

# R.J. O'Brien News

## Introducing Broker Newsletter

SERVING THE FUTURES INDUSTRY SINCE 1914

*Happy New Year!*

### **Thank You RJO IBs & Welcome New MFG IBs!**

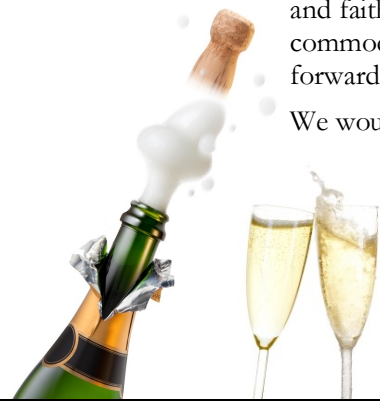
We would like to thank all of our IBs, new and old, for working with RJO and for your patience during this challenging period in our industry. We are extremely thankful for your business and we hope to continue to exceed your expectations in the bright future ahead.

We would also like to extend a warm welcome to the IBs and clients from MF Global, Inc. who are now a part of the R.J. O'Brien family! We recognize that IBs and their clients have been through a rough and confusing few months, not only with the MF Global bankruptcy, but also with customer concerns about our industry moving forward. We are very thankful for the trust and faith you have put in RJO to help you revitalize and rebuild your commodities and futures businesses. With the new year, we are looking forward to establishing new relationships and renewed optimism.

We would like to take this opportunity to outline the services and benefits RJO offers to the IB community and your clients. This newsletter helps explain our offerings in more detail and answers any questions you may have about our firm and its stability.

May peace, love and new opportunities fill your lives in 2012!

Sincerely,  
*Katie Hanley*  
President, IB Division



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### **R.J. O'BRIEN'S FINANCIAL STABILITY & INTEGRITY**

*By Gerry Corcoran, Chairman & CEO*

**W**e at RJO fully recognize that the MF Global Bankruptcy and apparent treatment of customer funds has shaken confidence in our industry. To that end, I would like to remind you of some important points regarding our firm:

- RJO is a privately held entity with a 98-year track record of success. We have never experienced a material regulatory issue or loss of any customer funds in the history of the firm.
- RJO's position in the marketplace has never been stronger with a regulatory capital base of over \$200 million. (\$80 million more than what is required by the Commodity Exchange Act.)
- We do not engage in proprietary trading. We choose to operate as an agency model brokerage company that does not trade for our own account. Thus, all of our resources are focused solely on our customers.
- Through our entire history, RJO has maintained proper segregation of client assets. In fact, we currently carry \$170 million in excess of what is required to be segregated by the Commodity Exchange Act.
- We invest customer assets within the guidelines of CFTC Rule 1.25. However, we do not invest in any foreign sovereign debt, municipal securities, or asset backed securities. We also do not engage in internal repo.
- When customer segregated funds are deposited with a banking institution, the bank signs a written acknowledgment stating it will not use the funds for anyone other than the customer. RJO's segregated customer funds are deposited principally at Harris Bank, Wells Fargo, Fifth Third Bank, JPMorgan and the various exchanges on which RJO transacts business.

We believe that prudent risk management, a strong capital structure, as well as quality clients, brokers, and staff are an effective means of providing a safety net for clients. RJO will continue to hold ourselves accountable to the highest standards which have earned our clients' trust and confidence for nearly 100 years. We are grateful for your business and look forward to serving you for years to come.

## PRODUCT PRESENTATIONS

In an effort to keep you current with the electronic tools RJO offers, we have implemented Technology Product Presentations. These presentations are hosted by Client Services on the first, third, and fourth Thursday of every month at 2:00 PM (CT) and include a conference call and interactive Web Seminar.

Following is the schedule for the first half of 2012. Please note that this schedule is subject to change. For the most up-to-date schedule please refer to the Reference Documents section under Research at [www.rjobrien.com](http://www.rjobrien.com).

For more information on how to login and participate in these informative presentations, please contact Client Services at 877-396-9316 or [rjohelp@rjobrien.com](mailto:rjohelp@rjobrien.com).

### 2012 PRODUCT PRESENTATION SCHEDULE

*\*Schedule Subject to Change*

Jan 5	RJO Website
Jan 19	WebOE
Jan 26	Risk Applications
Feb 2	CQG
Feb 16	Web Bridge & Report Grabber
Feb 23	RJO Website
Mar 1	Compliance Q&A
Mar 15	Esign
Mar 22	WebOE
Mar 29	Risk Applications
Apr 5	Web Bridge & Report Grabber
Apr 19	Esign
Apr 26	WebOE
May 3	Esign
May 17	DTN
May 24	Risk Applications
May 31	WebOE
June 7	Web Bridge & Report Grabber
June 21	RJO Website
June 28	WebOE

## FREE ELECTRONIC TOOLS FOR THE INTRODUCING BROKER

To aid in the administrative process, RJO has several **free** electronic tools that streamline the clerical workings of your IB to help you save time, energy, and money.

