

**ADVANTAGE FUTURES LLC  
AND SUBSIDIARY**

**STATEMENT OF FINANCIAL CONDITION  
AND SUPPLEMENTARY SCHEDULES  
PURSUANT TO REGULATION 1.10 UNDER  
THE COMMODITY EXCHANGE ACT**

**December 31, 2017**

**AVAILABLE FOR PUBLIC INSPECTION**

CFTC FORM 1-FR-FCM [0005]

OMB NO. 3038-0024

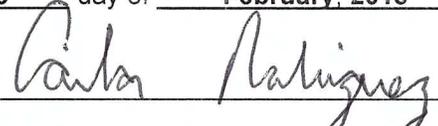
NAME OF COMPANY: <b>ADVANTAGE FUTURES LLC</b> [0010]	EMPLOYER ID NO: <b>75-3094454</b> [0020]	NFA ID NO: <b>0327359</b> [0030]
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: <b>231 South LaSalle Street, Suite 1400 Chicago, Illinois 60604</b> [0050]	PERSON TO CONTACT CONCERNING THIS REPORT: <b>Carlos Rodriguez</b> [0040] TELEPHONE NO: <b>(312) 800-7029</b> [0060] E-MAIL ADDRESS: <b>crodriguez@advantagefutures.com</b> [0065]	

- Report for the period beginning 01-01-17 [0070] and ending 12-31-17 [0080]
- Type of report [0090]  Certified  Regular quarterly/semiannual  Monthly 1.12 (b)  
 Special call by: \_\_\_\_\_  Other - Identify: \_\_\_\_\_
- Check whether [0095]  Initial filing  Amended filing
- Name of FCM's Designated Self-Regulatory Organization: CME Group, Inc. [0100]
- Name(s) of consolidated subsidiaries and affiliated companies:

Name	Percentage Ownership	Line of Business
<u>Advantage Securities LLC</u> [0110]	<u>100%</u> [0120]	<u>Broker-Dealer</u> [0130]
[0140]	[0150]	[0160]
[0170]	[0180]	[0190]
[0200]	[0210]	[0220]
[0230]	[0240]	[0250]

The futures commission merchant, or applicant for registration therefore, submitting this Form and its attachments and the person whose signature appears below represent that, to the best of their knowledge, all information contained therein is true, correct and complete. It is understood that all required item, statements and schedules are integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted. It is further understood that any intentional misstatements or omissions of facts constitute Federal Criminal Violations (see 18 U.S.C. 1001).

Signed this 28<sup>th</sup> day of February, 2018

Manual signature 

Type or print name Carlos Rodriguez

Chief Executive Officer  Chief Financial Officer Corporate Title \_\_\_\_\_  
 General Partner  Sole Proprietor



**RYAN & JURASKA LLP**  
Certified Public Accountants  
141 West Jackson Boulevard  
Chicago, Illinois 60604  
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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Sole Member of Advantage Futures LLC:

### **Opinion on the Consolidated Financial Statement**

We have audited the accompanying consolidated statement of financial condition of Advantage Futures LLC and Subsidiary (the "Company") as of December 31, 2017 that you are filing pursuant to Regulation 1.10 under the Commodity Exchange Act, and the related notes and supplementary schedules (collectively referred to as the financial statement). In our opinion, the consolidated statement of financial condition presents fairly, in all material respects, the consolidated financial position of Advantage Futures LLC and Subsidiary as of December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Advantage Futures LLC's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Advantage Futures LLC in accordance with the applicable rules and regulations of the Commodity Futures Trading Commission ("CFTC") and the PCAOB. We have served as Advantage Futures LLC's auditor since 2003.

