



**ADM Investor Services, Inc.**  
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**ADMIS.COM**

# ADM Investor Services, Inc. Disclosure Document

May 31, 2018

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**ADM Investor Services, Inc. (“ADMIS”)**

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**Contents**

Section 1-Principals of ADMIS..... 3

Section 2-Business Activities and Product Lines engaged in by ADMIS..... 6

Section 3-ADMIS Customer Business..... 6

Section 4-Material risks of entrusting funds to ADMIS ..... 7

Section 5-Designated Self-Regulatory Organization for ADMIS ..... 10

Section 6-ADMIS Audited Financial Statements ..... 10

Section 7-Material Administrative, Civil, Criminal, Or Enforcement Actions Pending Or Taken In The Last Three Years ..... 10

Section 8-Customer Complaint Procedures..... 10

Section 9-Financial Information..... 11

Section 10-Overview of customer fund segregation, FCM collateral management and investments, and of FCMs and joint FCM/Broker Dealers ..... 12

Section 11-Summary of current risk practices, controls and procedures at ADMIS ..... 13

## Section 1-Principals of ADMIS

### **Thomas R. Kadlec, President**

141 West Jackson Boulevard, Chicago, IL 60604

*Business background:*

President of ADM Investor Services, Inc. since March, 2010

Chief Financial Officer of ADM Investor Services, Inc. from 1997 to March, 2010

Controller of ADM Investor Services, Inc. from 1990 to 1997

Various positions at CME Group and other FCM's from 1980 to 1990

*Areas of responsibility:*

President

*Nature of duties:*

Oversight of ADM Investor Services, Inc., ADM Investor Services International and ADM Investor Services Hong Kong

### **Thomas J. Anderson, Senior Vice President**

141 West Jackson Boulevard, Chicago, IL 60604

*Business background:*

Senior Vice President ADM Investor Services, Inc.

Wagner Advisory LLC Principal 2014

Chief Financial Officer Allston Trading LLC 2012 to 2013

Executive Vice President and Chief Financial Officer RJ O'Brien 2008 to 2011

Chief Operating Officer / Chief Financial Officer Calyon Financial Inc. 2000 to 2007

Public Accountant and CFO at an FCM 1987 to 2000

*Areas of responsibility:*

Senior Vice President, ADM Investor Services Inc.

*Nature of duties:*

Oversight of Accounting, Compliance, and Treasury departments

**John M. Walls, Senior Vice President and Chief Information Officer**

141 West Jackson Boulevard, Chicago, IL 60604

*Business background:*

Senior Vice President and Chief Information Officer at ADM Investor Services Inc. since March 2017  
Vice President, IT Operations/Vice President Information Solutions/Interim Chief Information Officer at Archer Daniels Midland Company from August 2013 – March 2017  
Senior Vice President, IT and Operations at ADM Investor Services Inc. from July 2008 to March 2015  
Executive Vice President and Chief Operating Officer at Iowa Grain Company from 2001 to 2008  
Chief Information Officer at Iowa Grain Company from 1992 to 2001  
Back Office Manager at LIT America from 1987 to 1992

*Areas of responsibility:*

Chief Information Officer and oversight of Foreign Exchange Services

*Nature of duties:*

Oversight of Foreign Exchange Division and IT Management at ADM Investor Services, Inc.

**Greg Hostetler, Chief Compliance Officer**

141 West Jackson Boulevard, Chicago, IL 60604

*Business background:*

Chief Compliance Officer at ADM Investor Services, Inc. since July 2016  
Chief Compliance Officer, Futures Division at Wedush Securities from December 2014 to July 2016  
Chief Compliance Officer, at various FCM's from February 2000 to December 2014  
Director of Compliance at ADM Investor Services, Inc. November 1988 to February 2000  
Auditor, National Futures Association, from January 1987 to November 1988

*Areas of responsibility:*

Compliance Department

*Nature of duties:*

Administering the policies and procedures of ADMIS to ensure compliance with industry rules and regulation

**Richy Macanip, Vice President and Chief Accounting Officer**

141 West Jackson Boulevard, Chicago, IL 60604

*Business background:*

Vice President and Chief Accounting Officer at ADM Investor Services, Inc. since 2010  
Vice President and Controller at ADM Investor Services, Inc. from 2003 to 2010  
Controller at ADM Investor Services, Inc. from 1998 to 2003

