



R.J. O'Brien News

December 2012

INTRODUCING BROKER NEWSLETTER

SERVING THE FUTURES INDUSTRY SINCE 1914

Season's Greetings!

On behalf of everyone at R.J. O'Brien, we wish you and your family a Holiday Season filled with peace, happiness and joy! As we approach 2013, we feel we are entering into a new era for our industry. The events of the past year have permanently altered the way we operate our business. We are focusing this newsletter on communicating with you some of the new and proposed compliance and regulatory requirements that we are facing. We feel confident that RJO and you, our IBs, are up to the challenge of adapting and adjusting

our business to meet these new requirements.

We are grateful for the clients we have and thank everyone for their

continued trust

and loyalty in

RJO!

Many Blessings!

Katie Hanley

President, IB Division



NEW: MONTHLY COMPLIANCE UPDATES

The futures industry faces sweeping changes as a wave of new and proposed regulatory requirements begin to take hold. These reforms have significant implications for all industry participants (particularly FCMs and IBs) and will drive operational shifts in trading, portfolio management, execution, clearing, collateral management, and settlement.

As part of our continued effort to keep our valued IBs informed of the new regulatory landscape and the evolving compliance

environment, RJO will begin providing separate monthly compliance and regulatory news updates beginning next year.

Please be on the lookout for informative regulatory and compliance bulletins in your email inbox from: compliancedept@rjobrien.com.

Additionally, we will be offering regulatory and compliance Webinar presentations on the third Tuesday of every month at 2:30 PM CT. These

presentations will be hosted by RJO Compliance and will include a conference call and interactive Web Seminar component for optimal audience participation.

If you can't join us for the Webinar, don't fret, you will be able to access the recorded Webinars under *Research* at www.rjobrien.com.

For more information on how to login and participate in these informative presentations, please contact Lisa Baker at 312-373-5218 or lbaker@rjobrien.com.

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REGULATORY NEWS

There are now several new CFTC rules that will have a large impact on the futures industry as a whole. Below we discuss several important new CFTC and CME rule adoptions and explain the impact of these new requirements on RJO and on its IBs and APs.

MARGINS AND RISK MANAGEMENT

The CFTC recently adopted Regulation 1.73, entitled "Clearing Futures Commission Merchant Risk Management," that imposes elevated risk management obligations upon FCMs. Generally, the rule requires FCMs to establish risk-based limits for each customer based on position/order size, margin requirements or similar factors and to screen orders pre-trade for compliance with these limits.

Furthermore, FCMs are required to monitor customer accounts. As part of the risk-based limits that RJO is currently employing to comply with this rule, we may put additional customers on pre-trade risk. This limits transactions to the funds (or a percentage of the funds) in a given customer's account.

Another related regulatory issue that has come to the forefront stems from CME Rule 930.D (Acceptance of Orders). This rule essentially provides that if a customer has been subject to a margin call for an unreasonable period of time, the customer can only enter trades for liquidation and cannot otherwise trade in the customer's account. This issue has been a hot topic for auditors in recent years. To comply with this rule, RJO will use pre-trade risk for customers that fail to meet margin calls within the required timeframe. This will mean that customers who have an unmet margin call for an unreasonable period of time will not be able to initiate a new position that increases margin without first meeting the call and ensuring that there are sufficient funds in the account for trading.

CFTC REGULATION 1.71 – PROMOTIONAL MATERIAL DISCLAIMERS

On August 3, 2012, the CFTC made effective Regulation 1.71, which requires FCMs and most IBs to implement a conflicts of interest system and employ

procedures with respect to their research function and trading and clearing activities. Amongst the various requirements of the rules are provisions governing the issuance of promotional materials and research reports. To ensure that promotional materials are compliant with the new rules, it is imperative that RJO guaranteed IBs always use the updated disclaimer language provided by RJO's Compliance Department on all promotional materials and emails. If you did not receive the updated disclaimer language or desire additional guidance as to what communications require this disclaimer, please contact your Compliance contact as soon as possible.

