

## **FUTURES CLIENT DISCLOSURES AND NOTICES**

### **ADVANTAGE FUTURES LLC**

Advantage Futures LLC ("Advantage") is required to provide certain risk disclosures and other information to its Clients. This booklet includes those disclosures. Please read carefully and retain for your records. If you would like additional information or explanation, please contact your Account Representative.

## **1 Risk Disclosure Statement for Futures and 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 option 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 Futures or Options Which You Are Trading and Associated and Conditions of Contracts**

You should ask the firm with which you deal about the terms and conditions of the specific 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 specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated 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 commissions, 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 that may offer different or diminished investor protection. Before you trade 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.

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# **2 Electronic Trading and Order Routing Systems Disclosure Statement\***

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

### **Differences among Electronic Trading Systems**

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

### **Risks Associated with Systems Failure**

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

### **Simultaneous Open Outcry Pit and Electronic Trading**

Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

### **Limitation of Liability**

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of FCMs, and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.

\*Each exchange's relevant rules are available upon request from the industry professional with which you have an account. Some exchanges' relevant rules also are available on the exchange's internet home page.

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## **3 Direct Order Transmittal Client Disclosure Statement**

This statement applies to the ability of authorized Clients of Advantage Futures LLC to place orders for foreign futures and options directly with non-US entities (each, an "Executing Firm") that execute transactions on behalf of Advantage Futures LLC's foreign futures and options Client omnibus account.

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 Advantage Futures LLC's foreign futures and options Client omnibus account maintained with a foreign clearing firm. Consequently, Advantage Futures LLC 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 Advantage Futures LLC. Advantage Futures LLC 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 Advantage Futures LLC. 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 US exchanges. In particular, funds received from Clients 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-US jurisdictions where transactions may be affected.

- 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 to 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 Client agreement after receipt of this disclosure, Advantage Futures LLC will assume your consent to the aforementioned conditions.

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### **Disclosure Pursuant to Commodity Futures Trading Commission Rule 1.46 (e)(1)**

If you maintain separate accounts in which, pursuant to Commodity Futures Trading Commission Rule 1.46(d)(6), offsetting positions are not closed out, we hereby advise you that, if held open, offsetting long and short positions in the separate accounts may result in the charging of additional fees and commission and the payment of additional margin, although offsetting positions will result in no additional market gain or loss.

## 5

### **Special Notice for Foreign Brokers and Foreign Traders**

#### **Designation of Advantage Futures LLC as Agent**

The Commodity Futures Trading Commission ("CFTC") has issued regulations that require the designation of futures commission merchants as the agents of foreign brokers and foreign traders. Advantage Futures LLC ("Advantage") is required to notify all foreign brokers and foreign traders of the requirements of these regulations.

CFTC Regulation §15.05 provides that upon execution by a futures commission merchant of financial futures transactions on a United States contract market for the account of a foreign trader or foreign broker, the futures commission merchant will be considered to be the agent of the foreign trader or foreign broker for accepting delivery of communications and legal process issued on behalf of the CFTC. Advantage Futures LLC is required under such regulation to retransmit any such communications or process to you. You should be aware that the rules also provide that an agent, domiciled in the U.S., other than Advantage Futures LLC may be designated by you. Such alternate designation of agency must be evidenced by written agreement which you must provide to Advantage Futures LLC and which Advantage Futures LLC, in turn, must forward to the CFTC. If you wish to designate an agent other than Advantage Futures LLC, please contact the Compliance Department at Advantage Futures LLC in writing. If you do not designate another agent, Advantage Futures LLC, will be your designated agent for CFTC communications. You should consult 17 C.F.R. §15.05 for a more complete explanation of the foregoing.

### **CFTC Special Calls for Information**

In addition, the CFTC has issued a regulation requiring futures commission merchants, foreign brokers and foreign traders to respond to special calls by the CFTC for information regarding their futures and options trading. Advantage Futures LLC is similarly required to notify all foreign brokers and foreign traders of the requirements of this regulation.

This regulation provides for the issuance of a special call by the CFTC for information from foreign brokers or traders for whom a futures commission merchant, such as Advantage Futures LLC, makes or causes to be made a futures or options on futures transaction. Such special calls are limited to instances where the CFTC needs information promptly and where books and records of the futures commission merchant, trader or foreign broker upon whom the special call is made are not open at all times to inspection in the United States by any representative of the CFTC. For the purposes of this regulation, Advantage Futures LLC will be considered your agent and may be required to submit such special call by telex or a similarly expeditious means of communication to you, unless you have made an alternative designation as discussed above. Foreign brokers and foreign traders are required to provide CFTC the information specified in such special call.