We conducted our audit in accordance with the standards of the PCAOB and the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

### **Supplemental Information**

The information contained in Schedules 1 through 8 ("the supplementary schedules") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statement. The supplementary schedules are the responsibility of the Company's management. Our audit procedures included determining whether the supplementary schedules reconcile to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplementary schedules. In forming our opinion on the supplementary schedules, we evaluated whether the supplementary schedules, including their form and content, is presented in conformity with Regulation 1.10 of the Commodity Exchange Act. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statement as a whole.

*Ryan & Juraska LLP*

Chicago, Illinois  
February 26, 2018

**ADVANTAGE FUTURES LLC AND SUBSIDIARY****Consolidated Statement of Financial Condition****December 31, 2017****Assets**

Cash and cash equivalents	\$	167,518
Cash segregated under federal and other regulations		287,154,143
U.S Government treasury securities, at fair value		899,226
Deposits with clearing organizations		30,495,133
Receivables from:		
Broker-dealers and futures commission merchants		11,090,902
Customers (net of allowance for doubtful accounts of \$3,002,264)		1,194,435
Customers (secured delivery loans)		17,072,000
Clearing organizations		2,742,210
Affiliates		33,225
Other		616,241
Exchange memberships, at cost (fair value \$820,000)		955,500
Furniture, equipment, and leasehold improvements, at cost (net of accumulated depreciation and amortization of \$5,204,322)		1,478,108
Goodwill		350,276
Other assets		2,106,489
	\$	<u>356,355,406</u>

**Liabilities and Member's Equity**

## Liabilities:

Payables to:		
Customers	\$	166,594,408
Noncustomers		884
Clearing organizations		68,018
Banks - Secured delivery loan		17,072,000
Bank (overdraft)		486,369
Accounts payable and accrued expenses		8,742,150
Securities sold under agreements to repurchase		<u>135,073,966</u>
		328,037,795
Liabilities subordinated to claims of general creditors		12,500,000
Member's equity		<u>15,817,611</u>
	\$	<u>356,355,406</u>

See accompanying notes.

# ADVANTAGE FUTURES LLC AND SUBSIDIARY

## Notes to Consolidated Financial Statement

December 31, 2017

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### 1. Organization and Business

Advantage Futures LLC, ("AF"), a Delaware limited liability company, was formed on January 9, 2003. AF is a wholly owned subsidiary of Advantage Financial LLC, (the "Parent"). AF is the sole member of Advantage Securities LLC ("AS"), an Illinois limited liability company.

AF is registered as a Futures Commission Merchant ("FCM") with the Commodity Futures Trading Commission and is a member of the National Futures Association. AF is a clearing member of all principal commodity exchanges in the United States as well as certain European exchanges. AF provides execution and clearing services for professional traders, institutional clients and individual investors. AS is registered as a broker-dealer with the Securities and Exchange Commission and is a member of Financial Industry Regulatory Authority ("FINRA").

### 2. Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of AF and AS, (collectively, the "Company"). All significant inter-company balances and transactions have been eliminated.

#### Revenue Recognition

Futures and futures options transactions and the related commission revenue and expenses are recorded on trade date.

#### Securities Valuation

Securities owned are recorded in the statement of financial condition at fair value in accordance with Accounting Standards Codification Topic 820 ("ASC 820") - Fair Value Measurement and Disclosures (see Note 13).

#### Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("US GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Management determines that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

#### Depreciation and Amortization

Depreciation of furniture and equipment is computed using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. Leasehold improvements are amortized over the term of the associated lease for financial reporting purposes.

#### Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in connection with the Company's purchase of AS. The Company's policy is to review goodwill for impairment on an annual basis. Management has determined that goodwill has not been impaired for the year ending December 31, 2017.

## ADVANTAGE FUTURES LLC AND SUBSIDIARY

### Notes to Consolidated Financial Statement, Continued

December 31, 2017

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#### 2. Summary of Significant Accounting Policies, continued

##### Income Taxes

No provision has been made for federal income taxes as the taxable income or loss of the Company is included in the respective income tax return of the sole member.

