

Rosenthal Collins Group, L.L.C. and Subsidiaries

Consolidated Statement of Financial Condition
December 31, 2009

This report is deemed PUBLIC in
accordance with Regulation 1.10(g) under
the Commodity Exchange Act.

ROSENTHAL COLLINS GROUP

March 26, 2010

Rosenthal Collins Group, L.L.C. and Subsidiaries, a registered futures commission merchant, is submitting this audited annual report and its attachments as of and for the year ended December 31, 2009. The person whose signature appears below represents that, to the best of their knowledge, all information contained therein is true, correct and complete.



Leslie Rosenthal, Class A Member

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Class A Members
Rosenthal Collins Group, L.L.C. and Subsidiaries

We have audited the accompanying consolidated statement of financial condition of Rosenthal Collins Group, L.L.C. and Subsidiaries (the Company) as of December 31, 2009 that you are filing pursuant to Regulation 1.10 under the Commodity Exchange Act. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial position of Rosenthal Collins Group, L.L.C. and Subsidiaries as of December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated statement of financial condition taken as a whole. The information contained in Schedules I, II, III, and IV is presented for purposes of additional analysis and is not a required part of the basic consolidated statement of financial condition, but is supplementary information required by regulations under the CEAct. These schedules are the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated statement of financial condition and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated statement of financial condition taken as a whole.

McGladrey & Pullen, LLP

Chicago, Illinois
March 29, 2010

Rosenthal Collins Group, L.L.C. and Subsidiaries

Consolidated Statement of Financial Condition

December 31, 2009

Assets

Cash and cash equivalents	\$ 102,187,000
Deposits with exchange clearing organizations	637,411,000
Securities purchased under the agreements to resell	12,193,953,000
Securities owned (\$9,917,673,000 pledged)	11,054,880,000
Cash commodities, pledged	22,084,000
Receivables:	
Customers, net	78,525,000
Clearing organizations	31,003,000
Brokers	658,365,000
Dealers	9,631,000
Other	5,445,000
Exchange memberships, at cost (fair value \$4,100,000)	1,833,000
Shares in exchange, at fair value	4,032,000
Computer software, equipment and leasehold improvements, net	6,954,000
Other assets	88,000
Total assets	<u><u>\$ 24,806,391,000</u></u>

Liabilities and Members' Equity

Liabilities	
Securities sold under the agreements to repurchase	\$ 11,062,793,000
Securities sold, not yet purchased	12,242,421,000
Payables	
Customers	1,315,712,000
Clearing organizations	299,000
Brokers	39,456,000
Accounts payable, accrued expenses and other liabilities	14,825,000
	<u>24,675,506,000</u>
Liabilities subordinated to claims of general creditors	5,000,000
Members' equity	<u>125,885,000</u>
Total liabilities and members' equity	<u><u>\$ 24,806,391,000</u></u>

See Notes to Consolidated Statement of Financial Condition.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 1. Nature of Operations and Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of Rosenthal Collins Group, L.L.C. (RCG), an Illinois limited liability company, and its subsidiaries, Rosenthal Global Securities, L.L.C. (RGS), Rosenthal Collins Capital Management, L.L.C. (RCCM), Rosenthal Collins Group (U.K.) Limited (RCG UK), Rosenthal Collins Pool Operators (Cayman) Ltd. (RCPO) and MG Financial LLC (MGF) (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of operations: RCG is registered as a futures commission merchant (FCM) with the Commodity Futures Trading Commission (CFTC), is a member of the National Futures Association (NFA), and is a clearing member of all principal commodity exchanges in the United States and the Fixed Income Clearing Corporation (FICC). RCG primarily executes and/or clears customer and principal transactions in exchange-traded futures and options on futures contracts. RCG's customers are located primarily in North America and Europe.

RGS is a registered government securities broker-dealer and futures commission merchant engaged in the business of buying, selling and dealing in securities backed or guaranteed by the full faith and credit of the United States Government for its own account. RGS effects no financial transactions with customers as is defined in Rule 15c3-3(a)(1).

RCCM is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority. RCCM intends to participate in underwritings on a "best-efforts" basis and to act as an agent in private equity placements of direct participation programs. RCCM has not yet commenced operations.

RCG UK is a London-based entity established to facilitate RCG's customer trading activities in foreign exchange and foreign exchange derivative transactions. The entity has applied for a registration with the Financial Services Authority and has not yet commenced operations.

