

**Application and Customer Agreement  
Information and Disclosures**



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## For All Accounts

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# RISK DISCLOSURE STATEMENT FOR FUTURES & 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.*

## 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 CONDITION OF CONTRACTS

You should ask the firm with which you deal about the term 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 specified legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated 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 commission, 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,

## **RISK DISCLOSURE STATEMENT FOR FUTURES & OPTIONS (continued)**

you should inquire 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.

# ELECTRONIC ORDER ENTRY AND ACCOUNT ACCESS AGREEMENT

## 1. SCOPE OF AGREEMENT

We, MF Global Inc. and our affiliates (collectively, “MF Global”), agree to provide you, in accordance with this Agreement, (the “Agreement”), with access to any electronic trading services (each, together with any related software, a “Trading Service”) that we may make available to you, either directly or through a third party service provider, which will consist of one or more of the following electronic services: (a) trading services with respect to transactions (each, a “Transaction”) in securities, commodities, currencies, derivatives, futures, options, security futures and other financial instruments, which will be executed with or through us or one of our affiliates; (b) services that permit you to view (for informational purposes only) the status of Transactions; (c) services for the display or transmission of indications of interest or conditional offers to purchase securities or enter into other Transactions; and (d) any additional services made available through the Trading Services. In addition, we will provide you with any software and equipment, and related maintenance, described in a separately provided schedule. Any additional terms of a particular Trading Service will be set forth in a separate supplement to this Agreement or on the Trading Service. Unless expressly defined herein, any capitalized term herein shall have the meaning ascribed to it in the Customer Agreement between the parties hereto.

## 2. TERMINATION

- (a) This Agreement will continue in effect until terminated by either party at any time, with or without cause, upon written notice to the other party. This Agreement will remain in effect with respect to all Transactions executed through a Trading Service regardless of any termination or other action with respect to the Trading Service.
- (b) Regardless of any other provision of the Agreement, we have the right to suspend or terminate (at any time, with or without cause or prior notice) all or any part of any Trading Service, or your access to any Trading Service, to change the nature, composition or availability of any Trading Service, or to change the limits on the trading you may conduct through any Trading Service.

## 3. FEES AND COSTS

You are responsible for all fees, costs and expenses associated with your access to and use of the Trading Services and the execution and settlement of Transactions (including, commissions, telecommunications, modems and other connectivity costs, and costs of any third party software, equipment and any related maintenance services.)

## 4. USE OF THE SERVICES

- (a) We grant you, for the term of this Agreement, a personal, limited, non-exclusive, revocable, non-transferable and non-sublicenseable license to use the Trading Services pursuant to the terms of this Agreement. We may provide certain portions of the Trading Services under license from third parties, and you will comply with any additional restrictions on your usage that we may communicate to you from time to time, or that are otherwise the subject of an agreement between you and such licensors.
- (b) We are providing the Trading Services to you only for your personal use, except as provided in Section 5(d), and only for the purposes, and subject to the terms, of this Agreement. You may not sell, lease, or provide, directly or indirectly, the Trading Services or any portion of the Trading Services to any third party except as permitted by this Agreement. You acknowledge

that all proprietary rights in the Trading Services are owned by us or by any applicable third party service providers selected by us providing us with all or part of the Trading Services, or providing you with access to the Trading Services, or their respective licensors, and are protected under copyright, trademark and other intellectual property laws and other applicable law. You receive no copyright, intellectual property rights or other rights in or to the Trading Services, except those specifically set forth in this Agreement. You will protect and not violate those proprietary rights in the Trading Services and honor and comply with our reasonable requests to protect our and our third party service providers’ contractual, statutory and common law rights in the Trading Services. If you become aware of any violation of our or our third party service providers’ proprietary rights in the Trading Services, you will notify us in writing.

