller, of the same option series. On the day following the exercise of an option, opposite future positions are established for the holder (buyer) and writer (seller) of the option by the clearinghouse through a book entry in the clearing system. Where a call is exercised, the holder of the call will be assigned a long futures position and the seller will be assigned a short futures position. The opposite will be true in the case of a put.

Customers should not be confused by the cut-off time established by a clearinghouse for the submission of exercise notices, which follows by several hours the time when customers must give notice of exercise to Dorman Trading L.L.C. ("Dorman"). This time interval is required to permit the processing and forwarding to the clearinghouse of customer exercise notices by Dorman.

Any option which is not properly exercised prior to its expiration will become worthless. In the absence of specific instructions to do so, Dorman shall have no obligation to close out any open option position for a customer in order to protect the customer against loss. Some options have provisions for automatic exercise at expiration if the option is in-the-money. In the absence of any specific instructions from you, Dorman may in its discretion permit an option to be exercised automatically or direct the clearinghouse of the exchange not to exercise the option if, in the judgment of Dorman, doing so would be in the customer's interest. Once an exercise notice has been assigned to the writer (seller) of an option, the writer may no longer close out the option position but will instead become the holder of a futures position which, unless closed out through an offsetting futures transaction, will be required to be completed.

Also, an option customer should be aware of the risk that the futures price prevailing at the opening of the next trading day may be substantially different from the futures price which prevailed when the option was exercised. Similarly, for options on physicals that are cash-settled, the physicals price prevailing at the time the option is exercised may differ substantially from the cash settlement price that is determined at a later time. Thus, if a customer does not cover the position against the possibility of underlying commodity price change, the realized price upon option exercise may differ substantially from that which existed at the time of exercise.

### 2. Margin Requirements

Margin requirements are complex and subject to change by the relevant exchange from time to time as well as by Dorman.

Dorman will impose margin requirements on short (granted) options at least equal to the minimum margins established by the exchange on which the option is traded. Dorman may establish requirements in excess of the exchange minimums, and otherwise fix its margin requirements at such levels as it deems necessary for its protection. Where a margin call is not met, Dorman is authorized to close out the customer's position.

A margin deposit is similar to a cash performance bond. It is intended to assure the performance of the obligation of the writer of the option or the holder of the futures contract. As is the case with futures contracts, options on futures contracts are bought and sold on margins which represent a small percentage of the price of the underlying security.



Because of these low margins, price fluctuations in the underlying futures market may create profits or losses which are greater than those customary in other forms of investments.

The margin required upon the opening sale of an option on a futures contract is referred to as the initial margin. Option positions are subject to margin requirements. In the event a price change in an option on a futures contract causes the equity in the account to go below the margin requirement, a margin call will be made to the holder of the account. The holder of the account will in such circumstances be required to deposit additional margin sufficient to bring the equity in the account back to the level of the initial margin requirement.

### **3. Commissions, Costs and Fees**

Customers who believe that the commission rates set forth on confirmations and notices furnished to them do not reflect their understanding should bring this matter to the immediate attention of the Dorman employee handling their account, or that person's supervisor.

### **4. Limit Moves**

You should understand that options may not be subject to daily price fluctuation limits while the underlying futures may have such limits, and, as a result, normal pricing relations between options and the underlying futures contract may not exist when the future is trading at its price limit. Underlying futures positions resulting from exercise of options may not be capable of being offset if the underlying future is at a price limit. The value of an option which is in-the-money may tend to change dollar for dollar with changes in the price of the underlying futures contract. If the underlying futures contract has made a limit move, the customer will likely have a profit or loss equal to the limit move unless the option is not subject to price limits, in which case the profit or loss will likely be an amount equal to the price at which the underlying futures contract would have traded absent such limits.

## **ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS DISCLOSURE STATEMENT\***

*Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.*

### **1. Differences Among Electronic Trading Systems**

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of Internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

### **2. Risks Associated with System Failure**

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

### **3. Simultaneous Open Outcry Pit and Electronic Trading**

Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

### **4. Limitation of Liability**

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of futures commission merchants (such as Dorman Trading L.L.C.), and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.

## UNIFORM NOTIFICATION REGARDING ACCESS TO MARKET DATA

As a market user you may obtain access to Market Data available through an electronic trading system, software or device that is provided or made available to you by a broker or an affiliate of such. Market Data may include, with respect to products of an exchange ("Exchange") or the products of third party participating exchanges that are traded on or through the Exchange's electronic trading platform ("Participating Exchange"), but is not limited to, "real time" or delayed market prices, opening and closing prices and ranges, high-low prices, settlement prices, estimated and actual volume information, bids or offers and the applicable sizes and numbers of such bids or offers.

You are hereby notified that Market Data constitutes valuable confidential information that is the exclusive proprietary property of the applicable exchange, and is not within the public domain. Such Market Data may only be used for your firm's internal use. You may not, without the written authorization of the applicable exchange, redistribute, sell, license, retransmit or otherwise provide Market Data, internally or externally and in any format by electronic or other means, including, but not limited to the Internet. Further, you may not, without the written authorization of the applicable exchange, use Exchange Market Data for purposes of determining any price, including any settlement price, for any futures product, options on futures product, or other derivatives instrument traded on any exchange other than an Exchange or a Participating Exchange; or in constructing or calculating the value of any index or indexed product. Additionally, you agree you will not, and will not permit any other individual or entity to, (i) use Exchange Market Data in any way so as to compete with an Exchange or to assist or allow a third party to compete with an Exchange; or (ii) use that portion of Exchange Market Data which relates to any product of a Participating Exchange in any way so as to compete with that Participating Exchange or to assist or allow a third party to compete with such Participating Exchange.

You must provide upon request of the broker through which your firm has obtained access to Market Data, or the applicable exchange, information demonstrating your firm's use of the Market Data in accordance with this Notification. Each applicable exchange reserves the right to terminate a market user's access to Market Data for any reason. You also agree that you will cooperate with an exchange and permit an exchange reasonable access to your premises should an exchange wish to conduct an audit or review connected to the distribution of Market Data.

There may be monthly charges for the use of Exchange Market Data and these charges will be passed on to the user.

NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER, NOR THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, GUARANTEE THE TIMELINESS, SEQUENCE, ACCURACY OR COMPLETENESS OF THE DESIGNATED MARKET DATA, MARKET INFORMATION OR OTHER INFORMATION FURNISHED NOR THAT THE MARKET DATA HAVE BEEN VERIFIED. YOU AGREE THAT THE MARKET DATA AND OTHER INFORMATION PROVIDED IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS AN OFFER OR SOLICITATION WITH RESPECT TO THE PURCHASE OR SALE OF ANY SECURITY OR COMMODITY.

NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER NOR THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE TO YOU OR TO ANY OTHER PERSON, FIRM OR CORPORATION WHATSOEVER FOR ANY LOSSES, DAMAGES, CLAIMS, PENALTIES, COSTS OR EXPENSES (INCLUDING LOST PROFITS) ARISING OUT OF OR RELATING TO THE MARKET DATA IN ANY WAY, INCLUDING BUT NOT LIMITED TO ANY DELAY, INACCURACIES, ERRORS OR OMISSIONS IN THE MARKET DATA OR IN THE TRANSMISSION THEREOF OR FOR NONPERFORMANCE, DISCONTINUANCE, TERMINATION OR INTERRUPTION OF SERVICE OR FOR ANY DAMAGES ARISING THEREFROM OR OCCASIONED THEREBY, DUE TO ANY CAUSE WHATSOEVER, WHETHER OR NOT RESULTING FROM NEGLIGENCE ON THEIR PART. IF THE FOREGOING DISCLAIMER AND WAIVER OF LIABILITY SHOULD BE DEEMED INVALID OR INEFFECTIVE, NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER, NOR THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL BE LIABLE

IN ANY EVENT, INCLUDING THEIR OWN NEGLIGENCE, BEYOND THE ACTUAL AMOUNT OF LOSS OR DAMAGE, OR THE AMOUNT OF THE MONTHLY FEE PAID BY YOU TO BROKER, WHICHEVER IS LESS. YOU AGREE THAT NEITHER AN EXCHANGE, NOR ANY PARTICIPATING EXCHANGE, NOR THE BROKER NOR THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BE LIABLE TO YOU OR TO ANY OTHER PERSON, FIRM OR CORPORATION WHATSOEVER FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS, COSTS OF DELAY, OR COSTS OF LOST OR DAMAGED DATA.

## NOTICE REGARDING AVERAGE PRICE SYSTEM (“APS”)

You should be aware that certain US and non-US exchanges, including the CME and CBOT, may now or in the future allow a futures commission merchant (“FCM”) such as Dorman to confirm trades executed on such exchanges to some or all of their customers on an average price basis regardless of whether the exchanges have average price systems of their own. Average prices that are not calculated by an exchange system will be calculated by your FCM. In either case, trades that are confirmed to you at average prices will be designated as such on your daily and monthly statements.

APS enables a clearing firm to confirm to customers an average price when multiple execution prices are received on an order or series of orders for the same accounts. For example, if an order transmitted by an account manager on behalf of several customers is executed at more than one price, those prices may be averaged and the average may be confirmed to each customer. Customers may choose whether to use APS, and may request that APS be used for discretionary or non-discretionary accounts.

An order subject to APS must be for the same commodity. An APS order may be used for futures, options or combination transactions. An APS order for futures must be for the same commodity and month, and for options, it must be for the same commodity, month, put/call and strike.

An APS indicator will appear on the confirmation and monthly statement for a customer whose positions have been confirmed at an average price. This indicator will notify the customer that the confirmed price represents an average price or rounded average price.

The average price is not the actual execution price. APS will calculate the same price for all customers that participate in the order.

APS may be used when a series of orders are entered for a group of accounts. For example, a bunched APS order (an order that represents more than one customer account) executed at 10:00 a.m. could be averaged with a bunched APS order executed at 12:00 p.m. provided that each of the bunched orders is for the same accounts. In addition, market orders and limit orders may be averaged, as may limit orders at different prices, provided that each order is for the same accounts.

The following scenario exemplifies what occurs if an APS order is only partially executed. At 10:00 a.m. an APS order to buy 100 Dec S & P 500 futures contracts is transmitted at a limit price of 376.00; 50 are executed at 376.00, and the balance is not filled. At 12:00 p.m. an APS order to buy 100 Dec S & P 500 futures contracts is transmitted at a limit price of 375.00; 50 are executed at 375.00, and the balance is not filled. Both orders are part of a series for the same group of accounts. In this example, the two prices will be averaged. If the order was placed for more than one account, the account controller must rely on pre-existing allocation procedures to determine the proportions in which each account will share in the partial fill.

Upon receipt of an execution at multiple prices for an order with an APS indicator, an average will be computed by multiplying the execution prices by the quantities at those prices divided by the total quantities. An average price for a series of orders will be computed based on the average prices of each order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to customers. If a clearing member confirms the rounded average price, the clearing member must round the average price up to the next price increment for a sell order. The rounding process will create a cash residual of the difference between the actual average price and the rounded average price that must be paid to the customer.

APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the clearing member. For example, if the total residual to be paid to a customer on a rounded average price for 10 contracts is \$83.333333, the clearing member may pay \$83.33 to the customer.

If you would like more information on APS orders, please contact the Dorman Compliance Department.

**DIRECT FOREIGN ORDER TRANSMITTAL DISCLOSURE STATEMENT**

This statement applies to the ability of authorized customers of Dorman Trading L.L.C. ("Dorman") to place orders for foreign futures and options transactions directly with non-US entities (each, an "Executing Firm") that execute transactions on behalf of Dorman's customer omnibus accounts.