### WWW.RJOBRIEN.COM



RJO's Website, [www.rjobrien.com](http://www.rjobrien.com), is a multifaceted tool that aids not only the IB, but the IB's client base

and back office team as well. Through the Website, the IB and the client can access real-time account holdings, account based reports, and RJO's research center. In addition to accessing RJO's suite of research, you have the ability to subscribe to and send research pieces directly to your email inbox. Back office operations such as submission of account deposits, check requests, outgoing wires (setup wire instruction templates), commission adjustments, and position transfers can all be done electronically using the RJO Website. Furthermore, the IB can access password protected month and year to date P&L figures, commission details, and salesman payouts.

### FIND A BROKER

As a valued member of the RJO IB community, IBs are featured in the "Find a Broker" section of the RJO Website. Through this powerful marketing tool, potential clients are able to obtain the IB's contact information and view a summary of your services. If you would like to have a summary posted under your listing, please email your 25-word description to Client Services at [clientservices@rjobrien.com](mailto:clientservices@rjobrien.com).

### ONLINE ACCOUNT QUERY



Online Account Query is a marked-to-market account detail and risk management tool that can be accessed through the RJO Website. This easy-to-use program outlines comprehensive information on customer accounts including real-time positions, balances, daily transactions, historical views, and overall office positions for

product risk management. The IB can also access delivery month positions, theoretical option pricing, and margin information—there is even a message board to post comments for your margin clerk.

### RISK ANALYZER



Risk Analyzer is an on demand "Margin Requirement" calculator component. It provides users with the ability to augment/edit their current account positions to review the impact on the total account portfolio. New trade scenarios can also be created from scratch, enabling the user to evaluate risk and to review the many potential outcomes of different trading ideas. Changes or scenarios made in this application will not generate any trades in the production environment, giving both you and your customers the freedom to experiment.

### RJO REPORT GRABBER



Daily statements, equity runs, trade confirmations, and customized reports are available on demand through the RJO Report Grabber. This downloadable application combines RJO reports onto one interface easily enabling the IB to retrieve information for data retention or office activity surveillance. Trade confirms can be programmed to be retrieved every 5 minutes, and auto download, archive, and print functionalities streamline the record keeping process for compliance adherence.

### ON-LINE ACCOUNT PAPERWORK



All RJO account paperwork can be accessed and downloaded through our website, including Foreign Language forms. Electronic Account Sign-Up (aka E-sign) is available for domestic individual and joint accounts.

### MORE INFORMATION

To implement any of the above tools into your office administration or for additional information, please contact **RJO Client Services** at (866) 438-7864 or email [clientservices@rjobrien.com](mailto:clientservices@rjobrien.com).

## ON CAPITOL HILL

On December 8, 2011, Gerry Corcoran, Chairman and CEO of R.J. O'Brien (RJO), offered testimony on behalf of the Commodity Markets Council (CMC) and RJO at a hearing convened by the U.S. House Committee on Agriculture. Mr. Corcoran put forth ideas for consideration and discussion on possible improvements to the futures industry's financial safeguard system.

Mr. Corcoran offered ideas on improving the industry's customer collateral management process by ensuring the adequate maintenance of customer collateral levels. Also suggested were ways to improve an FCM's net capital treatment, including evaluating the "double counting" of funds to satisfy capital requirements by entities dually registered as FCMs and broker-dealers.


In addition, RJO and CMC suggested a possible modification that would place a portion of an FCM's funds in a customer-segregated funds account designated for capital protection. Mr. Corcoran said: "By requiring an FCM to place its capital in a customer segregated funds account, funds will then also be afforded the protections that Commodity Futures Trading Commission (CFTC) Rule 1.25, as amended, would provide."

Mr. Corcoran also urged regulators to look at enhancing monitoring and reporting requirements with respect to FCM customer segregation practices. FCMs are already required to prepare customer segregation reports on a daily basis, but do not share them with regulators that often. He suggested that regulatory agencies can require the submission of these daily reports to the CFTC, National Futures Association, or other Designated Self-Regulatory Organization (DSRO).

Speaking solely on behalf of RJO, Mr. Corcoran recommended all FCMs should adopt the same "agency" only model as RJO, which does not engage in proprietary trading. Mr. Corcoran said: "Although proprietary trading by FCMs may contribute to the liquidity of the futures markets, it should not be at the expense of customer protection. Therefore, we at RJO suggest that those FCMs who want to conduct proprietary trading utilize other FCMs or create a separately capitalized special purpose FCM for this activity. Doing so will require the same oversight afforded to customer accounts, including proper margining at all times. Simply put, an FCM that is restricted from trading for its own account would not place its customers at risk due to losses from proprietary trading."

For the full text of Mr. Corcoran's oral and written testimony, please visit the R.J. O'Brien website at [www.rjobrien.com](http://www.rjobrien.com).