- (c) You are responsible for ensuring the Trading Services’ security in connection with your use of the Trading Services.
- (d) You are bound by, and will comply with, the various legends, disclaimers, terms and conditions and restrictions displayed on or linked to the Trading Services.
- (e) You may access each Trading Service only through one or more passwords or other access methods that we specify (collectively, “Access Methods”). You are solely responsible for ensuring that your Access Methods are known to and used by only those users that you authorize (“Authorized Users”). At our request, you will provide us a list of your Authorized Users, their countries of domicile and updates of the list. You acknowledge that, in our discretion, we may deny access to a Trading Service to any user of your Access Methods.
- (f) You will be (i) solely responsible for all acts or omissions of any person using a Trading Service through your Access Methods and (ii) without limitation of the foregoing or any other provision of this Agreement, bound by the terms of all Transactions executed and orders placed through a Trading Service using your Access Methods. All transmissions generated by use of your Access Methods will be deemed to be authorized by you and made by an Authorized User whether or not we acknowledge receipt of such transmission.
- (g) If your Access Methods have been lost, stolen or compromised, you will promptly notify us and any representative designated by the Trading Service to receive notice. Upon receipt of this notice, your Access Methods will be canceled but you are responsible for any actions taken through the use of such Access Methods before they are canceled. In our sole discretion, we may terminate, revoke, suspend, modify, or change any or all of your Access Methods at any time with or without prior notice.
- (h) You will be solely responsible for any losses, damages or costs that you may incur as a result of errors made by, or the failure of, the software or equipment that you use to access the Trading Services.
- (i) The software used in connection with the Trading Services may include encryption methods that are subject to the export and/or import control laws of the United States and other countries. You will cooperate with us in complying with any such laws.

## 5. TRANSACTIONS

- (a) Each Transaction you execute through a Trading Service is also subject to any other agreement between you and us that applies to the relevant Transaction (“Customer Agreements”). If there is a conflict between the terms of this Agreement and the terms of the Customer Agreement, the terms of this Agreement will control regarding the Trading Services, (except that any governing law and dispute resolution provisions of the Customer Agreement will prevail over Section 11(j) of this Agreement).
- (b) We have no obligation to accept, or to execute or cancel, all or any part of a Transaction that you seek to execute or cancel through a Trading Service. Without limitation of the foregoing, we have no responsibility for transmissions that are inaccurate or not received by us, and may execute any Transaction on the terms actually received by us.
- (c) You may receive a written or electronic acknowledgment of the status of each Transaction executed through a Trading Service in addition to any written or electronic confirmation of the execution of the Transaction (“Confirmation”) that we deliver to you. If there is a conflict between the terms of any Confirmation and (i) the terms of this Agreement, or (ii) the acknowledgment, the terms of the Confirmation will control. Execution terms as reflected in such an acknowledgment or Confirmation or in execution reports sent to you are subject to adjustment for errors including but not limited to errors on the part of the markets to which your orders were routed.
- (d) You will use the Trading Services and enter into Transactions only for your own benefit and account(s) and will not use the Trading Services on behalf of third parties (other than your customers, if you are a broker-dealer, investment manager, investment advisor or commodity trading advisor) without our written permission.
- (e) We may engage in trading in the markets reflected on the Trading Services for our proprietary accounts and on behalf of accounts under our management, which could affect the value or terms of Transactions and we may enter into transactions at prices different from the prices reflected in the Trading Service.

## 6. REPRESENTATIONS AND WARRANTIES

- (a) You represent and warrant to us that your use of the Trading Services will comply with all applicable laws, rules and regulations and with the policies and practices of securities and futures exchanges and clearing houses, alternative trading facilities, and self-regulatory organizations, and the policies and procedures applicable to the Trading Services and this Agreement and any other agreement between you and us, as may be amended from time to time. You are responsible for any delays, expenses and losses associated with compliance or failure to comply with any restrictions on the transfer of securities. You further represent and warrant that, unless you advise us otherwise, no Transaction executed by you through a Trading Service will be on behalf of a plan subject to the Employee Retirement Income Security Act of 1974 or any similar statute. If you are a broker-dealer, investment manager, investment advisor or commodity trading advisor and you use the Trading Services and execute Transactions for your customers’ benefit and account, you represent and warrant that you have full authority to sign this Agreement, and to use the Trading Services and execute Transactions, on behalf of such customers.