The regulation permits the CFTC to prohibit further trading in the contract market and in the delivery months or options expiration dates specified in the call, except for liquidation trading, if the special call is not responded to at the place and within the time required by the CFTC. The special call shall be limited to information relating to futures or options positions of the trader in the United States. Please consult 17 C.F.R. 21.03 for a more complete description of the foregoing.

### **Reportable Futures Positions**

Advantage Futures LLC would like to bring to your attention certain additional regulations affecting futures commission merchants, foreign brokers and foreign traders. The CFTC has, in 17 C.F.R. §15.03, established specific reportable position levels for all futures contracts. These contract quantities are subject to change at any time and you should consult your account executive at Advantage Futures LLC to determine the current quantities applicable to you. 17 C.F.R. Part 17 requires each futures commission merchant and foreign broker to submit a report to the CFTC with respect to each account carried by such futures commission merchant or foreign broker, which contains a reportable futures position. In addition, 17 C.F.R. Part 18 requires all traders including foreign traders, to file a report with the CFTC within one day after the special call upon such trader by the CFTC. You should consult 17 C.F.R. Parts 17 and 18 for more complete information with respect to the foregoing.

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## **6 LIFFE Client Agreement Notice**

The London International Financial Futures and Options Exchange ("LIFFE") have prescribed various clauses and disclosures that a member of LIFFE is required to incorporate in their documentation with their clients. A member may not represent that they are transacting business in LIFFE contracts with the client in the absence of such clauses and disclosure.

Accordingly, in compliance with General Notice No 399 issued by LIFFE on 6 March 1992, we would draw your attention to the following:

### **Rules of LIFFE and our Capacity**

All contracts in the terms of an Exchange Contract made on LIFFE shall be subject to the Rules of LIFFE as from time to time in force. As a member of LIFFE, we contract only as a principal in respect of contracts in the terms of an Exchange Contract. In the event of a conflict between the Rules of LIFFE and the terms of this Agreement, the Rules of LIFFE as from time to time in force shall prevail.

**Matching Contracts**

In respect of every contract made between us subject to the Rules of LIFFE, we shall have made an equivalent contract in the relevant automated market, or shall have accepted the allocation of any such contract.

**Allocation**

In respect of every contract made between us for allocation to another member specified by you:

- a. in the event that such other member accepts the allocation, we shall (without prejudice to any claim we have for commission or other payment) upon such acceptance cease to be a party to the contract and shall have no obligation to you for its performance;
- b. in the event that such other member declines to accept the allocation, we shall be entitled at our option to confirm the contract with you or to liquidate it by such sale, purchase, disposal or other transaction or cancellation as we may in our discretion determine, whether on the market or by private contract or any other feasible method- and any balance resulting from such liquidation shall be promptly settled between us.

**Allocation on Delivery or Exercise**

Where the London Clearing House does not specify the particular contract in our house/non-segregated client account or segregated client account against which a delivery notice is being allocated to us, we shall normally allocate that notice to the account (either house or client) with the largest open position in our books at the time of allocation. Notwithstanding the foregoing, we may allocate delivery notices amongst client and house accounts in such commercially and/or administratively reasonable manner as is appropriate in all the circumstances.

Where the London Clearing House does not specify the option contract in our house/non-segregated client account or segregated client account against which notice of exercise is being given, we shall exercise the option against the account (either house or client) in a random manner. Notwithstanding the foregoing, we may decide which option to exercise in such commercially and/or administratively reasonable manner as is appropriate in all the circumstances.

**Margin**

Our requirements for the payment or margin and our rights in the event of any failure by you to satisfy a margin call are spelled out in our Client Agreement, a copy of which you have either been sent already or will accompany this Notice.

**Additional Client Notice**

In our and your interests, the Exchange may from time to time sanction the making of contracts by us outside the automated trading system in order to satisfy your order, where there has been an error in the execution of your order in the pit. Where a better price (an improvement) can be obtained, we will seek to secure and offer that improvement to you. However, you should note that where, in response to your order, we have bought or sold in accordance with the instructions in your order to buy, or as the case may be, to sell but have traded the wrong delivery/expiry month or wrong exercise price of the relevant contract, then we may in accordance with the Exchange's Rules offset any loss arising from that trade against any improvement achieved for you in the course of correctly satisfying your order, thus offering you only the net improvement, if any.