RCPO is a Cayman Island corporation organized in March 2009. RCPO administers the business and affairs of two commodity funds organized in Cayman Islands. RCPO also selects independent commodity trading advisors who make the trading decisions for the funds.

MGF is a futures commission merchant registered with the CFTC and is a member of the NFA. MGF operates as a market maker of spot foreign exchange transactions for its customers.

The operating agreement of RCG provides, among other things, that RCG shall dissolve no later than December 1, 2028.

Accounting policies: The Company follows the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure consistent reporting of financial condition, results of operations, and cash flows. In June 2009, the FASB issued *Accounting Standards Codification (Codification)* which is the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification does not change GAAP, but combines all authoritative standards into a comprehensive, topically organized online database. One level of authoritative GAAP exists, other than guidance issued by the SEC. All other accounting literature excluded from the Codification is considered non-authoritative. The Codification was made effective by the FASB for periods ending on or after September 15, 2009. This consolidated financial statement reflects the guidance in the Codification.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Securities and derivative financial instruments: Transactions in securities and derivative financial instruments are recorded on trade date. Securities owned and sold, not yet purchased and derivative financial instruments are carried at fair value with unrealized gains and losses reflected in revenue.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net in the consolidated statement of financial condition.

Resale and repurchase agreements: The Company enters into transactions with broker-dealers and other financial institutions to purchase securities under agreements to resell (resale agreements) and sale securities under agreements to repurchase (repurchase agreements). Substantially all such transactions are entered into on a matched basis utilizing the same collateral and are accounted for as collateralized financing transactions. These transactions are carried at their contracted resale or repurchase amounts as specified in the respective agreements; such amounts include accrued interest. Transactions cleared through the FICC are reported in the consolidated statement of financial condition on a net basis by settlement date and by instrument. The Company takes possession of collateral under resale agreements with a fair value equal to or in excess of the principal amount loaned, monitors the fair value of the underlying collateral as compared to the related receivable, and obtains additional collateral as appropriate.

Exchange memberships and shares in exchange: Exchange memberships include trading rights and publicly traded shares of exchange stock required to be held for membership privileges. Trading rights are carried at cost and are evaluated periodically for impairment. Shares of exchange stock held for membership privileges are carried at fair value as the Company has elected the fair value option (Note 3).

Computer software: The Company capitalizes certain costs associated with computer software developed for internal use. Capitalization begins when both the preliminary project is completed and management authorizes further funding of the project. Capitalized costs include external direct costs of materials and services consumed in developing or obtaining internal-use software, and payroll and payroll-related costs for employees directly associated with, and who devoted time to, the development of the internal-use software. Capitalization of such costs ceases when the project is completed and ready for its intended purpose. Computer software, tested annually for impairment, is amortized on a straight-line basis over three years.

Equipment and leasehold improvements: Equipment is depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or the estimated useful life of the improvement.

Commissions: Commission income and related expenses are recognized on trade date.

Foreign exchange translation: Assets and liabilities denominated in foreign currencies are translated at year-end rates of exchange. Income and expense items are translated at average rates of exchange for the year.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Income taxes: The consolidated financial statements do not reflect any U.S. income tax provision or liability for the Company since the income or loss of the Company is includable in the federal income tax returns of the individual members. The Company is subject to certain foreign and state income taxes.

FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions through December 31, 2009. The Company is generally not subject to examination by U.S. federal, state, and foreign tax authorities for tax years before 2006.

Cash equivalents: Cash equivalents include short-term, highly liquid investments, with original maturities of three months or less, that are not held for sale in the ordinary course of business.

Note 2. Assets Segregated or Held in Separate Accounts Under Federal and Other Regulations

At December 31, 2009, included in the consolidated statement of financial condition are assets segregated or held in separate accounts under the Commodity Exchange Act as follows:

Cash and cash equivalents	\$ 75,131,000
Deposits with exchange clearing organizations	590,622,000
Receivables from clearing organizations	31,314,000
Receivable from brokers	24,762,000
Securities owned	58,831,000
	<u>\$ 780,660,000</u>

Note 3. Assets and Liabilities Reported at Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3).