- (b) We represent and warrant to you that we have all rights, authority and licenses to provide the Trading Services to you, as set forth herein and you represent and warrant to us that you have all consents, rights, authority, and have taken all actions necessary, to use the Trading Services and enter any transactions relating thereto, as set forth herein.
- (c) **Except as set forth in paragraph 6(b), we make no warranty, express or implied, to you concerning the Trading Services or with respect to any data or information that we may provide in connection with the Trading Services. You expressly acknowledge and agree that we have made no recommendation with respect to the Trading Services or any Transaction and that we and any third party service providers selected by you or us provide the Trading Services on an “as is” basis, at your sole risk. We expressly disclaim any implied warranties of merchantability or fitness for a particular purpose, including any warranty for the use or the results of the use of the Trading Services with respect to their correctness, quality, accuracy, completeness, reliability, performance, timeliness, continued availability or otherwise. We and such third party service providers are not responsible for maintaining the Trading Services or for supplying any corrections, updates or releases concerning the Trading Services. We are not soliciting any action based upon use of the Trading Services.**

## 7. LIMITATION OF LIABILITY; INDEMNITY

- (a) We, our managing directors, partners, officers, directors, affiliates, employees and agents (each a “Related Party”) have no liability, contingent or otherwise, to you or to third parties, for the correctness, quality, accuracy, security, completeness, reliability, performance, timeliness, pricing or continued availability of the Trading Services or for delays or omissions of the Trading Services, or for the failure of any connection or communication service to provide or maintain your access to a Trading Service, or for any interruption in or disruption of your access or any erroneous communications between us and you. We are not liable for any special, indirect, incidental or consequential damages which you may incur or experience because you entered into this Agreement or relied on the Trading Services, even if we know of the possibility of those damages. We are not responsible for informing you of any difficulties we or other third parties experience concerning use of the Trading Services for our accounts or other accounts or to take any action in connection with those difficulties. We also have no duty or obligation to verify, correct, complete or update any information displayed in the Trading Services. You are solely responsible for any losses, damages or costs resulting from your reliance on any data or information that we may provide in connection with your use of the Trading Services. You will make your own independent decision to access or use any Trading Service or to execute any Transaction and you acknowledge and agree that the Trading Services do not and will not serve as the primary basis for any of your investment decisions concerning your accounts or your managed or fiduciary accounts. You are solely responsible for any investment or trading decisions you make with respect to products identified on the Trading Services and we are not responsible for determining whether any Transaction you may enter into is suitable, appropriate or advisable. We (and any of our affiliates) are not and will not be, by virtue of providing the Trading Services, an advisor or fiduciary for you or your managed or fiduciary accounts.

- (b) You will indemnify, protect, and hold harmless us and our Related Parties from and against any and all losses, liabilities, judgments, suits, actions, proceedings, claims, damages, costs (including attorneys' fees) (collectively, "Losses") resulting from or arising out of the use of the Trading Services by you or your Related Parties, including any breaches of the security of the Trading Services (including any access or entry into any of our other systems not covered by this Agreement), and, if you are a broker-dealer, investment manager, investment advisor or commodity trading advisor acting on behalf of your customers, including any claims that a trade was not suitable for or not authorized by a customer, caused directly or indirectly by you or your Related Parties except to the extent such Losses are due to our gross negligence or willful misconduct or, if you are a broker-dealer, investment manager, investment advisor or commodity trading advisor acting on behalf of your customers, to the extent such Losses arise solely from Transactions executed by us through the Trading Services on behalf of such customers.
- (c) In Paragraph 7(a) the terms "we", "our" and "us" include any third party service providers selected by you or us in connection with the Trading Services, and in Paragraph 7(b) those terms include third party service providers selected by us.
- (d) Orders that you enter through the Trading Services may be routed to third party systems, markets or exchanges (each, a "Third Party System"). We are not responsible for any losses, damages or costs that may result from errors made by any Third Party System in reading, processing or executing such orders, or if any Third Party System otherwise fails to properly execute such orders.
- (e) **Without prejudice to any rights under this Agreement, in case of any breach of our warranty in Paragraph 6(b), our liability is limited to the repair or replacement of any part of the Trading Services that causes the breach.**
- (f) **You agree that, with the exception of the provisions of Paragraph 7(e), our liability and the collective liability of our Related Parties and the third party service providers selected by you or us, if any, arising out of any kind of legal claim (whether in contract, tort, or otherwise) or in any way connected to your use of the Trading Services will not exceed the amount of the profit we received on the specific transaction giving rise to such legal claim unless caused directly by our gross negligence or willful misconduct.**