**Notification – Block Trade Facility**

LIFFE's Block Trade Facility permits bilateral negotiation of transactions outside the central market provided that such transactions meet the minimum volume thresholds as determined from time to time by the Exchange. Use of the facility is restricted to "Wholesale Clients". This term is defined by LIFFE to cover those Clients deemed by exchange member firms to have sufficient knowledge and experience of the market and its contracts to be able to participate in the Facility. We hereby notify you that Advantage Futures LLC will define you as a "Wholesale Client" for the purposes of this Facility.

**Exclusion of Liability**

The London International Financial Futures and Options Exchange (Administration and Management) ("the Exchange") is obliged under the Financial Services Act 1986 to ensure that business conducted by means of its market facilities is conducted in an orderly manner as so as to afford proper protection to investors. We and the Exchange wish to draw to your attention that, inter alia, business on the market may from time to time be suspended or restricted or the market may from time to time be closed for a temporary period or for such longer period as may be determined in accordance with LIFFE's Rules on the occurrence of one or more events which require such action to be taken in the interest of inter alia, maintaining a fair and orderly market. Any such action may result in our being unable, and through us, [and your clients (if any)] being unable to enter into contracts in accordance with LIFFE's Rules. Furthermore we, and through us, you [and your clients (if any)] may from time to time be prevented from or hindered in entering into contracts in accordance with LIFFE's Rules as a result of a failure or some or all market facilities. We and the Exchange wish to draw the following exclusion of liability to your attention [and to the attention of your clients (if any)]. Unless other-wise expressly provided in LIFFE's Rules or in any other agreement to which the Exchange is a party, we and the Exchange shall not be liable to you [or any clients of yours] for loss (including any indirect or consequential loss including, without limitation, loss of profit), damage, injury or delay, whether direct or indirect from any of the circumstances or occurrences referred to above or from any act or omission of the Exchange, its officers, employees, agents or representatives under LIFFE's Rules or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its officers, employees, agents or representatives.

**Arbitration**

Any dispute arising from or relating to this agreement, insofar as it relates to contracts made between us subject to the Rules of LIFFE, any dispute arising from or relating to any such contract as aforesaid and made hereunder shall, unless resolved between us, be referred to arbitration rules of LIFFE, or to such other Organization as LIFFE may direct before either or us resort to the jurisdiction of the courts (other than to obtain an injunction or an order for security for a claim).

**Jurisdiction**

Subject to the Arbitration clause above, disputes arising from this agreement or from contracts made under this agreement shall (for our benefit) be subject to the exclusive jurisdiction of the English Courts to which both parties hereby irrevocably submit, provided that this shall not prevent us bringing an action in the courts of any other jurisdiction.

**Changes to Agreement**

Notwithstanding any previous agreement between us to the contrary, we now agree that a variation of the terms agreed between us from time to time does not require the written agreement by both of us. This notification shall take effect 12 days after dispatch by us, provided that you do not object within 10 days of receipt.

## 7 LIFFE Schedule 2 (Linked Contracts)

The terms set forth in this Schedule 2 (which are required pursuant to General Notice Number 880) shall apply in respect of all Linked LIFFE Contracts and Linked Participating Exchange Contracts (both as defined below) for which we act as your broker. Capitalized terms not otherwise defined herein or in the Commodity Futures Client Agreement by and between us (the "Agreement") shall have the meanings ascribed to them in the Rules of LIFFE.

### I. Definitions

1. **"LCH"** means The London Clearing House Limited.
2. **"LIFFE"** means LIFFE Administration and Management.
3. **"LIFFE Contract"** means an Exchange Contract to which a Linked Participating Exchange Contract is linked.
4. **"Linked LIFFE Contract"** means an Exchange Contract made available for trading on the market pursuant to a Link, which is specified as such in a General Notice published from time to time by the Exchange and is linked to a Participating Exchange Contract.
5. **"Linked Participating Exchange Contract"** means a Participating Exchange Contract specified as such in a General Notice published from time to time by the Exchange and is linked to an Exchange Contract.
6. **"Participating Exchange"** means an exchange which has concluded one or more agreements in relation to a Link with LIFFE A&M and/or LCH pursuant to which (i) contracts in the terms of one or more Linked LIFFE Contracts are to be transferred to, for clearing by, such exchange or its clearing house; or (ii) contracts in the terms of a Linked Participating Exchange Contract are to be transferred to, for clearing by, LCH. The term "Participating Exchange" shall include any clearing house which from time to time provides clearing services to such exchange.
7. **"Participating Exchange Contract"** in respect of a Participating Exchange, means a class of contract permitted to be made by Participating Exchange Members under Participating Exchange rules.