Please be aware of the following should you be permitted to place the type of orders specified above:

- The orders you place with an Executing Firm are for Dorman's customer omnibus account maintained with a foreign clearing firm. Consequently, Dorman may limit or otherwise condition the orders you place with the Executing Firm.
- You should be aware of the relationship of the Executing Firm and Dorman. Dorman may not be responsible for the acts, omissions, or errors of the Executing Firm, or its representatives, with which you place your orders. In addition, the Executing Firm may not be affiliated with Dorman. If you choose to place orders directly with an Executing Firm, you may be doing so at your own risk.
- It is your responsibility to inquire about the applicable laws and regulations that govern the foreign exchanges on which transactions will be executed on your behalf. Any orders placed by you for execution on that exchange will be subject to such rules and regulations, its customs and usages, as well as any local laws that may govern transactions on that exchange. These laws, rules, regulations, customs and usages may offer different or diminished protection from those that govern transactions on US exchanges. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. Before you trade, you should familiarize yourself with the foreign rules which will apply to your particular transaction. United States regulatory authorities may be unable to compel the enforcement of the rules of regulatory authorities or markets in non-US jurisdictions where transactions may be effected.
- It is your responsibility to determine whether the Executing Firm has consented to the jurisdiction of the courts in the United States. In general, neither the Executing Firm nor any individuals associated with the Executing Firm will be registered in any capacity with the Commodity Futures Trading Commission. Similarly, your contacts with the Executing Firm may not be sufficient to subject the Executing Firm to the jurisdiction of courts in the United States in the absence of the Executing Firm's consent. Accordingly, neither the courts of the United States nor the Commission's reparations program will be available as a forum for resolution of any disagreements you may have with the Executing Firm, and your recourse may be limited to actions outside the United States.

Unless you object within five (5) days by giving notice as provided in your customer agreement after receipt of this disclosure, Dorman will assume your consent to the aforementioned conditions.

**CME DISCLOSURE STATEMENT FOR PAYMENT FOR ORDER FLOW**

When firms provide execution services to customers, either in conjunction with clearing services or in an execution only capacity, they may, in some circumstances, direct orders to unaffiliated market makers, other executing firms, individual floor brokers or floor brokerage groups for execution. When such unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, on occasion, in connection with exchanges that permit pre-execution discussions and “off-floor” transactions such as block trading, exchanges of physicals, swaps or options for futures or equivalent transactions, a counterparty solicited to trade opposite customers of an executing firm may make payments described above and/or pay a commission to the executing firm in connection with that transaction. This could be viewed as an apparent conflict of interest. In order to determine whether transactions executed for your account are subject to the above circumstances, please contact your executing firm account representative.

## NON-CASH MARGIN DISCLOSURE STATEMENT

THIS STATEMENT IS FURNISHED TO YOU BECAUSE RULE 190.10(c) OF THE COMMODITY FUTURES TRADING COMMISSION REQUIRES IT FOR REASONS OF FAIR NOTICE UNRELATED TO THIS COMPANY'S CURRENT FINANCIAL CONDITION:

1. YOU SHOULD KNOW THAT IN THE UNLIKELY EVENT OF THIS COMPANY'S BANKRUPTCY, PROPERTY, INCLUDING PROPERTY SPECIFICALLY TRACEABLE TO YOU, WILL BE RETURNED, TRANSFERRED OR DISTRIBUTED TO YOU, OR ON YOUR BEHALF, ONLY TO THE EXTENT OF YOUR PRO RATA SHARE OF ALL PROPERTY AVAILABLE FOR DISTRIBUTION TO CUSTOMERS.
2. NOTICE CONCERNING THE TERMS FOR THE RETURN OF SPECIFICALLY IDENTIFIABLE PROPERTY WILL BE BY PUBLICATION IN A NEWSPAPER OF GENERAL CIRCULATION.
3. THE COMMISSION'S REGULATIONS CONCERNING BANKRUPTCIES OF COMMODITY BROKERS CAN BE FOUND AT 17 CODE OF FEDERAL REGULATIONS, PART 190.



## **SPECIAL NOTICE TO FOREIGN BROKERS AND FOREIGN TRADERS**

The Commodity Futures Trading Commission ("CFTC") has issued regulations that require the designation of an agent in the United States for accepting certain communications and legal process for foreign brokers and foreign traders and which provide for the issuance by the CFTC of "special calls" for information from foreign brokers and traders. Dorman Trading L.L.C. ("Dorman") is required to notify all foreign brokers and traders of the requirements of these regulations.

1. CFTC Regulation 15.05 provides that when a futures commission merchant, such as Dorman, executes commodity interest transactions on a United States contract market for the account of a foreign trader or foreign broker, that futures commission merchant will be considered to be an agent of the foreign trader or foreign broker, as well as of customers of the foreign broker who have positions in the foreign broker's accounts carried by the futures commission merchant, for purposes of accepting delivery and service of communications, including legal process, issued by or on behalf of the CFTC. Dorman is required under that Regulation to retransmit any such communications or legal process to you. You should be aware that Regulation 15.05 also permits you to designate an agent other than Dorman. Such alternative designation must be evidenced by a written agreement which you must provide to Dorman and which Dorman, in turn, must forward to the CFTC. If you wish to designate an agent other than Dorman, please notify Dorman's General Counsel in writing. If you do not designate another agent, Dorman will be your designated agent for CFTC communications. You should consult CFTC Regulation 15.05 for a more complete explanation of the foregoing.
2. CFTC Regulation 21.03 requires futures commission merchants, foreign brokers and foreign traders to respond to special calls by the CFTC for information regarding their futures and options trading. Dorman is similarly required by this Regulation to notify all foreign brokers and foreign traders of the requirements thereof.

Regulation 21.03 provides for the issuance of a special call by the CFTC for information from foreign brokers or traders for whom a futures commission merchant, such as Dorman, makes or causes to be made a futures or options on futures transaction. Such special calls generally are limited to instances where the CFTC needs information and where books and records of the futures commission merchant, trader or foreign broker upon whom the special call is made are not open at all times to inspection in the United States by any representative of the CFTC. For the purposes of this Regulation, Dorman will be required to transmit such special calls to you by facsimile or other means of electronic communication, unless you have designated someone else to act as your agent as discussed above. Foreign brokers and traders are required to provide the CFTC with all information specified in a special call.

Regulation 21.03 also permits the CFTC to prohibit you from further trading in the contract market and in the delivery months or options expiration dates specified in the call, except for liquidation trading, if the special call is not responded to at the place and within the time required by the CFTC. The special call shall be limited to information relating to futures or options positions of the foreign broker and foreign trader in the United States. Please consult CFTC Regulation 21.03 for a more complete description of the foregoing.

3. Dorman also would like to bring to your attention certain additional regulations affecting futures commission merchants, foreign brokers and foreign traders. The CFTC has, in Regulation 15.03, established specified reportable position levels for all futures contracts and options on futures contracts. Exchanges have similar requirements. These contract quantities are subject to change at any time and you should consult your Financial Advisor at Dorman to determine the current contract quantities applicable to you.

Dorman would be pleased to furnish you with a copy of these CFTC Regulations on request.



## Memorandum

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### FINANCIAL AND REGULATORY BULLETIN

TO: Chief Executive Officers #16-03  
Chief Compliance Officers  
Chief Financial Officers  
Chief Operations Officers  
Legal Counsel

DATE: September 23, 2016

SUBJECT: Disclosures Required to be Provided to Disclosed Singapore Market Participants

On May 18, 2016, the Monetary Authority of Singapore issued an order authorizing Chicago Mercantile Exchange Inc. ("CME") as a recognized clearing house in Singapore. Pursuant to the terms of its recognition, the clearing house division of CME ("CME Clearing") is required to make certain disclosures available to new Singapore-based participants at CME Clearing. Accordingly, CME Clearing is providing this notification to be included among the risk disclosures provided to new Singapore-based customers or affiliates for whom the clearing member will provide clearing services at CME. A clearing member's obligation to provide this notice to a new participant applies only to the extent such participant is disclosed to the firm as Singapore-based. Clearing members must also make this disclosure accessible to any existing<sup>1</sup> Singapore-based participant upon request.

- CME Clearing's operations are subject to the laws of the United States and regulations promulgated by the U.S. Commodity Futures Trading Commission ("CFTC");
- The rights and remedies available to Singapore-based participants as stated in CME's rules, policies and procedures may be governed by U.S. law. Such rights and remedies under U.S. law may differ from those available to Singapore-based participants when accessing Singapore-based clearing houses which are primarily regulated by Singapore laws;

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<sup>1</sup> As of the date of this notice.

- Funds and collateral posted to a clearing intermediary registered as a U.S. futures commission merchant (“FCM”) are subject to customer protection provisions of U.S. law;
- U.S. law and regulation mandate segregation of customer positions and collateral from the positions and collateral of FCM clearing members and prescribe the customer segregation model for futures and swaps, respectively, at both the FCM- and clearing house-levels. The structure and insolvency law impacts of the U.S. customer protection regime may differ from those of Singapore;

Disclosures Required to be Provided to Disclosed Singapore Market Participants

September 23, 2016

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- Trades cleared at CME will be subject to U.S. business hours and settlement timelines as set forth in Exchange or Clearing House rules;
- Trades cleared at CME may be subject to U.S. tax law and applicable provisions of the U.S. Internal Revenue Code, which may have a different impact than Singapore tax law; and
- Costs associated with clearing should be discussed with the clearing member offering clearing services.

Nothing included in this bulletin should be regarded as legal advice. Tax advisors, legal counsel and Exchange or Clearing House rules, as applicable, should be consulted in all cases where a Singapore-based participant has questions concerning the conduct of their business or the impact of U.S. law or regulation thereon.

Please direct questions regarding this bulletin to the following email addresses:

[InternationalLegalRegulatoryTeam@cmegroup.com](mailto:InternationalLegalRegulatoryTeam@cmegroup.com) [Timothy.Maher@cmegroup.com](mailto:Timothy.Maher@cmegroup.com)  
and [Jane.Moon@cmegroup.com](mailto:Jane.Moon@cmegroup.com).

**NOTICE TO INTRODUCED CUSTOMERS**

If your account has been introduced to Dorman Trading, LLC by an Introducing Broker (IB), Dorman wants you to be aware of and understand the relationship between Dorman, the Introducing Broker and the individual Account Executive who services your account on a day to day basis.

***Please be aware of the following:***

Dorman Trading, LLC will only accept checks, cashiers checks and bank wires that are payable to Dorman Trading, LLC and which originated from the bank account of the named Dorman Trading, LLC account holder. No other funds can or will be accepted. Your Introducing Broker and individual Account Executive are authorized to accept only funds that are payable to Dorman Trading, LLC, and no other funds. Any funds that are withdrawn from your account will be made payable to the named account holder.

All questions regarding your account should be directed to your Account Executive at your Introducing Broker. Your Account Executive will assist you in your trading. If you have granted a Power of Attorney to a third party, trading in your account is permitted without your specific authorization for each trade. If you have not granted a Power of Attorney or Letter of Direction, trading in your account is prohibited without your specific authorization.

You may be called upon to deposit additional funds to your account in the event that your account falls below Dorman Trading, LLC's margin requirements. Failure to make such deposits when called for may require Dorman Trading, LLC to protect itself from potential losses.