In accordance with U.S. GAAP, the Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Generally, the Company is no longer subject to income tax examinations by major taxing authorities for the years before 2014. Based on its analysis, there were no tax positions identified by management which did not meet the "more likely than not" standard as of and for the year ended December 31, 2017.

##### Cash and Cash Equivalents

Cash and cash equivalents include highly liquid instruments with original maturities of three months or less at the date of acquisition.

##### Securities Sold Under Agreements to Repurchase

Transactions with broker-dealers, FCMs and other financial institutions involving securities sold under agreements to repurchase are accounted for as collateralized financing transactions and are carried at the amounts at which the underlying securities will be subsequently repurchased as specified in the respective agreements. The Company monitors the market value of the underlying collateral daily as compared to the related payable, and obtains additional cash or returns cash when appropriate. These transactions are carried at their contracted repurchase amounts, plus accrued interest, as specified in the respective agreements. When additional cash is obtained or surrendered, the contract amounts are adjusted.

#### 3. Deposits with Clearing Organizations

At December 31, 2017, deposits with clearing organizations consisted of the following:

##### Margin Deposits:

U.S. Government treasury securities	\$	149,871
Cash		13,159,203

##### Guarantee Deposits:

U.S. Government treasury securities		14,041,059
Cash		3,145,000
	\$	<u>30,495,133</u>

## ADVANTAGE FUTURES LLC AND SUBSIDIARY

### Notes to Consolidated Financial Statement, Continued

December 31, 2017

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#### 4. Segregated Assets

At December 31, 2017, assets segregated or held in separate accounts under Federal regulations included in the statement of financial condition are as follows:

Segregated for customers trading on U.S. futures exchanges:

Cash and cash equivalents	\$	262,530,494
Deposits with clearing organizations		12,742,448
Receivable from clearing organizations		2,663,664
Receivable from clearing brokers		27,497
Payable to clearing organization		(38,625)
	\$	<u>277,925,478</u>

Held in separate accounts for foreign futures and options customers:

Cash and cash equivalents	\$	24,623,649
Deposits with clearing organizations		295,847
Payable to clearing organizations		(29,393)
Receivable from clearing brokers		11,063,405
	\$	<u>35,953,508</u>

Customers' funds, regulated under the Commodity Exchange Act, as amended (the "CEAct"), are required to be segregated from the funds of the Company and its employees. Customers' segregated funds and equities in customers' regulated trading accounts, as shown in the statement of financial condition, do not reflect the market value of options positions owned by customers and securities owned by customers and held by the Company as collateral or as margin. At December 31, 2017, the market value of net customers' options positions totaled approximately \$247.6 million. The market value of securities and spot commodities owned by customers and held by the Company totaled approximately \$37.3 million, net of \$135.1 million of customer securities sold under agreements to repurchase. Included in this amount is approximately \$32.3 million in U.S. Treasury securities and approximately \$5.0 million in warehouse receipts. Interest on customer owned securities accrues to the benefit of the customers.

## ADVANTAGE FUTURES LLC AND SUBSIDIARY

### Notes to Consolidated Financial Statement, Continued

December 31, 2017

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#### 5. Furniture, Equipment and Leasehold Improvements

At December 31, 2017, furniture, equipment, and leasehold improvements consisted of the following:

Computers, equipment and software	\$	5,446,771
Leasehold improvements		1,102,988
Furniture and fixtures		<u>132,671</u>
		6,682,430
Accumulated depreciation and amortization		<u>(5,204,322)</u>
	\$	<u>1,478,108</u>

#### 6. Liabilities Subordinated to Claims of General Creditors

At December 31, 2017, liabilities subordinated to claims of general creditors totaled \$12,500,000 and consisted of the following:

Lender	Amount	Effective Date	Maturity Date	Interest Rate
Affiliated individual	\$ 5,000,000	3/19/15	3/31/20	9.0% to 3/16/19, 14% thereafter
Affiliated individual	2,000,000	6/28/16	6/27/19	8.5% to 6/27/18, 13% thereafter
Non-affiliated entities	3,000,000	7/10/16	7/9/19	9.0% to 7/9/18, 14% thereafter
Non-affiliated individual	1,500,000	6/23/17	6/21/20	.35% to 6/20/19, 13% thereafter
Non-affiliated entity	<u>1,000,000</u>	8/2/16	8/1/19	8.5% to 8/1/18, 13.5% thereafter
	<u>\$ 12,500,000</u>			

The subordinated borrowings are covered by agreements approved by the Chicago Mercantile Exchange and are thus available in computing net capital under the CEAct. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

## ADVANTAGE FUTURES LLC AND SUBSIDIARY

### Notes to Consolidated Financial Statement, Continued

December 31, 2017

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#### 7. Commitments and Contingencies

The Company conducts its operations in leased office facilities and annual rentals are charged to current operations. The lease is subject to an escalation clause based on the operating expenses of the lessor.

The approximate minimum annual rental commitments under non-cancelable operating leases as of December 31, 2017 are approximately as follows:

Year Ended December	Amount
2018	\$ 978,000
2019	999,000
2020	1,020,000
2021	1,040,000
2022	1,061,000
Thereafter	537,000
	<u>\$ 5,635,000</u>

At December 31, 2017, the Company was a guarantor of certain exchange membership loans for its customers totaling approximately \$531,000.

In the normal course of business, the Company is subject to various regulatory inquiries that may result in claims of potential violations of exchange rules and that may possibly involve sanctions and/or fines. These matters are rigorously defended as they arise.

#### 8. Employee Benefit Plan

The Company has established a salary reduction (401(k)) plan for qualified employees. This is a "Safe Harbor" plan and requires the Company to contribute at least 3% of the eligible regular earnings of qualified employees to the plan. Employee contributions made to the plan during the year ended December 31, 2017 totaled approximately \$558,000.

## ADVANTAGE FUTURES LLC AND SUBSIDIARY

### Notes to Consolidated Financial Statement, Continued

December 31, 2017

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#### 9. Financial Instruments

Accounting Standards Codification Topic 815 ("ASC 815"), Derivatives and Hedging, requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit risk related contingent features in derivative agreements. The disclosure requirements of ASC 815 distinguish between derivatives, which are accounted for as "hedges" and those that do not qualify for such accounting. The Company reflects derivatives at fair value and recognizes changes in fair value through the statement of operations, and as such do not qualify for ASC 815 hedge accounting treatment. The Company does not engage in the proprietary trading of derivatives.

The Company executes customer transactions in the purchase and sale of commodity futures contracts (including options on futures contracts), substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell futures contracts at prevailing market prices in order to fulfill the customer's obligations. The Company controls this risk by monitoring margin collateral levels on a daily basis for compliance with regulatory and internal guidelines and requires additional collateral when necessary. The Company requires a customer to deposit additional margin collateral, or reduce positions, if it is determined that the customer's activities may be subject to above normal market risks.

The Company is engaged in futures clearing activities in which counterparties primarily include clearing organizations, broker-dealers, other futures commission merchants and other brokers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

#### 10. Guarantees

Accounting Standards Codification Topic 460 ("ASC 460"), Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others (See Note 7).

The Company is a member of various clearing organizations that clear derivatives contracts. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. While the rules governing different exchange or clearinghouse memberships vary, in general the Company's guarantee obligations would arise only if the exchange or clearinghouse had previously exhausted its resources. The maximum potential payout under these membership agreements cannot be estimated. The Company has not recorded any contingent liability in the statement of financial condition for these agreements and believes that any potential requirement to make payments under these agreements is remote.

