

Disclosure Documents
July 12, 2014

MIDCO COMMODITIES, INC. "MID-CO"

1701 Towanda Ave.
PO Box 2500
Bloomington, IL 61701
309-557-6001

Table of Contents

Principals of MID-CO 3-6

Business Activities and Product Lines Engaged in by MID-CO. 7

Customer Business Information 8

Material Risks 9

MID-CO’s Designated Self-Regulatory Organization 10

Audited Financial Statements 10

Material Administrative, Civil, Criminal, or Enforcement Actions Pending or
Taken in the Last Three Years 11

Overview of Customer Fund Segregation, FCM Collateral Management and
Investments, and of FCMs and joint FCM/Broker Dealers 12-14

Customer Complaint Contacts 15

Financial Information 16

Summary of Current Risk Practices, Controls and Procedures at ADMIS 17

Principles of MIDCO COMMODITIES, INC.

Marshall Bohbrink, President

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

President of MIDCO COMMODITIES, INC. Board of Directors since October, 2011

Vice President and CFO of GROWMARK, Inc. since February, 2011

Treasurer and Vice President, Risk Management since 2008

Areas of Responsibility:

President

Nature of Duties:

Oversight of MIDCO COMMODITIES, INC.

Jeffrey Lynch, Chief Financial Officer

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Jeff Lynch was named Treasurer of GROWMARK in July of 2012. Jeff's responsibilities include corporate and subsidiary financing, cash flow, foreign exchange and corporate credit.

Previously, he has held positions at GROWMARK including Assistant Treasurer, Agronomy Business Manager, Agronomy Operations Manager, Grain Division Business Manager, Energy Accountant and Business Analyst.

Areas of Responsibility:

Treasurer of GROWMARK, Inc.,

Nature of Duties:

Oversight of MIDCO COMMODITIES, INC. Financials and Cash Management

John Cripe, Director of Commodity Risk Management

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Director of Commodity Risk Management for MIDCO COMMODITIES, INC. since October 2009

GROWMARK Energy Director of Risk Management since 2002

Areas of Responsibility:

Head of Business Unit

Nature of Duties:

Oversight of company operations

Vanessa Youngmark, Chief Compliance Officer

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Chief Compliance Officer and Senior Business Operations Manager of MIDCO COMMODITIES, INC. since June 2013

Manager of General Accounting for GROWMARK, Inc. from October 2010 to June 2013

Areas of Responsibility:

Compliance and Back Office Operations

Nature of Duties:

Manage the Back Officer Operations and maintain compliance with the CFTC

Brent Ericson, Director

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Brent Ericson was named Vice President, Grain, for GROWMARK on November 1, 2011.

Brent is responsible for the overall management, oversight, support, and growth of GROWMARK's grain business, which includes eighty grain members and companies in Illinois, Iowa, and Wisconsin.

Areas of Responsibility:

Director

Nature of Duties:

Director

Sandra Heissler, Director

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Executive Assistant to the CEO and the Chairman of the Board since December 2010

Assistant Secretary of GROWMARK since December 2010

Areas of Responsibility:

Director

Nature of Duties:

Director

Eric Smalley, Director

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Director of MID-CO COMMODITIES, INC. Board of Directors since January 2013

Director of Grain Business Operations of GROWMARK, INC. since June 2010

Compliance and Business Operations Manager of MIDCO COMMODITIES, INC. 1995-2010

Areas of Responsibility:

Director

Nature of Duties:

Director

Brent Bostrom, Director

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Vice President and General Counsel of GROWMARK, Inc. since August, 2005. Brent has been involved in a wide variety of corporate governance matters, business transactions, contracts, and other legal matters.

Areas of Responsibility:

Director

Nature of Duties:

Director

Kevin Carroll, Director

1701 Towanda Avenue, Bloomington, IL 61701

Business Background:

Kevin Carroll was named Vice President, Energy of GROWMARK in September, 2008. He provides overall leadership to GROWMARK's Energy Division.

He joined the GROWMARK System in 1985 as a Financial Analyst, and has held various positions including Treasury Operations Manager; Manager, Energy Operations; Director Business Analysis & Research; and most recently, Region Manager in GROWMARK's Western and Northern regions.

Areas of Responsibility:

Director

Nature of Duties:

Director

GROWMARK, INC.

1701 Towanda Avenue, Bloomington, IL 61701
Parent Company – 99% owner

Business Activities and Product Lines engaged in by MIDCO COMMODITIES, INC.

<u>Business Activity/Product Line</u>	<u>% of Assets Used</u>	<u>% of Capital Used</u>
Futures, Options, Cleared Swaps	100%	100%

Customer Business Information

Types of Customers:

Hedging

Markets Traded:

Non-clearing only

- Chicago Board of Trade
- Chicago Mercantile Exchange, Inc.
- New York Mercantile Exchange, Inc.
- Kansas City Board of Trade
- Minneapolis Grain Exchange, Inc.
- ICE Futures U.S., Inc.
- Winnipeg Grain Exchange
- International Monetary Market

International Business:

None

Clearinghouses:

None

Carrying Brokers for Markets Traded:

ADM Investor Services
ABN AMRO Clearing Chicago, LLC
Jefferies Bache, LLC

Policy and procedures concerning the choice of bank depositories, custodians, and counterparties to permitted transactions under Regulation 1.25:

All bank depositories, custodians, and counterparties are selected based on a financial review, corporate relationships, creditworthiness, and operational expertise of the MIDCO staff and with the Risk Management department of GROWMARK, Inc.