Day trading margins may be set at an amount significantly below the Exchange minimum margin requirements, however, any positions held at the close of the trading day are subject to full Exchange margin requirements. If your account balance is not sufficient to meet the margin required (intra day or end of day), you must promptly wire funds to meet your margin call. Failure to meet your margin call promptly will preclude you from further trading other than liquidation, and may require Dorman to liquidate your position on your behalf. Dorman Trading, LLC reserves the right to increase margins as they deem necessary and without notice.

If you have any questions about your account statements or transactions in your account, please contact your Account Executive at your Introducing Broker. However, if your questions are not resolved to your satisfaction, please contact the Compliance Department at Dorman Trading, LLC (312) 341-7070.

## DORMAN TRADING PRIVACY POLICY

FACTS	WHAT DOES DORMAN TRADING, LLC AND THEIR GUARANTEED INTRODUCING BROKERS DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and Income</li> <li>• Age and Investment Experience</li> <li>• Address and Assets</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer's personal information; the reasons Dorman Trading, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Dorman Trading, LLC share?	Can you limit this sharing?
<b>For our everyday business purposes-</b> Such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes-</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes-</b> Information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes-</b> Information about your creditworthiness	No	No
<b>For affiliates and nonaffiliates to market to you</b>	No	No

## What We Do?

**How does Dorman Trading, LLC protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

**How does Dorman Trading, LLC collect my personal information?**

We collect your personal information, for example, when you

- Open your account or deposit funds
- Withdraw funds or authorize a 3<sup>rd</sup> party trader

We also collect your personal information from others, such as credit bureaus, affiliates or other companies.

**Why can't I limit all sharing?**

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you
- State laws and individual companies may give you additional rights to limit sharing

## Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

**Joint Marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

## Questions

Call 312.341.7070 or go to [support@dormantrading.com](mailto:support@dormantrading.com)

## **DISCLOSURE OF DORMAN TRADING, LLC MATERIAL CONFLICTS OF INTEREST**

The purpose of this document is to provide you with information about some of the material conflicts of interest that may arise between you and Dorman Trading, LLC (“FCM”) in connection with FCM performing services for you with respect to futures, options on futures, swaps (as defined in the Commodity Exchange Act), forwards or other commodity derivatives (“Contracts”). Conflicts of interests can arise in particular when FCM has an economic or other incentive to act, or persuade you to act, in a way that favors FCM or its affiliates.

Under applicable law, including regulations of the Commodity Futures Trading Commission (“CFTC”), not all swaps are required to be executed on an exchange or swap execution facility (each, a “Trading Facility”), even if a Trading Facility lists the swap for trading. In such circumstances, it may be financially advantageous for FCM or its affiliate to execute a swap with you bilaterally in the over-the-counter market rather than on a Trading Facility and, to the extent permitted by applicable law, we may have an incentive to persuade you to execute your swap bilaterally.

Applicable law may permit you to choose the CFTC-registered derivatives clearing organization (“Clearing House”) to which you submit a swap for clearing. You should be aware that FCM may not be a member of, or may not otherwise be able to submit your swap to, the Clearing House of your choice. FCM consequently has an incentive to persuade you to use a Clearing House of which FCM or its affiliate is a member.

You also should be aware that FCM or its affiliate may own stock in, or have some other form of ownership interest in, one or more U.S. or foreign Trading Facilities or Clearing Houses where your transactions in Contracts may be executed and/or cleared. As a result, FCM or its affiliate may receive financial or other benefits related to its ownership interest when Contracts are executed on a given Trading Facility or cleared through a given Clearing House, and FCM would, in such circumstances, have an incentive to cause Contracts to be executed on that Trading Facility or cleared by that Clearing House. In addition, employees and officers of FCM or its affiliate may also serve on the board of directors or on one or more committees of a Trading Facility or Clearing House.

In addition, Trading Facilities and Clearing Houses may from time to time have in place other arrangements that provide their members or participants with volume, market-making or other discounts or credits, may call for members or participants to pre-pay fees based on volume thresholds, or may provide other incentive or arrangements that are intended to encourage market participants to trade on or direct trades to that Trading Facility or Clearing House. FCM or its affiliate may participate in and obtain financial benefits from such incentive programs.

When we provide execution services to you (either in conjunction with clearing services or in an execution-only capacity), we may direct orders to affiliated or unaffiliated market-makers, other executing firms, individual brokers or brokerage groups for execution. When such affiliated or unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, where permitted by law and the rules of the applicable Trading Facility, we may solicit a counterparty to trade opposite your order or enter into transactions for its own account or the account of other counterparties that may, at times, be adverse to your interests in a Contract. In such circumstances, that counterparty may make payments and/or pay a commission to FCM in connection with that transaction. The results of your transactions may differ significantly from the results achieved by us for our own account, our affiliates, or for other customers.

In addition, where permitted by applicable law (including, where applicable, the rules of the applicable Trading Facility), FCM, its directors, officers, employees and affiliates may act on the other side of your order or transaction by the purchase or sale for an account, or the execution of a transaction with a counterparty, in which FCM or a person affiliated with FCM has a direct or indirect interest, or may effect any such order with a counterparty that provides FCM or its affiliates with discounts related to fees for Contracts or other products. In cases where we have offered you a discounted commission or clearing fee for Contracts executed through FCM as agent or with FCM or its affiliate acting as counterparty, FCM or its affiliate may be doing so because of the enhanced profit potential resulting from acting as executing broker or counterparty.

FCM or its affiliate may act as, among other things, an investor, research provider, placement agent, underwriter, distributor, remarketing agent, structurer, securitizer, lender, investment manager, investment adviser, commodity trading advisor, municipal advisor, market maker, trader, prime broker or clearing broker. In those and other capacities, FCM, its directors, officers, employees and affiliates may take or hold positions in, or advise other customers and counterparties

concerning, or publish research or express a view with respect to, a Contract or a related financial instrument that may be the subject of advice from us to you. Any such positions and other advice may not be consistent with, or may be contrary to, your interests or to positions which are the subject of advice previously provided by FCM or its affiliate to you, and unless otherwise disclosed in writing, we are not necessarily acting in your best interest and are not assessing the suitability for you of any Contract or related financial instrument. Acting in one or more of the capacities noted above may give FCM or its affiliate access to information relating to markets, investments and products. As a result, FCM or its affiliate may be in possession of information which, if known to you, might cause you to seek to dispose of, retain or increase your position in one or more Contracts or other financial instruments. FCM and its affiliate will be under no duty to make any such information available to you, except to the extent we have agreed in writing or as may be required under applicable law.

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## USA PATRIOT ACT NOTICE

### IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT OR ESTABLISHING A NEW CUSTOMER RELATIONSHIP

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each individual or institution that opens an account or establishes a customer relationship with Dorman Trading LLC.

**What this means:** If you enter into a new customer relationship with Dorman, you will be asked for your name, address, date of birth (as applicable) and other identification information. This information will be used to verify your identity. By completing the Dorman account application, you give Dorman your consent to perform a background credit check. As appropriate, Dorman may, in its discretion, ask for additional documentation or information. If all required documentation or information is not provided, Dorman may be unable to open an account or establish a relationship with you.

## ANTI MONEY LAUNDERING POLICY STATEMENT

Dorman Trading, LLC is committed to full compliance with all applicable laws and regulations regarding money laundering. Every officer, director, employee and associated person ("AP") of the Firm is responsible for assisting in the Firm's efforts to detect, deter and prevent money laundering and other activities intended to facilitate the funding of terrorist or criminal activities. Towards this end, it is the Firm's policy to screen all prospective customers before any account is established and to monitor transactions in customer accounts on an ongoing basis.

## FUTURES CUSTOMER AGREEMENT

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In consideration of Dorman Trading L.L.C. ("Dorman") accepting one or more accounts of the undersigned ("Customer") (if more than one account is carried by Dorman, all are covered by this Agreement and are referred to collectively as the "Account") and Dorman's agreement to act as Customer's broker for the execution, clearance, and/or carrying of transactions for the purchase and sale of futures contracts, options on futures contracts, spot and forward contracts, and foreign exchange contracts (collectively referred to as "Contracts"), it is agreed as follows:

**Authorization** – Customer authorizes Dorman to purchase and sell Contracts for Customer's Account in accordance with Customer's oral or written instructions. Customer agrees that Dorman shall be entitled to rely on any instruction, notice, or communication that it reasonably believes to have originated from Customer or Customer's duly authorized agent and Customer shall be bound thereby. Customer hereby waives any defense that any such instructions were not in writing as may be required by any law, rule or regulation.

**Applicable Rules and Regulations** – The Account and each transaction therein shall be subject to the terms of this Agreement and to (a) all applicable laws and the regulations, rules, and orders (collectively, "regulations") of all regulatory and self-regulatory organizations having jurisdiction and (b) the constitution, by-laws, rules, regulations, orders, resolutions, interpretations and customs and usages (collectively, "rules") of the market and any associated clearing organization (each, an "exchange") on or subject to the rules of which such transaction is executed and/or cleared. The reference in the preceding sentence to exchange rules is solely for Dorman's protection and Dorman's failure to comply therewith shall not constitute a breach of this Agreement or relieve Customer of any obligation or responsibility under this Agreement. Dorman shall not be liable to Customer as a result of any action by Dorman, its officers, directors, employees, or agents to comply with any rule or regulation.

**Payments to Dorman** – Customer agrees to pay to Dorman immediately on request (a) commissions, fees, and service charges as are in effect from time to time together with all applicable regulatory and self-regulatory organization and exchange fees, charges, and taxes, (b) the amount of any debit balance or any other liability that may result from transactions executed for the Account; and (c) interest on such debit balance or liability at the prevailing rate charged by Dorman at the time such debit balance or liability arises and service charges on any such debit balance or liability, together with any reasonable costs and attorneys' fees incurred in collecting any such debit balance or liability. Customer acknowledges that Dorman may charge commissions at other rates to other customers.

**Customer's Duty to Maintain Adequate Margin** – Customer shall at all times and without prior notice or demand from Dorman maintain adequate margins in the Account so as continually to meet the original and maintenance margin requirements established by Dorman for Customer. Dorman may change such requirements from time to time at Dorman's discretion. Such margin requirements may exceed the margin requirements set by any exchange or other regulatory authority and may vary from Dorman's requirements for other customers. Customer agrees, when so requested, immediately to wire transfer margin funds and to furnish Dorman with names of bank officers for immediate verification of such transfers. Failure to deposit adequate margin when requested by Dorman, may result in the involuntary liquidation of all or part of your position. Dorman's failure to require satisfaction of a margin call immediately on any occasion shall not be deemed to be a waiver of its right to do so in the future. Customer acknowledges and agrees that Dorman may receive and retain as its own any interest, increment, profit, gain, or benefit, directly or indirectly, accruing from any of the funds Dorman receives from Customer.

**Delivery** – Customer acknowledges that the making or accepting of delivery pursuant to a futures contract may involve a much higher degree of risk than liquidating a position by offset. Dorman has no control over and makes no warranty with respect to grade, quality, or tolerances of any commodity delivered in fulfillment of a contract. Customer understands that liquidating instructions on open futures positions maturing in a current month must be given to Dorman at least five business days prior to the first notice day in the case of long positions and, in the case of short positions, at least five business days prior to the last trading day. Alternatively, sufficient funds to take delivery or

necessary delivery documents to make delivery must be delivered to Dorman within the same period described above. If Dorman has requested instructions, funds, or documents, and the same are not received by Dorman within the applicable time frame set forth above, Dorman without any further notice or requests may either liquidate Customer's positions or make or receive delivery on Customer's behalf upon such terms and such methods as Dorman deems to be feasible.

