



Rosenthal Collins Group LLC
Disclosure Document

The Commodity Futures Trading Commission (“CFTC”) requires each futures commission merchant (“FCM”), including Rosenthal Collins Group, L.L.C. (“RCG”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money, securities or other property with the FCM. Except as noted below, the information set out is as of June 30, 2018. RCG will update this information annually or as necessary to take account of any material change to our business operations, financial condition, or other factors that RCG believes may be material to a customer’s decision to do business with RCG. Nonetheless, RCG’s business activities and financial data are not static and will change in nonmaterial ways frequently throughout any 12 month period.

The Firm and Our Principals

FCM's Name: Rosenthal Collins Group LLC

Business Address: 216 W Jackson Blvd
Suite 400
Chicago, IL 60606

Phone Number: (312) 795-7770

Email: info@rcgdirect.com

RCG is a wholly owned subsidiary of RCG Holdings, LLC ("RCGH"), a registered principal. The family offices of J. Robert Collins ("Bob Collins") and Leslie Rosenthal ("Les Rosenthal") own and control RCGH. RCGH also owns 100% of Rosenthal Global Securities ('RGS') and RCTrading LLC ('RCT'), which conduct proprietary trading. RCG has no other affiliates. All of RCG's principals are located at RCG's headquarters at 216 W. Jackson, Chicago, IL 60606.

Bob Collins, Principal

Bob Collins has over 40 years of experience in the futures industry. He has jointly owned and managed RCG with Leslie Rosenthal since it was formed in 1988. Bob has served on numerous futures related board of governors at the Chicago Board of Trade, MidAmerica Commodity Exchange, and Board of Trade Clearing Corporation.

Scott Gordon, Chairman & Chief Executive Officer

Scott has over 40 years of experience in the futures industry. Scott has been Chief Executive Officer since 2004 and Chairman since 2007. He oversees the daily operation of RCG. During his career, Scott served in executive management roles at the Chicago Mercantile Exchange and several FCMs, including Chairman of the Board of the Chicago Mercantile Exchange from 1998 – 2002.

Jason Manumaleuna, President & Chief Financial Officer

Jason has over 20 years experience in the futures industry. He began his career as an auditor at the Chicago Mercantile Exchange. He left the CME in 1998 to work as the Controller for the LFG Division of Refco, and for Calyon Financial, and later worked in internal audit for MF Global. He moved to R.J. O'Brien in 2008, becoming Chief Financial Officer in 2010. Jason holds a bachelor's degree in accounting from the University of Illinois at Chicago. Jason is responsible for the overall management of RCG, as well as the firm's financial operations.

Bob Turner, Executive Vice President & Chief Operating Officer

Bob has over 45 years of experience in the futures industry. In addition to operations and management roles in futures brokerage and clearing at Nikko Securities International Inc., Calyon Financial, Jefferies Bache, LLC and Macquarie Futures USA, Bob also spent 17 years at RCG predecessor firm Rosenthal & Company. Bob is responsible for all trading floor operations,

clearing operations in New York and Chicago, telecommunications, exchange clearing relationships and physical facilities.

Patricia Donahue, Executive Vice President, Chief Compliance Officer & Regulatory Counsel

Patricia has over 25 years of experience in the futures industry. Patty joined RCG in 2010 and oversees all compliance and regulatory matters. Prior to RCG, Patty was with the CFTC, NFA and several FCMs in various legal, compliance and regulatory roles.

Keith E. Turner, Executive Vice President, Accounting and Finance

Keith has over 25 years of experience in the futures and securities industry. Keith joined RCG in 2009 and progressed to his current management role responsible for accounting, treasury and financial reporting. During his career, Keith has prior experiences in public accounting and working in financial management roles at several FCMs.

Business Activities

RCG is an FCM registered with the CFTC and a member of the NFA. RCG's only significant type of business is the clearing and execution of exchange-traded futures and options on futures. RCG's customer base includes commercial and institutional accounts, professional traders, managed futures accounts and retail customers. Our customers are located worldwide, primarily in the United States. RCG's primary product markets are grains, livestock, energies, precious metal, soft commodities, interest rates, equity indexes, and currencies. RCG does provide execution and clearing services to its two affiliates, RGS and RCT.

