

INTRODUCING BROKER NEWSLETTER

SUMMER 2018



Robert J. O'Brien Sr. Turns 100

Chairman Emeritus Robert J. O'Brien Sr. celebrated his 100th birthday on March 19, 2018 surrounded by family and friends at his home in Sea Island, Georgia. After taking over the firm from his father-in-law John V. McCarthy in 1959, Robert's leadership capabilities and vision for the future transformed R.J. O'Brien & Associates. His business model of dedication to the customer and adaptability in the constantly changing marketplace set our company on the solid path to success. After 100+ years, these values have continued to help RJO adjust and thrive. Please join us in sending him warm wishes as he celebrates his centennial year!

HIGHLIGHTS

- Robert J. O'Brien Sr. Turns 100
- Compliance Reminders
- CME Group Crude Oil Highlights and Insights
- RAMS
- Rich Feltes Announcement
- Regional Meetings
- Broker Education Seminar
- Hightower Teleconference
- David Kuk Tribute



Regulatory Compliance Reminders

RJO's Regulatory and Compliance Bulletins are electronically sent to your inbox on a monthly basis. If you miss a bulletin or would like to view past bulletins, please visit Market Insights. We appreciate you staying up to date on important regulatory information.

Promotional Material

Under RJO's Compliance and Supervisory Procedures Manual and as noted within the GIB Policies and Procedures Package, all promotional material must be submitted to the Compliance Department for review and be approved in writing prior to distribution. This policy applies to online and social media content, including but not limited to, YouTube, Podcasts, blog posts, and other online video and audio presentations posted to a GIB's website or elsewhere. It also applies to all distribution methods including electronic distribution via e-mail, text messages, and other messaging platforms. All content posted to any sites, blogs, online applications or distributed via e-mail, text message, any other electronic platform, or traditional means must be retained for a period of five (5) years from the date the content was posted/distributed. Certain social media applications (e.g. SnapChat) are prohibited due to the inability to meet record retention policies.

Please direct any questions to RJO Compliance at:
ComplianceDept@rjobrien.com.

Allocations Procedures

Suspense accounts, also commonly referred to as allocation, holding or block accounts, are used to place bunched orders for multiple underlying customer accounts. After a bunched order is executed using a suspense account, positions are allocated to the final underlying customer account using an allocation scheme identifying each customer account. RJO will be implementing certain changes to suspense accounts in order to comply with CME Market Regulatory Advisory Notice RA1720-5 ("MRAN 1720-5") effective **September 1, 2018**. Specifically, CME Rules and MRAN 1720-5 set forth circumstances under which a suspense account can be used for electronically entered orders and requirements for proper documentation. Commonly used suspense account types are listed below:

1. Pre-Determined Allocation Scheme Suspense Accounts
2. Price and Time Suspense Accounts
3. Eligible Account Manager Suspense Accounts
4. Short Code Suspense Accounts

All requirements and additional conditions can be viewed in the full bulletin at <https://portal.rjobrien.com/MarketInsights/Document/Read/277605>.

General Requirements

- All suspense account requests should be submitted to Execution Services at:
agreements@rjobrien.com
- Except for an EAM who has customer permission, no person or entity may enter customer orders into a suspense account that is also used for personal or proprietary orders of the party entering the order; and
- All allocations must be consistently fair and equitable. Please contact the Compliance Department for any questions about what is considered "fair and equitable". A link to the full CME MRAN 1720-5 can be found at <http://www.cmegroup.com/rulebook/files/cme-group-Rule-536-BC-pending.pdf>. The complete June Compliance Bulletin can be found online at <https://portal.rjobrien.com/MarketInsights/Document/Read/277605>. Compliance bulletins can be viewed on RJO's Market Insights portal under the "Documents" tab. Please direct any questions or concerns to Nancy Westwick at nwestwick@rjobrien.com or 312-373-5215 and Katie Clapper at kclapper@rjobrien.com or 312-373-5241.

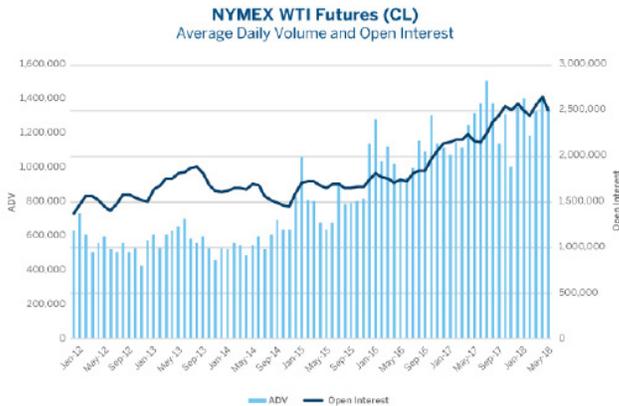


Crude Oil Highlights & Insights

WTI Crude Oil futures volume and open interest continues to grow:

June Crude Oil average open interest reached 2.50M contracts, +15% vs. June 2017.

Average daily volume was 1.36M contracts, +3% YoY.



The Surging U.S Domestic Crude Oil Grades Market

The U.S. domestic crude oil grades market has been transformed from an opaque and regional market into a vibrant and international marketplace with active participation from Europe and Asia. This transformation has been driven by rising U.S. crude exports, surging domestic production, and new pipeline infrastructure.

The liquidity of the WTI Cushing benchmark has spurred impressive growth in the spread trading activity for the domestic crude oil grades, and helps to ensure better price discovery in setting the basis differential for the grades market.

