



THE MANITOBA
SECURITIES
COMMISSION

THE COMMODITY FUTURES ACT)
)
Section 66(1))
) **Order No. 6601**
) **October 17, 2012**

ROSENTHAL COLLINS GROUP LLC

WHEREAS:

(A) Rosenthal Collins Group LLC ("RCG") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to section 66(1) of the *Commodity Futures Act* (Manitoba) (the "CFA") exempting RCG and those individual representatives trading in commodity futures contracts and commodity futures options ("Contracts") under the CFA and acting on its behalf (the "Applicant") from the reporting requirements set forth under section 4.1 of MSC Rule 2000-11 where a dealer relying on the exemption from the registration requirements under clause 34(a) of the CFA must file with the Commission a fully-completed written report in the form of Form 18 within 10 days of the date of the exempt trade (the "Form 18 Relief").

(B) The Applicant has represented to the Commission that:

- (1) The Applicant is a limited liability company established under the laws of the State of Illinois, U.S.A. and its principal place of business is Chicago, Illinois.
- (2) The Applicant is registered as a Futures Commission Merchant with the US Commodity Futures Trading Commission ("US CFTC") and is a member of the US National Futures Association for the purposes of trading in respect of Contracts.
- (3) The Applicant is not, and will not be, registered in any capacity under the CFA.
- (4) Section 34 of the CFA states that subject to the regulations and the rules registration is not required in respect of a trade in a Contract (a) by a hedger through a dealer; and (b) by a person or company acting solely through an agent that is a registered dealer.
- (5) MSC Rule 2000-11 further states that a firm cannot rely on the registration exemption in clause 34(a) of the CFA unless all of the following are correct:

- (a) the trade is made on a commodity futures exchange recognized by the Commission under section 36 of the CFA or exempted from the requirement for recognition under section 36 of the CFA;
 - (b) the dealer through which the trade is effected has insurance in place with respect to the trade that is in all respects at least equivalent to the insurance required by a futures commission merchant under MSC Rule 2000-11;
 - (c) the dealer through which the trade is effected files with the commission a fully-completed written report in Form 18 within 10 days of the date of the trade; and
 - (d) the dealer and the hedger for whose benefit the trade was effected both sign the Form 18 report and certify the accuracy of its contents.
- (6) The Applicant has advised the Commission that it intends to rely on clause 34(a) of the CFA to transact trades in Contracts listed on a commodity futures exchange recognized by the Commission under section 36 of the CFA, or exempted from the requirement for recognition under section 36 of the CFA, and with those clients that qualify as a "hedger" as that term is defined in the CFA (the "Hedger Clients").
- (7) The Form 18 requires disclosure on the Hedging Client's trading activity and requires that the Applicant certify that it has made all necessary inquiries to determine whether the Hedging Client qualifies as a "hedger" as defined in the CFA.
- (8) Form 18 requires that additional filings be made with the Commission within 10 days of each additional trade.
- (9) The Applicant has submitted that to file the Form 18 every 10 days is unduly onerous given the ongoing and repetitive nature of trading in the Contracts.

(C) Based on the foregoing, the Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. **THAT** pursuant to section 66(1) of the CFA, the Form 18 Relief is granted in connection with conducting trades in Contracts in respect of Hedging Clients, provided that:
 - (a) the Applicant remains registered in good standing as a Futures Commission Merchant with the US CFTC;
 - (b) a fully-completed written report in the form of Form 18 shall be filed with the Commission within 10 days of the date of the first exempt trade for each Hedging Client;

- (c) within 30 days following the end of its financial year, the Applicant shall submit to the Commission an annual report in the form of Form 18 under MSC Rule 2000-11 of all trades conducted in reliance on clause 34(a) of the CFA;
- (d) the Applicant consents to provide information to the Commission, upon request, with regards to its trading activities conducted on behalf of residents of Manitoba;
- (e) the Form 18 Relief shall expire immediately upon the issuance of an order or decision by the Commission that suspends or terminates the ability of the Applicant to rely on the exemption under clause 34 (a) of the CFA or any change in the reporting requirements set out in section 4.1 of MSC Rule 2000-11.

2. **THAT** the fee for this order is \$650.00.

BY ORDER OF THE COMMISSION



Director - Legal