RCG provides our customers access to the futures and options on futures markets as a clearing member firm of the following exchanges and related clearing organizations:

- CME Group, which includes the CME, CBOT, NYMEX, and COMEX
- ICE Futures U.S. and ICE Clear U.S.
- ICE Futures Europe and ICE Clear Europe
- Minneapolis Grain Exchange

In addition, RCG uses SG Americas Securities, LLC to access markets in which RCG is not a direct clearing member.

Material Risks

Nature of investments made by RCG (including credit quality, weighted average maturity, and weighted average coupon)

RCG is permitted to invest customer segregated and secured funds deposited by customers as permitted by CFTC Regulation 1.25. RCG also invests our own funds. RCG is responsible for any investment losses. RCG manages the risk of investment loss with conservative investment policies in which we invest in highly liquid instruments with high credit quality such as U.S.

government obligations and bank demand deposits. RCG continually evaluates the creditworthiness of the depositories holding customer segregated and secured funds. RCG's weighted average maturity is less than 6 months.

RCG's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage, and other lines of business

RCGH provides the member equity and capital to RCG and is a source of additional liquidity. RCG operates in a highly regulated environment with notification requirements to the CFTC and exchanges and clearing organizations of any material change in our capital structure or ownership, including the impact it would have on our operations.

RCG maintains the following sources of liquidity and lines of credit to ensure we continually meet our customer obligations:

- \$50.0 million secured delivery facility available for the delivery of cash commodities by our customers and affiliate.
- \$25.0 million subordinated credit facility from banks available for net capital and liquidity requirements. The facility is renewable on an annual basis with a current maturity of June 15, 2020.
- \$35.0 million unsecured residual interest facility available to meet the requirements within CFTC Regulation 1.22. The facility is renewable on an annual basis with a current maturity of September 26, 2018.
- \$25.0 million subordinated credit facility from RCGH available for net capital and liquidity requirements. The facility is renewable on an annual basis with a current maturity of June 15, 2020.

These facilities provide us balance sheet leverage to expand our business operations and meet short-term operating requirements and are subject to various bank covenants, including minimum member equity requirements at RCG and RCGH.

A substantial portion of RCG's customer accounts are introduced to RCG by intermediaries. These intermediaries may be FCMs, guaranteed introducing brokers, independent introducing brokers, or foreign introducing brokers. If an intermediary were to terminate its relationship with RCG, our operating income could be negatively impacted. However, no intermediary relationship accounts for more than 8% of our net revenues.

A substantial portion of RCG's net revenue is derived from commissions generated from customer transactions. The loss of a significant customer could negatively impact our transactional volume and operating income. However, no customer accounts for more than 3% of our net revenues.

If a customer were to default on its obligations to RCG, we may have to liquidate open positions and ultimately be responsible for any resulting debit balance. RCG manages this risk by requiring material margin deficiencies to be met on an intra-day or next business day basis via wire transfer and, in many instances, holding the broker introducing the customer responsible to RCG for any debit balance. We also regularly review customer trading activity and the current financial position of our significant customers, and actively monitor their open interest.

RCG's creditworthiness could be impacted by counterparty's unwillingness to conduct business with us, which may affect our business operations. RCG manages this risk by providing

counterparties with monthly, quarterly and/or periodic financial information, as requested by the counterparty.

RCG does not maintain other material lines of business other than the clearing and execution of exchange-traded futures and options on futures.

Risk to RCG created by our affiliates and their activities, including investment of customer funds in an affiliate.

RCG has two affiliates, RGS and RCT, which conduct proprietary trading in accounts carried with RCG and other FCMs. RCG does not have investments of customer segregated or secured funds with its affiliates. If RGS or RCT were not able to meet their margin obligations, RCG's operations as an FCM may be impacted. RCG is prohibited from making material withdrawals from net capital, segregated or secured funds to meet an obligation of an affiliate. Withdrawals greater than certain thresholds require approval or notice to the CFTC and other regulatory authorities pursuant to their rules and regulations to ensure continued financial stability of an FCM. RCG does not believe the business activities conducted by RGS or RCT pose any material risks to RCG's customers.