In the case of Dorman's inability to deliver any security, commodity or other property to the purchaser by reason of failure of Customer to supply Dorman therewith, then and in such event, Customer authorizes Dorman to borrow or buy any security, commodity, or other property necessary to make delivery thereof. Customer agrees to be responsible for any premiums which Dorman may be required to pay thereon or any cost which Dorman may sustain by reason of Dorman's inability to borrow or buy the security, commodity, or other property sold, and for any debit, loss, fine, or other assessment or penalty levied against Dorman as a result of Customer's delivery failure

**Options** – Dorman shall not have any obligation to exercise any long option contract unless Customer has furnished Dorman with timely exercise instructions and sufficient initial margin with respect to each underlying futures contract. Customer understands that some exchanges and clearing houses have established cut-off times for the tender of option exercise instructions and that an option will become worthless if instructions are not delivered before such expiration time. Customer also understands that certain exchanges and clearing houses automatically exercise some "in-the-money" options unless instructed otherwise. Customer acknowledges full responsibility for taking action either to exercise or to prevent the automatic exercise of an option contract, as the case may be, and Dorman is not required to take any action with respect to an option contract, including without limitation, any action to exercise an option prior to its expiration date or to prevent its automatic exercise, except upon Customer's express instructions. Customer further understands that Dorman may establish exercise cut-off times which may be different from the times established by exchanges and clearing houses.

Customer understands that all short option positions are subject to assignment at any time, including positions established on the same day that exercises are assigned, and that assignment notices are allocated among Dorman's customers' short options positions which are subject to assignment. Customer understands that Dorman may not be able to notify Customer that a position was exercised prior to the opening of the next trading session, although Dorman will undertake reasonable efforts to do so.

**Foreign Currency** – If Dorman enters into any transaction for Customer effected in a currency other than U.S. dollars: (a) any profit or loss caused by changes in the rate of exchange for such currency shall be for Customer's Account and risk and (b) unless another currency is designated in Dorman's confirmation of such transaction, all margin for such transaction and the profit or loss on the liquidation of such transaction shall be in U.S. dollars at a rate of exchange determined by Dorman in its discretion on the basis of then prevailing market rates of exchange for such foreign currency.

**Position Limits** – (a) Customer agrees that Dorman, at its discretion, may establish trading limits for Customer's Account and may limit the number of open positions (net or gross) which Customer may execute, clear, and/or carry with or acquire through it. Customer agrees (i) not to make any trade which would have the effect of exceeding such limits, (ii) that Dorman may require Customer to reduce open positions carried with Dorman, and (iii) that Dorman may refuse to accept orders to establish new positions. Dorman may impose and enforce such limits, reduction, or refusal whether or not they are required by applicable law, regulations, or rules. (b) Customer shall comply with all position limits established by any regulatory or self-regulatory organization or any exchange. In addition, Customer agrees to notify Dorman promptly if Customer is required to file position reports with any regulatory or self-regulatory organization or with any exchange and agrees to provide Dorman with copies of any such report. Dorman expressly disclaims any liability for Customer's losses related to Customer's exceeding the Trading Limit. Customer understands that Trading Limits are for Dorman's use and protection and in no way is Dorman agreeing to monitor Customer's trading on the Customer's behalf.

**No Warranty as to Information or Recommendations** – Customer acknowledges that:

any market recommendations and information Dorman may communicate to Customer does not constitute an offer to sell or a solicitation of any offer to buy any Contract;

such recommendations and information, although based upon information obtained from sources believed by Dorman to be reliable, are incidental to Dorman's business as a futures commission merchant, may be incomplete and not subject to verification, and will not serve as the primary basis for any decision by Customer;

Dorman makes no representation, warranty, or guarantee as to, and shall not be responsible for, the accuracy or completeness of any information or trading recommendation furnished to Customer;

recommendations to Customer as to any particular transaction at any given time may differ among Dorman's personnel due to diversity in analysis of fundamental and technical factors and may vary from any standard recommendation made by Dorman in its market letters or otherwise; and

Dorman has no obligation or responsibility to update any market recommendations or information it communicates to Customer.

Customer understands that Dorman and its officers, directors, affiliates, stockholders, representatives, or associated persons may have positions in and may intend to buy or sell Contracts which are the subject of market recommendations furnished to Customer, and that the market positions of Dorman or any such officer, director, affiliate, stockholder, representative, or associated person may or may not be consistent with the recommendations furnished to Customer by Dorman.

**Limits on Dorman Duties; Liability** – Customer agrees:

Dorman is not acting as a fiduciary, commodity trading advisor, investment adviser, or commodity pool operator with respect to Customer or any Contract or Account and Dorman shall have no responsibility for compliance with any law or regulation governing the conduct of any such fiduciary or advisor or for Customer's compliance with any law or regulation governing or affecting Customer's trading hereunder;

that the commissions which Dorman receives are consideration solely for the execution, reporting, and carrying of Customer's trades;

that if Customer has authorized any third party or parties to place orders or effect transactions on behalf of Customer in any Account, each such party has been selected by Customer based on its own evaluation and assessment of such party and that such party is solely the agent of Customer, and if any such party allocates Contracts among its customers, Customer has reviewed each such party's allocation system, has satisfied itself that such allocation system is fair, and will seek recovery solely from such party to recover any damages sustained by Customer as the result of any allocation made by such party; and

to waive any and all claims, rights, or causes of action which Customer has or may have against Dorman or its officers, employees, and agents (i) arising in whole or in part, directly or indirectly, out of any act or omission of any person, whether or not legally deemed an agent of Dorman, who refers or introduces Customer to Dorman or places orders for Customer and (ii) for any punitive damages and to limit any claims arising out of this Agreement or the Account to Customer's direct out-of-pocket damages.

**Consent to Take the Other Side of Orders** – Without its prior notice, Customer agrees that (i) Dorman may engage in pre-execution communications in accordance with applicable rules and regulations relating to electronic trading and the execution of electronic orders; and (ii) when Dorman executes sell or buy orders on Customer's behalf, Dorman, its directors, officers, employees, agents, affiliates, and any floor broker or terminal operator may take the other side of Customer's order for the account of such person subject to such order being executed in accordance with and subject to the limitations and conditions, if any, contained in applicable rules and regulations.

### **Third-Party Actions and Extraordinary Events –**

If Customer's Account has been introduced to Dorman by another broker, that broker is acting as Customer's agent and that broker in this relationship is not an agent of or affiliated with Dorman. Customer agrees that Customer's broker and its employees are third-party beneficiaries of all the rights of this Agreement. Unless Dorman receives from Customer prior written notice to the contrary, Dorman may accept from such other broker, without any inquiry or investigation: (a) orders for the purchase or sale of Contracts, on margin or otherwise; and (b) any other instructions concerning Customer's Account or the property therein. Customer understands and agrees that by agreement with Customer's broker, Dorman may pay a substantial portion of the brokerage commissions charged to Customer's Account to Customer's broker in consideration of introducing and servicing Customer's Account. Customer further understands and agrees that the role of Dorman is limited to execution, clearing and bookkeeping for transactions made pursuant to instructions from Customer or Customer's broker, and Dorman generally will not inquire into the circumstances surrounding any transaction for Customer's Account. Dorman is not responsible for any acts or omissions of any independent introducing broker, including, but not limited to, sales practices, trading practices or recommendations. Customer agrees to look solely to Customer's independent introducing broker for redress of any loss or damage arising out of circumstances other than Dorman's own gross negligence or willful misconduct in the execution, clearance or bookkeeping of transactions for Customer's Account.

Customer shall have no claim against Dorman for any loss, damage, liability, cost, charge, expense, penalty, fine, or tax caused directly or indirectly by (a) governmental, court, exchange, regulatory or self-regulatory organization restrictions, regulations, rules, decisions, or orders, (b) suspension or termination of trading, (c) war or civil or labor disturbance, (d) delay or inaccuracy in the transmission or reporting of orders due to a breakdown or failure of computer services, transmission, or communication facilities, (e) the failure or delay by any exchange or clearing organization to enforce its rules or to pay to Dorman any margin due in respect of Customer's Account, (f) the failure or delay by any bank, trust company, clearing organization, or other person which, pursuant to applicable exchange rules, is holding Customer funds, securities, or other property to pay or deliver the same to Dorman, or (g) any other cause or causes beyond Dorman's control.

**Indemnification of Dorman** – Customer agrees to indemnify, defend and hold harmless Dorman and its directors, officers, employees, and agents from and against any loss, cost, claim, damage (including any consequential cost, loss or damage), liability, or expense (including reasonable attorneys' fees) and any fine, sanction or penalty made or imposed by any regulatory or self-regulatory authority or any exchange as the result, directly or indirectly, of:

Customer's failure, breach, or refusal to fully and timely comply with any provision of this Agreement or perform any obligation on its part to be performed pursuant to this Agreement;

Any actions of any third party selected by Customer which affect Customer's Account; or

Customer's failure to timely deliver any security, commodity, or other property previously sold by Dorman on Customer's behalf.

Customer additionally agrees to pay promptly to Dorman all reasonable attorney's fees incurred by Dorman (i) in the enforcement of any of the provisions of this Agreement, or (ii) in any action, claim or demand filed by Customer arising

out of this Agreement or any other Agreements between Dorman and Customer where Dorman is not found to be liable or responsible.

**Notices; Transmittal** – Customer consents to the electronic delivery of reports, notices and confirmation and other statements via electronic mail, computer network facsimile, or other electronic means as agreed by Customer and Dorman. Customer may revoke its consent at any time upon reasonable notice to Dorman. Dorman shall transmit all communications to Customer at Customer's address, e-mail address, telefax or telephone number set forth in the accompanying Futures Account Application or to such other address as Customer may here-after direct in writing. Customer shall transmit all communications to Dorman (except routine inquiries concerning the Account) to the attention of Dorman's Compliance Department. All payments and deliveries to Dorman shall be made as instructed by Dorman from time to time and shall be deemed received only when actually received by Dorman

**Confirmation Conclusive** – Confirmation of trades and any other notices sent to Customer shall be conclusive and binding on Customer unless Customer or Customer's agent notifies Dorman to the contrary (a) in the case of an oral report, orally at the time received by Customer or its agent or (b) in the case of a written report or notice, in writing prior to opening of trading on the business day next following receipt of the report. In addition, if Customer has not received a written confirmation that a Contract has been executed within three business days after Customer has placed an order with Dorman to effect such transaction, and has been informed or believes that such order has been or should have been executed, then Customer immediately shall notify Dorman thereof. Absent such notice, Customer conclusively shall be deemed estopped to object and to have waived any such objection to the failure to execute or cause to be executed such transaction. Anything in this Section 15 notwithstanding, neither Customer nor Dorman shall be bound by any transaction or price reported in error.

#### **Security Interest and Transfer of Funds –**

All Contracts, funds, securities, and other property of the Customer which Dorman at any time may be carrying for Customer (either individually, jointly with others, or as a guarantor of the account of another person) or which at any time may be in Dorman's possession or control or carried on its books for any purpose, including safekeeping (collectively, "Property") is to be held by Dorman as security and subject to a general lien, security interest, and right of set-off for all liabilities of Customer to Dorman or any affiliate of Dorman, wherever or however arising and without regard to whether or not Dorman has made advances with respect to such property. Dorman is hereby authorized to sell and/or purchase any and all such property without notice to satisfy such general lien and security interest. Customer irrevocably appoints Dorman as its attorney-in-fact with power of substitution to execute any documents for the perfection or registration of such general lien and security interest.