## 8. DATA AND INFORMATION

- (a) You will supply us with all information we may reasonably request in writing concerning you and your use of the Trading Services. You and your Authorized Users will also provide and obtain any consents that we may reasonably request in connection with the provision of information to us by you or on your behalf. We may report information obtained under this Paragraph 8(a) to regulatory authorities or to third party service providers, as we determine in our sole discretion to be necessary. You consent and agree to comply with any of our privacy policies and procedures that we provide.
- (b) With respect to any market data or other information that we or any third party service provider provide to you in connection with your use of the Trading Services: (i) we and any such provider are not responsible or liable if any such data or information is inaccurate or incomplete in any respect; (ii) we and any such provider are not responsible or liable for any actions

that you take or do not take based on such data or information; (iii) you will use such data or information solely for the purposes set forth in this Agreement and any Customer Agreement; (iv) such data or information is proprietary to us and any such provider and you will not retransmit or disclose such data or information to third parties except as required by applicable law or regulation; and (v) you will use such data or information solely in compliance with applicable laws, rules and regulations.

- (c) Email, chat and instant messaging features may be provided to you as a convenience to enhance your communications with us. You will use these features in compliance with applicable law, rules and regulations, and you will not use them to transmit inappropriate information, including information that may be deemed obscene, libelous, harassing, fraudulent or slanderous. We are not responsible for any Transactions you may attempt to enter, or orders or instructions you may attempt to make by means of these services. The Trading Services and all information on the Trading Services are proprietary and confidential to us or to any applicable third party service providers selected by us. Except as required by applicable law, you and your employees will hold the Trading Services and such information in strict confidence and not disclose them to third parties or use them for any purpose not contemplated by this Agreement.

## 9. NO PROMOTION

Without the prior written consent of the other party, neither party will (i) use the name of the other party, or the name of any of the other party's Related Parties, or any trade name, trademark, trade device, service mark, symbol or any abbreviation, contraction or simulation of the other party or its affiliates in advertising, publicity, or otherwise; or (ii) represent (directly or indirectly) that any product or any service provided by the party has been approved or endorsed by the other.

## 10. ELECTRONIC DOCUMENTS

You consent to the delivery of confirmations, any other required or optional communication or agreement under any applicable law or regulation and any amendments or changes in the terms and conditions on the Trading Services, by e-mail, website or other electronic means, subject to compliance with any applicable laws, rules or regulations. Any such documents that are delivered to you electronically are deemed to be "in writing." If your signature or acknowledgment is required or requested with respect to any such document and any Authorized User "clicks" in the appropriate space, or takes such other action as may be indicated on the Trading Services, you will be deemed to have signed or acknowledged the document to the same extent and with the same effect as if you had signed the document manually. You acknowledge your understanding that you have the right to withdraw your consent to the electronic delivery and signature of documents at any time by providing prior written notice. However, if you revoke your consent, your access to the Trading Services may be restricted or terminated.

## 11. GENERAL

- (a) You acknowledge that you entered into this Agreement without inducement by any representation or warranty not set forth in this Agreement. This Agreement contains the entire agreement of the parties with respect to its subject matter and supersedes all existing and all other oral, written or other communications between the parties concerning this subject matter. This Agreement may be modified only by a subsequent writing signed by both parties.

- (b) Neither party may assign the Agreement without the other party's prior written consent. However, we may assign this Agreement to any entity (i) controlling, controlled by, or under common control with us, or (ii) which succeeds to all or substantially all of our assets and business.
- (c) If any provision of this Agreement (or any portion thereof) is invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement will not be affected or impaired.
- (d) Where any form of the word "including" appears in this Agreement, it will be interpreted as if followed by the phrase "without limitation".
- (e) Except as provided in Paragraph 10, all notices will be in writing and hand delivered or forwarded by registered or certified mail to the parties at the addresses you provided herein. A copy also will be sent to the attention of our General Counsel or to any other address which we designate in writing after the date of this Agreement.
- (f) The headings in this Agreement are intended for convenience of reference and will not affect interpretation.
- (g) You represent and warrant that you are duly authorized by all necessary action to execute this Agreement on behalf of the Account.
- (h) You acknowledge that a breach of any provision of Paragraph 4, 8 or 9 of this Agreement will cause irreparable injury and damage. Therefore, injunctive relief may be sought in addition to any other rights and remedies which may be available to the party at law or in equity.
- (i) You agree to cooperate with any reasonable request we may make in order to respond to any inquires made by any third party service providers, exchanges, or other regulatory, self-regulatory or governmental authorities in connection with the Trading Services.
- (j) This Agreement is deemed entered into in Chicago, Illinois, and will be governed and construed in all respects by the laws of the State of Illinois, without giving effect to principles of conflict of law. Any litigation or other dispute resolution between the parties relating to this Agreement will take place only in Chicago, Illinois. The parties consent to personal jurisdiction of and venue in the state and federal courts within that city.
- (k) Each party's continuing obligations under this Agreement including those relating to "Limitation of Liability; Indemnity" and "Data and Information" will survive the termination of this Agreement.