## **ADVANTAGE FUTURES LLC AND SUBSIDIARY**

### **Notes to Consolidated Financial Statement, Continued**

**December 31, 2017**

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#### **11. Agreements and Related Party Transactions**

Certain exchange memberships owned by members of the Parent, having an aggregate fair market value of approximately \$1,268,000 are registered for the use of the Company. Additionally, certain exchange memberships and exchange common stock owned by customers, having an aggregate fair market value of approximately \$1,603,000 are registered or the use of the Company.

The Company has an expense sharing agreement with AS under which they share certain general and administrative services. The Company reduces its various expense classifications in the statement of operations by the amounts charged to AS.

At December 31, 2017, the Company maintained \$33,000 of receivables related to expense reimbursements due from an affiliate.

#### **12. Minimum Capital Requirements**

The Company is subject to minimum capital requirements pursuant to Regulation 1.17 under the Commodity Exchange Act, as amended. Under Regulation 1.17, the Company is required to maintain net capital equivalent to the greater of \$1,000,000 or the sum of 8% of the customer risk maintenance margin requirement plus 8% of the non-customer risk maintenance margin requirement. In addition, the Company is subject to minimum capital requirement of the CME Group, Inc. Under the more restrictive of these rules, the Company is required to maintain net capital equivalent to the greater of \$5,000,000 or 8% of the customer risk maintenance margin requirement plus 8% of the non-customer risk maintenance margin requirement. At December 31, 2017, under Regulation 1.17 and under the requirements of the CME Group, Inc., the Company's minimum capital requirement and adjusted net capital were \$10,030,585 and \$21,715,298 respectively. The net capital rule may effectively restrict member withdrawals and the repayment of subordinated loans.

#### **13. Fair Value Measurement and Disclosures**

ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

## ADVANTAGE FUTURES LLC AND SUBSIDIARY

### Notes to Consolidated Financial Statement, Continued

December 31, 2017

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#### 13. Fair Value Measurement and Disclosures, continued

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.

At December 31, 2017, Level 1 assets consisted of the following:

U.S. Government treasury securities	\$15,090,156
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The Company held no Level 2 or Level 3 assets at December 31, 2017.

#### 14. Subsequent Events

The Company's management has evaluated events and transactions through February 26, 2017, the date this financial statement was issued, noting no material events requiring disclosure in the Company's financial statement except for the following. On February 5, 2018 and February 6, 2018, several customers experienced trading losses which resulted in approximately \$25,190,000 in customer debit balances. The customer positions were liquidated by the Company. On February 6, 2018, the Company secured a permanent capital contribution in the amount of \$25,000,000. The Company continues to meet all applicable minimum capital, segregation and secured 30.7 requirements.

**SUPPLEMENTARY SCHEDULES**

## Reconciliation of Statement of Financial Condition to Net Capital Computation

December 31, 2017

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<b>Total assets per Statement of Financial Condition</b>		\$ 356,355,406
Add/Deduct:		
Value of net customer options positions	\$ 247,558,719	
Securities owned by customers	54,961,640	
Securities sold under agreements to repurchase - excess market value over cost plus accrued interest	(187,822)	
Reclass of customer clearing payable	<u>(68,019)</u>	302,264,518
Deduct: Noncurrent assets (as defined)		
Receivables from customers, net	\$ 1,069,482	
Other assets	2,106,489	
Furniture, equipment and leasehold improvements, net	1,478,108	
Exchange memberships	955,500	
Other receivables	280,505	
Affiliates	33,225	
Goodwill	<u>350,276</u>	<u>(6,273,585)</u>
<b>Current Assets (as defined)</b>		<b>\$ <u>652,346,339</u></b>
<b>Total liabilities per Statement of Financial Condition</b>		\$ 340,537,795
Add/Deduct:		
Value of net customer options positions	\$ 247,558,719	
Securities owned by customers	189,847,784	
Securities sold under agreements to repurchase	(135,073,966)	
Reclass of customer clearing payable	<u>(68,018)</u>	<u>302,264,519</u>
<b>Adjusted Total Liabilities</b>		<b>\$ <u>642,802,314</u></b>

See accompanying independent auditors' report.