From time to time, Dorman in its sole discretion, without prior notice to Customer, may apply and transfer any funds (including segregated funds) or other Property interchangeably between any of Customer's Accounts at Dorman or an affiliate of Dorman as may be necessary for margin or to satisfy or reduce any deficit or debit balance in any such account. Within a reasonable time after such transfer, Dorman will confirm the transfer in writing to Customer.

Property carried for Customer by Dorman shall be segregated as required by the Commodity Exchange Act and the rules of the Commodity Futures Trading Commission (the "CFTC"). Subject to such segregation requirements, Customer hereby acknowledges that Dorman is specifically authorized, from time to time and without notice to Customer, either separately or with others, to invest, lend, pledge, repledge, hypothecate or rehypothecate, either to Dorman or to others, any and all Property (including, but not limited to, metals, warehouse receipts, or other negotiable instruments) held by Dorman in Customer's Account and shall not at any time be required to deliver to Customer identical property, but may fulfill its obligations to Customer by delivery of property of like or equivalent kind or amount.

Customer hereby agrees that foreign currencies, tangible commodities and any rights to the foregoing held by Dorman in Customer's Account shall be treated as "financial assets" for purposes of the Uniform Commercial Code.



**Right to Liquidate Customer Positions** – In addition to all other rights of Dorman set forth in this Agreement, Dorman shall have the right to liquidate Customer positions in the following circumstances:

when directed or required by a regulatory or self-regulatory organization or exchange having jurisdiction over Dorman or the Account;

there is, in the judgment of Dorman, insufficient margin in the Account, or Dorman has determined that any collateral deposited to protect one or more accounts of Customer is inadequate, regardless of current market quotations, to secure the Account;

Customer's failure to deposit sufficient funds to pay for any commodities and/or to satisfy any demand for initial and/or maintenance margin;

if Customer or any affiliate of Customer repudiates, violates, breaches, or fails to perform on a timely basis any term, covenant, or condition on its part to be performed under this Agreement or any other agreement with Dorman;

if a case in bankruptcy is commenced or if a proceeding under any insolvency or other law for the protection of creditors or for the appointment of a receiver, liquidator, trustee, conservator, custodian, or similar officer is filed by or against Customer or any affiliate of Customer, or if Customer or any affiliate of Customer makes or proposes to make any arrangement or composition for the benefit of its creditors, or if Customer (or any such affiliate) or any or all of its property is subject to any agreement, order, judgment, or decree providing for Customer's dissolution, winding-up, liquidation, merger, consolidation, reorganization, or for the appointment of a receiver, liquidator, trustee, conservator, custodian, or similar officer of Customer, such affiliate or such property;

Dorman is informed of Customer's death or judicial declaration of incompetence;

if an attachment or similar order is levied against the Account or any other account maintained by Customer or any affiliate of Customer with Dorman; or

any other circumstances or developments that Dorman, in its sole and absolute discretion, considers necessary for its protection.

If any of the events described above in this section occur, Dorman shall have the right, in addition to any other remedy available to Dorman at law or in equity, to (i) satisfy any obligations due Dorman out of any of Customer's property in Dorman's custody or control, (ii) liquidate any or all open Contracts held in or for the Account by any means of lawful disposition (including without limitation through any exchange of futures for physicals, block trade, basis trade, spread, swap, or similar transaction permitted under applicable exchange rules), (iii) cancel any or all of Customer's outstanding orders, (iv) treat any or all of Customer's obligations due Dorman as immediately due and payable, (v) sell any or all of Customer's property in Dorman's custody or control in such manner as Dorman determines to be commercially reasonable, and/or (vi) terminate any or all of Dorman's obligations for future performance to Customer, all without any notice to or demand on Customer. In any transaction described above, Dorman may sell any property to itself or its affiliates or buy any property from itself or its affiliates. Dorman may, to the extent permitted by law, purchase the whole or any part thereof free from any right of redemption. Any such action may be made in any commercially reasonable manner and all without any notice of default, demand for margin, notice to Customer of sale or purchase, or other notice or advertisement, except Dorman will make reasonable efforts under the circumstances to notify Customer prior to taking any such action if Dorman's position would not be jeopardized thereby. Customer agrees that a prior demand, call, or notice shall not be considered a waiver of Dorman's right to act without demand or notice as herein provided, that Customer shall at all times be liable for the payment of any debit balance owing in each Account upon demand whether occurring upon a liquidation as provided under this section or otherwise under this Agreement, and that in all cases Customer shall be liable for any deficiency remaining in each Account in the event of liquidation thereof in whole or in part, together with interest thereon and all costs relating to liquidation and collection (including reasonable

attorneys' fees). In the event Dorman exercises any remedies available to it under this Agreement, Customer shall reimburse, compensate, indemnify, defend and hold harmless Dorman for any and all costs, losses, penalties, fines, taxes and damages that Dorman may incur, including reasonable attorneys' fees incurred in connection with the exercise of its remedies and the recovery of any such costs, losses, penalties, fines, taxes and damages.

**Customer Representations, Warranties, and Agreements** – Customer represents and warrants to and agrees with Dorman that:

Customer, if an individual, represents that he or she is of legal age and competence to enter into this Agreement and that transactions in Contracts as contemplated hereby are suitable for Customer;

Customer, if a legal entity, represents that it is duly organized, validly existing, and empowered to enter into this Agreement, to establish the Account, to enter into transactions in Contracts as contemplated hereby and that such transactions are suitable for Customer and do not violate any of Customer's constituent documents. Customer further represents that the person executing this Agreement on its behalf has been duly and validly authorized to do so;

neither Customer nor any partner, director, officer, member, manager, or employee of Customer nor any affiliate of Customer is a partner, director, officer, member, manager, or employee of a futures commission merchant, broker-dealer, introducing broker, or regulatory or self-regulatory organization except as previously disclosed in writing to Dorman;

except as disclosed on the accompanying Futures Account Application or otherwise provided in writing, (i) Customer is not a commodity pool operator or is exempt from registration under CFTC rules, and (ii) Customer is acting solely as principal and no one other than Customer has any interest in any Account of Customer. Customer agrees to notify Dorman of the identity of any other person or entity that controls the trading of the Account, has a financial interest of 10% or more in the Account or the identity of any other account in which the Customer controls or has a 10% or greater ownership interest;

if Customer's account has been designated as a "hedge account," and unless Customer notifies Dorman to the contrary at the time it places an order with Dorman, Customer represents that each such order will be a bona fide hedging transaction as defined in CFTC Regulation 1.3(z);

Customer represents that it will maintain its Account in accordance with and shall be solely responsible for compliance with laws and with rules, regulations, and/or guidelines issued by any federal, state, or administrative bodies having oversight or regulatory authority over its activities;

Customer has determined that trading in commodity interests is appropriate for Customer, is prudent in all respects and does not and will not violate Customer's charter or by-laws (or other comparable governing document) or any law, rule, regulation, judgment, decree, order, or agreement to which Customer or its property is subject or bound;

as required by CFTC regulations, Customer shall create, retain, and produce upon request of the applicable contract market, the CFTC or the United States Department of Justice documents (such as contracts, confirmations, telex printouts, invoices, and documents of title) with respect to cash transactions underlying exchanges of futures for cash commodities or exchange of futures in connection with cash commodity transactions;

Customer consents to the electronic recording, at Dorman's discretion, of any or all telephone conversations with Dorman (without automatic tone warning device), the use of same as evidence by either party in any action or proceeding arising out of this Agreement, and, Dorman's erasure, at its discretion, of any recording as part of its regular procedure for handling of recordings;



absent a separate written agreement between Customer and Dorman with respect to give-ups, Dorman, in its discretion, may, but shall have no obligation to, accept from other brokers Contracts executed by such brokers on an exchange for Customer and proposed to be “given up” to Dorman for clearance and/or carrying in the Account; if Dorman does accept such Contracts, Customer authorizes Dorman to pay and charge to Customer’s Account any give-up or give-in fee that may be charged by any exchange or clearing house or by executing firm or broker whom Customer or its agents have authorized to execute transactions for Customer’s Account;

Dorman, for and on behalf of Customer, is authorized and empowered to place orders for Contracts through one or more electronic or automated trading systems maintained or operated by or under the auspices of an exchange, that Dorman shall not be liable or obligated to Customer for any loss, damage, liability, cost, or expense (including but not limited to loss of profits, loss of use, incidental, or consequential damages) incurred or sustained by Customer and arising in whole or in part, directly or indirectly, from any fault, delay, omission, inaccuracy, or termination of a system or Dorman’s inability to enter, cancel, or modify an order on behalf of Customer on or through a system. The provisions of this paragraph shall apply regardless of whether any customer claim arises in contract, negligence, tort, strict liability, breach of fiduciary obligations or otherwise;

if Customer is subject to the Financial Institution Reform, Recovery and Enforcement Act of 1989, the certified resolutions set forth following this Agreement have been caused to be reflected in the minutes of Customer’s Board of Directors (or other comparable governing body) and this Agreement is and shall be, continuously from the date hereof, an official record of Customer; and

the accompanying Futures Account Application (including any financial statements furnished in connection therewith) is true, correct, and complete.

Customer agrees to promptly notify Dorman in writing if any of the warranties and representations contained in this section becomes inaccurate or in any way ceases to be true, complete, and correct.

**Successors and Assigns** – This Agreement shall inure to the benefit of Dorman, its successors and assigns. Dorman may, subject to the applicable rules and regulations of the CFTC and the National Futures Association, assign this Agreement and transfer Customer’s Account to another duly registered futures commission merchant. Customer agrees that its rights and obligations under this Agreement may not be assigned, transferred, sold, or otherwise conveyed, without the prior written consent of Dorman and any such attempted assignment, transfer, sale, or conveyance without such consent shall be null and void and of no force or effect.

**Amendment; No Waiver** – Neither Dorman’s failure to insist at any time upon strict compliance with this Agreement or with any of the terms hereof nor any continued course of such conduct on the part of Dorman shall constitute or be considered a waiver by Dorman of any of its rights or privileges hereunder. Dorman may assign this Agreement and Customer’s Account upon notice to Customer. Any assignment of Customer’s rights and obligations hereunder or interest in any property held by or through Dorman without obtaining the prior written consent of an authorized representative of Dorman shall be null and void. Notices or other communications, including margin calls, delivered or mailed, including by facsimile or electronic transmission, to the address provided by Customer, shall, until Dorman has received notice in writing of a different address, be deemed to have been personally delivered to Customer as of the date and time of transmission.

Notices or other communications shall be provided to Dorman in writing at the address set forth below:

Dorman Trading, LLC  
141 W Jackson Blvd. Suite 1900  
Chicago, IL 60604  
Ph. 312-341-7070  
Fax 312-341-7898  
support@dormantrading.com

Customer agrees that Dorman may modify the terms of this Agreement at any time upon notice to Customer, including notice by electronic means if Customer trades through Dorman electronically or has agreed to receive confirmations and statements from Dorman electronically. If Customer trades through Dorman electronically or has agreed to receive confirmations and statements from Dorman electronically, Customer further agrees that any communications concerning Customer's Accounts or services provided by Dorman, including legal notices and agreements, may be sent to Customer via electronic mail. By continuing to trade through Dorman, Customer signifies acceptance of the terms of such communication. If Customer does not accept the terms of such communication, Customer must notify Dorman thereof in writing as provided above (including by electronic means, if applicable) and Customer's Account may then be terminated, but Customer will still be liable thereafter to Dorman for all remaining liabilities and obligations. Otherwise, this Agreement may not be waived or modified absent a written instrument signed by an executive officer of Dorman. No oral agreements or instructions purporting to amend this Agreement will be recognized or enforceable.