*Areas of responsibility:*

Vice President and Chief Accounting Officer

*Nature of duties:*

Oversight of Accounting and Financial Reporting

**Peter Michuda, Vice President and Treasurer**

141 West Jackson Boulevard, Chicago, IL 60604

*Business background:*

Vice President and Treasurer at ADM Investor Services, Inc. since May of 2005

Vice President and Treasurer at ED&F Man/Man Financial from 1995 to 2004

Cash Manager at Geldermann, Inc. from 1989 to 1994

*Areas of responsibility:*

Treasury and Risk Departments

*Nature of duties:*

Oversight of treasury operations and cash management functions

Oversight of client risk and credit review

**Chris Damilatis, Vice President**

One Penn Plaza, New York, NY 10119

*Business background:*

Vice President & New York Branch Office Manager at ADM Investor Services, Inc. since September of 2009

President at Prudential Bache Securities from 2002 to 2008

Managing Director and Head of Futures Division at Prudential Bache Commodities from 2002 to 2008

Managing Director and Head of Futures at HSBC Securities from 1990 to 2002

Vice President at Drexel Burnham Lambert from 1986 to 1990

*Areas of responsibility:*

Vice President and New York Branch Office Manager

*Nature of duties:*

Management of New York Institutional Sales Office

**D. Cameron Findlay, Director**

Archer Daniels Midland Company, 77 West Wacker Drive, Chicago, IL 60601

*Business background:*

Senior Vice President, General Counsel & Secretary of Archer Daniels Midland Company since July 2013.

Senior Vice President, General Counsel and Secretary of Medtronic, Inc. from 2009 to June 2013.

Executive Vice President and General Counsel at Aon Corporation from 2003 to 2009.

*Areas of responsibility:*

Director

*Nature of duties:*

Director

**Ray G. Young, Director**

Archer Daniels Midland Company, 77 West Wacker Drive, Chicago IL 60601

*Business background:*

Senior Vice President of Archer Daniels Midland Company since November 2010. Chief Financial Officer of Archer Daniels Midland Company since December 2010. Vice President, International Operations at General Motors from February 2010 to October 2010. Chief Financial Officer at General Motors from March 2008 to January 2010.

*Areas of responsibility:*

Director

*Nature of duties:*

Director

**Section 2-Business Activities and Product Lines engaged in by ADMIS**

<b>Business Activity/Product Line</b>	<b>Percentage of Assets Used</b>	<b>Percentage of Capital Used</b>
Futures, options, cleared swaps	99.9%	99.9%
Non-retail forex	.1%	.1%

**Section 3-ADMIS Customer Business**

*Types of customers:*

Retail, Hedging, Commercial, Institutional, Managed Futures, Commodity Pools

*Markets traded:*

All major markets including the following:

B3-Brasil Bolsa Balcao	Minneapolis Grain Exchange
Borsa Italiana	Montreal Exchange
Bursa Malaysia Derivatives Berhad	Nasdaq Futures Exchange
CBOE Futures Exchange	NASDAQ OMX Commodities Europe
Chicago Mercantile Exchange	New Zealand Exchange
Dubai Mercantile Exchange	Nodal Exchange
EUREX Exchange	One Chicago
Euronext	Osaka Securities Exchange
Hong Kong Futures Exchange	Shanghai Futures Exchange
ICE Futures Canada	Singapore Exchange
ICE Futures Europe	South African Futures Exchange
ICE Futures US	Taiwan Futures Exchange
London Metals Exchange	Tokyo Commodity Exchange
Marche a Terme International de France	Tokyo Financial Exchange
Marche des Options Negociables de Paris	Tokyo Stock Exchange
MEFF Sociedad Rectora del Mercado de Productos Derivados	

*International businesses:*

Branch/Satellite offices and affiliates in Taiwan, Hong Kong, Singapore and Shanghai. ADM Investor Services International, Ltd. is an affiliated broker in London.

*Clearinghouses used:*

CME Clearing	ICE Clear US
ICE Clear Europe	LCH Clearnet
Options Clearing Corp.	Nodal Clear
NZ Clearing Corp.	

*Carrying brokers used:*

ADM Investor Services International	Kenanga Deutsche Futures
Hencorp Commcor	SG Americas Securities
Societe Generale Capital Canada	

*Policies and procedures concerning the choice of bank depositories, custodians, and counterparties to permitted transactions under §1.25:*

Major custodial and settlement banks are selected on the basis of corporate relationships, creditworthiness, futures industry experience and operational expertise of the services required. ADMIS will use the services of small banks that are local to some of the IBs for ease of receiving deposits. External carrying brokers are selected based on a financial review, operational expertise and relationship factors. Banks and carrying brokers are reviewed periodically to manage exposure and concentration.