## CME GROUP NEWS

 CME Group has developed a monthly newsletter specifically for IBs. This convenient electronic publication spans key topics such as product launches, trading resources and tools, product updates, industry news, and much more.

CME group invites you to view a sample newsletter as well as register for your free monthly subscription at [www.cmegroup.com/education/events/forms/monthly-fcm-ib-update.html](http://www.cmegroup.com/education/events/forms/monthly-fcm-ib-update.html). This month's newsletter is now available and discusses many key topics surrounding the MF Global collapse. This FCM/IB Update is not only a useful tool to help grow your business, but an efficient means of keeping you connected to the Exchange and its happenings.

**Congressman Conaway's office the day prior to House Agriculture Committee Hearing on MF Global discussing CMC/RJO suggestions for restoring confidence in the futures industry.**



Pictured (left to right): Christine Cochran (President of CMC), Matthew Rees (EVP and Chief Customer Officer of RJO), the Honorable K. Michael Conaway (Representative of Texas 11<sup>th</sup> Congressional District), Rich Feltes (VP RJO Research), and Gerry Corcoran (Chairman and CEO of RJO).

## “BON VOYAGE!” 16TH ANNUAL IB CONFERENCE

If you haven't heard, we're sailing to the sunny Bahamas on a 3-day cruise over



President's Day Weekend (February 17-20, 2012) for the 16<sup>th</sup> Annual "Exchange of Ideas" Introducing Broker Conference! With this forum, we hope to break the mold of the traditional IB conference to create a more interactive, informative, and fun event for all IBs and their families. We will be experiencing the excitement of Royal Caribbean's *Majesty of the Seas* ship and two amazing ports of call as we present a stimulating line-up of exceptional speakers.

### SPEAKER LINE-UP

Throughout our 3-day voyage, we will hear presentations from Rich Feltes (Vice President Research, RJO), Dr. Barry Flinchbaugh (Professor of Agricultural Economics, Kansas State University), and Al Ambrose (VP/Risk Management, Oilseed Processing, CHS). New to our line-up, Charles "Chuck" Gabriel, Jr. (Managing

Director, Capital Alpha Partners LLC) will discuss the political risks markets face during the 2012 election year.

### CRUISE ATTRACTIONS

There will be plenty of time for fun in the sun as well! Thanks to a dazzling top to bottom renovation, the *Majesty of the Seas* is sure to make you feel truly majestic. Attendees can enjoy a newly remodeled pool deck, an expanded Day Spa & Fitness Center, plus tastefully refurbished staterooms. And of course, there are still the powdery beaches and crystal clear waters of CocoCay and Nassau, Bahamas to look forward to!

### DEPARTURE DETAILS

We will depart the Port of Miami, Florida on Friday, February 17, 2012 at 4:30PM (EST) and return Monday, February 20, 2012 at 11:30AM (EST). We highly recommend arriving in Miami one day prior to the cruise departure. This will help alleviate worries regarding late/canceled flights and late/missing luggage. Additionally, this will allow you plenty of time to get from the airport to the Port of Call. Remember, you must be checked in no later than 90 minutes prior to the ship's departure. Also note, a passport

is required for this voyage. You will not be allowed to board the ship without one.

### DRESS CODE

There is very little room to store your luggage in your cabin so, plan your wardrobe accordingly. Make sure you pack both casual day attire (shorts are allowed) and dinner attire. Two of the dinners are business casual (no blue jeans or shorts); however, one night is formal dining which means a suit for gentlemen, and a nice pants suit or a cocktail dress for ladies (Tux's and long gowns are not required). And of course, don't forget your sun gear and comfortable walking shoes.

### RESERVATIONS

Since this is a holiday weekend, many attendees booked their conference spots and cruise cabins early. Therefore, if you have not yet registered and would still like to join us, please contact Jean Yangas at [jyangas@rjobrien.com](mailto:jyangas@rjobrien.com) or 312-373-5277 for possible arrangements.

**"Sea" you onboard!**

## 2012 HOLIDAY AND EVENT CALENDAR

Monday, January 2nd	New Year's Day 2012 (observed)
Monday, January 16th	Dr. Martin Luther King Jr. Day
Friday, February 17th – Monday, February 20th	16th Annual "Exchange of Ideas" Introducing Broker Conference 2012
Monday, February 20th	President's Day
Friday, April 6th	Good Friday
Monday, May 28th	Memorial Day
Wednesday, July 4th	Independence Day
Monday, September 3rd	Labor Day
Monday, October 8th	Columbus Day (Foreign Exchange & Interest Rate Products Only)
Monday, November 12th	Veterans Day (Foreign Exchange & Interest Rate Products Only)
Thursday, November 22nd	Thanksgiving Day
Tuesday, December 25th	Christmas Day

### 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 judgments at this date and are subject to change without notice.