The Company's assets and liabilities measured at fair value are reported using quoted market prices. Securities that trade in active markets and are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency are classified within Level 1. Exchange-traded derivative contracts are valued using exchange settlement prices and are classified within Level 1. Cash commodities are valued using the price of the futures contract, discounted for storage and financing costs.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 3. Assets and Liabilities Reported at Fair Value (Continued)

There are no Level 3 instruments as of and during the year ended December 31, 2009.

The Company elected the fair value option for shares of exchange stock held for membership privileges (the Shares), which would otherwise be reflected at cost under other applicable accounting guidance. The Company elected this option to reflect changes in unrealized gains and losses on the Shares that are allocated to members pursuant to the Company's operating agreement.

The following summarizes the Company's assets and liabilities measured at fair value at December 31, 2009. Substantially all assets and liabilities use Level 1 inputs under the fair value hierarchy.

	Level 1	Level 2
Assets		
Cash equivalents		
Money market mutual funds	\$ 75,000,000	\$ -
Deposits with exchange clearing organizations		
Margins		
Money market mutual funds	135,020,000	-
U.S. Government obligations	461,367,000	-
Foreign government obligations	14,539,000	-
Guarantee deposits		
Money market mutual funds	14,002,000	-
U.S. Government obligations	2,989,000	-
Total deposits with exchange clearing organizations	<u>627,917,000</u>	<u>-</u>
Securities owned		
U.S. Government obligations	11,048,775,000	-
Certificates of deposit	-	5,003,000
Other	1,102,000	-
Total securities owned	<u>11,049,877,000</u>	<u>5,003,000</u>
Cash commodities	<u>-</u>	<u>22,084,000</u>
Receivables		
Clearing organizations		
Futures contracts	(6,399,000)	
Options on futures contracts	(1,108,000)	
Brokers		
U.S. Government obligations	14,986,000	-
Total receivables	<u>7,479,000</u>	<u>-</u>
Shares in exchange	<u>4,032,000</u>	<u>-</u>
Total assets	<u>\$ 11,764,305,000</u>	<u>\$ 27,087,000</u>

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 3. Assets and Liabilities Reported at Fair Value (Continued)

	Level 1	Level 2
Liabilities		
Securities sold, not yet purchased		
U.S. Government obligations	\$ 12,238,123,000	\$ -
Stock in exchange	3,695,000	-
Other	603,000	-
Total securities sold short, not yet purchased	<u>12,242,421,000</u>	<u>-</u>
Total liabilities	<u>\$ 12,242,421,000</u>	<u>\$ -</u>

Note 4. Derivative Instruments

In accordance with recent FASB guidance, expanded disclosure is presented to provide the users of the financial statements with an enhanced understanding of the use of derivative instruments, and how derivative and hedging activities affect financial position, results of operations, and cash flows. The Company adopted the provisions of this guidance effective January 1, 2009.

The Company's derivatives activities are primarily the trading of exchange-traded futures and options on futures contracts. These derivative contracts are recorded on the statement of financial condition at fair values and the net trading gains and losses associated with these derivatives are recorded in the statement of income. The Company does not utilize and does not consider any derivative instruments to be hedging instruments, as those terms are generally understood.

At December 31, 2009, the Company's derivative activities had the following impact on the statement of financial condition:

	Statement of Financial Condition Location	Assets	Liabilities	Net
Interest rates	Receivables, clearing organizations	\$ 863,000	\$ (6,844,000)	\$ (5,981,000)
Equity indices	Receivables, clearing organizations	53,000	(130,000)	(77,000)
Currencies	Receivables, clearing organizations	1,737,000	(3,359,000)	(1,622,000)
Agricultural	Receivables, clearing organizations	1,280,000	(1,059,000)	221,000
Energy	Receivables, clearing organizations	17,000	(349,000)	(332,000)
Soft commodities	Receivables, clearing organizations	300,000	(62,000)	238,000
Metals	Receivables, clearing organizations	78,000	(32,000)	46,000

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 4. Derivative Instruments (Continued)

For the year ended December 31, 2009, the total volume of derivative contracts bought and sold by the Company for trading purposes was approximately 29,000,000.