The rights and remedies granted herein to Dorman are in addition to any other rights and remedies provided to Dorman in any other agreement Customer may have with Dorman, and Customer hereby appoints Dorman as its agent to take any action necessary to perfect the security interest granted to Dorman in this Agreement.

Customer attests that if Customer has downloaded this Agreement from the Internet or an electronic message, Customer has printed it directly from the PDF or other electronic file provided by Dorman without modification.

**Severability** – If any term or provision hereof or the application thereof to any persons or circumstances shall to any extent be contrary to any exchange, government, or self-regulatory regulation or contrary to any federal, state, or local law or regulation or otherwise be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is contrary, invalid, or unenforceable, shall not be affected thereby.

**Section Headings** – All section headings used herein are for convenience only, are not a part of this Agreement, and are not to be used in construing or interpreting any aspect of this Agreement.

**Termination** – This Agreement and all authority granted herein shall continue in force until written notice of termination is given by Customer or Dorman. Termination shall not relieve either party of any liability or obligation incurred prior to such notice. Upon giving or receiving notice of termination, Customer will promptly take all action necessary to liquidate or transfer all open positions in the Account to another futures commission merchant.

**Entire Agreement** – This Agreement constitutes the entire agreement between Customer and Dorman with respect to the subject matter hereof and supersedes any prior agreements between the parties with respect to such subject matter.

**Authorization to Verify Customer Information** – Customer authorizes Dorman to contact such banks, financial institutions, and credit agencies as Dorman shall deem appropriate to verify information provided by Customer. Customer further authorizes Dorman to conduct, or cause to be conducted, an investigation into Customer's background, including but not limited to, credit, regulatory and legal matters, and authorizes Dorman to retain a

consumer reporting agency for that purpose. Such information gathered will be handled in accordance with Dorman's privacy policy.

**Requests for Further Information** – In order to comply with regulations aimed at the prevention of money laundering, Dorman reserves the right to request such information as is necessary to verify the identity of Customer as well as the source of any funds transmitted by Customer. In the event of delay or failure of Customer to produce any information required for verification purposes, Dorman may refuse to accept any further orders for transactions in or for an Account and may terminate this Agreement. In certain circumstances, Dorman may be required to provide information about Customer to regulatory authorities and to take other or further actions as may be required or authorized by law.

#### **Governing Law; Consent to Jurisdiction –**

**In case of a dispute between Customer and Dorman arising out of or relating to the making or performance of this Agreement or any transaction pursuant to this Agreement (i) this Agreement and its enforcement shall be governed by the laws of the State of Illinois without regard to principles of conflicts of laws, and (ii) Customer will bring any legal proceeding against Dorman in, and Customer hereby consents in any legal proceeding by Dorman to the jurisdiction of any state or federal court located within the City of Chicago in connection with all legal proceedings arising directly, indirectly, or otherwise in connection with, out of, related to or from Customer's Account, transactions contemplated by this Agreement or the breach thereof. Customer hereby waives all objections Customer, at any time, may have as to the propriety of the court in which any such legal proceedings may be commenced. Customer also agrees that any service of process mailed to Customer at any address specified to Dorman shall be deemed a proper service of process on the undersigned.**

#### **Limitations Period –**

**CUSTOMER AGREES THAT ANY CLAIM, ACTION, OR PROCEEDING ARISING UNDER OR IN ANY WAY RELATING TO THIS AGREEMENT MUST BE BROUGHT, IF AT ALL, WITHIN ONE YEAR OF THE DATE OF THE EVENT(S) GIVING RISE THERETO.**

#### **Joint Account Provisions –**

Each Customer having an interest in a joint account shall have the authority to issue such instructions and generally to deal with Dorman as fully and completely as if the other person had no interest therein. Dorman shall be under no duty or obligation to inquire into the purpose or propriety of any instruction given by any Customer in the case of a joint account and shall be under no obligation to see the application of any funds delivered to any Customer upon his order.

In the event of the death of any of the Customers having an interest in a joint account, the survivors shall immediately give Dorman written notice thereof, and Dorman, before or after receiving such notice, may take such actions, institute such proceedings, require such papers, retain such portion of the account, and restrict transactions in the Account as Dorman may deem advisable to protect Dorman against any tax, liability, penalty, or loss under any present or future laws or otherwise. The estate(s) of any of the Customers who shall have died shall be liable, and the survivors shall continue to be liable, to Dorman for any debit balance or loss in the Account in any way resulting from the completion of transactions initiated prior to the receipt by Dorman of the written notice of the death of the decedent, or incurred in the liquidation of the Account or one or more Contracts therein, or the adjustment of the interests of the respective parties.

## **Risk Acknowledgment –**

Customer acknowledges that trading in Contracts is speculative, involves a high degree of risk and is suitable only for persons who can assume risk of loss in excess of their margin deposits. Customer understands that because of the low margin normally required in futures and foreign currency trading, price changes in futures and foreign currency contracts may result in significant losses, which losses may substantially exceed Customer's margin deposits. Customer represents that Customer is willing and able, financially and otherwise, to assume the risks of trading, and in consideration for Dorman carrying Customer's Account(s), Customer agrees not to hold Dorman responsible for losses incurred thorough following its trading recommendations or suggestions. Customer recognizes that guarantees of profit or freedom from loss are impossible to offer with respect to Contracts and Customer agrees that it has not received any such guarantees from Dorman or any of its employees or agents and has not entered into this Agreement in consideration of or in reliance upon any such guarantees or similar representations.

Customer hereby acknowledges that Customer has read and understands all the disclosures contained in the Disclosure Documents that have been provided by Dorman and agrees to be bound by all of the terms contained in this Agreement.

**Acceptance** – This Agreement shall not be deemed to be accepted by Dorman or become a binding contract between Customer and Dorman until approved by an executive officer of Dorman.

**Authorization to Transfer Funds** – Without limiting other provisions herein, Dorman is authorized to transfer from any segregated account subject to the Commodity Exchange Act carried by Dorman for the Customer to any other account carried by Dorman for the Customer such amount of excess funds as in Dorman's judgment may be necessary at any time to avoid a margin call or to reduce a debit balance in said account. It is understood that Dorman will confirm in writing each such transfer of funds made pursuant to this authorization within a reasonable time after such transfer.

**USA PATRIOT Act Compliance** – Customer agrees that it shall not at any time, in connection with the establishment or use of any account maintained with Dorman, engage in transactions involving, on behalf of or benefiting any government or country that is the subject of sanctions administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"). Customer further agrees that it will not engage in transactions involving, on behalf of or benefiting any person (individual or entity), designated on OFAC's List of Specially Designated Nationals and Blocked Persons.

**ACKNOWLEDGEMENT OF RISK DISCLOSURES AND CUSTOMER AGREEMENT**

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The undersigned each hereby acknowledges its separate receipt from Dorman, and its understanding of, each of the following documents prior to the opening of the account:

- |   |   |
|---|---|
| ■ Risk Disclosure Statement   | ■ CME Disclosure Statement for Payment for Order Flow               |
| ■ Risk Disclosure Statement for Futures and Options                 | ■ Non-Cash Margin Disclosure Statement                              |
| ■ Supplement to Risk Disclosure Statement                           | ■ Special Notice to Foreign Brokers and Foreign Traders             |
| ■ Electronic Trading and Order Routing Systems Disclosure Statement | ■ Notice to Singapore-based Market Participants                     |
| ■ Uniform Notification Regarding Access to Market Data              | ■ Notice to Introduced Customers                                    |
| ■ Notice Regarding Average Price System                             | ■ Privacy Policy  |
| ■ Direct Foreign Order Transmittal Disclosure Statement             | ■ Conflicts of Interest   |
|   | ■ USA PATRIOT Act Notice and Anti Money Laundering Policy Statement |

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**Required Signatures**

The undersigned has received, read, understands, and agrees to all the provisions of this Agreement and the separate Risk Disclosure Statements enumerated above and agrees to promptly notify Dorman in writing if any of the warranties and representations contained herein become inaccurate or in any way cease to be true, complete, and correct.

Customer understands and agrees that any claim, action or proceeding arising under or in anyway related to the Risk Disclosures and Customer Agreement herein, must be brought, if at all, within one year of the event giving rise thereto, and in a court or arbitration venue located in Chicago, Illinois.

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CUSTOMER NAME(S)

---

AUTHORIZED SIGNATURE(S)

---

DATE

---

CUSTOMER NAME(S)

---

AUTHORIZED SIGNATURE(S)

---

DATE

**JOINT ACCOUNT STATEMENT**

This Agreement applies only to Joint Accounts and is in addition to the Dorman Customer Agreement. Unless otherwise noted, any Account established pursuant to this agreement shall be a joint account with the following designation of tenancy. (Except where prohibited by applicable law, if no box is checked, the tenancy will be deemed to be Joint Tenants with Rights of Survivorship)

☐ **Joint Tenants with Rights of Survivorship.** In the event of the death of either or any of the undersigned, the entire interest in the joint account shall be vested in the survivor(s) on the same terms and conditions as heretofore held, without in any manner releasing the decedent's estate from liability as provided below.

☐ **Tenants in Common.** In the event of the death of either or any of the undersigned, the interests in the Account as of the close of business on the date of the death of the decedent (or on the next following business day if the date of death is not a business day) shall be as specified below.

Name of Tenant	% Interest in Account
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

The following additional terms and conditions shall apply to a joint account: (a) each of the undersigned shall have the authority on behalf of all of the undersigned and without notice to any other of the undersigned to purchase, sell, or otherwise effect transactions in commodity interests in the Account; to receive confirmations, reports, notices, and any other communications; to receive and dispose of any securities and other property; to make and terminate agreements relating to these matters and to waive or modify provisions thereof; and to deal with Dorman as if such party is the sole party having any interest in the Account; (b) Dorman is authorized, empowered and directed to follow the instructions of any of the undersigned concerning the Account and pay money and deliver property in the Account upon the instructions of any of the undersigned without inquiring into the purpose of any such payments or delivery and without being bound to see to the application or disposition of any such money and/or property delivered; (c) the liability of each of the undersigned to Dorman with respect to the Account shall be joint and several; (d) in the event of the death of any of the undersigned, the survivors shall immediately give written notice to Dorman, and the estate of any of the undersigned who had died and each survivor shall be jointly and severally liable to Dorman for any debt or loss in the account resulting from completing transactions initialed prior to Dorman's receipt of the written notice of such death, from liquidating the Account or from adjusting the interests of the parties. Any taxes or other expenses chargeable against the account as a result of such death shall also be chargeable against the survivors; provided, however, that this provision shall not release the decedent's estate from any liability provided for in this Agreement. In addition, before or after receiving such written notice of a death, Dorman may take such actions, including but not limited to, requesting documents and restricting transactions in the account as Dorman deems advisable to protect itself against any tax, liability, or loss.

The undersigned have received, read, understand, and agree to all the provisions of this Agreement.