## **Section 4-Material risks of entrusting funds to ADMIS**

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

Investments made by any FCM have an element of risk. Among those risks are the following:

**Interest Rate Risk**

Interest rate risk is the possibility that a fixed-rate debt instrument will decline in value as a result of a rise in interest rates.

**Business Risk**

Business risk is the possibility a company will have lower than anticipated profits or experience a loss rather than taking a profit. Business risk is influenced by numerous factors, including sales volume, per-unit price, input costs, competition, the overall economic climate and government regulations. Business risk impairs a company's ability to provide its investors and stakeholders with adequate returns. The company is also exposed to financial risk, liquidity risk, systematic risk, exchange-rate risk and country-specific risk.

**Credit Risk**

This refers to the possibility that a particular bond issuer will not be able to make expected interest rate payments and/or principal repayment. Typically, the higher the credit risk, the higher the interest rate on the bond.

#### Counterparty Risk

This refers to the possibility that a counterparty to a transaction may not honor an obligation related to that transaction. The failure to honor the obligation may subject the investor to financial exposure.

#### Inflationary Risk

Inflationary risk is the chance that the value of an asset or income will be eroded as inflation shrinks the value of a country's currency. Put another way, it is the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.

#### Liquidity Risk

Liquidity risk refers to the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.

#### Market Risk

Market risk, also called systematic risk, is a risk that will affect all securities in the same manner. In other words, it is caused by some factor that cannot be controlled by diversification.

#### Social/Political/Legislative Risk

Risk associated with the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value is called social or political risk.

#### Currency/Exchange Rate Risk

Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. ADMIS attempts to manage these risks by following an investment policy whose objectives are preservation of principal, maintenance of liquidity, yield enhancement and, for customer funds, continuous compliance with the provisions of CFTC rule 1.25.

Short-term investments are recorded on a trade-date basis and consist primarily of U.S. Treasury obligations and short term investments, such as bank trust accounts and overnight repurchase agreements with financial institutions. All securities are carried at fair value based on quoted market prices. The cost associated with securities transactions is relieved on a specific-identification basis. Repurchase agreements are accounted for as collateralized financing and carried at their contracted value, which approximates fair value. ADMIS' policy is to obtain possession of the collateral and to monitor the value daily. ADMIS' reverse repurchase agreements generally have a maturity of one day.

ADMIS may invest customer funds in the following instruments as provided by CFTC regulation 1.25:

- U.S. government securities;
- U.S. agency obligations. Investments in U.S. agency obligations may not exceed 50 percent of the total assets held in segregation.
- Certificates of deposit issued by a bank. Investments in certificates of deposit may not exceed 25 percent of the total assets held in segregation



- Money market mutual funds. Interests in any single family of money market mutual funds may not exceed 25 percent of total assets held in segregation. Interests in any individual money market mutual fund may not exceed 10 percent of total assets held in segregation.

Except for investments in money market mutual funds, the dollar-weighted average of the time-to-maturity of the portfolio, may not exceed 24 months.

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

With a diversified client base and multiple means of accessing the markets, ADMIS is faced with a multitude of risks, primarily market exposure and customer counterparty but also including liquidity, foreign exchange, legal, operational, settlement, segregation, technological and capital.

Effective risk management has always been a business imperative for ADMIS and with volatile market and regulatory environments, the focus on risk management has become an even greater priority. Every employee at ADMIS is encouraged to act as a risk manager: to be cognizant of any unusual business activity and to report such activity to their supervisors or to the Risk department.

*Risks to ADMIS created by its affiliates and their activities, including investment of customer funds in an affiliated entity:*

ADMIS is mindful of risks posed by its affiliates. Any material issues of non-performance will be brought to the immediate attention of Archer Daniels Midland Company (“ADM”).

ADMIS may not invest customer funds in obligations of an entity affiliated with ADMIS.

*Significant liabilities, contingent or otherwise, and material commitments:*

The Company leases office space and equipment under non-cancelable leases that expire on various dates through fiscal year 2030. The leases for office space contain escalation clauses that provide for an annual adjustment of the base rent based upon changes in the consumer price index. In addition, the Company is subject to annual charges for common maintenance costs of the buildings.