Material Risks

Entrusting funds to MIDCO:

The possibility of losing a portion or all of a customer's deposit is a material risk. MIDCO uses the following policies to ensure compliance with CFTC capital requirements:

- MIDCO does not invest any customer funds.
- MIDCO does not engage in proprietary trading.
- MIDCO only accepts customers that are hedging their physical product.
- MIDCO affiliates are agricultural cooperatives.
- MIDCO has no significant liabilities or material commitments.

Designated Self-Regulatory Organization

National Futures Association
300 S. Riverside Plaza, #1800
Chicago, IL 60605-6615
(312) 781-1300

<http://www.nfa.futures.org>

Annual Audited Financial Statements

<http://www.mid-co.com>

Material Complaints or Actions

There are no material administrative, civil, enforcement, or criminal complaints or actions filed against MIDCO COMMODITIES, INC. and none have been filed in the past three years.

Overview of Customer Fund Segregation

MIDCO is a Futures Commission Merchant (“FCM”) that solicits or accepts orders to buy or sell futures contracts or commodity options. An FCM must follow the regulation of the Commodity Futures Trading Commission.

MIDCO has three types of Segregated Customer Accounts:

- 1) A Customer Segregated Account includes customers that trade futures and options on the U.S. futures exchanges.
- 2) A Cleared Swap Account includes customers that trade swaps that are cleared on a DCO registered with the CFTC.
- 3) A 30.7 Foreign Swap Account includes customers that trade futures and options on futures listed on foreign boards of trade.

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 cannot be commingled with funds that are required to be held in another type of account.

Customer Segregated Accounts

Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the U.S. are held in a Customer Segregated Account. This can be found on the CFTC Regulation 1.20 and section 4d(a)(2) of the Commodity Exchange Act. 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 account and held with:

- A Bank or trust company located in the U.S.
- A bank or trust company located outside the U.S. that has in excess of \$1 billion of regulatory capital
- An FCM
- A Derivatives Clearing Organization

Such commingled accounts must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM’s customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only:

- In the U.S.
- In a money center country

- 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:

- US dollars may be held in the US or in money center countries to meet obligations denominated in any other currency; and
- 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:

- a bank or trust company located in the US;
- a bank or trust company located outside the US that has in excess of \$1 billion in regulatory capital;
- an FCM;
- a DCO;
- the clearing organization of any foreign board of trade;
- a foreign broker; or
- 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:

- a bank or trust company located in the US;
- a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital;
- a DCO; or
- 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. However, the FCM and customer may agree that the FCM will pay the customer interest on the funds deposited.

Filing a Complaint

Complaints can be filed with the following:

- MIDCO Chief Compliance Officer, 309-557-6017, vyoungmark@mid-co.com
- CFTC, Division of Enforcement at (866) 366-2382 or <https://forms.cftc.gov/fp/complaintform.aspx>
- National Futures Association, (312) 781-1300 or <http://www.nfa.futures.org/basicnet/Complaint.aspx>

Financial Information

Information as of May 31, 2014:

Total Equity:	\$11,319,423
Regulatory Capital:	\$ 8,476,264
Net Worth:	\$11,319,423

Proprietary Margin Requirements: N/A

Smallest number of customers that comprise 50 percent of MIDCO's total funds held:

Futures Customers:	48
Cleared Swap Customers:	N/A
30.7 Customers:	N/A

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

Asset Class:	N/A
Aggregate Notional Value:	N/A

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

Purpose:	N/A
Source Amount:	N/A

Aggregated amount of financing MIDCO 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	0%
Cleared Swaps Customer	0%
30.7 customer receivable	0%

Summary MIDCO's current risk practices, controls and procedures

MIDCO COMMODITIES, INC. is a Futures Commission Merchant (FCM) regulated by the Commodity Futures Trading Commission (CFTC) and the National Futures Association (NFA).

A rule enacted by the CFTC is Reg. 1.11, which requires an FCM to document risk management activities, to develop a program to monitor and manage risks associated with MIDCO'S activities. The MIDCO RMP has been approved by the Board of Directors and will be monitored throughout the year by a separate business unit from the MIDCO operations area.

The separate business unit will give quarterly updates to the Board of Directors on current risk and any suggested changes that should be implemented by the FCM. 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 MIDCO as a Futures Commission Merchant. MIDCO is faced with a multitude of risks, primarily market exposure and customer counterparty but also including liquidity, legal, operational, settlement, segregation, technological, regulatory and capital.

MIDCO strives to limit risks where possible by only allowing customers that are hedging agricultural products.