

## SECURITY AGREEMENT AND ASSIGNMENT OF HEDGING ACCOUNT

\_\_\_\_\_  
Account Number(s)

WHEREAS, the undersigned, \_\_\_\_\_

(hereinafter referred to as the "Debtor") whose address is:

\_\_\_\_\_  
carries an account (number(s) \_\_\_\_\_) with the firm of RCG, a Division of Marex Spectron as brokers (hereinafter referred to as the "Broker"), whose address is 216 West Jackson Boulevard, Suite 400, Chicago, Illinois 60606, for trading in commodities futures contracts; and Debtor is now indebted to:

\_\_\_\_\_  
whose address is: \_\_\_\_\_

and whose email address is: \_\_\_\_\_

(hereinafter referred to as the "Secured Party") and expects to incur additional indebtedness with the Secured Party for the purpose of financing further transactions in said contracts;

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. Secured Party hereby agrees to advance to Debtor certain sums of money for the purpose of hedging his inventory of certain commodities. Debtor agrees to deposit said sums in an account with Broker ("Account") and agrees to employ said funds for the sole purpose of making hedging transactions to protect his commodity inventory and shall not employ said funds for transactions of speculation or investment in commodities futures.
2. To secure payment and performance of Debtor's obligations to Secured Party, and for the payment of all monies which Secured Party may hereafter loan or advance to Debtor, Debtor hereby grants to Secured Party a continuing security interest in and assigns and transfers to Secured Party all funds which may hereafter accumulate or become withdrawable from or payable out of the Account, including any balance which may remain to the credit of the Account upon the closing thereof subject, however, to the prior payment of all indebtedness of Debtor to Broker as such may exist from time to time, including fees and commissions, which may have been incurred in connection with Debtor's transactions with Broker, and to Broker lien, and the right of foreclosure thereof in connection with any indebtedness of Debtor to Broker (including, but not limited to, any right of Broker to close out open positions without prior demand for additional margin and without prior notice).
3. As additional security for the obligations of Debtor to Secured Party, and for the payment of all monies which Secured Party may hereafter loan or advance to Debtor, Debtor hereby grants to Secured Party a continuing security interest in and to all commodities futures contracts which Broker transacts for Debtor and all proceeds thereof, subject, however, to the prior payment of all indebtedness of Debtor to Broker, as such may exist from time to time, including fees and commissions, which may have been incurred in connection with Debtor's transactions with Broker and to Broker's lien, and the right of foreclosure thereof in connection with any indebtedness of Debtor to Broker (including, but not limited to any right of Broker to close out open positions without prior demand for additional margin and without prior notice).

Debtor shall execute and deliver to Secured Party all financing statements and other documents as Secured Party may reasonably request, in a form satisfactory to Secured Party to perfect, and maintain perfected, the security interest granted and assignments made by Debtor to Secured Party in this agreement.

4. Broker is hereby authorized and directed to pay Secured Party upon Secured Party's demand all funds that may hereafter be withdrawable or payable out of the Account and Debtor agrees that he will not withdraw or attempt to withdraw any funds or other property from the Account except as permitted by this Agreement. Secured Party is hereby authorized and fully empowered without further authority from Debtor to request Broker to remit to Secured Party any funds that may be due to Debtor, and Broker is hereby authorized and directed to pay to Secured Party such sums as Secured Party shall so request or demand without the consent of or notice to Debtor.

5. If at any time during the continuance of any such contract or contracts Broker may require additional margin in order to protect such contract or contracts, then Broker shall, if required by the terms of Broker's contract with Debtor, issue a margin call to Debtor or at Broker's option, to Secured Party. Upon notification by Broker or Debtor, Secured Party may advance to Broker on behalf of Debtor such amounts as may be required to protect such contracts; provided, however, that Debtor shall in all respects remain liable to Secured Party for any amounts so advanced pursuant to the terms of any agreement entered into between Secured Party and Debtor in connection with the transactions covered by this agreement. Any decision by Secured Party to advance such funds or not advance such funds shall be in the sole discretion of the Secured Party.