### II. General Provisions

1. **Exclusion of Liability.** Advantage Futures LLC and LIFFE wish to draw to your attention that LIFFE shall have no liability whatsoever to any member or Client in contract, tort (including, without limitation, negligence), trust, as fiduciary or under any other cause or action (except in respect of gross negligence, willful default or fraud on its part), in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by any member or Client, as the case may be, as a result of: any suspension, restriction or closure of the market administered by either a Participating Exchange or LIFFE, whether for a temporary period or otherwise, or as a result of a decision taken on the occurrence of a market emergency; any failure by a Participating Exchange, LIFFE or LCH to supply each other with data or information in accordance with arrangements from time to time established between all or any of them; the failure of communications facilities or technology supplied, operated or used by either a Participating Exchange, LIFFE or LCH for the purposes of the Link; any event which is outside its or their control; any act or omission of either a Participating Exchange (where a Participating Exchange is acting otherwise than in connection with its clearing function) or LIFFE in connection with any Participating Exchange Contract, Linked LIFFE Contract or Linked Participating Exchange Contract or any act or omission of a Participating Exchange,

LIFFE, or LCH (as the case may be) in connection with the operation of the Link or the arrangements for the transfer of contracts.

2. **Governing Law.** This Schedule 2 and all contracts in the terms of LIFFE Contracts made under this Schedule 2 shall be subject to and construed in accordance with English Law.
3. **Margin and Client Money/Assets.** Following the transfer of a contract in the terms of a Linked LIFFE Contract and the creation of a contract in the terms of a Participating Exchange Contract or prior to the transfer of a contract in the terms of a Linked Participating Exchange Contract and the creation of a contract in the terms of a LIFFE Contract (as the case may be), margin requirements will be determined in accordance with the rules of the Participating Exchange rather than the Rules of LIFFE. Any money or assets held in any country other than the UK may be subject to the applicable law of that country rather than UK client money and others assets rules, and the Client should satisfy itself that this is acceptable to the Client before instructing Advantage Futures LLC to transact any such business.

### III. Provisions Relating to Outward Transfers of Linked LIFFE Contracts

1. **Rules of LIFFE.** All contracts in the terms of a Linked LIFFE Contract made on LIFFE shall be subject to the Rules of LIFFE as from time to time in force.
2. **Transfer.** Advantage Futures LLC shall endeavour to secure the transfer through the relevant Link of each contract in the terms of a Linked LIFFE Contract made between Advantage Futures LLC and the Client which is intended to transfer. Where Advantage Futures LLC is to be counterparty to a Participating Exchange Contract as well as a Linked LIFFE Advantage Contract, upon confirmation by the relevant Participating Exchange of receipt of trade/position details from LCH, rights and obligations under such contract, save for outstanding obligations with respect to fees and margin and those rights and obligations referred to in the rules of LIFFE and the Regulations of LCH, shall be discharged and there shall arise simultaneously a contract in the terms of a Participating Exchange Contract between Advantage Futures LLC and the Client. The contract in the terms of a Participating Exchange Contract shall be subject to the rules of the relevant Participating Exchange and shall not be subject to the provisions of this Schedule 2. Where the Client is the Client of Advantage Futures LLC only in respect of a Linked LIFFE Contract, but not in respect of a Participating Exchange Contract, upon the transfer of the contract in the terms of a Linked LIFFE Contract Advantage Futures LLC shall, without prejudice to any claim we may have including, without limitation, for fees or margin, cease to be a party to the contract and shall have no obligation to the Client for its performance.
3. **Delayed Transfer.** In the event that, on any LIFFE trading day, LCH is unable for whatever reason to transmit details of all contracts in the terms of a Linked LIFFE Contract, or the relevant Participating Exchange is unable to receive or acknowledge receipt of such details, any such contract made between Advantage Futures LLC and the Client on that day shall remain as an undischarged contract in the terms of a Linked LIFFE Contract (but without prejudice to any default provisions agreed between Advantage Futures LLC and the Client which may be operated to discharge such contract), subject to the Rules of LIFFE and the General Regulations and Default Rules of LCH as from time to time in force, until such time as transfer can be achieved.