Significant liabilities, contingent or otherwise, and material commitments

RCG's principal liabilities are to our clearing customers. In the event RCG is not able to meet our obligations owed to customers this may significantly impact our business operations. RCG manages this risk by preparing daily segregation and secured fund statements identifying our customer liabilities, which are submitted to the CFTC and CME. The CME also receives direct confirmations from our segregation and secured funds depositories verifying the availability of assets to meet our customer obligations.

Technology and electronic trading related risks

The majority of RCG's volume is executed through electronic trading platforms. Trading platforms can be adversely impacted by loss of exchange connectivity, exchange matching engine outages, internet availability, software configurations, hardware performance and other technology issues. A substantial portion of RCG's brokers and customers have access to more than one trading platform and/or have access to voice execution in the event of a trading platform failure.

All RCG electronic trading platforms have risk control functionality which permits RCG to limit user access and risk exposure. RCG employs multiple back-up procedures for risk control and does not rely on any one risk control system. RCG also has robust procedures for employing kill switches in the event of any failure by a single risk control system.

RCG maintains a technology network through which we interact with our customers, brokers, exchanges and other third parties. RCG actively monitors our technology network for breaches and maintains a robust business continuity plan to ensure that RCG can fulfill its business and regulatory obligations.

Customer Segregated and Secured Funds

FCMs may maintain three different types of accounts for customers, depending on the products traded:

A customer segregated account for customers that trade futures and options on futures listed on U.S. futures exchanges and ICE Futures Europe. The CFTC issued a specific order authorizing products traded on ICE Futures Europe to be held in a customer segregated account.

- A customer secured funds account (CFTC Regulation 30.7) for customers that trade futures and options on futures listed on foreign boards of trade.
- A cleared swap customer account for customers trading swaps that are cleared by a clearing house registered with the CFTC.
- RCG maintains customer segregated and secured accounts, but does not clear swap trades nor maintain a cleared swap customer account. The requirement to maintain these separate accounts reflects the different risks posed by the different products. Customer money, securities and other property held in one type of account may not be commingled with funds required to be held in another type of account.

Customer Segregated Accounts

Customer money, securities and other property deposited with RCG, or that are otherwise required to be held for the benefit of customers, to margin, guarantee or secure futures and options on futures contracts traded on U.S. futures exchange and ICE Futures Europe are held in a customer segregated account in accordance with section 4d (a) (2) of the Commodity Exchange Act and CFTC Regulation 1.20. Customer segregated funds held in a customer segregated account may not be used to meet the obligations of RCG or any other person, including another customer.

All customer segregated funds may be commingled in a single account and held with a bank, clearing organization or another FCM that clearly identifies the account as “customer segregated funds”. Each bank or other FCM signs a written acknowledgement letter that indicates (i) the segregated funds are held in the account in accordance with the Commodity Exchange Act and CFTC regulations, (ii) the bank or other FCM will separately account for and segregate the customer funds, (iii) the CFTC has the right to examine the customer segregated account without permission from RCG, (iv) customer segregated ending account balances are electronically transmitted to the CFTC at the end of each business day for verification, and (v) a copy of the written acknowledgement letter is provided to the CFTC.

RCG must hold sufficient U.S. dollars in the U.S. to meet all U.S. dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than U.S. dollars) as follows: (1) U.S. dollars may be held in the U.S. or in a money center country to meet obligations denominated in any other currency, and (2) funds in money center currencies may be held in the U.S. or in money center countries to meet obligations denominated in currencies other than U.S. dollars.