Note 5. Deposits with Clearing Organizations

Deposits with clearing organizations at December 31, 2009 consist of:

Margins		
U.S. Government obligations	\$	461,367,000
Money market mutual funds		135,020,000
Foreign government obligations		14,539,000
Cash		7,611,000
Guarantee deposits		
Money market mutual funds		14,002,000
U.S. Government obligations		2,989,000
Cash		1,883,000
	\$	<u>637,411,000</u>

Note 6. Receivables from and Payables to Brokers

Receivable from and payable to brokers at December 31, 2009 consists of:

	Receivables	Payables
Clearing brokers	\$ 32,807,000	\$ -
Broker-dealers		
Net receivable from broker-dealers for unsettled securities	607,207,000	-
Securities failed-to-deliver/receive	18,351,000	(39,456,000)
	<u>\$ 658,365,000</u>	<u>\$ (39,456,000)</u>

Securities owned, cash and financial instruments held at the Company's brokers collateralize securities sold, not yet purchased and amounts due to brokers, if any, and may serve to satisfy regulatory or margin requirements.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 7. Collateral

Resale and repurchase agreements are carried at contract values that are substantially equal to the aggregate fair values of collateral obtained under resale agreements and pledged under repurchase agreements.

GAAP allows for the netting of resale and repurchase agreements if certain conditions are met. At December 31, 2009, these conditions are met for agreements totaling \$518,082,000.

At December 31, 2009, the fair value of collateral obtained under resale agreements was \$12,707,192,000 (including collateral delivered to satisfy delivery obligations from short positions of \$11,658,549,000). This amount includes collateral obtained in the form of U.S. Government obligations for transactions cleared through the FICC that are reported on a net basis. The approximate fair value of assets pledged as collateral under repurchase agreements arose from the following:

Securities owned	\$ 9,917,095,000
Securities owned that were sold, not yet settled	1,060,752,000
Fails to deliver	6,498,000
	<u>\$ 10,984,345,000</u>

Note 8. Receivables from and Payables to Customers

Receivables from and payables to customers arise primarily from futures and options on futures transactions and include gains and losses on open trades. At December 31, 2009, receivable from customers is reflected net of an allowance for doubtful accounts of \$5,283,000. Securities, primarily U.S. Government obligations, and cash commodities owned by customers and held by the Company as collateral or as margin, and the fair value of customers' options on futures contracts are not reflected in the consolidated statement of financial condition. At December 31, 2009, the fair value of customer securities and cash commodities held that the Company is permitted by contract or custom to sell or repledge was \$290,013,000, of which \$258,770,000 was deposited as margin with exchange clearing organizations.

Note 9. Computer Software, Equipment and Leasehold Improvements

Computer software, equipment and leasehold improvements at December 31, 2009 consist of:

Computer software	\$ 8,570,000
Accumulated amortization	<u>(5,790,000)</u>
	<u>2,780,000</u>
Computer equipment	10,478,000
Leasehold improvements	<u>3,962,000</u>
	14,440,000
Accumulated depreciation and amortization	<u>(10,266,000)</u>
	<u>4,174,000</u>
	<u>\$ 6,954,000</u>

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 10. Line of Credit

The Company has a \$5,000,000 revolving line of credit with a bank at an interest rate of prime rate plus 1 percent (4.25 percent at December 31, 2009). Borrowings, if any, under this line of credit are due on demand and are generally collateralized by cash commodities. At December 31, 2009, there were no borrowings on the line of credit and \$5,000,000 is available.

Note 11. Liabilities Subordinated to Claims of General Creditors

Liabilities subordinated to claims of general creditors at December 31, 2009 consist of borrowings from several banks pursuant to a revolving loan agreement that expires June 15, 2010. The revolving loan agreement provides for borrowings of up to \$35,000,000 that mature one year from the date of the advance. Outstanding borrowings of December 31, 2009 of \$5,000,000 mature in December 2010 and bear interest at the prime rate plus 5 percent (8.25 percent at December 31, 2009). The agreement, among other things, requires the Company to maintain minimum amounts of members' equity and adjusted net capital, as defined.

The subordinated borrowings are available in computing adjusted net capital under the minimum capital requirements. To the extent that such borrowings are required for the Company's continued compliance with minimum capital requirements, they may not be repaid (see Note 18).

Note 12. Employee Benefit Plan

The Company maintains a 401(k) plan for qualified employees. The Company is required to match a percentage of employees' contributions up to a defined maximum, and may elect to make further discretionary contributions, subject to certain limitations as set forth in the plan agreement.

