

INTRODUCING BROKER BULLETIN

WINTER 2018 | NEWSLETTER

IN THIS ISSUE

- Welcome Karla Bobadilla
- Compliance Announcements
- Hightower Teleconference Schedule
- 22nd Annual "Exchange of Ideas" Introducing Brokers' Conference
- CME Ag & Livestock Products
- Holiday Calendar
- Regional Meeting Schedule
- In Memory Of

REFLECTION OF 2017 TOAST TO 2018

We hope this holiday season finds you happy and healthy! Through low market volatility and increasing costs, we continue to see our IB community thrive. We are proud of and grateful for the IBs here at RJO and thank everyone for their continued trust and loyalty in RJO. We look forward to ushering in the new year and are excited for the opportunities 2018 will bring. On behalf of everyone at R. J. O'Brien, we wish you and your family a holiday season filled with peace, happiness and joy!

*- Many Blessings,
Katie Hanley
Executive Director, IB Division*

RJO would like to introduce Karla Bobadilla as the new Marketing Associate for the IB Division. We are excited for her to join the team as she brings experience in digital marketing and data analytics. Karla graduated from Arizona State University with a Bachelor's degree in Business Marketing. She will be working alongside the IB team managing day-to-day operations, regional meetings, monthly Hightower Teleconferences and the Annual "Exchange of Ideas" Introducing Brokers' Conference. Please join us in welcoming Karla at (312) 373-5390 or kbobadilla@rjobrien.com



IMPORTANT REMINDERS

Compliance & Regulatory Announcements

In an effort to keep all our IBs informed on new regulations and changes, RJO Compliance sends a monthly regulatory bulletin via email. These bulletins come from Lisa Baker, Compliance Trainer and Analyst II (lbaker@rjobrien.com). RJO Compliance also hosts a monthly compliance call on the second Tuesday of every month at 2:30PM (CT) for your convenience. If you are unable to join the webinar, you can access the recorded webinar at www.rjobrien.com.

As new regulations are enforced in our industry, please be aware that RJO policies and procedures may be affected as a result. Watch for "Announcement" and "Alert" emails from RJO with updates on policies. As always, RJO's Compliance Department is at your disposal. Please feel free to contact your compliance representative at 312-373-4937 or compliancedept@rjobrien.com. The compliance team will be speaking at the 2018 IB Conference. Please send your compliance topic suggestions to Lisa Baker at lbaker@rjobrien.com. We hope to see you in June for this event.

CME Globex Pre-Opening Order Entry

Effective November 11, 2017, CME Globex does not support the entry of market-on-open orders. Accordingly, market participants may not place such orders for entry with brokers or other parties eligible to handle customer orders, and no party may accept such orders. Information on eligible order types for entry into Globex can be found using the following link:

<https://www.cmegroup.com/confluence/display/EPICSANDBOX/Order+Types+Futures+and+Options>

Market participants wishing to place an order with a broker or other eligible party to handle customer orders prior to the time Globex opens must either indicate a specific price for the order or place a DRT (disregard tape or not-held-order) order. A DRT order gives the party handling the order complete discretion over price and time in execution of the order, including discretion to execute all, some or none of the order. Any party entering orders during the pre-open at prices significantly above and/or below the displayed IOP must be cognizant of the potential for such orders to cause aberrant price movement during the IOP, and are reminded that if such occurs, the activity may be deemed to violate Rule 575 ("Disruptive Practices Prohibited").

Exchange for Related Position Rule 538

Effective November 11, 2017, this rule will supersede CME Group Market Regulation Advisory Notice RA1710-5 from July 31, 2017. The answer to FAQ 22 has been modified to make it clear that absent mitigating circumstances, EFRP transactions must be submitted to the Exchange as soon as possible, no later than the end of the business day on which the EFRP was executed. Full text of the advisory notice can be found at: <https://www.cmegroup.com/notices/market-regulation/2017/10/RA1716-5.pdf>

RAMS (Account Management System)

RJO has created a new account management system that streamlines the account opening process and approval for individual, joint, individual IRAs and sole proprietorship accounts. It will be followed by the ability to submit applications for entity account types such as corporations, partnerships, LLC etc. Over time, RAMS will allow client onboarding and self service functions so that clients can make account changes or maintenance functions themselves. The system allows brokers to keep track of the entire onboarding process since all applications will be processed using RAMS even if they were originally submitted on paper.