4. **Impossibility of Transfer.** If it is not possible for whatever reason for details of contracts in the terms of the Linked LIFFE Contract to be transmitted by LCH, or the relevant Participating Exchange to receive or acknowledge receipt of all such details, so that transfer of such contracts cannot occur on any particular day, and any circumstances preventing such transfer continues so that the Link is suspended or terminated, any such contract made between Advantage Futures LLC and the Client during any such period shall remain as an undischarged contract in the terms of a Linked LIFFE Contract, subject to the Rules of LIFFE and the Regulations of LCH as from time to time in force, and shall be performed in accordance with its terms or may be closed out or otherwise discharged, in accordance with the Rules and any agreement reached between Advantage Futures LLC and the Client.

#### **IV. Provisions Relating to Inward Transfers of Linked Participating Exchange Contracts**

1. **Transfer.** In respect of each contract in the terms of a Linked Participating Exchange Contract made between Advantage Futures LLC and the Client which is intended for transfer through the relevant Link, rights and obligations under such contract, save for outstanding obligations with respect to fees or margin and any other rights or obligations referred to in the Rules of the Participating Exchange, shall be discharged upon confirmation by LCH of receipt of trade/position details from the Participating Exchange and there shall arise simultaneously a contract in the terms of a LIFFE Contract between Advantage Futures LLC and the Client. The LIFFE Contract shall be subject to the Rules of LIFFE and the General Regulations and Default Rules of LCH.
2. **Delayed Transfer.** In the event that, on any Participating Exchange trading day, the relevant Participating Exchange is unable for whatever reason to transmit details of all contracts in the terms of a Linked Participating Exchange Contract, or LCH is unable to receive or acknowledge receipt of all such details, any such contract made between Advantage Futures LLC and the Client on that Participating Exchange on that day shall remain an undischarged contract in the terms of a Linked Participating Exchange Contract (but without prejudice to any default provisions agreed between Advantage Futures LLC and the Client which might be operated to discharge such contract), subject to the rules of the Participating Exchange as from time to time in force, until such time as transfer can be achieved.
3. **Impossibility of Transfer.** If it is not possible for whatever reason for details of contracts in the terms of a Linked Participating Exchange Contract to be transmitted by the relevant Participating Exchange, or for the LCH to receive or acknowledge receipt of all such details, so that transfer of such contracts cannot occur on any particular day, and any circumstance preventing such transfer continues so that the Link is suspended or terminated, any such contract made between Advantage Futures LLC and the Client on that Participating Exchange during that period shall remain as an undischarged contract in the terms of a Linked Participating Exchange Contract, subject to the rules of the Participating Exchange as from time to time in force and shall be performed in accordance with its terms or may be closed out or otherwise discharged in accordance with the Rules and any agreement reached between Advantage Futures LLC and the Client.

## **8 Privacy Notice**

At Advantage, 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.

### **Securities Procedures**

Advantage 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 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.

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. While Advantage has written policies and procedures with respect to safeguarding your nonpublic personal information, it is possible (although highly unlikely) that a third party may be able to gain unauthorized access to such information by "hacking" into Advantage's system or otherwise. We utilize state of the art security devices and employ best practices to safeguard all client information.

### **Information We Collect**

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

- Information from your account applications and other forms (for example, your name, address, social security number, income, and investment experience).
- Information about your transactions with us, our affiliates, or other (for example, your trading history, your history of meeting margin calls, and your use of various products and services).
- Information about your creditworthiness, credit history, and other information about you from consumer reporting agencies, our affiliates, or providers of other demographic information, such as your purchasing or investment preferences.
- Information about you obtained in connection with Advantage's efforts to protect against fraud or unauthorized use of your account.

### **Categories of Parties to Which We May Disclose**

Advantage may disclose the types of your Client Information listed above to the following types of parties:

- Affiliates, including affiliated financial service providers.
- Governmental agencies, other regulatory bodies, and law enforcement officials.
- Other organizations, as required by law.

Advantage may also disclose your Client Information to other nonaffiliated third parties as permitted by law, such as in response to a subpoena or legal process or in order to complete a transaction which you initiated and authorized.

The policies and practices described in this notice are subject to change. Advantage will notify you of any significant changes as required by applicable law.