Note 13. Commitments and Contingencies

The Company leases office space and equipment under noncancelable operating lease agreements that expire at various dates through April 2014. At December 31, 2009, the aggregate minimum annual rental commitments under these leases, exclusive of additional payments that may be required for certain increases in operating expenses and taxes, are as follows:

2010	\$	2,635,000
2011		2,420,000
2012		2,320,000
2013		1,246,000
Thereafter		108,000
	\$	<u>8,729,000</u>

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 13. Commitments and Contingencies (Continued)

In the normal course of business, the Company is subject to litigation and arbitration matters. The Company vigorously defends against these claims and, in the opinion of management, the resolution of these matters will not result in any material adverse effect upon the Company's financial position.

Note 14. Related-Party Transactions

The Company provides clearing services to its members.

Certain members introduce customers to the Company.

MGF has agreements for certain services and the leasing of software from entities affiliated through common ownership.

Note 15. Guarantees and Indemnifications

At December 31, 2009, the Company has guaranteed bank loans of \$423,000 for certain customers who are members of commodity futures exchanges. These guarantees expire on various dates through August 18, 2014 and are secured by exchange memberships with approximate fair value of \$902,000. In the event these parties default on their loans and the value of the collateral is insufficient to pay the loans in full, the Company would be required to perform under these guarantees. Management believes that proceeds from liquidation of the collateral would cover the maximum potential amount of future payments under these guarantees.

The Company is a member of various commodity exchanges. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to these exchanges. While the rules governing different exchange memberships vary, in general, the Company's guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other nondefaulting members of the exchange. Any potential contingent liability under these membership agreements cannot be estimated and the risk of loss is remote.

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of future obligations under these indemnifications to be remote.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 16. Financial Instruments

Gains and losses from exchange-traded derivatives are computed based on quoted market prices. Gains and losses from spot foreign exchange transactions are computed using a pricing model that is intended to approximate the market value of the contracts. Unrealized gains and losses arising from futures, options on futures, securities and spot foreign exchange transactions are netted by counterparty and reflected as receivables or payables, securities owned and securities sold, not yet purchased, as appropriate.

Financial Instruments with Off-Balance Sheet Risk

Customer Activities: The Company's primary activities include the execution and/or clearance of exchange-traded futures and options on futures contracts for exchange members and institutional, commercial and retail customers. As such, the Company guarantees to the respective clearing house or counterparty its customers' performance under these contracts. The Company seeks to control the risk associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. Margin deposits represent good faith deposits by customers that reduce the risk to the Company of a failure to fulfill any obligations under these contracts on the part of customers. The Company monitors its exposure to risk of loss on an account-by-account basis. Pursuant to regulatory and internal guidelines, the Company requires customers to deposit additional collateral, or reduce or liquidate positions, when necessary. The Company believes that the deposits and collateral held at December 31, 2009 were adequate to minimize the risk of material loss that could be created by positions held at that time.

Financial Instruments Used for Trading Purposes: The Company enters into principal transactions in U.S. Government obligations, futures and options on futures contracts. Futures and options on futures contracts represent future commitments to purchase or sell other financial instruments at specific terms at specified future dates. Certain options held and written provide the Company the opportunity or the obligation to deliver or take delivery of specified financial instruments at a contract price. These financial instruments may have market risk and/or credit risk in excess of amounts recorded in the consolidated statement of financial condition.

The Company also enters into principal transactions to facilitate spot foreign currency customer activities. The market risk of these activities is monitored and managed through offsetting positions.

Market Risk: Derivative financial instruments, such as futures and options on futures contracts, involve varying degrees of market risk whereby changes in the market values of the underlying financial instruments may result in changes in the value of the derivative financial instruments in excess of the amounts reflected in the consolidated statement of financial condition. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments and the Company's inventories, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the Company's overall exposure to market risk. The Company attempts to control its exposure to market risk arising from the use of these financial instruments through various analytical monitoring techniques.

The Company has also sold securities that it does not currently own and will, therefore, be obligated to purchase such securities at a future date. The Company has recorded these obligations at December 31, 2009, at fair values of the related securities and will incur a loss if the fair value of the securities increases subsequent to December 31, 2009.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 16. Financial Instruments (Continued)

Credit Risk: The Company enters into transactions with clearing brokers, banks and other financial institutions. In the event these counterparties do not fulfill their obligations, the Company may be exposed to risk. Exchange-traded financial instruments, such as futures and options on futures contracts, generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements or the margin requirements of the individual exchanges. It is the Company's policy to monitor the creditworthiness of each party with which it conducts business.