6. Debtor hereby constitutes and appoints Secured Party its true lawful and irrevocable attorney to demand, receive and enforce payments and to give receipts, releases, satisfactions for, and to sue for all monies payable to Debtor and this may be done in the name of Secured Party with the same force and effect as Debtor could do had this Agreement not been made. Any and all monies or payments which may be received by Debtor, to which Secured Party is entitled under and by reason of this agreement will be received by Debtor as trustee for Secured Party, and will be immediately delivered in kind to Secured Party without commingling.

7. Nothing herein contained shall be construed to prevent Debtor from remaining the owner, subject to the interest of Secured Party of the Account with Broker. Until Secured Party elects to the contrary and delivers notice of such election in writing to Broker, Debtor may make such additional hedging transactions in the Account with Broker as Broker shall be willing to accept for execution. In the event Secured Party does make such election and does deliver such notice to Broker, Debtor shall not hereafter execute any transactions in the Account and Broker shall not accept for execution any such transactions without the concurrence of Secured Party, except transactions in liquidation of any then outstanding commodity or commodity futures positions.

8. Whenever Secured Party deems it necessary for its protection, it shall be entirely without the consent or concurrence of or prior notice to Debtor, to direct Broker to liquidate any or all then outstanding open positions in the Account and to direct Broker to pay to it, the Secured Party, the credit balance as shall exist in the Account after such liquidation and after the payment to Broker of all the indebtedness of Debtor to Broker in connection with transactions in the account.

9. Any sums paid by Broker from the Account to Secured Party under this Agreement shall be applied by Secured Party to the payment of any indebtedness owing by Debtor to Secured Party the balance remaining after the payment of said indebtedness shall be paid by Secured Party to Debtor. The receipt or receipts of Secured Party for such funds so paid to it by Broker shall, as to Broker, operate as the receipt of Debtor as fully and as completely as if funds had been paid to Debtor in person and receipted for by Debtor.

10. Secured Party is hereby authorized and empowered to receive from Broker, and Broker is authorized and directed to deliver to Secured Party, electronic copies of confirmations on all contracts executed for the Account of Debtor, electronic copies of the monthly position and ledger account of Debtor and electronic copies of any and all matters pertaining to the Account of Debtor with Broker.

11. As between Debtor and Secured Party, this Agreement shall remain in full force and effect until canceled in writing by Secured Party or by the Debtor, when and if Debtor is no longer indebted to Secured Party. Any cancellation of this Agreement shall be without effect as to Broker until Broker is notified in writing by Secured Party.

12. Debtor hereby represents and warrants to Secured Party that the Account, accounts or security interests above assigned or granted have not heretofore been alienated or assigned except for the security interests previously granted by Debtor to Broker.

13. This Agreement shall be binding upon Debtor, his executors, administrators or assigns and it shall be binding upon and inure to the benefit of any successors of Secured Party and Broker.

Date: \_\_\_\_\_

\_\_\_\_\_  
Debtor

\_\_\_\_\_  
Secured Party

\_\_\_\_\_  
By:

\_\_\_\_\_  
By:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

**ACKNOWLEDGMENT**

To: Secured Party \_\_\_\_\_

The undersigned, RCG Division of Marex Spectron, whose address is 216 West Jackson Boulevard, Suite 400, Chicago, Illinois 60606, hereby acknowledges receipt of a copy of the above-mentioned Security Agreement and Assignment of Hedging Account and agrees to abide by the provisions thereof. No previous assignment or claim against the above described account or accounts have been received by the undersigned.

This copy received \_\_\_\_\_, 20\_\_\_\_\_.

RCG Division of Marex Spectron

By: \_\_\_\_\_

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

Title: \_\_\_\_\_