The four key CME Domestic Crude Oil Grade futures contracts (Spread vs. WTI Cushing)

Product Name	Commodity Code	Type	Average Daily Volume (in barrels)	Open Interest (in barrels)
WTI Midland (Argus) vs. WTI Trade Month Futures	WTT	Spread Futures	2,500,000	174,125,000
WTI Houston (Argus) vs. WTI Trade Month Futures	HTT	Spread Futures	2,200,000	107,560,000
Argus LLS vs. WTI (Argus) Trade Month Futures	E5	Spread Futures	1,600,000	55,875,000
Mars (Argus) vs. WTI Trade Month Futures	YV	Spread Futures	1,450,000	33,725,000

The Average daily volume is for the 6-month period Oct 2017 through March 2018; Open Interests is as of 4/30/2018.

Stay informed of new developments in energy products. Read the full article at cmegroup.com/crude-grades. Visit cmegroup.com/subscribe to sign up for energy updates.

© [2018] CME Group Inc. All rights reserved. This information is reproduced by permission of CME Group Inc. and its affiliates under license. CME Group Inc. and its affiliates accept no liability or responsibility for the information contained herein, including but not limited to the currency, accuracy and/or completeness of this information, and delays, interruptions, errors or omissions. This information is an unofficial copy and may not reflect the official and accurate version. For the definitive and up-to-date version of any of this information, please see <http://www.cmegroup.com>.

R.J. O'Brien Account Management System (RAMS) Account Set Up and FAQs

RAMS was built to expedite and simplify the account opening and approval process for you and your customers. It provides you with a window from which you can follow, at a detailed level, an application as it goes through the review process.

As of July 2018, any type of account can now be opened in RAMS. ALL applications will be processed using RAMS – even if they were originally submitted on paper – you will be able to see the most current status of the application at all times. To have your IB and brokers set up on RAMS, please contact Client Services at

clientservices@rjobrien.com

and they will begin the process.

Once you are set up on the system, you can access RAMS by logging into RJO's Client Portal at

<https://portal.rjobrien.com/Account/Login> and selecting RAMS from the tab at the top of the page or the "Go" button under "My Tools." Customize your dashboard by selecting the downward arrow next to each column and checking which columns you would like displayed. Status of applications will be displayed on the right side of the dashboard.

An updated RAMS Guide for Brokers is uploaded to the portal at <https://portal.rjobrien.com/MarketInsights/Document/Read/277727>.

Please visit Market Insights to view the RAMS FAQ document for additional information.

PLEASE NOTE: RAMS is designed for clients that do NOT already have an existing account at RJO for the same account type. If your client requires an additional account, you should not direct them to RAMS. Instead, you should have them complete the Related Account Authorization Form which is available for download at www.rjobrien.com/account/forms.



Rich Feltes' New Schedule

RJO is delighted that Rich Feltes, who enjoys his work & the positive affirmation from Market Insight users, has elected to extend his career by downshifting to a sustainable work/life balance. Rich, completing his 45th year in the grain/futures industry including 8 years with RJO, will be turning 70 in October 2018.

Effective September 2018, Rich will provide content Monday through Thursday and will be on duty to cover Friday Crop Reports. In addition, Rich's AM Grain Notes will now be available for your clients to access directly on <https://portal.rjobrien.com/MyAccount> with their portal log-in.

Adjustments planned to facilitate the change in Rich's schedule include:

- CWG's AM & mid-day text reports will still be posted on Fridays
- CWG's Joel Widenor will broadcast the AM & mid-day RJO Radio updates
- The weekly "Linder Farm Network Broadcast" will shift to Wednesday
- The weekly "Special Guest Broadcast" will shift to Thursday

Rich will continue:

- Posting CWG Weather and Outlook reports on Sundays
- Responding to user information requests
- Conducting Monday morning crop roundups in addition to his regular schedule Monday through Thursday RJO Radio Broadcasts
- Posting his popular AM Grain Notes Monday through Thursday
- Representing RJO on the Commodity Markets Council Board of Directors

Providing RJO customers & sales with cutting edge market analysis is an important component of our client-driven mission statement. Please join us in welcoming this adjustment that allows everyone to continue to benefit from Rich's expert commentary and analysis.

With Sympathy David Kuk Wellington Commodities



David Kuk of Indianapolis, Indiana passed away peacefully on July 1, 2018. Dave was one of three triplets born in North Dakota on September 18, 1951. He began his career as a grain trader in Minneapolis and later founded Wellington Commodities in 1994 where he operated until his death.

Throughout his life, Dave was active in many charitable causes focused mainly on Caribbean and South American countries. He had a special love for Columbia, South America and visited often.

Services were held at Our Lady Grace Church in Noblesville, Indiana on July 26, 2018. We extend our deepest sympathy to Dave's family, friends and colleagues.

Regional Meetings

2018

August 16 • Memphis, TN

Dave Toth, Technical Tools & Outlook

October 18 • Lincoln, NE

Randy Mittelstaedt, Grain/Oilseed Outlook

Broker Education Seminar

2018

RJO will host its broker education seminar geared towards recently registered APs **November 13-15, 2018.**

The seminar includes a visit to the CME trading floor and one full day at CME Group headquarters. Attendees will have the opportunity to learn the flow of an order and understand the daily operations of a FCM.

All attendees are financially responsible for transportation, lodging and meals. Dates are subject to change.

For registration and questions, contact Karla Bobadilla at kbobadilla@rjobrien.com

In partnership with:
 CME Group

Hightower Teleconference

2018

August 21

September 18

October 16

November 20

December 18

All dates are subject to change

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 judgements at this date and are subject to change without notice.