Financial Instruments Used for Purposes Other Than Trading: The Company may be exposed to foreign currency fluctuations due to customer and principal trading activities. The Company enters into futures contracts to hedge against net exposure denominated in foreign currencies. Gains and losses on these contracts are recognized as adjustments to currency translation gains or losses.

Note 17. Members' Equity

The limited liability company operating agreement for RCG provides for three classes of members with varying rights, preferences, privileges and obligations. The Class A and Class B members have voting rights and authority to manage RCG's operations. The Class C members have no voting rights and do not participate in management by reason of such memberships. Any actions taken by the Class A or Class B members require the unanimous approval of the Class A members. The Class A members have the sole power and authority to carry out management responsibilities and control the day-to-day management of RCG's operations, including delegations of authority, distributions and admittance of new members. The Class A members have appointed officers to act in the usual and customary capacities of their respective offices for the day-to-day management of RCG's operations. Class A members also have the option to purchase the Class B and Class C membership interests, and the Class C members have the right to withdraw their membership interests subject to the minimum net capital rules (see Note 18). In the event of dissolution of RCG, Class C members are entitled to a liquidation preference.

As of December 31, 2009, members' equity balances were Class A \$49,698,000 and Class C \$76,187,000. As of December 31, 2009, there were no Class B members. Pursuant to the operating agreement, members' equity includes members' trading accounts and funds held. Members' equity may vary from day to day due to changes in operations and trading accounts, additions, distributions or withdrawals.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

Note 18. Net Capital Requirements

RCG is subject to the net capital requirements of the CFTC (Regulation 1.17), the NFA, and several other commodities regulatory organizations. Under these requirements, RCG is generally required to maintain "adjusted net capital" equivalent to the greater of \$500,000 or the sum of 8 percent of customer and 4 percent of noncustomer risk maintenance margin requirements on all positions, as these terms are defined. Adjusted net capital and risk maintenance margin requirements change from day to day, but at December 31, 2009, the Company had adjusted net capital of \$53,494,000, which was \$20,317,000 in excess of its required net capital of \$33,177,000. The minimum capital requirements may effectively restrict the withdrawal of members' equity.

As a clearing member of the FICC, RCG is required to maintain minimum capital, as defined. Also, RGS, RCCM, and MGF are subject to the minimum capital requirements of several regulatory organizations. At December 31, 2009, RCG and these subsidiaries were in compliance with all such requirements.

The Commodity Futures Trading Commission has adopted amendments to the minimum adjusted net capital requirements for futures commission merchants. Beginning March 31, 2010, among other things, the Company will be required to maintain "adjusted net capital" equivalent to the greater of \$1,000,000 or the sum of 8 percent of both customer and noncustomer risk maintenance margin requirements on all positions, including over-the-counter (OTC) derivative instruments, as these terms are defined. Management believes that this new requirement will not have a significant impact on the net capital of the Company.

Note 19. Subsequent Events

In May 2009, the FASB issued guidance establishing principles and requirements for subsequent events accounting and disclosure, setting forth general principles of accounting for and disclosures of events that occur after the balance sheet date but before the date the financial statements are either issued or available to be issued. In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 29, 2010, the date the consolidated financial statements were available to be issued.

Rosenthal Collins Group, L.L.C. and Subsidiaries

**Statement of the Computation of the Minimum Capital Requirements
December 31, 2009**

		Schedule I
Current assets		\$ 24,821,949,000
Total liabilities		24,735,207,000
Deductions from liabilities		
Liabilities subject to satisfactory subordination agreements		<u>5,000,000</u>
Net capital		91,742,000
Charges against net capital:		
Charge against market value of uncovered inventories		243,000
Charge against market value of commodities fixed price commitments and forward contracts		1,637,000
Charge against securities owned by firm		25,913,000
Undermargin charge on commodities futures and commodity options accounts		250,000
Charge against open commodity positions in proprietary accounts, uncovered contracts		8,470,000
Charge on unsecured receivables from foreign brokers		25,000
Adjustment to eliminate benefits of consolidation		<u>1,710,000</u>
Adjusted net capital		<u>53,494,000</u>
Net capital required using the risk-based requirement		
Amount of customer risk maintenance margin	<u>\$ 413,277,000</u>	
8% of customer risk maintenance margin		\$ 33,062,000
Amount of noncustomer risk maintenance margin	<u>2,880,000</u>	
4% of noncustomer risk maintenance margin		<u>115,000</u>
		<u>33,177,000</u>
Minimum requirement		<u>500,000</u>
Amount required		<u>33,177,000</u>
Excess net capital		<u><u>\$ 20,317,000</u></u>

