RISK DISCLOSURE STATEMENT FOR FUTURES AND OPTIONS

This statement does not disclose all of the risks or other characteristics of trading futures and options. Due to these risks, you should trade futures and options on futures, only if you understand the transactions (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 everyone. You should carefully consider whether trading is appropriate for you based on of your experience, objectives, financial resources and ability to withstand trading losses in excess of your investment.

Futures

1. The effect of 'Leverage'.

Transactions in futures carry a high degree of risk. The amount of initial margin required is small compared to the actual value of the futures contract. This means that the trades are 'leveraged.' A relatively small market movement has a proportionately larger effect on your account balance. Leverage may work against you, as well as for you. You may incur a total loss of initial funds and additional funds deposited with the firm. If the market moves against your position or if margin levels are increased, we may request additional funds from you, on short notice, in order for you to maintain your position. This is called a margin call or risk call. If you fail to comply with a margin or risk call within the time prescribed (sometimes as short as one hour), your position may be liquidated at our discretion and you could be liable for any resulting deficit balance remaining in your account.

2. Risk-reducing orders or strategies

Placing certain orders types (e.g. 'stop-loss' orders, or 'stop-limit' orders), which can be intended to limit losses to certain amounts, may not be effective where market conditions make it impossible to execute such orders. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be just as risky taking '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 options usually creates 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. A seller of options can be required to add additional margin in order to keep a short option position if the market moves unfavorably. Additionally, a seller is exposed to the risk of an exercise of the option and the seller will be obligated to either: settle the option in cash or to deliver the underlying interest. If the option is on a future, the seller could acquire a position in a future with associated risk and margin requirements. 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 both futures and options

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4. Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

5. Suspension or restriction of trading and pricing relationships

Market conditions (e.g. Lack of liquidity) 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, 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 commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

8. Transactions in other jurisdictions

Transactions on markets in other Jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire 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 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 me3mber 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.

NOTICE TO FOREIGN CLIENTS

CFTC Regulation 15.05 designates Futures Commission Merchants (FCM) as agents for service for foreign traders or foreign brokers who have futures accounts with the FCM.

In summary CFTC Regulation 15.05 provides:

The FCM who transacts business for a foreign client is deemed to be an agent for that client. As such, the FCM must accept delivery and service of any communication issued by the CFTC to the foreign client (including the client's customers if the client is a foreign broker). The FCM is then required to transmit the CFTC communications to the foreign client.

Before opening an account for a foreign client, the FCM is required to explain the provisions of the Regulation.

The foregoing provisions will not apply to a foreign client and the FCM who carries the account if (a) the client executes an agency agreement with a person domiciled in the United States and provides a copy of the agreement to the FCM, and (b) the FCM files the agreement with the CFTC before opening an account or placing orders for an existing account.

However, until such third-party agency agreement is received by the FCM and filed with the CFTC, the FCM will have to comply with paragraphs 1 and 2 noted above. Thus, the FCM may accept orders and open the account after this Regulation is explained, but the FCM will be deemed to be the agent of the foreign client until the third-party agency agreement has been filed with the CFTC. Further, the FCM must notify the Secretary of the CFTC immediately if such an agency agreement has been terminated or is no longer in effect. The foreign client must also notify the CFTC if the written agency agreement is no longer in effect.

ALL OF THE POINTS NOTED ABOVE APPLY TO ALL FUTURES TRADING WHETHER FOREIGN OR DOMESTIC.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF THE COMMODITY MARKETS.

I ACKNOWLEDGE THAT I HAVE RECEIVED, READ AND UNDERSTOOD THIS RISK DISCOLSURE STATEMENT.