NEW CFTC RULES PROPOSALS

On November 14, 2012, the CFTC proposed new regulations which are aimed at bolstering confidence and improving protections following the MF Global and Peregrine collapses. Comments on the proposed rule changes from industry participants are due on January 14, 2013. RJO will be a key participant in the comment process and has assembled internal working groups that are analyzing the various rule proposals. In addition, numerous RJO personnel are participating in FIA working groups on specific aspects of the rulemaking.

Some of the CFTC's proposals could have a significant impact on the timeframe in which customers will need to meet margin calls. The CFTC is proposing to require that FCMs take a capital charge on any margin call that is outstanding more than one business day. Currently, a capital charge must be taken when a margin call is outstanding for more than 3 business days. RJO would have to be in compliance with this rule every business day. Thus, if certain aspects of the proposals ultimately become regulations, FCMs like RJO will be forced to require customers to meet margin calls in a shorter time frame than has been industry practice.

Updates with respect to the CFTC's proposed customer protection rules and/or other important regulatory updates will be included in forthcoming

bulletins, likely including effective dates for final rules once they are published. As always, please direct your questions, comments, and concerns to your compliance department contact.

COMPLIANCE DEPARTMENT CONTACTS:

- Nancy Westwick, Chief Compliance Officer (312) 373-5215 or nwestwick@rjobrien.com
- Steve Andrews, VP of Compliance (312) 373-5123 or sandrews@rjobrien.com
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- Patrick Rose, Senior Compliance Associate (312) 373-5257 or prose@rjobrien.com
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- Department Fax: (312) 373- 5290
- Department Phone: (312) 373-5937
- Department Email: compliancedept@rjobrien.com

REGIONAL MEETING SCHEDULE

As a part of our ongoing commitment to the Introducing Broker community, RJO hosts several commodity outlook presentations throughout the United States. This year, we have partnered with CME Group to bring you Blu Putnam, CME's own renowned economist. (Please visit www.cmegroup.com/education/browse-materials/bios/commentary/bluford-putnam.html for Blu's bio and recent commentary.)



We invite you, your brokers, and any pertinent clients to these hour-long outlooks with dinner immediately following. Please be on the lookout for additional information on meetings in the following areas:

<p>Minneapolis, Minnesota Blu Putnam –May 2, 2013</p>	<p>Lincoln, Nebraska Rich Feltes- August 22, 2013</p>
<p>Sioux Falls, South Dakota Blu Putnam- June 6, 2013</p>	<p>Denver, Colorado Blu Putnam- October 3, 2013</p>

If you don't see your area on the list, please feel free to email us a request to visit your area at ibmarketing@rjobrien.com.

IMPORTANT REMINDERS

YEAR-END IS COMING! CHECK YOUR CUSTOMER ACCOUNTS!



As the end of 2012 approaches, we strongly stress the importance of checking your customer accounts to ensure accuracy for year-end tax reporting. As a regular daily procedure, we highly recommend

checking your preliminary and final equity runs for any inaccuracies; however, this practice becomes essential going into year end for 1099 tax purposes. All trading activity generated on December 31, 2012 must be reviewed that day to ensure 1099 tax statements for 2012 are filed accurately. Failure to make corrections on this last trading day will create an incorrect 1099 tax statement that cannot be altered.

In order to better assist you and your clients, RJO will again provide support in relation to questions customers may

have regarding their 1099 tax statements. RJO's Client Services Department will be able to answer all inquiries received by email at taxquestions@rjobrien.com or at their toll-free hotline 1-877-232-9563. Look for a letter containing more information on this service shortly after the first of the year.

PRODUCT PRESENTATIONS



In an effort to keep you current with all technology offerings, RJO offers Product

Webinar Presentations on the first, third, and fourth Thursday of every month at 2:00 PM CT. These presentations are hosted by Client Services and include a conference call and interactive Web Seminar component.

The week of a Webinar, an electronic invite will be sent to your email inbox with participation instructions. For the most up-to-date Webinar schedule, please refer to the Reference

Did You Know?

Do you have customers worried about the financial stability of your FCM? On a monthly basis, the CFTC posts FCM Financial Data on their website at

www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm.

From reported net capital to required segregated fund amounts, this data gives you a monthly snapshot of each FCM's financial health.