The Company is a member of various U.S. and non U.S. exchanges that trade and clear futures and options on futures contracts. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member that may default on its obligations to the exchanges or clearing corporations. While the rules governing different exchange memberships vary, in general, the Company’s obligations would arise only if the exchange had previously exhausted its resources. In addition, any such obligation would be apportioned among the other non-defaulting members of the exchange. Any potential contingent liability under these membership agreements cannot be estimated. The Company has made no specific guarantee and has not recorded any contingent liability in its consolidated financial statements for these agreements, and management believes that any potential requirement to make payments under these agreements is remote.

In the normal course of business, the Company is subject to litigation and arbitration matters. Management of the Company believes that there are no outstanding matters that will result in a material adverse effect on the Company's consolidated statement of financial condition.

## **Section 5-Designated Self-Regulatory Organization for ADMIS**

Chicago Board of Trade  
141 West Jackson Boulevard  
Chicago, Illinois 60604  
<http://www.cmegroup.com>

## **Section 6-ADMIS Audited Financial Statements**

<http://admis.com/who-we-are/financials>

## **Section 7-Material Administrative, Civil, Criminal, Or Enforcement Actions Pending Or Taken In The Last Three Years**

There have been no material administrative, civil or criminal actions filed against ADMIS within the past three years

## **Section 8-Customer Complaint Procedures**

When a customer has a question about an account or a trade, the first place to turn is the account representative or introducing broker for the account. The account representative or introducing broker can look into, and in most cases, resolve the matter. A customer may also contact the ADMIS Compliance Department at [admiscompliance@admis.com](mailto:admiscompliance@admis.com) or 312-242-7000 with any complaint about an account carried at ADMIS.

CME Group, through its Market Regulation department, offers a forum for resolving certain disputes concerning its exchanges. CME Group can only arbitrate claims that concern CME, CBOT, NYMEX or COMEX related matters or products and involve:

- Individual members of CME, CBOT, NYMEX or COMEX or their employees;
- CME, CBOT, NYMEX or COMEX clearing member firms, or their employees; or
- Introducing brokers or their employees in instances where the introducing broker is guaranteed by a CME, CBOT, NYMEX or COMEX clearing member firm.

For more information about the CME arbitration program, call the CME at 312-930-1000, or visit [www.cmegroup.com](http://www.cmegroup.com).

The CFTC also offers a dispute-resolution forum called Reparations. The Reparations program provides an inexpensive, impartial, and efficient forum for customer complaints against futures industry professionals for alleged violations of the Commodity Exchange Act. Customers may bring complaints against futures industry professionals registered with the CFTC at the time of the alleged wrongdoing or registered with the CFTC at the time the complaint is filed. Reparations cases are decided by a CFTC Judgment Officer. For information about the CFTC's reparations program, call the CFTC Office of Proceedings in Washington, D.C., at 202-418-5250, or visit [www.cftc.gov](http://www.cftc.gov).

## Section 9-Financial Information

Total equity	\$344,000,000
Regulatory capital	\$312,000,000
Net worth	\$344,000,000

The dollar value of the ADMIS' proprietary margin requirements as a percentage of the aggregate margin requirement for:

Futures customers	N/A
Cleared Swaps customers	N/A
30.7 customers	N/A

The smallest number of customers that comprise 50 percent of the ADMIS' total funds held for:

Futures customers	114
Cleared Swaps customers	1
30.7 customers	4

The aggregate notional value by asset class of all non-hedged principal over-the-counter transactions into which ADMIS has entered:

Asset Class	Aggregate Notional Value
None	None

Unsecured lines of credit (or similar short-term funding) that ADMIS has obtained but not yet drawn upon

Purpose	Source	Amount
N/A		

Aggregated amount of financing ADMIS provides for customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate prices:

\$0

The percentage of customer receivable balances that the futures commission merchant had to write-off as uncollectable during the past 12-month period as compared to the current balance of funds held as compared to the current balance of funds:

Futures customer	<1%
Cleared Swaps Customer	0%
30.7 customer receivable	0%

Note: Financial information is current as of April 30, 2018.

## Section 10-Overview of customer fund segregation, FCM collateral management and investments, and of FCMs and joint FCM/Broker Dealers

ADMIS is a Futures Commission Merchant (“FCM”). An FCM is a company which solicits or accepts orders to buy or sell futures contracts or commodity options and accepts money or other assets from customers in connection with such orders. An FCM must be registered with the CFTC.

FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- Customer Segregated Accounts for customers that trade futures and options on futures listed on US futures exchanges;
- 30.7 Accounts for customers that trade futures and options on futures listed on foreign boards of trade; and
- Cleared Swaps Customer Accounts for customers trading swaps that are cleared on a DCO registered with the Commission.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the Commission may permit by order.

### *Customer Segregated Account.*

Funds that Segregated Customers deposit with an FCM to margin futures and options on futures contracts traded on futures exchanges located in the US are held in a Customer Segregated Account. Customer Segregated Funds held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.

All Customer Segregated Funds may be commingled in a single omnibus Customer Account, and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM’s Segregated Customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the US; (ii) in a money center country; or (iii) in the country of origin of the currency.

An FCM must hold sufficient US dollars in the US to meet all US dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Assets denominated in a currency may be held to meet obligations denominated in another currency (other than the US dollar) as follows: (i) US dollars may be held in the US or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies may be held in the US or in money center countries to meet obligations denominated in currencies other than the US dollar.

### *30.7 Account.*

Funds that 30.7 Customers deposit with an FCM to margin futures and options on futures contracts traded on foreign boards of trade are held in a 30.7 Account in accordance with CFTC Rule 30.7.

Funds required to be held in the 30.7 Account for or on behalf of 30.7 Customers may be commingled in an omnibus 30.7 Account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside the US that has in excess of \$1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization's or foreign broker's designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's 30.7 Customers.

*Cleared Swaps Customer Account.*

Funds deposited with an FCM to margin swaps cleared through a registered DCO are held in a Cleared Swaps Customer Account. Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's Cleared Swaps Customers.

An FCM also deposits a portion of its own funds in Customer Segregated, 30.7 and Cleared Swaps Customer Accounts as a buffer to assure that the FCM is always in compliance with the relevant provisions of the Act and CFTC rules governing the segregation of Customer Funds. Such excess funds represent the FCM's Residual Interest in those accounts. All FCM excess funds are held for the exclusive benefit of the FCM's customers while held in a Customer Segregated, 30.7 and Cleared Swaps Customer Accounts. An FCM is required to have written policies and procedures regarding the establishment and maintenance of the FCM's Targeted Residual Interest in each type of Customer Account.

FCMs may invest Customer Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. CFTC rules further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds.

## **Section 11-Summary of current risk practices, controls and procedures at ADMIS**

ADM Investor Services, Inc. (ADMIS) is a Futures Commission Merchant (FCM) regulated by the Commodity Futures Trading Commission (CFTC), the National Futures Association (NFA) and various exchange operators such as CME Group and Intercontinental Exchange.

The CFTC enacted a variety of customer protection rules in 2013 to engage FCM leadership to develop, implement and maintain compliance and risk safeguards to ensure that customer assets are protected and secure.

One such rule, Reg. 1.11 requires an FCM to document risk management activities, to develop a program to monitor and manage risks associated with ADMIS' activities, and to submit a report of ADMIS' Risk Management Program (RMP) to the CFTC.

The ADMIS RMP is required to be approved annually by ADMIS senior management and presented to the ADMIS Board of Directors for its review and approval.

## ADM Investor Services – Disclosure Document

ADMIS Board of Directors approves the ADMIS Risk Management Program.

The ADMIS Risk Management Committee meets monthly to oversee the program and to review risk exposures, incidents and risk mediation efforts. The committee also approves the quarterly updates to the Board of Directors and the CFTC as required by Reg. 1.11.

Membership of the Risk Management Committee at a minimum includes the President, Senior Vice Presidents, Treasurer, Chief Accounting Officer, Chief Compliance Officer and other senior managers as appointed by the President.

The mission of the risk management program is to establish, maintain, and enforce a system of risk management policies and procedures designed to monitor and manage the risks associated with the activities of ADMIS as a Futures Commission Merchant. The program is guided by two overarching objectives: the safeguarding of customer property and the protection of the firm's capital.

With a diversified client base and multiple means of accessing the markets, ADMIS is faced with a multitude of risks, primarily market exposure and customer counterparty but also including liquidity, foreign exchange, legal, operational, settlement, segregation, technological and capital.

Effective risk management has always been a business imperative for ADMIS and with volatile market and regulatory environments, the focus on risk management has become an even greater priority. Every employee at ADMIS is encouraged to act as a risk manager: to be cognizant of any unusual business activity and to report such activity to their supervisors or to the Risk department.

The various elements of the Risk Management Program are subject to annual review by the ADM Corporate Audit department. The results of the Risk Management Program audit are reported to the ADMIS Board of Directors.