## Statement of the Computation of Net Capital and Minimum Capital Requirements

December 31, 2017

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<b>Current assets, as defined (see reconciliation on prior page)</b>		\$ 652,346,339
Adjusted total liabilities (see reconciliation on prior page)	\$ 642,802,314	
Deduct liabilities subject to satisfactory subordination agreements	<u>(12,500,000)</u>	<u>630,302,314</u>
<b>Net capital</b>		22,044,025
Charges against net capital:		
Twenty percent of market value of uncovered inventories	\$ 14,374	
Five percent of unsecured receivables from foreign brokers	14,353	
Adjustment to eliminate the benefits of consolidation	<u>300,000</u>	<u>328,727</u>
<b>Adjusted net capital (net capital less charges against net capital)</b>		21,715,298
Net capital required using risk-based requirement:		
Amount of customer risk maintenance margin	\$ 125,381,390	
8% of customer risk-based requirement	\$ 10,030,511	
Amount of noncustomer risk maintenance margin	926	
8% of customer risk-based requirement	<u>74</u>	
	<u>10,030,585</u>	
Minimum dollar amount requirement	\$ <u>1,000,000</u>	
Amount required		<u>10,030,585</u>
<b>Excess net capital</b>		<u>\$ 11,684,713</u>

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Computation of Early Warning Level

Enter 110% of risk-based amount required	\$ <u>11,033,644</u>
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There are no material differences between the above computation and the Company's corresponding amended unaudited Form 1FR-FCM filing as of December 31, 2017.

## Reconciliation of Statement of Financial Condition to Segregation Statement (U.S. Exchanges)

December 31, 2017

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<b>Customers' Segregated Funds per Statement of Financial Condition (Note 4)</b>	\$ 277,925,478
Add:	
U.S. Treasury securities owned by customers	32,342,686
Other securities owned by customers	4,980,083
Value of customers' open long futures options contracts	584,220,387
Securities sold under agreements to repurchase - excess market value over cost plus accrued interest	(187,822)
Deduct:	
Value of customers' open short futures options contracts	<u>(336,788,428)</u>
<b>Total Amount in Segregation</b>	<u><u>\$ 562,492,384</u></u>

See accompanying independent auditors' report.

## Segregation Requirement and Funds in Segregation

December 31, 2017

**Segregation requirement:**

Net ledger balance:	
Cash	\$ 178,874,265
Securities	172,208,914
Net unrealized loss in open futures contracts traded on a contract market	(50,937,719)
Exchange traded options:	
Market value of open options contracts purchased on a contract market	584,220,387
Market value of open options contracts sold on a contract market	<u>(336,788,428)</u>
Net equity	547,577,419
Accounts liquidating to a deficit and accounts with debit balances - gross amount (offset by customer owned securities totaling \$0)	<u>4,071,746</u>
<b>Amount required to be segregated</b>	<u><u>551,649,165</u></u>

**Funds on deposit in segregation:**

Deposited in segregated funds bank accounts:	
Cash	262,342,672
Securities representing investments of customers' funds, at market	—
Securities held for particular customers in lieu of cash margins, at market	15,262,780
Margins on deposit with clearing organizations of contract markets:	
Cash	12,742,448
Securities representing investments of customers' funds, at market	—
Securities held for particular customers in lieu of cash margins, at market	16,805,827
Net settlement receivable from clearing organizations of contract markets	2,625,039
Exchange traded options:	
Value of open long option contracts	584,219,162
Value of open short option contracts	<u>(336,788,047)</u>
Net equities with other futures commission merchants:	
Net liquidating equity	28,341
Securities representing investments of customers' funds, at market	—
Securities held for particular customers in lieu of cash margins, at market	274,079
Customers' segregated funds on hand (warehouse receipts)	<u>4,980,083</u>
<b>Total amount in segregation</b>	<u><u>562,492,384</u></u>
<b>Excess funds in segregation</b>	<u>\$ 10,843,219</u>
<b>Management target amount for excess funds in segregation</b>	<u>\$ 7,000,000</u>
<b>Excess funds in segregation over management target amount excess</b>	<u><u>\$ 3,843,219</u></u>

There are no material differences between the above computation and the Company's corresponding amended unaudited Form 1FR-FCM filing as of December 31, 2017.