RCG’s risk management policies and procedures require us to regularly evaluate the depositories used to hold customer segregated funds. RCG reviews its counterparties’ current financial information, along with their respective liquidity ratios, access to liquidity, loan concentration, risk weighted assets, credit default swaps (if available), reputation, availability of federal government

deposit insurance, regulatory oversight structure, and overall creditworthiness. Before customer segregated bank depositories and counterparties are chosen, a full credit review is conducted by the Credit Department. RCG also ensures that its customer segregated funds held at any one bank depository do not exceed a certain percentage of the bank's total deposits. Moreover, the majority of RCG's bank depositories are publicly-traded companies, allowing RCG access to all of their financial information. The evaluation is presented to RCG's Executive Committee and may result in an approval or change in the use of depositories.

Each business day, RCG prepares a daily segregation statement reflecting the amount of customer funds held in segregation and the amount of segregated funds owed to customers for the prior business day. The prior year's daily segregation statements are available on our website, [Financial Information](#). As of June 29, 2018, 156 customers account for 50% of RCG's customer segregated assets.

Customer Secured Funds

Customer money, securities and other property deposited with RCG, or that are otherwise required to be held for the benefit of customers, to margin, guarantee or secure futures and options on futures contracts traded on foreign boards of trade are held in a customer secured funds account in accordance with CFTC Regulation 30.7. Customer secured funds held in a customer secured account may not be used to meet the obligations of RCG or any other person, including another customer.

All customer secured funds may be commingled in a single account and held with a bank, clearing organization of a foreign board of trade, another FCM or foreign broker that clearly identifies the account as "customer secured funds". Each bank, other FCM or foreign broker signs a written acknowledgement letter that indicates (i) the secured funds are held in the account in accordance with the Commodity Exchange Act and CFTC regulations, (ii) the bank, other FCM or foreign broker will keep separate and separately account for the customer funds, (iii) the CFTC has the right to examine the customer secured account without permission from RCG, (iv) customer secured funds ending account balances are electronically transmitted to the CFTC at the end of each business day for verification, and (v) a copy of the written acknowledgement letter is provided to the CFTC.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transactions occur and funds held in a customer secured account located outside of the U.S. may not receive the same level of protection as customer segregated funds.

RCG's risk management policies and procedures require us to regularly evaluate the depositories used to hold customer secured funds. RCG reviews its counterparties' current financial information, along with their respective liquidity ratios, access to liquidity, loan concentration, risk weighted assets, credit default swaps (if available), reputation, availability of federal government deposit insurance, regulatory oversight structure, and overall creditworthiness. Before customer secured bank depositories and counterparties are chosen, a full credit review is conducted by the Credit Department. RCG also ensures that its customer secured funds held at any one bank depository do not exceed a certain percentage of the bank's total deposits. Moreover, the majority of RCG's bank depositories are publicly-traded companies, allowing RCG access to all of their financial information. The evaluation is presented to RCG's Executive Committee and may result in an approval or change in the use of depositories.

Each business day, RCG prepares a daily secured funds statement reflecting the amount of customer funds held in secured funds and the amount of secured funds owed to customers for the prior business day. The prior year's daily secured funds statements are available on our website, [Financial Information](#). As of June 29, 2018, 13 customers account for 50% of RCG's customer secured funds.

Investments in Customer Segregated and Secured Funds

CFTC Regulation 1.25 permits FCMs to invest customer segregated and secured funds in certain financial instruments. Commission rules further provide that the FCM may retain gains earned and is responsible for investment losses incurred in connection with such investments. RCG's current policies limit investments to cash bank deposits, U.S. government securities with the duration of any government security limited to 5 years or less, reverse repurchase transactions, and money market mutual funds.

The duration of the securities in which an FCM invests in customer segregated and secured funds cannot exceed, on average, 2 years. RCG's current average duration is less than 6 months.

An FCM may engage in repurchase and reverse repurchase transactions provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds and securities received in repurchase and reverse repurchase transactions with customer segregated and secured funds must be held in the appropriate customer segregated or secured funds account. RCG's investments in reverse repurchase transactions are collateralized with only U.S. government securities and other permitted investments.

RCG provides a daily summary of our current customer segregated investments, which is updated on a daily basis on our website, [Customer Segregated Funds](#).

Additional Information

For additional information on the protection of customer funds, please see the Futures Industry Association's ["Protection of Customer Funds Frequently Asked Questions"](#).