Documents section under *Research* at www.rjobrien.com.

For more information on how to login and participate in these informative presentations, please contact the RJO Help Desk at 877-396-9316 or rjohelp@rjobrien.com.

ELECTRONIC MARGIN COMMENTS

Avoid redundant phone calls and emails from your Margin Clerk by simply

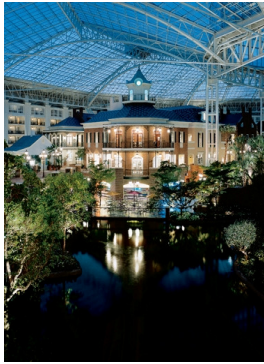


posting margin status updates on Online Account Query. Simply click on the Margin Deficit Detail tab on your Online Query program and type in your status comments. The program even keeps track of comment history for compliance purposes, which means no more handwritten records!

For questions on accessing Online Query or Margin Comments, please contact the RJO Help Desk at 877-396-9316 or rjohelp@rjobrien.com.

17TH ANNUAL “EXCHANGE OF IDEAS” IB CONFERENCE MARCH 8-9, 2013!

If you haven't heard, we're headed to "Music City" for the 17th Annual "Exchange of Ideas" Introducing Broker Conference! Please join us March 8-9, 2013



at the Gaylord Opryland Resort in Nashville, TN for food, fun, entertainment, and of course a stimulating conference program.

SPEAKER LINE-UP

On Friday, March 8th, please join us for break-out sessions hosted by RJO Compliance and Matthew Rees (Chief Relationship Officer, RJO). Topics of this open forum will include today's changing regulatory environment as well as new RJO services and products.

After a hot buffet breakfast on Saturday, March 9th, we will hear presentations from Nick Kalivas (Economic Analyst, Hadrian Partners), Joel Widenor (Weather Analyst, Commodity Weather Group), Rich Feltes (Vice President Research, RJO), Randy Blach (Executive Vice President, CattleFax), and David Hightower (President, The Hightower Report).

RESORT ATTRACTIONS

From the Grand Ole Opry® stage to the Wild Horse Saloon®, the Gaylord Resort offers something for everyone. For the country music enthusiast, enjoy nightly entertainment from up and coming artists as well as from today's star performers; for the golf fanatic, Gaylord Springs' 18 challenging holes designed by former U.S. Open and PGA champion Larry Nelson is sure to please; and for the foodie, numerous award winning restaurants will tantalize the taste buds.

DRESS CODE

Nashville is the home of country music, so please feel free to wear your jeans, boots, and hats.

RESERVATIONS

Be sure to book your airfare and room reservations early for the best discounted prices. Room reservations can be made by calling Gaylord Opryland Resort at **615-883-2211** and mentioning you are with R.J. O'Brien or with "Group Code X-RJO13." Receive reduced rates starting at \$170 per night when booking before **February 19, 2013**.

For online reservations with the Gaylord Opryland and to RSVP to RJO, please email Nicole Donnahue at ndonnahue@rjobrien.com. Questions and comments can be directed to RJO's IB Marketing Team at 800-621-0757.



We hope to see you in Nashville!

2013 Holiday Calendar

Tuesday, January 1st	New Year's Day 2013
Monday, January 21st	Dr. Martin Luther King Jr. Day
Monday, February 18th	President's Day
Friday, March 8th— Saturday, March 9th	17th Annual "Exchange of Ideas" IB Conference—Nashville, TN
Friday, March 29th	Good Friday
Monday, May 27th	Memorial Day
Thursday, July 4th	Independence Day
Monday, September 2nd	Labor Day
Monday, October 14th	Columbus Day (Foreign Exchange & Interest Rate Products Only)
Monday, November 11th	Veterans Day (Foreign Exchange & Interest Rate Products Only)
Thursday, November 28th	Thanksgiving Day
Wednesday, December 25th	Christmas Day

Happy Holidays!

DISCLAIMER

The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. R.J.O'Brien does not guarantee that such information is accurate or complete, and it should not be relied upon as such. Opinions expressed reflect judgments at this date and are subject to change without notice.