See accompanying independent auditors' report.

**Segregation Requirement and Funds in Segregation - Customers' Dealer Options**

**December 31, 2017**

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The Company does not carry customers' dealer option accounts as defined by Commodity Exchange Act Regulation 32.6. Therefore, the Company is exempt from the provisions of Regulation 32.6.

## Reconciliation of Statement of Financial Condition to Secured Statement (Non-U.S. Exchanges)

December 31, 2017

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<b>Customers' Secured 30.7 Funds per Statement of Financial Condition (Note 4)</b>	\$	35,953,508
Add:		
Value of customers' open long futures options contracts		203,811
Deduct:		
Value of customers' open short futures options contracts		<u>(77,051)</u>
<b>Total Funds in Separate Section 30.7 Accounts</b>	\$	<u><u>36,080,268</u></u>

See accompanying independent auditors' report.

## Secured Requirement and Funds Held in Separate Accounts

December 31, 2017

**Amount required to be set aside in separate Section 30.7 accounts**

Net ledger balance		
Cash	\$	34,891,441
Net unrealized profit in open futures contracts traded on a foreign board of trade		(320,817)
Exchange traded options		
Market value of open option contracts purchased on a foreign board of trade		203,811
Market value of open option contracts sold on a foreign board of trade		(77,051)
		<u>34,697,384</u>
Net equity		34,697,384
Accounts liquidating to a deficit and accounts with debit balances - gross amount (offset by customer owned securities totaling \$0)		<u>75</u>
<b>Amount required to be set aside as the secured amount - Net liquidating equity method</b>		<u><u>34,697,459</u></u>

**Funds on deposit in separate Section 30.7 accounts:**

Cash in banks		
Banks located in the United States	\$	19,128,627
Other banks designated by the Commission		
Barclays Bank PLC		<u>5,495,022</u>
		24,623,649
Equities with registered futures commission merchants (ABN AMRO Clearing and RBC Capital Markets)		
Cash	\$	9,140,707
Securities		1,499,484
Unrealized gain on open futures contracts		76,982
Value of long option contracts		203,811
Value of short option contracts		<u>(77,051)</u>
		10,843,933
Amounts held by clearing organizations of foreign boards of trade (ICE Clear Europe)		
Cash	\$	295,847
Amount due to clearing organization - daily variation		<u>(29,393)</u>
		266,454
Amounts held by members of foreign boards of trade (Nissan Century Securities Co. Ltd.)		
Cash		350,744
Unrealized gain on open futures contracts		<u>(4,512)</u>
		<u>346,232</u>
<b>Total amount in separate Section 30.7 accounts</b>		<u><u>36,080,268</u></u>

<b>Excess funds in separate Section 30.7 accounts</b>	\$	<u>1,382,809</u>
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<b>Management target amount for excess funds in separate 30.7 accounts</b>	\$	<u>1,000,000</u>
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<b>Excess funds in separate 30.7 accounts over management target excess</b>	\$	<u><u>382,809</u></u>
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There are no material differences between the above computation and the Company's corresponding amended unaudited Form 1FR-FCM filing as of December 31, 2017.

See accompanying independent auditors' report.

**Cleared Swaps Segregation Requirements and Funds in Cleared Swaps Customer Accounts**

**December 31, 2017**

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The Company does not carry customers' cleared swaps accounts as defined by Commodity Exchange Act Regulation 4D(F). Therefore, the Company is exempt from the provisions of Regulation 4D(F).