CFTC Enforcement Trends

The Commodity Futures Trading Commission brought 49 enforcement related actions in the 2017 fiscal year. The enforcements included actions to root out manipulation and spoofing and to protect retail investors from fraud. The CFTC pursued cases charging manipulation, spoofing and unlawful use of customer funds. The CFTC obtained orders totaling \$412,726,307 in restitution, disgorgement and penalties. Specifically, the CFTC obtained \$333,830,145 in civil monetary penalties and \$78,896,162 million in restitution and disgorgement orders.

The breakdown of their enforcement is as follows:

<i>Manipulation, Attempted Manipulation, False Reporting, Disruptive Trading</i>	12
<i>Protection of Customer Funds, Supervision and Financial Integrity</i>	6
<i>Retail Fraud</i>	20
<i>Illegal Off-Exchange Contracts, Failure to Register</i>	1
<i>Other Trade Practice: Wash Trades, Fictitious Trades, Position Limits, Trading Ahead</i>	3
<i>Reporting, Recordkeeping</i>	7
Total Number of Enforcement Actions Brought	49

2018 Hightower Monthly Teleconference

Jan	16
Feb	20
Mar	20
Apr	17
May	15
Jun	19
Jul	17
Aug	21
Sept	18
Oct	16
Nov	20
Dec	18

All dates are subject to change

We are excited to host our annual "Exchange of Ideas" Introducing Brokers' Conference in Chicago, June 22-23, 2018, during the best season of the year— **SUMMER!** Please join us at this new time of the year!

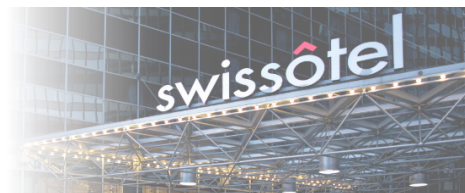
This year, you will be able to build your agenda by choosing which panels to attend as they occur simultaneously. One path of choice is geared toward our traditional presentations of livestock and grains while the other is geared toward answering frequently asked questions in our industry. Don't forget to attend the always informative discussion of regulation updates during the compliance panel.

Contact Karla Bobadilla at RJO (312) 373-5390 or kbobadilla@rjobrien.com for additional information.

Reservations for the Swissotel Chicago can be made online at <https://aws.passkey.com/go/exchangeofideas2018> or by calling (888) 737-9477. Receive the R. J. O'Brien reduced rate of \$239 per night when booking before **June 1, 2018**.

Friday morning, June 22nd, we will kick off the conference by holding an open house at R. J. O'Brien Headquarters. Later that day we will head to the Swissotel Chicago for presentations, management meet & greet and a welcome reception.

Saturday, June 23rd, a new interactive round table is added to our agenda to promote networking and discussion with other IBs. Lunch with a keynote speaker will take place this day followed by a special fireworks dinner cruise at Navy Pier.



CME Group

Relationship-Based Trading in Agricultural Products

The CME Group looks to expand relationship-based trading to the full suite of CME and CBOT agricultural products January 8th, 2018. *Pending regulatory approval.

Benefits for You

Relationship-based trading allows for the execution of trades when market liquidity is not evident, helps to source the opposite side of a large transaction, and minimizes the impact of large orders on market liquidity.

This enables entry into conversations with other market participants that include discussion of the price, size and direction of an order that may lead to one of two very distinct types of transactions: crossing on CME Globex and block trades.

Crossing on CME Globex

This protocol is allowed on CME Globex giving brokers who engage in allowable pre-execution communications the ability to enter a two-sided order on CME Globex, while benefiting from improving the market in the central limit order book.

Block Trades in Agricultural Products

A block trade is a privately negotiated trade that is submitted to CME Clearing, representing the price level, quantity and direction agreed in the communication and does not interact with the central limit order book. This offers the convenience of privately negotiating a trade with a selected eligible counterparty, plus the ability to execute a large transaction at a fair and reasonable single price. Access educational resources on this topic and learn more at cmegroup.com/agrbt

New Livestock Education Resources

To help you and your customers manage risk, we encourage you to access our new and updated livestock resources.