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Rosenthal Collins Group, L.L.C. and Subsidiaries

Reconciliation of Consolidated Statement of Financial Condition to the
Statement of the Computation of the Minimum Capital Requirements
December 31, 2009

Schedule II

Current Assets

Total assets reflected in consolidated statement of financial condition	\$ 24,806,391,000
Market value of securities and cash commodities owned by customers and noncustomers	290,013,000
Market value of options on futures owned by customers and noncustomers	<u>(235,312,000)</u>
	24,861,092,000

Less noncurrent assets included in total assets:

Securities owned	\$ (5,544,000)	
Receivables		
Customers	(16,214,000)	
Other	(4,478,000)	
Exchange memberships	(1,833,000)	
Shares in exchange	(4,032,000)	
Computer software, equipment and leasehold improvements	(6,954,000)	
Other assets	<u>(88,000)</u>	
		<u>(39,143,000)</u>

Total current assets

\$ 24,821,949,000

Total Liabilities

Total liabilities reflected in statement of financial condition	\$ 24,675,506,000
Liabilities subordinated to claims of general creditors	5,000,000
Add items not reflected in the consolidated statement of financial condition	
Market value of securities and cash commodities owned by customers and noncustomers	290,013,000
Market value of options on futures owned by customers and noncustomers	<u>(235,312,000)</u>

Total liabilities

\$ 24,735,207,000

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Rosenthal Collins Group, L.L.C. and Subsidiaries

**Statement of Segregation Requirements and Funds in Segregation
for Customers Trading on U.S. Commodity Exchanges
December 31, 2009**

Schedule III

Segregation requirements:	
Net ledger balance:	
Cash	\$ 1,265,312,000
Securities, at market	239,739,000
Net unrealized gain in open futures contracts traded on a contract market	(132,900,000)
Exchange traded options:	
Market value of open option contracts purchased on a contract market	1,326,557,000
Market value of open option contracts granted (sold) on a contract market	<u>(1,559,068,000)</u>
Net equity	1,139,640,000
Accounts liquidating to a deficit and accounts with debit balances, gross amount	61,268,000
Less amount offset by customer-owned securities	<u>(8,094,000)</u>
Amount required to be segregated	<u>1,192,814,000</u>
Funds on deposit in segregation:	
Deposited in segregated funds bank accounts	
Cash	7,715,000
Securities representing investments of customers' funds (at market)	714,477,000
Securities held for particular customer or option customers in lieu of cash (at market)	105,289,000
Margins on deposit with clearing organizations of contract markets:	
Cash	2,010,000
Securities representing investments of customers' funds (at market)	452,965,000
Securities held for particular customers or option customers in lieu of cash (at market)	134,450,000
Net settlement due from clearing organizations of contract market	13,332,000
Exchange traded options:	
Unrealized receivables for open option contracts purchased on a contract market	1,332,872,000
Unrealized obligations for open option contracts sold on a contract market	(1,559,060,000)
Net equities with other futures commission merchants:	
Net liquidating equity	(5,490,000)
Securities representing investments of customers' fund (at market)	<u>14,986,000</u>
Total amount in segregation	<u>1,213,546,000</u>
Excess funds in segregation	<u>\$ 20,732,000</u>

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Rosenthal Collins Group, L.L.C. and Subsidiaries

**Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures
and Foreign Options Customers Pursuant to Commission Regulation 30.7**

December 31, 2009

Schedule IV

Amount required to be set aside in separate Section 30.7 accounts	<u>\$ 16,111,000</u>
Funds on deposit in separate Section 30.7 accounts:	
Cash in banks located in the United States	2,415,000
Securities in safekeeping with banks located in the United States	191,000
Amounts held by clearing organizations of foreign boards of trade	15,747,000
Amounts held by members of foreign boards of trade - cash and long option contracts	<u>9,003,000</u>
Total funds in separate Section 30.7 accounts	<u>27,356,000</u>
Excess funds in separate Section 30.7 accounts	<u><u>\$ 11,245,000</u></u>

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.