

## EXCHANGE FOR RELATED POSITIONS (VERSUS CASH) ACKNOWLEDGEMENT

An Exchange for Related Position (“EFRP”) transaction is governed by the rules and regulations of the exchange(s) listing the product. Before engaging in EFRPs, ADMIS customer (“customer”) and broker responsible for introducing the customer to ADMIS (“broker”) should carefully review the rules and regulations of the exchange(s) listing the product(s) the customer intends to trade.

### Definitions

**Exchange for Physical (“EFP”)** – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position.

**Exchange for Risk (“EFR”)** – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument.

**Exchange of Options for Options (“EOO”)** – A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

For purposes of this document, an EFP, EFR or EOO shall be referred to as an EFRP.

### Parties to an EFRP

One party to the EFRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding exchange contract. The other party to the EFRP must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange contract.

### Independently Controlled Accounts

The opposing accounts to an EFRP transaction must be (a) independently controlled accounts with different beneficial ownership; (b) independently controlled accounts of separate legal entities with common beneficial ownership; or (c) independently controlled accounts of the same legal entity, provided that the account controllers operate in separate business units.

For EFRP transactions between accounts with common beneficial ownership, the parties to the trade must be able to demonstrate the independent control of the accounts and that the transaction had economic substance for each party to the trade.

### Related Positions

The related position must be the commodity underlying the exchange contract, or must be a derivative, by-product, or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange contract.

Each EFRP requires a bona-fide transfer of ownership of the underlying asset between the parties or a bona fide, legally binding contract between the parties consistent with relevant market conventions for the particular related position transaction.

### Document Retention and Production

The documentation for the related position must be prepared and executed at the time of the EFRP transaction. The documentation must then be retained by the parties to the EFRP for a minimum of five years pursuant to CFTC Regulation 1.35. All documents relevant to the related position leg of the EFRP trade, the exchange leg of the EFRP trade, and payments must be provided upon request. Communications (e.g., emails, instant messages) related to the trade negotiation and execution must also be retained and provided upon request. **It is the responsibility of all participants, including brokers and customers, to retain and produce all documentation for the trade immediately upon request.**

Relevant documents for the related position leg of the EFRP trade are those customarily generated in accordance with cash market and/or other relevant market practices. Examples include:

- Commercial Contract
- Cash Confirmation
- OTC Contract
- Signed Swap Agreement
- Transfer of Ownership of the related position transaction
- Invoices
- Warehouse Receipts
- Bills of Sale
- Order tickets, trade blotters, emails, instant messages, etc. related to the order placement, execution, and/or confirmation of the EFRP
- Proof of payment (e.g. canceled checks, bank statements, Fed wire confirms, Fixed Income Clearing Corporation documents, bills of lading, etc.)

## EXCHANGE FOR RELATED POSITIONS (VERSUS CASH) ACKNOWLEDGEMENT (continued)

Account Name: \_\_\_\_\_

Joint Owner: \_\_\_\_\_

**Please check one:**

I hereby acknowledge that it is my responsibility to understand and comply with all EFRP rules of the exchange(s) on which EFRP contracts may be executed in my account(s). If I have any questions about the relevant rules and regulations I will not initiate any proposed EFRP transactions until I have discussed them with the ADMIS Compliance Department.

List the futures markets this account is participating in.

Identify the related cash or physical markets this account is participating in.

Is this account considered a commercial market participant (e.g. producer, merchant, dealers, and financial institution)?

Explain the commercial activity that supports the use of EFRPs in this account.

If this account will be doing Exchange for Risk (EFRs), list the OTC markets you are participating in.

or

**No EFRP transactions will be executed in my account(s) with ADMIS.** If this should change I understand that I need to notify the ADMIS Compliance Department and that I need to execute an updated EFRP Acknowledgement and submit it to the ADMIS Compliance Department.

The foregoing information is hereby certified to be true and accurate as of the date hereof.

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| <b>X</b> | SIGNATURE   |  |
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