## DIRECT FOREIGN ORDER TRANSMITTAL CLIENT DISCLOSURE STATEMENT

This statement applies to the ability of authorized customers<sup>1</sup> of MF Global Inc. ("MF Global") to place orders for foreign futures and options transactions directly with non-U.S. entities (each, an "Executing Firm") that execute transactions on behalf of MF Global foreign futures and options 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 a MF Global foreign futures and options customer omnibus account maintained with a foreign clearing firm. Consequently, MF Global 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 MF Global. MF Global 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 MF Global. 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 U.S. 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-U.S. 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 may 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, MF Global will assume your consent to the aforementioned conditions.

<sup>1</sup> You should contact your account executive regarding your eligibility to participate in the direct order transmittal process.

# POSITION LIMIT AND LARGE OPEN POSITION REPORTING REQUIREMENTS FOR OPTIONS AND FUTURES TRADED ON THE HONG KONG EXCHANGES

The Hong Kong regulatory regime imposes position limit and reportable position requirements for stock options and futures contracts traded on the Stock Exchange of Hong Kong and on the Hong Kong Futures Exchange.

These requirements are set out in the Hong Kong Securities and Futures (Contracts Limits and Reportable Positions) Rules (as amended, the “Rules”) made by the Securities and Futures Commission (“SFC”) under the Securities and Futures Ordinance. The Rules impose monitoring and reporting obligations with regard to large open positions. Where you are holding a reportable position for your client, you must disclose the identity of the client. For the purposes of the Rules, a client is the person who is ultimately responsible for originating instructions you receive for transactions, i.e., the transaction originator.

Further guidance on the Rules and what they require is set out in the SFC’s Guidance Note on Position Limits and Large Open Position Reporting Requirements. Copies of the Rules and Guidance Note can be downloaded from the SFC’s website ([www.sfc.hk](http://www.sfc.hk)).

## PURPOSE OF THE RULES

The purpose of the Rules is to avoid potentially destabilizing market conditions arising from an overconcentration of futures/options positions accumulated by a single person or group of persons acting in concert, and to increase market transparency.

Some of the major requirements of the Rules and Guidance Note are summarized below. However, you should review the Rules and Guidance Note in their entirety, and consult with your legal counsel in order to ensure that you have a full understanding of your obligations in connection with trading in Hong Kong.

Please note that the Rules make you responsible for ensuring that you comply with the Rules. Section 8 of the Rules makes it a criminal offense not to comply (subject to a maximum fine of HK\$100,000 and imprisonment for up to 2 years).

In 2004, the SFC investigated 6 breaches of the Rules, including a breach by a non-Hong Kong fund manager which was referred to the fund manager’s overseas regulator. It should be noted that the SFC has expressly stated that it is not sympathetic to claims by overseas persons that they are not aware of the Hong Kong restrictions, and that a failure to trade within the limits or make reports reflects badly on a firm’s internal control measures (which might itself lead to disciplinary action).

## POSITION LIMITS

The Rules say that you may not hold or control futures contracts or stock options contracts in excess of the prescribed limit, unless you have obtained the prior authorization of the Hong Kong regulators. For example, the prescribed limit for Hang Seng Index futures and options contracts and Mini-Hang Seng Index futures and options contracts is 10,000 long or short position delta limit for all contract months combined, provided the position delta for the Mini-Hang Seng Index futures contracts or Mini-Hang Seng Index options contracts shall not at any time exceed 2,000 long or short for all

contract months combined. For many futures contracts and stock options contracts, the position limit is set at 5,000 contracts for any one contract/expiry month.