Regulatory Oversight

RCG is subject to regulatory oversight by the CFTC, NFA and the exchanges and clearing organizations to which we conduct our business. Pursuant to CFTC Regulation 1.52, RCG's designated self-regulatory organization ("DSRO") is the CME (www.cmegroup.com). As DSRO, CME conducts an annual risk based examination and various other interims reviews.

Financial Information

RCG must comply with the financial requirements pursuant to CFTC and NFA rules and regulations. In addition, RCG must comply with any additional financial requirements at an exchange or clearing organization where we are a member and conduct our business. These requirements include daily and month end financial reporting, minimum net capital requirements,

and annual certified financial audits. RCG prepares our financial statements in accordance with generally accepted accounting principles. Management is not aware of any material liabilities that are not properly stated within our financial statements. RCG had no uncollected customer balances during the past 12 months in which we recorded as a bad debt expense. RCG does not engage in proprietary trading or offer over-the-counter (“OTC”) derivatives. RCG does not provide customer financing on an unsecured basis, including financing transactions involving illiquid products.

RCG maintains various lines of credit, including:

- \$50.0 million revolving line of credit, which is typically collateralized by customer and affiliate cash commodities.
- \$25.0 million revolving subordinated bank credit facility, which is available for regulatory capital and includes bank covenants that require RCG to maintain minimum amounts of member’s equity and regulatory net capital.
- \$35.0 million unsecured revolving line of credit, which is available to meet short-term liquidity needs in conjunction with CFTC Regulation 1.22.
- \$25.0 million revolving subordinated credit facility with RCGH, which is available for regulatory capital and includes bank covenants that require RCG to maintain minimum amounts of members equity and regulatory net capital.

As of June 30, 2018, key financial data required to be disclosed is as follows:

Member Equity	\$89,472,000
Net Capital	\$80,142,000
Adjusted Net Capital	\$76,301,000
Excess Net Capital	\$25,897,000
Available Subordinated Debt	\$47,000,000

RCG’s December 31, 2017, certified financial statement is available on our website, [Annual Audited Financial Statement](#).

Compliance and Legal

RCG may be subject to litigation, arbitration and regulatory matters in the normal course of business. We believe the resolution of these matters will not result in any material adverse effect on our financial position.

For additional information, please refer to RCG’s Material Litigation Notice available on our website, [Material Litigation Notice](#).

Risk Management Program

RCG maintains a robust risk management system, which includes the following:

- Risk management oversight on a 24 hour basis whenever markets are open.

- Risk management tools that provide real-time updates for substantially all customer trading activity and underlying market moves.
- Material margin calls are typically collected via wire transfer on the day the margin call is issued. In addition, RCG reserves the right to collect margin deficiencies on an intra-day basis, which may occur when there are significant underlying market moves.
- Regular customer open positions stress testing based on significant underlying market and option implied volatility moves with the stress testing results review by management.
- Daily risk management reports to management that summarize current customer trading activity, trading gains or losses, and material margin calls.
- Regular customer and depository credit analysis is performed and the results reviewed by management
- Risk Committee reporting structure in which material risk items are discussed with senior management and the principals.
- Electronic trading platforms have pre-execution risk limits. For internal control purposes, electronic trading limit setting process is separate from the trading limit approval process. Further, RCG has risk management tools that summarize all customer electronic trading limits for the major electronic platforms offered by RCG. We regularly review electronic trading limits to ensure the limits are appropriate for the customer's current trading activity and financial position.

Filing a Complaint

A customer may file a complaint against RCG with the CFTC by contacting the Division of Enforcement at <http://www.cftc.gov/ConsumerProtection/RedressReparations/index.htm> or by phone at (866)366-2382.

A customer may file a complaint against RCG with the NFA by contacting them at <http://www.nfa.futures.org/basicnet/Complaint.aspx> or by phone at (800) 621-3570.

A customer may file a complaint against RCG with the CME by contacting them at <http://www.cmegroup.com/market-regulation/file-complaint.html> or by phone at (312) 341-7970.