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Thank you for the opportunity to present more information about R. J. O'Brien & Associates LLC ("RJO") and the prudential safeguards protecting your assets at RJO.

RJO

RJO has a 94-year track record of success, buttressed with integrity and a commitment to relationship building. With assets exceeding \$2.7 billion, RJO is a large well-diversified fully integrated FCM. Its adjusted net capital base is over \$88 million. Its customer base includes some of the largest institutions in the world. RJO regularly captures top tier market share in all futures products at both Chicago exchanges.

RJO has always believed that risk management was effective in providing a safety net for customers, in addition to a strong capital structure. The combination of quality clients and a very active risk management team insure the safety of our customers' assets as well as the capital base of the firm. Further, RJO does not engage in proprietary trading.

In addition to RJO's specific strengths as noted above, the below summarizes some of the regulatory safeguards surrounding the futures industry and provides additional resource references for further information.

Futures Regulation

RJO is regulated by each of the Commodity Futures Trading Commission (the "CFTC"), the National Futures Association (the "NFA") and the Chicago Mercantile Exchange (the "CME")

The NFA has posted an excellent summary on its web site addressing the prudential and regulatory safeguards protecting the futures industry: <http://www.nfa.futures.org/investor/Storybehind.asp>

As noted in that NFA summary: "While trading in futures contracts obviously involves risks related to price changes, market participants have historically had little reason to be concerned about the security of their funds. *Customer losses due to the insolvency of a futures brokerage firm have been virtually non-existent.* Indeed, such losses have totaled less over 50 years than the Securities Investor Protection Corporation has paid, on the average, to reimburse customers of the securities industry for member firm insolvency losses each year (emphasis added)."

As a clearing member of the CME Group, the CME Group acts as RJO's designated self regulatory organization. The CME Group has posted a more detailed publication on its website entitled "Financial Safeguards": www.cme.com/files/financialsafeguards.pdf. The CME Group's publication provides that: "CME Clearing's financial safeguard system is comprised of critical risk management and financial surveillance techniques designed for the protection of the membership and its customers. The keystones of the system are CME Clearing's ability to detect unsound practices and the financial backing of its clearing members. This combination provides unparalleled safeguards for the protection and benefit of all participants in markets cleared by CME Clearing. In the 159 year history of the CME and its predecessor organizations . . . *there has never been a failure of a clearing member resulting in a loss of customer funds* (emphasis added)."

The CME publication includes a section entitled "Default by a Clearing Member" that may address specific questions you may have as to what would happen in the event of a default or bankruptcy of a CME clearing member such as RJO.

FDIC Insurance

As described in the above-referenced NFA summary, RJO is required to maintain its customers' funds and margin deposits in certain specified investments, including bank accounts that are totally separate from RJO's own proprietary accounts. "Rules further stipulate that such funds can be used only for the purposes the customers intended and can at no time be commingled with the firm's funds or the funds of the firm's principals. Compliance is strictly enforced and regulators possess power to take such immediate action as is considered necessary to protect the security of customers' money."

Given the recent concerns about bank insolvencies, we have received inquiries as to whether these customer segregated assets are protected by the insurance fund of the Federal Deposit Insurance Corporation ("FDIC"). Our customer segregated assets that are placed on deposit with banks are deposited with a designation that such funds are "exclusively for the benefit of our customers." The consequence of this designation is that our customers receive the benefit of FDIC pass-through deposit insurance on such funds up to the maximum amount allowed by the FDIC (generally, \$100,000 per customer when combined with any other deposits that a customer may have at that bank). In addition to bank deposits, customer funds may also be invested in government securities and other investments deemed low risk by the CFTC.

We hope that our 94-year track record and the above-described regulatory and prudential protections will provide you the comfort you need to feel secure about the safety of your assets with RJO.