

HEDGE ACCOUNT CERTIFICATION

To: Rosenthal Collins Group, L.L.C.

Gentlemen:

Unless specified in writing to the contrary, all orders for the purchase or sale of the following commodities and commodity futures and option contracts for my account will represent "hedging" transactions and positions as defined in Commodity Futures Trading Commission Regulation 1.3(z) as such regulation currently exists or may hereafter be amended. **List commodities to be hedged:**

If orders are given for the purchase or sale of futures contracts which do not meet the definition of "hedging", I shall advise RCG in writing to that effect and will keep these and other contracts margined as required by RCG and any applicable contract market rules.

CFTC Regulation 190.06(d) requires a commodity broker to provide each hedge client with an opportunity to specify whether, in the event of the broker's bankruptcy, the client prefers open positions to be liquidated automatically or not. Please indicate your preference below.

I prefer that, in the unlikely event of the Futures Commission Merchant's insolvency, the trustee:

- (check one)
- attempts to contact me for instructions as to the disposition of the open contracts in the indicated hedge account.
 - liquidates open commodity contracts in my hedge account without seeking my instructions.

Date _____

Signature _____

Date _____

Signature _____

Note: A copy of your latest financial statement should accompany this form.

CFTC REGULATION 1.3(z) BONA FIDE HEDGING TRANSACTIONS AND POSITIONS

- (1) **General Definition.** Bona fide hedging transactions and positions shall mean transactions or positions in a contract for future delivery on any contract market, or in a commodity option, where such transactions or positions normally represent a substitute for transactions to be made or positions to be taken at a later time in a physical market channel, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise, and where they arise from:
- (i) The potential change in the value of assets which a person owns, produces, manufactures, processes, or merchandises or anticipates owning, producing, manufacturing, processing, or merchandising.
 - (ii) The potential change in the value of liabilities which a person owes or anticipates incurring, or;
 - (iii) The potential change in the value of services which a person provides, purchases or anticipates providing or purchasing. Notwithstanding the foregoing, no transactions or positions shall be classified as bona fide hedging for purposes of section 4a of the Act unless their purpose is to offset price risks incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices and unless the provisions of paragraphs (z)(2) and (3) of this section and sections 1.47 and 1.48 of the regulations have been satisfied.
- (2) **Enumerated Hedging Transactions.** The definition of bona fide hedging transactions and positions in paragraph (1) of this section includes, but is not limited to the following specific transactions and positions:
- (i) *Sales* of any commodity for future delivery on a contract market which do not exceed in quantity:
 - (A) Ownership or fixed-price purchase of the same cash commodity by the same person; and
 - (B) Twelve months' unsold anticipated production of the same commodity by the same person, provided that no such position is maintained in any future during the five last trading days of that future.
 - (ii) *Purchases* of any commodity for future delivery on a contract market which do not exceed in quantity:
 - (A) The fixed-price sale of the same cash commodity by the same person;
 - (B) The quantity equivalent of fixed-price sales of cash products and by-products of such commodity by the same person; and
 - (C) Twelve months' unfilled anticipated requirements of the same cash commodity for processing, manufacturing, or feeding by the same person, provided that such transactions and positions in the last five trading days of any one future do not exceed the person's unfilled anticipated requirements of the same cash commodity for that month and for the next succeeding month.
 - (iii) Offsetting sales and purchases for future delivery on a contract market which do not exceed in quantity that amount of the same cash commodity which has been bought and sold by the same person at unfixed prices basis different delivery months of the contract market, provided that no such position is maintained in any future during the five last trading days of that future.

- (iv) Sales and purchases for future delivery described in paragraphs z(2)(i), z(2)(ii), and z(2)(iii) of this section may also be offset other than by the same quantity of the same cash commodity, provided that the fluctuations in value of the position for future delivery are substantially related to the fluctuations in value of the actual or anticipated cash position, and provided that the positions in any one future shall not be maintained during the last five trading days of that future.
- (3) **Non-Enumerated Cases.** Upon specific request made in accordance with section 1.47 of the regulations, the Commission may recognize transactions and positions other than those enumerated in paragraph (2) of this section as bona fide hedging in such amounts and under such terms and conditions as it may specify in accordance with the provisions of Regulations 1.47. Such transactions and positions may include, but are not limited to, purchases or sales for future delivery on any contract market by an agent who does not own or who has not contracted to sell or purchase the offsetting cash commodity at a fixed price, *provided* that the person is responsible for the merchandising of the cash position which is being offset.