Live Cattle Delivery Manual

A new Live Cattle Delivery Manual to help producers through the process of tendering cattle against the Live Cattle Futures market. This manual address both live and carcass delivery versions of the contract. cmegroup.com/cattledelivery

Self-Study Guide to Hedging with Livestock Futures and Options

The Self-Study Guide to Hedging with Livestock Futures and Options is an introduction to the mechanics of using futures and options to forward price livestock. cmegroup.com/studylivestock

Livestock Fundamentals

This recently updated resource provides general information on the cattle and hog industries, details the life cycle of each species, and covers the analytical tools used in price forecasts and discusses economic factors affecting the livestock industry. cmegroup.com/livestockfundamentals



2018 Exchange Holiday Calendar

• NEW YEAR'S DAY	MON. JANUARY 1
• MARTIN LUTHER KING DAY	MON. JANUARY 15
• PRESIDENT'S DAY	MON. FEBRUARY 19
• GOOD FRIDAY	FRI. MARCH 30
• MEMORIAL DAY	MON. MAY 28
• 22ND ANNUAL "EXCHANGE OF IDEAS" IB CONFERENCE (CHICAGO, IL)	FRI-SAT. JUNE 22-23
• INDEPENDENCE DAY	WED. JULY 4
• LABOR DAY	MON. SEPTEMBER 3
• THANKSGIVING DAY	THURS. NOVEMBER 22
• CHRISTMAS DAY	TUES. DECEMBER 25

2018 Regional Meeting

We are partnering with the CME Group to bring hour-long commodity and economy outlook sessions to a region near you. This is a great opportunity to gain an educational perspective for your business and network with fellow IBs.

We invite you, your brokers and any pertinent clients to join us.

Dallas, TX
R. J. O'Brien Speaker: March 22nd
Dave Toth

Memphis, TN
R. J. O'Brien Speaker: August 23rd
Randy Mittelstaedt

Lincoln, NE
CME Group Speaker: October 4th or 25th
TBD

All dates are subject to change

In Memory Of

Robin J. Cwach 1969-2017



Robin Cwach was born on December 4, 1969 in Yankton, South Dakota and passed away July 8, 2017 at the Sanford Heart Hospital in Sioux Falls, South Dakota following a brief illness. He spent his early years working on the family farm in Yankton. In his later years, he became a commodity broker and worked for several IBs in Sioux Falls and more recently at R&H Incorporated in Yankton. Robin is survived by his daughter Matilyn, twin sons Victor and Vaughn, mother Mary Ellen Cwach, brother Jack Cwach and grandmother Hazel Kaufman. Visitation service was held in July at Goglin Funeral Home in Yankton.

Dale Richard Stahlh 1956-2017



Dale Stahlh was born on April 7, 1956 in Vallejo, CA. He grew up in Kimball and Chadron, NE and lived most of his adult life in Sterling, CO. Dale found his true passion in commodities and became registered as a broker in 1986. He formed his own IB-Sterling Trading Company in 1995 and grew the company into a successful business. Dale was an "outdoors man" whether golfing, hunting, fishing or going to sporting events. But above all he loved his family and friends and always willing to share his generous heart with those less fortunate. Dale passed away on August 20, 2017. He is survived by his wife Penny and his four daughters, Tara Carey, Michelle Stahlh-Quitana, Hillary Stahlh-Beek and Peyton Stahlh along with many other family members and grandchildren. Service was held August 8, 2017 at First Presbyterian Church in Sterling, CO and a Celebration of Life was held August 24, 2017 at Gallagher's River City Grill.

Bill L. Wilson 1940-2017



Bill Wilson was born on November 7, 1940 in Batesville, AK. He grew up on a farm and ranch in rural Bethesda, AK. He attended the University of Arkansas where he graduated with a degree in Animal Husbandry. Bill accomplished many things in his career which included serving in the Army Reserve, managing a large cattle operation and becoming loan officer and Vice President with First American Bank. He became registered as a commodity broker and soon after formed Insight Financial Group, Inc. located in Denver, CO. along with his son Ty. Bill passed away on September 27, 2017 leaving his wife Bo Hansen Wilson, daughter Mandy Wilson-Pogue, son Ty Wilson along with their spouses, grandchildren and many other family members. Service was held October 7, 2017 at Horan & McConaty - County Line in Centennial, CO.

David Stene 1951-2017



David Stene was born on November 20, 1951 in Hawarden, Iowa and grew up on the family farm. He graduated from University of South Dakota with a Bachelor's degree in Business. David began working with his father, Jack, in the commodity business in Sioux City, Iowa and worked as a registered broker at a few other firms before forming his own IB - David Stene Commodities - in Sioux Falls, South Dakota in 2005. He truly loved his business, family, hunting and watching sports on TV. David passed away on September 8, 2017 at Dougherty Hospice House in Sioux Falls, South Dakota. He is survived by his wife Deb; daughters Daniele Stene, Trentin Kooima, Delanie Stene and Dalee Stene along with many other family members. A memorial service was held September 11, 2017 at Roseni Lutheran Church.

Disclaimer:

The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. R. J. O'Brien does not guarantee that such information is accurate or complete and it should not be relied upon as such. Opinions expressed reflect judgements at this date and are subject to change without notice.