The prescribed limit for each contract traded on the Hong Kong exchanges is set out in the Rules.

## REPORTABLE POSITIONS

If you hold or control an open position in futures contracts or stock options contracts in excess of the specified level, the Rules require you to report that position in writing to the relevant Hong Kong exchange (i) within one day (ignoring Hong Kong public holidays and Saturdays) of first holding or controlling that position, and (ii) on each succeeding day on which you continue to hold or control that position.

The specified reporting level for each contract traded on the Hong Kong exchanges is set out in the Rules. The report must state:

- (a) the number of contracts held or controlled in respect of the position in each relevant contract month; and
- (b) if the position is held or controlled for a client, the identity of the client and the number of contracts held or controlled for such person in respect of the reportable position in each relevant contract month.

## SCOPE OF THE RULES

You should note:

- The prescribed limits and reportable position requirements apply to all positions held or controlled by any person, including positions in any account(s) that such person controls, whether directly or indirectly. The SFC takes the view that a person is regarded as having control of positions if, for example, the person is allowed to exercise discretion to trade or dispose of the positions independently without the day-to-day direction of the owner of the positions. (Section 4 of the Rules and Para. 2.6 of the Guidance Note.)
- If a person holds or controls positions in accounts at more than one intermediary, the Rules require him to aggregate the positions for the purposes of applying the prescribed limits and reportable position requirements. (Para. 6.1 of the Guidance Note.)
- The person holding or controlling a reportable position in accounts at more than one intermediary has the sole responsibility to notify the relevant exchange of the reportable position. The person may request its intermediary to submit the notice of the reportable position. If a firm agrees to submit the notice on his behalf, the person should provide to the firm its total positions held at other intermediaries so that the firm can submit the notice of the reportable position. Alternatively, the person should ask all of his intermediaries to report the positions in each of the accounts separately to the exchange, even if the positions in the individual accounts do not reach the reportable level. (Paras. 4.6 and 6.2 of the Guidance Note.)

- Where you are holding a reportable position for your client, the Rules say that you must disclose the identity of the client. The SFC's view is that, for the purposes of the Rules, a client is the person who is ultimately responsible for originating the transaction, instructions, i.e., the transaction originator. (Para. 6.4 of the Guidance Note.)
- The Rules apply separately to the positions held by each of the underlying clients of an omnibus account, except where the omnibus account operator has discretion over the positions in which case the account operator must also aggregate these positions with his own positions. Positions held by different underlying clients should not be netted off for purposes of calculating and reporting reportable positions or determining compliance with the prescribed limits. (Para. 6.8 of the Guidance Note.)

## 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.

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.

# CME DISCLOSURE ON 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.

## NOTICE CONCERNING YOUR PRIVACY

At MF Global Inc. and its affiliates (collectively, “MF Global”), maintaining client trust and confidence is a high priority. We understand that you are concerned with how we treat nonpublic personal information (“Client Information”) that we obtain from you or from other sources about you in the course of providing you with our products and services. For this reason, we want you to understand how we work to protect your privacy when we collect and use information about you, and the steps we take to safeguard that information.

### SECURITY PROCEDURES

MF Global restricts access to Client Information about you to:

- Those of our employees and affiliates who need to know that information in order to provide the products and services you receive from us.
- Those unaffiliated brokers who have introduced you to us (“Introducing Brokers”).
- Those unaffiliated third parties whose access to such information is permitted or required by law and who need to know that information in order to assist us in providing you with the products and services you receive from us.
- Those unaffiliated third parties whose access to such information is necessary in order for MF Global to engage in joint marketing efforts with such unaffiliated third parties.

To protect the security of Client Information, we maintain physical, electronic and procedural safeguards that comply with federal standards for guarding the information we collect about you.

### INFORMATION WE COLLECT

In providing you with financial products and services, MF Global may collect the following types of Client Information:

- Information we receive from your Introducing Broker or from you on account applications, whether written or electronic, or on other forms. This information would include your name, address, social security number, income, investment experience and so forth.
- Information about your transactions with us, our affiliates or others. This information could include your trading through us, our affiliates and others, your history of meeting margin calls and your use of the various products and services that we and our affiliates provide.
- Information about your creditworthiness, credit history and other information about you that we receive from consumer reporting agencies, our affiliates, your Introducing Broker or providers of other demographic information, such as your purchasing or investment preferences.