**For Joint Accounts:**

<hr/>	<hr/>
NAME (Please type or print)	NAME (Please type or print)
<hr/>	<hr/>
SIGNATURE	SIGNATURE
<hr/>	<hr/>
DATE	DATE



# JOINT ACCOUNT APPLICATION

## PROPRIETARY FUNDS LETTER

---

Dorman Trading, LLC  
Suite 1900  
141 W. Jackson Blvd  
Chicago, IL 60604

Dear Sirs:

I (We) \_\_\_\_\_ hereby certify that the funds that we have deposited with Dorman Trading, LLC are proprietary funds of mine (ours) and do not represent the interests of any other person, companies or pools.

I (we) do not hold myself(ourselves) out as engaging in the business of investing capital from other participants in the commodity futures markets. Should any of the foregoing representations change or become untrue, I (we) will immediately notify Dorman Trading, LLC of such change.

Very truly,

\_\_\_\_\_  
Sign

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sign

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

**CONSENT TO DELIVERY OF STATEMENTS BY ELECTRONIC MEDIA**

---

You may choose to receive your customer account statements (monthly& daily statements) by email or internet access. If you request a hard copy of any of the customer statements there will be an additional charge of \$25.00 in the US and \$50.00 Intl.

The undersigned customer ("Customer") hereby consents to receiving daily statements as well as monthly statements (collectively "Statements") relating to the undersigned's account(s) with Dorman Trading by electronic media rather than by hard copy mailing and hereby requests that Dorman Trading transmit to Customer such statements **solely** by the electronic media designated below.

You acknowledge your statement is deemed received when made available to you by Dorman Trading, LLC. regardless of whether you actually accessed the statement.

You also acknowledge that you are responsible for alerting Dorman Trading, LLC. to any change in your e-mail address and completing a new consent form with the new information.

This consent shall be effective until revoked by you in writing and received by Dorman Trading, LLC. at 141 W. Jackson Blvd., Suite 1900, Chicago, IL 60604. By your signature below, you represent that the delivery and execution of this consent has been duly authorized and is within your powers.

**Please check one and sign below:**

☐

\_\_\_\_\_

E-Mail Address

☐

\_\_\_\_\_

Internet Access- Indicate the email address where login info should be sent

☐

\_\_\_\_\_

This is an e-mail address change notice

\_\_\_\_\_

Previous E-mail Address

Please Fax all changes to: (312) 341-7898 or email to [support@dormantrading.com](mailto:support@dormantrading.com)

Name: \_\_\_\_\_ Account #: \_\_\_\_\_

Signature: X \_\_\_\_\_ Signature (joint):X \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_



**SUBSTITUTE W-9 FORM REQUEST FOR TAXPAYER IDENTIFICATION NUMBER  
AND CERTIFICATION**

---

**Please complete general information:****Primary Account Holder**

Taxpayer Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Business Name (if applicable) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

**Secondary Account Holder**

Taxpayer Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Business Name (if applicable) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

**Check the most appropriate category below: (please check only one)**

- ☐ Individual (not an actual business)
- ☐ Joint account (two or more individuals)
- ☐ Sole proprietorship (using a social security number for the taxpayer ID)

**Fill in taxpayer identification numbers below:****Primary Account Holder's Social Security Number**

\_\_\_\_ - \_\_\_\_ - \_\_\_\_

**Secondary Account Holder's Social Security Number**

\_\_\_\_ - \_\_\_\_ - \_\_\_\_

**Sign and date the form:**

Certification - Under penalties of perjury, I certify that the number shown on this form is my correct taxpayer identification number and I am not subject to backup withholding.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding

**Primary Account Holder**

Signature \_\_\_\_\_ Date \_\_\_\_\_

Title (if applicable) \_\_\_\_\_

**Secondary Account Holder**

Signature \_\_\_\_\_ Date \_\_\_\_\_

Title (if applicable) \_\_\_\_\_

**DISCRETIONARY TRADING AUTHORIZATION / POWER OF ATTORNEY**

---

The undersigned hereby authorizes \_\_\_\_\_ as the undersigned's agent and attorney- in- fact (the "Agent"), with full power and authority to enter into contracts for the purchase, receipt, sale (including short sale) and delivery of, whether directly or indirectly through investments in managed investment products or otherwise, commodity futures contracts, commodities, options on commodity futures contracts, physical commodities, including foreign futures and options, forward contracts, securities, equity, debt and related investments (collectively "Contracts" ) on margin or otherwise, in one or more accounts ("Account") with Dorman Trading, L.L.C. ("Dorman").

In all such transactions, as well as management decisions relating to the Account, Dorman is hereby authorized to follow the instructions of the Agent; the Agent is authorized to act on behalf of the undersigned in the same manner and with the same force and effect as the undersigned might or could with respect to such transactions, the making and taking of deliveries and with respect to all other things necessary or incidental to the furtherance and/or conduct of the Account.

Dorman shall have no liability for following the instructions of the Agent, and the undersigned shall never attempt to hold Dorman liable for the Agent's actions or inactions. The undersigned understands that Dorman does not, by implication or otherwise, endorse the operating methods of such Agent. The undersigned hereby releases Dorman from any and all liability to the undersigned or to anyone claiming through the undersigned with respect to damage, losses or lost profits sustained or alleged to have been sustained as a result of Dorman following the Agent's instructions or for any matter arising out of the relationship between the Agent and the undersigned and shall indemnify Dorman from any and all losses, damages, liabilities and expenses, of any kind or nature whatsoever, arising there from. The undersigned agrees to hold Dorman harmless and to indemnify it as to any expense, damage or liability sustained by it with respect to any and all acts and practices of the Agent and attorney- in- fact regarding this account, including all losses arising there from and debit balance(s) due thereof.

This authorization is a continuing one and shall remain in full force and effect until revoked by the undersigned, or an authorized person on his behalf, by written notice given to Dorman, **Attention: Chief of Compliance Officer (compliance@dormantrading.com)**. Such revocation shall become effective only upon the actual receipt thereof by Dorman but shall not affect any liability in any way resulting from transactions initiated prior to its receipt. This authorization shall inure to the benefit of Dorman, its successors and assigns. The provisions hereof shall be in addition to and in no way shall it limit or restrict any right which Dorman may have under any agreement with the undersigned.

In addition, Dorman is further authorized and directed to deduct from the undersigned's account and pay the Agent the amount of all management fees, incentive fees, and/or advisory fees to be paid to the Agent upon Dorman's receipt of invoices from the Agent. The undersigned hereby agrees to indemnify and hold harmless Dorman and its affiliates and employees from any loss, damage or dispute arising out of or relating to the calculation and payment of such fees.

All statements, notices, correspondence and the like generated in this account shall be sent or given to the Agent at the address shown for this account and to the undersigned at the address indicated in the Customer's Account documents, or to such other person or address as the undersigned may hereafter designate in writing.

Each of the undersigned hereby agrees to the terms and conditions as set forth in this Discretionary Trading Authorization.

---

Date

---

Signature of Customer

---

Date

---

Signature of Customer (if joint account)

**REPRESENTATIONS REGARDING DISCRETIONARY ACCOUNTS**

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All Customers maintaining discretionary accounts must provide Dorman with either:

(A) a written acknowledgement by the account owner of receipt of the account controller's disclosure document; or

(B) a signed statement by account controller explaining why the account controller is not required to provide a disclosure document to account owner.

**A) ACKNOWLEDGEMENT OF RECEIPT OF DISCLOSURE DOCUMENT**

This is to acknowledge that I have received a copy of the Disclosure Document of \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_\_\_, in compliance with CFTC Regulation 4.31, describing the trading program(s) pursuant to which my account(s) will be directed.

Read and Acknowledged by:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Customer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Customer (if joint account)

**B) REPRESENTATION OF UNREGISTERED AUTHORIZED AGENT**

Controller represents and warrants to Dorman that Controller has reviewed the registration requirements, as amended from time to time, of the Commodity Exchange Act, the Commodity Futures Trading Commission and the National Futures Association relating to commodity trading advisors and is exempt from CFTC registration because of the following:

\_\_\_\_\_ Controller has provided advice to 15 or fewer persons during the past 12 months and does not hold itself out to the public as a CTA.

\_\_\_\_\_ Controller is 1- a dealer, processor, broker or seller in cash market transactions, or 2- a nonprofit, voluntary membership, general farm organization providing advice on the sale or purchase of commodities and any trading advice is solely incidental to the conduct of this business.

\_\_\_\_\_ Controller is registered in another capacity and their advice is solely incidental to their principal business.

\_\_\_\_\_ Controller is a relative of the customer. Controller's relationship to the customer is \_\_\_\_\_.

\_\_\_\_\_ Controller is not a citizen of the United States, is located outside of the United States and only solicits or exercises discretionary trading authority over the accounts of non-United States persons.

\_\_\_\_\_ Other (please describe) \_\_\_\_\_

I hereby acknowledge that the Account Controller is not required to provide me with a disclosure document for the reason stated above

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Customer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Customer (if joint account)

## CONTROLLER INFORMATION AND AGREEMENT

---

List each **person** who controls the trading of the account (this may be a natural person who exercises discretion or an employee who acts within their capacity as an employee of the legal entity that trades the account). For each controller, provide the following information.

### ALL REQUESTED INFORMATION IS MANDATORY IF APPLICABLE.

Account Controller Information (must be Natural Person)

Name \_\_\_\_\_

Address \_\_\_\_\_  
Street Address, City, State, Country, Zip/Postal Code

Phone \_\_\_\_\_

Email Address \_\_\_\_\_

NFA ID (if any) \_\_\_\_\_

Social Security Number (if applicable) \_\_\_\_\_

Employer \_\_\_\_\_

Job Title \_\_\_\_\_

Employer NFA ID (if any) \_\_\_\_\_

Employer LEI (if any) \_\_\_\_\_

Relationship to Account Owner \_\_\_\_\_

Controller acknowledges that it has been designated as Customer's Agent. Controller agrees to notify Dorman if the above representations change or become inaccurate in any way. Controller agrees to indemnify Dorman and hold Dorman harmless from any and all losses, costs, damages, liabilities and expenses of any kind or nature relating to any act or omission to act of the Controller under this authorization. The Controller acknowledges and agrees that Dorman shall not be liable for any action or inaction by the Controller.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Controller

\_\_\_\_\_  
Name of Controller

**DORMAN TRADING, LLC**  
**FCM Risk Disclosure**  
**August 2016**

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## **Introduction**

The Commodity Futures Trading Commission (“Commission”) requires each futures commission merchant (FCM), including Dorman Trading, LLC (“Dorman”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (“funds”) with the FCM. Except as otherwise noted below, the information set out is as-of July 31, 2016. Dorman will update this information annually and as necessary to take account of any material changes to its business operations, financial condition or other factors that Dorman believes may be material to a customer’s decision to do business with Dorman. Nonetheless, Dorman’s business activities and financial data are not static and will change in non-material ways frequently in any 12-month period.

## **Dorman and Its Principals**

Dorman Trading, LLC  
141 W. Jackson  
Suite 1900  
Chicago, IL 60604  
Phone- 312-341-7362  
Fax- 312-341-7898  
[compliance@dormantrading.com](mailto:compliance@dormantrading.com)

CME Group ([www.cmegroup.com](http://www.cmegroup.com)) is Dorman’s Designated Self-Regulatory Organization (“DSRO”).

The following individuals are registered principals of Dorman:

### ***Dennis Dorman***

Serves as Managing Member of Dorman. Dennis has been a CBOT Member since 1973 and has worked at Dorman since its establishment in 1982.

### ***Jennifer Baum***

Serves as Chief Compliance Officer of Dorman. Has worked in varying Compliance, Client Service and On-Boarding roles in the futures industry for 29 years.