Rev. 12/2010

FACTS		WHAT DOES ADVANTAGE DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"><li>■ Social Security number and Income</li><li>■ Account balances and Transaction History</li><li>■ Credit history and Investment experience</li></ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>		
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Advantage chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does Advantage share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes—to offer our products and services to you		Yes	No
For joint marketing with other financial companies		No	We don't share
For our affiliates' everyday business purposes—information about your transactions and experiences		Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness		No	We don't share
For nonaffiliates to market to you		No	We don't share
Questions?	Call 312-347-4800 or go to <a href="http://www.advantagefutures.com">www.advantagefutures.com</a>		

## Who we are

Who is providing this notice?

Advantage Futures LLC and Advantage Securities LLC

## What we do

How does Advantage protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does Advantage collect my personal information?

We collect your personal information, for example, when you

- Open an account or Deposit money
- Make a wire transfer or Direct us to buy securities
- Order a commodity futures or options trade

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

## Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include the following companies with the Advantage name, Advantage Futures LLC and Advantage Securities LLC*

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *Advantage does not share with nonaffiliates so they can market to you*

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Advantage doesn't jointly market*

## Other important information

## 9 Advantage Futures LLC Electronic Access Policy

This Electronic Access Policy (the "Electronic Policy") is part of and a supplement to the Account Agreement. Unless otherwise defined in the Electronic Policy, defined terms have the same meaning as set forth in the Account Agreement. In the event any provision in the Electronic Policy conflicts or is inconsistent with any provision of the Account Agreement, the provisions of the Electronic Policy shall control for matters or services related to this Electronic Policy. The Electronic Policy sets forth certain additional terms and conditions pursuant to which Advantage Futures LLC ("Advantage"): (a) will permit the undersigned Client ("Client") to enter orders for securities electronically using a front-end order entry system and equipment; (b) if applicable, will allow access to its website to allow Client to view and/or download information about Client's account with Advantage (the "Account"); and (c) if applicable, will deliver prospectuses, disclosure documents, monthly account statements, confirmations and other communications electronically, via e-mail, file transfer protocol, or any other similar method when such delivery is available (collectively, the "Electronic Services").

1. **Access and Use of the Electronic Services.** Client acknowledges and agrees that the Electronic Services may be used only by a User to whom Advantage has issued a User ID and authorized a Password, as such terms are defined below. Advantage reserves the right to terminate, suspend or change any User ID or Password and to limit or restrict, in its sole discretion, the Electronic Services offered to Client or User. A "User" is Client and any person whom Client has authorized, in a manner designated by Advantage, to access the Account through the Electronic Services or to enter orders into or through a front-end trading system. "User ID" means an alphanumeric code that uniquely identifies a User for purposes of the Electronic Services, and "Password" means any authentication device (including alphanumeric codes) associated with a User ID that Advantage may now or in the future require for access to the Account or to Advantage's order entry systems, through the Electronic Services.
2. **Client's Responsibilities.** Client is fully and solely responsible for all acts and omissions relating to the use of the Electronic Services for the Account and the use of information regarding the Account, by any person who uses the User ID and Password of any of the Users. Client may not, and shall ensure that its Users do not, share its User IDs or Passwords with others, and must notify Advantage immediately if it knows or suspects that the confidentiality of the Password of any of the Users has been compromised. Only persons to whom Advantage has issued a User ID may use the Electronic Services under that User ID. Client further agrees to notify Advantage of the names of any Users to whom it wishes to provide view-only access, if such access is available, or any other type of authority relating to the Account or User ID. **If Advantage grants such access or authority, Client agrees to be bound by any agreements, transactions or orders that these persons enter into with or through Advantage on Client's behalf. Client further agrees to abide by all other rules and procedures regarding the use of the Electronic Services that Advantage may establish from time to time.**



### **3. Orders**

- a. Client acknowledges and agrees that it is solely responsible for ensuring the accuracy and completeness of each order entered through the Electronic Services.
- b. Client agrees that it is solely responsible for all investment and trading decisions made with respect to orders entered through the Electronic Services, including without limitation all order routing decisions, and that Advantage is not responsible for determining the suitability, appropriateness or advisability of any order entered by Client.
- c. Client acknowledges and agrees that Advantage is not responsible for, and does not in any way guarantee, the investment performance of any trading activities in which Client engages through the Electronic Services or otherwise.
- d. Client agrees that any order entered by Client through the Electronic Services shall be actionable and eligible for execution at any time until such order has expired, been cancelled or is executed. Receipt of an order by Advantage shall be without obligation and shall not be deemed an acceptance until such order has been actually received by Advantage affirmatively accepted by Advantage and processed for execution. Client agrees that Advantage, acting in good faith, may reject or cancel any order at any time and for any reason without liability. Advantage does not guarantee that any request by Client to cancel an order will be effective. Client acknowledges and agrees that an order will be cancelled only if Client's cancellation request is received and matched to the order in question before that order is partially or fully executed. Client will not assume that any order has been executed or cancelled until Client has received a transaction confirmation.