- Information about you obtained in connection with our efforts to protect against fraud or unauthorized use of your account(s) with us.

### INFORMATION WE DISCLOSE

MF Global may disclose to unaffiliated third parties with which MF Global is engaged in a joint marketing arrangement Client Information such as:

- Information we receive from your Introducing Broker or from you on account applications, whether written or electronic, or on other forms. This information would include your name, address, social security number, income, investment experience and so forth.
- Information about your transactions with us, our affiliates or others. This information could include your trading through us, our affiliates and others, your history of meeting margin calls and your use of the various products and services that we and our affiliates provide.

### CATEGORIES OF PARTIES TO WHICH WE MAY DISCLOSE

MF Global may disclose the types of your Client Information listed above to the following types of third parties:

- Companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements to sell MF Global products or services.
- Financial service providers, such as Introducing Brokers, broker dealers, futures commission merchants, investment companies, investment advisors, commodity trading advisors and commodity pool operators.
- Publishers and other direct marketers of products related to the financial services industry, such as newsletter or book publishers and software or trading system developers.
- We may also disclose your Client Information to other non-affiliated third parties as permitted or required by law, such as in response to a subpoena or legal process or in order to complete a transaction which you initiated and authorized.

### RIGHT TO OPT OUT OF INFORMATION SHARING

If you prefer that we not disclose your Client Information to unaffiliated third parties, you may opt out of those disclosures. That is, you may direct us not to make those disclosures (other than disclosures permitted or required by law). You, however, may not opt out of Client Information disclosures about you to your Introducing Broker, or any service provider necessary to effect or process any transaction in your account(s) with us. If you wish to opt out of disclosure to nonaffiliated third parties, you may:

- Complete the Opt Out Form on the other side of this page and mail it to:

**OPT OUT**  
**MF Global Inc.**  
**440 South LaSalle Street, 20th Floor**  
**Chicago, Illinois 60605**

**OR**

- Visiting us at <http://optout.mfglobal.com>, and completing and submitting the Opt Out Notice contained therein.

#### **JOINT ACCOUNT PROCEDURES**

Please note that, if your account(s) with us is for joint tenants with rights of survivorship, tenants in common or a partnership, *any one party to the account may elect to opt out for the account. That opt out election will bind **all** parties to the account.*

#### **ONLINE SERVICES**

To better serve you, our products and services are described, and in many cases, available through our websites: [www.mfglobal.com](http://www.mfglobal.com);

[www.mfglobalsecurities.com](http://www.mfglobalsecurities.com) and so on. When accessing these websites, please read the Privacy Statement that appears there. Our website Privacy Statement provides important information relating to your use of the website, including information regarding our use of “cookies” and the types of information we collect when you access one of our websites.

If you register for our online products or services, we retain your user ID and password and other information about your use of the website in order to recognize you as a registered user. We may obtain your email address from you or from another source. We may send you email offers for our and our affiliates’ products and services. We may also send you emails for third party products and services we think may be of interest to you. All email offers we send to you include an opportunity to opt out from future email offers.

If you opt out from receiving email offers, we may still send (via email or otherwise) important information about your account(s) with us and our products and services.

# OPT OUT NOTICE

## OPT OUT PROCEDURE

In order to opt out of MF Global information sharing, please provide the information requested below and return this notice, within 30 days of your receipt of this Privacy Policy and Opt Out Notice, to:

### OPT OUT

MF Global Inc.  
440 South LaSalle Street  
20th Floor  
Chicago, Illinois 60605

Please do not share any nonpublic personal information about me with unaffiliated third parties. I understand that you may still share this information with my Introducing Broker, any service provider necessary to effect or process any transaction in my account(s), or as otherwise permitted or required by law.

Account Name(s): \_\_\_\_\_

Account Number(s): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

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

Daytime Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

Signature(s): \_\_\_\_\_

\_\_\_\_\_

You also may opt out of MF Global information sharing by visiting <http://optout.mfglobal.com> and completing and submitting the Opt Out Notice contained therein.

**If you opt out, you may not receive offers for goods and services that may be of value to you.**

***Please be advised that if you have previously submitted an Opt Out Notice, it will not be necessary for you to submit another one.***



**MF Global Inc.**  
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312-663-7500