### ***Daniel Dorman***

Serves as Dorman’s AML Officer as well as New Accounts and Risk Management responsibilities. Has been with Dorman nine years and holds a law degree from Chicago Kent College of Law.

### ***Robert Sheeren***

Has served as CFO of Dorman for 29 years and also manages certain Human Resources functions. Holds a BA from Xavier University.

## **Dorman’s Business**

Dorman is registered with the CFTC and NFA as a Futures Commission Merchant. Dorman maintains memberships at the CME Group Exchanges, ICE US and Eurex Exchange.

Dorman has relationships with approximately 55 Introducing Brokers, including 6 Guaranteed Introducing Brokers. Dorman also maintains several omnibus relationships for US registered non-clearing FCMs.

Dorman has a small proprietary trading group that accounts for approximately 5% of the FCM's capital.

The remaining 95% of Dorman's assets and capital are currently dedicated to its business as an FCM. At this time, Dorman does not participate in any other business activities or product lines.

## **FCM Customer Business**

Dorman's customers fall into the following categories: self-directed retail customers, retail managed accounts, professional traders (including floor traders), institutional traders, execution groups and several omnibus accounts of US registered non-clearing FCMs. The largest category of customer is self-directed retail and the majority of those accounts are introduced to Dorman through Introducing Brokers.

Dorman customers trade on the following Exchanges: CME Group Exchanges, ICE US and UK, EUREX, CFE, LIFFE and ERIS. Dorman clears directly on the CME Group Exchanges (CME Clearing) and ICE US (ICE Clear US) and is an NCM on EUREX. Dorman uses the following as carrying brokers for access to the other Exchanges: Rosenthal Collins Group, LLC (US Registered FCM), ADM Investor Services Inc. (US Registered FCM), Wedbush Securities Inc. (US Registered FCM) and ADM Investor Services International Limited (an FCA regulated entity).

## **Permitted Depositories and Counterparties**

Pursuant to CFTC Reg 1.11(e)(3)(i)(A) the Firm evaluates banks holding Segregated Funds based on the following criteria:

- Capitalization:
- Creditworthiness:
- Operational reliability:
- Access to liquidity:
- Availability of deposit insurance:
- Regulatory supervision of the depository:

The Firm selects bank counterparties that present a very low likelihood of default. The Firm bases new and on-going bank relationship based on: Money, Mechanics, and Management.

- Money: The Firm will only utilize large, U.S. national banks that are also approved settlement banks at a CFTC registered Derivative Clearing Organizations and foreign banks owned by a U.S. bank holding companies, that are also affiliates of approved settlement banks at a CFTC registered Derivative Clearing Organizations.
- Mechanics: The bank must have operational capabilities sufficient for the Firm to efficiently and compliantly operate its FCM, including BC/DR;
- Management: The Firm must have a direct and open relationship with senior account managers, and acceptable experience with the level of services provided and the customer service.



Pursuant to CFTC Reg 1.11(e)(3)(i)(F) the Firm assesses the appropriateness of specific investments of Segregated Funds in permitted investments in accordance with CFTC Reg 1.25. The Firm takes into consideration the market, credit, counterparty, operational, and liquidity risks associated with such investments, and assess whether such investments are consistent with the objectives of preserving principal and maintaining liquidity.

Acceptance criteria are established for the Firm's Investment of Segregated Funds. The criteria are designed to provide a baseline at which the Firm would be comfortable accepting and using the collateral to margin Customers' trading activities.

Risk Tolerance Limits are established to determine the size of investment of Customer Segregated Funds the Firm is willing to accept based on liquidity needs and marketability of the financial instruments.

The Firm's investment criteria for Segregated Funds is each investment must be readily marketable and highly liquid. The Firm's Risk Tolerance Limit for investments of Segregated Funds is very low. As such, the Firm only invests in:

- US Government Treasuries less than one year ("USTB") [per 1.25(a)(1)(i)]

### **Material Risks**

A material risk to customers depositing funds at any entity is the possibility of losing a portion of their deposit. In order to ensure that it is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations:

- Dorman holds a significant portion of its assets in cash and US Treasury securities guaranteed as to principal and interest. The maturity of all investments is less than twelve months.
- Dorman maintains strong risk controls on its proprietary trading and it accounts for a very small portion (approximately 5%) of the FCM's capital.
- Dorman does not have any short or long term debt and does not plan on acquiring any debt of this nature.
- Dorman's primary focus is on clearing customer business in futures and options on futures.

### **Material Complaints or Actions**

In the normal course of business, Dorman may be named from time to time as a respondent in legal proceedings arising out of its business as an FCM and clearing member. Dorman may also be involved from time to time in investigations and proceedings by governmental and/or regulatory agencies or self-regulatory organizations, which may result in adverse judgments, fines or penalties. The following summarizes material actions against Dorman:

Dorman has been named in a reparations claim filed with the CFTC. The claimant, a former customer, alleges that Dorman is responsible for losses suffered in an account managed by a CTA. The claimant seeks damages based on a maximum exposure of approximately \$3.7 million. At the present time, an opinion cannot be made on the ultimate outcome. However, legal counsel believes that Dorman has defenses on procedural grounds and management also believes Dorman has meritorious defenses against all claims. Accordingly, no provision has been made in the financial statement for any loss that may result from the complaint.

A customer of Dorman 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 CTA located in Canada, is responsible for losses suffered by the plaintiffs from an investment in the CTA's former business. The claimant seeks damages based on a maximum exposure of approximately \$4.2 million. At the present time, an opinion cannot be made on the ultimate outcome. Management and legal counsel believe Dorman has meritorious defenses against all claims and intends to defend the case vigorously. Accordingly, no provision has been made in the financial statement for any loss that may result from the complaint.

## **Customer Funds Segregation Overview**

**Customer Accounts.** FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- (i) a **Customer Segregated Account** for customers that trade futures and options on futures listed on US futures exchanges;
- (ii) a **30.7 Account** for customers that trade futures and options on futures listed on foreign boards of trade; and
- (iii) a **Cleared Swaps Customer Account** for customers trading swaps that are cleared on a DCO registered with the Commission.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, **Customer Funds**) required to be held in one type of account, *e.g.*, the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, *e.g.*, the 30.7 Account, except as the Commission may permit by order. For example, the Commission has issued orders authorizing ICE Clear Europe Limited, which is registered with the Commission as a DCO, and its FCM clearing members: (i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) Cleared Swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such Cleared Swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (c) futures and options on futures traded on ICE Futures US and (d) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

**Customer Segregated Account.** Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the US, *i.e.*, designated contract markets, are held in a **Customer Segregated Account** in accordance with section 4d(a)(2) of the Commodity Exchange Act and Commission Rule 1.20. **Customer Segregated Funds** held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.

All Customer Segregated Funds may be commingled in a single account, *i.e.*, a customer omnibus account, and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the US; (ii) in a money center country; or (iii) in the country of origin of the currency.

An FCM must hold sufficient US dollars in the US to meet all US dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the US dollar) as follows: (i) US dollars may be held in the US or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies may be held in the US or in money center countries to meet obligations denominated in currencies other than the US dollar.

**30.7 Account.** Funds that **30.7 Customers** deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade, *i.e.*, **30.7 Customer Funds**, and sometimes referred to as the **foreign futures and foreign options secured amount**, are held in a **30.7 Account** in accordance with Commission Rule 30.7.

Funds required to be held in the 30.7 Account for or on behalf of 30.7 Customers may be commingled in an omnibus account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside the US that has in excess of \$1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization's or foreign broker's designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's 30.7 Customers. As explained below, Commission Rule 30.7 restricts the amount of such funds that may be held outside of the US.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the US may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the US Bankruptcy Code. Return of 30.7 Customer Funds to the US will be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possible other intervening foreign brokers, if multiple foreign brokers were used to process the US customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' US FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay their return. If both the foreign broker and the US FCM were to fail, potential differences between the trustee for the US FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intervening foreign brokers by the US FCM to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the US, Commission Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the US except as necessary to meet margin requirements, including prefunding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions. The rule further provides, however, that, in order to avoid the daily transfer of funds from accounts in the US, an FCM may maintain in accounts located outside of the US an additional amount of up

to 20 percent of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

**Cleared Swaps Customer Account.** Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, *i.e.*, **Cleared Swaps Customer Collateral**, are held in a **Cleared Swaps Customer Account** in accordance with the provisions of section 4d(f) of the Act and Part 22 of the Commission's rules. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally separated, operationally commingled." Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's Cleared Swaps Customers.

**Investment of Customer Funds.** Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. Section 4d(f) authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments.

Commission Rule 1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral and 30.7 Customer Funds in instruments of a similar nature. Commission rules further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds. However, the FCM and customer may agree that the FCM will pay the customer interest on the funds deposited.

Permitted investments include:

- (i) Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);
- (ii) General obligations of any State or of any political subdivision thereof (municipal securities);
- (iii) Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations);
- (iv) Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;
- (v) Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);
- (vi) Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and
- (vii) Interests in money market mutual funds.

The duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, *i.e.*, Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account. Further, in accordance with the provisions of Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.

**No SIPC Protection-** It is important to understand that the funds you deposit with Dorman for trading futures and options on futures contracts on either US or foreign markets or cleared swaps are not protected by the Securities Investor Protection Corporation.

Further, Commission rules require Dorman to hold funds deposited to margin futures and options on futures contracts traded on US designated contract markets in Customer Segregated Accounts. Similarly, Dorman must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its Customer Funds requirements under relevant Commission rules, Dorman may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (*e.g.*, securities, Customer Segregated, 30.7) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically-owned under margined account.

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at [http://www.futuresindustry.org/downloads/PCF\\_questions.pdf](http://www.futuresindustry.org/downloads/PCF_questions.pdf)

### **Filing a Complaint**

A customer that wishes to file a complaint about Dorman or one of its employees with the Commission can contact the Division of Enforcement either electronically at <https://forms.cftc.gov/fp/complaintform.aspx> or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer that may file a complaint about Dorman or one of its employees with the National Futures Association electronically at <http://www.nfa.futures.org/basicnet/Complaint.aspx> or by calling NFA directly at 800-621-3570.

A customer that wishes to file a complaint about Dorman or one of its employees with the Chicago Mercantile Exchange electronically at: <http://www.cmegroup.com/market-regulation/file-complaint.html> or by calling the CME at 312.341.3286.

## **Relevant Financial Data**

Copies of Dorman's recent audited financials are available on the Dorman website, at <http://www.dormantrading.com/AboutUs/safetyofFunds.aspx>

The following financial data is as-of June 2016:

Total Equity-	\$13,401,545
Adjusted Net Capital-	\$9,677,432
Excess Net Capital-	\$ 8,061,118

Proprietary margin requirement as a percentage of aggregate customer margin requirement is 2%.

174 customers comprise 50% of Dorman's total segregated funds held for customers and 17 customers comprise 50% of Dorman's total secured funds held for customers.

Dorman has not written off any customer receivable balances as uncollectable during the past 12-month period.

Additional financial information on all FCMs is also available on the Commission's website at: <http://www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm>.

Customers should be aware that the National Futures Association (**NFA**) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice-monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds, *i.e.*, the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

## **Summary of Dorman's Risk Practices and Controls**

Dorman has a Risk Management Unit (RMU) that monitors and addresses the following risks: market, credit, segregation, capital & liquidity and operational & technology. The RMU adheres to a "risk management program" mandated by the CFTC to properly protect customer and firm funds as well as maintaining sound business practices and controls. The RMU reports directly to Senior Management.

***This Disclosure Document was first used on August 8, 2016.***