### **4. Information Made Available through the Electronic Services.**

- a. The information made available to Client via the Electronic Services may be formatted in Adobe Acrobat's portable document format ("PDF"), hypertext mark-up language ("HTML") or other file formats Advantage deems appropriate. In order to view or print documents provided in PDF format, Client will have to obtain the Adobe Acrobat Reader, which is available free of charge at Adobe's website (located <http://www.adobe.com>) and install it on its computer. Client is responsible for having any necessary hardware, software or other technology to access the Electronic Services and any information sent electronically, including a printer or other device to download and save any information that Client might wish to retain.
- b. Client is permitted to store, display, analyze, modify, reformat and print the information made available to Client via the Electronic Services only for its own use. Client agrees not to publish, transmit or otherwise reproduce this information, in whole or in part, in any format to any third party without the express written consent of Advantage and its third party providers. Client further agrees not to alter, obscure or remove any copyright, trademark or any other notices that are provided to Client in connection with the information. Advantage reserves the right, at any time and from time to time, in the interests of its own editorial discretion and business judgment to add, modify or remove any of the information and to terminate or restrict Client access to the information. The terms of this Electronic Policy are not intended and will not transfer or grant any rights in or to the information other than those which are specifically described in the Electronic Policy are reserved by Advantage or the third party providers from which Advantage has obtained the information.

5. **Representations and Warranties.** Client represents and warrants that: (a) it will not use the Electronic Services in contravention of the terms of the Electronic Policy, the Account Agreement and any applicable rules and regulations, (b) Client will use the Electronic Services only for the benefit of the Account and not on behalf of any other party, (c) with the exception of Web browser software and other applications specifically approved by Advantage in writing, Client agrees not to use (or allow another person to use) any software, program, application or other device, directly or indirectly, to access or obtain information through the Electronic Services or to automate the process of accessing or obtaining such information, and (d) any information that Client provides to Advantage will be accurate and complete. **Neither Advantage, its Affiliates nor any third party provider make any warranty whatsoever, express or implied, to Client or to any other persons as to the Electronic Services. Client expressly acknowledges and agrees that the Electronic Services are provided by Advantage, its Affiliates and its third party providers on an “as is” basis at Client’s sole risk and that Advantage, its Affiliates and its third party providers expressly disclaim any implied warranties of merchantability or fitness for a particular purpose, including any warranty regarding the use or the results of the use of the services with respect to their correctness, completeness, quality, reliability and performance. Neither Advantage, its Affiliates nor any third party contributing in any manner to the Electronic Services will have any responsibility to maintain the Electronic Services or to provide any corrections, updates or releases in connection with them.**

6. **Limitation of Liability; Indemnity.**

- a. Except as otherwise provided by law, Advantage Indemnified Parties shall not be liable for any Losses by or with respect to any matters pertaining to the Electronic Policy, except to the extent that such Losses are actual Losses and are determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order to have resulted solely from Advantage’s or its Affiliates’ gross negligence or willful misconduct.
- b. Client agrees that Advantage Indemnified Parties will have no liability, contingent or otherwise, to Client or any of Client’s Users: (i) for the correctness, completeness, quality, reliability, performance or continued availability of the Electronic Services, (ii) for any special, indirect, incidental or consequential damages that may be incurred or experienced on account of Client’s use or attempted use of the Electronic Services even if Advantage has been advised of the possibility of such damages, (iii) for any failure to inform Client of difficulties (including systems delays) experienced by Advantage, its Affiliates or third party providers with respect to the use of the Electronic Services, (iv) to verify, correct, complete or update any information made available via the Electronic Services to provide or maintain Client’s access to the Electronic Services, or for any interruption or disruption of such access or any erroneous communications between Advantage and Client, regardless of whether the connection or communication service is provided by Advantage, its Affiliates or a third party.
- c. Client agrees to indemnify and hold harmless Advantage Indemnified Parties from and against any and all Losses, as incurred, arising from Client’s or any of Client’s Users’ actions: (i) alleging a false or misleading statement in any of the representations and warranties provided by Client in the Electronic Policy or (ii) arising out of a violation of the Electronic Policy. As used in this Section 6, the term “Advantage Indemnified Parties” includes all of the third party providers who provide Advantage with or otherwise assist it with any portion of the Electronic Services. Such third party providers will have no liability to Client for monetary damages on account of the Electronic Services provided to Client under this Electronic Policy.
- d. Furthermore, Client agrees that the liability of Advantage Indemnified Parties arising from a failure of the Electronic Services will not exceed \$10,000.

7. **Internet Communications.** Advantage will take measures that it believes appropriate to protect the confidentiality of information that it transmits to Client over the Internet. However, Client acknowledges that the Internet is not a secure network and that communications transmitted over the Internet may be accessed by unauthorized or unintended third parties. Client further acknowledges that Advantage may be unable to assist with problems that result from difficulties that Client may encounter while logging on to or accessing the Electronic Services.
8. **Cooperation with Regulatory Inquiries.** Client shall cooperate with Advantage and all relevant governmental, regulatory and self-regulatory agencies or organizations in connection with any inquiries, investigations or examinations by such agencies or organizations relative to compliance by Advantage, Client or any third party with applicable law, rules and regulations. Such cooperation shall include, without limitation, access to Client's books and records.
9. Advantage agrees to train clients with regards to the requirements of any exchanges as it relates to electronic entry and trading of orders, as well as any other applicable rules/regulations. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Advantage will promptly communicate to its clients any updates or revisions to such exchange requirements of entry and trading of orders. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade. In addition to information provided by Advantage, some exchanges' relevant rules also are available on the exchange's internet home page.

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## 10 Electronic Trading Guidelines – Montreal Exchange

When trading listed futures or options on futures products on the Montreal Exchange via an electronic trading platform, please be aware of the following restrictions and rules:

Electronic trading systems used to access the ME must be approved. Contact Advantage if you have any questions about the system you wish to use.

Transmission of orders to the ME by clients of Advantage is a privilege and requires affirmation by Advantage that the client is suitable for this trading (in terms of training, experience, knowledge of Exchange rules, etc.). As such, the client is required to read and understand the rules noted below. Additionally, the client agrees and understands that per Advantage's account documentation, Advantage has the right to terminate the client's right to enter orders directly with the ME should it become apparent that the client is operating outside the rules note below, the risk of the client's trading exceeds agreed upon guidelines, or any other compromise to the trading system is noted.

### Rules for Order Entry

1. Bid, asks, or trade execution at the close of trading may not be entered for the purpose of establishing an artificial price or affecting the high or low closing price. Such quotations may be disallowed at the discretion of the Exchange
2. The Exchange reserves the right to validate, alter or cancel any trade if deemed necessary during extraordinary market conditions. If cancelled, the trade will be removed from the records and have no standing. These decisions may not be appealed.
3. No person may trade ahead of a customer order or attempt to reserve part of an order to be accepted for a particular trader or traders.

4. Manipulative or deceptive methods of trading are prohibited. These include:
  - a. effecting, as an individual or with others, transactions or the posting of orders intentionally or repeatedly with the objective of unfairly influencing market prices;
  - b. creating a false or misleading appearance of trading (such as wash sales);
  - c. entering orders or effecting transactions in which the beneficial ownership of the product does not change (trading with oneself);
  - d. effecting orders or transactions which create artificial prices, highs or lows unjustified by market conditions;
  - e. entering orders or transactions with the intent transferring funds, assets, etc, in violation of legal or regulatory requirements.
5. Prearranged or block trades are permitted under certain guidelines. Contact Advantage's compliance department for confirmation of these rules prior to executing such a transaction.
6. Should it be necessary to cancel an order resulting from input error, etc, it may be cancelled if the parties involved agree to it within 15 minutes following its execution. There is a form which must be submitted to Market Supervision for approval. Advantage's Compliance or Credit Risk departments can assist with this process if necessary. The Exchange also reserves the right to cancel trades detrimental to normal operation (see above).
7. There may be exceptions to the rules noted above for participants in specific market maker programs. Please contact Advantage's compliance department for information about participating in these programs and the rules that apply.

Should you have any questions regarding the rules above or any specific issue with the entry of electronic orders on the Montreal Exchange, feel free to contact Advantage's compliance or risk departments.