Cunningham Commodities LLC

FIRM DISCLOSURE DOCUMENT

December 31, 2022

TABLE OF CONTENTS

500 Park Boulevard, Suite 1275 • Itasca, Illinois 60143
(312) 939-8950 • www.cunninghamllc.com

The Commodity Futures Trading Commission ("Commission") requires each futures commission merchant ("FCM"), including Cunningham Commodities, LLC ("Cunningham" or "the Firm"), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (funds) with the FCM. The information set out is current as of December 31, 2022, except as otherwise noted throughout the document. Cunningham will update this information annually and as necessary to take account of any material change to its business operations, financial condition or other factors that Cunningham believes may be material to a customer's decision to do business with Cunningham. Cunningham will post amendments to its financial statements on its website, and will label such as amended, should Cunningham file amended financial statements with its regulators. Nonetheless, Cunningham's business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

(1) Firm Name and Address:

Cunningham Commodities, LLC
500 Park Blvd., Suite 1275
Itasca, IL 60143-3212
Telephone: (312) 939-8950
Facsimile: (312) 662-1429
Email address: contactus@cunninghamllc.com
Website: www.cunninghamllc.com

(2) Principals of Cunningham Commodities, LLC:

Number	**Name**	**Title**	**Business Address**	**Area of Responsibility** **(See below for summary of duties)**
1	William D. Cunningham	Manager	500 Park Blvd. Suite 1275 Itasca, IL 60143	Executive/Management
2.	David Zruia	Principal	Plus500 Ltd Building 25 Matan Haifa 31905 Israel	Executive/Management.
3.	Elad Even-Chen	Principal	Plus500 Ltd Building 25 Matan Haifa 31905 Israel	Executive/Management

4.	Rita E. Tandaric	Chief Compliance Officer	500 Park Blvd. Suite1275 Itasca, IL 60143	Compliance
5.	Scott W. Cunningham	Director of Risk and Margins	500 Park Blvd. Suite1275 Itasca, IL 60143	Risk and Margins
6.	Michael Schwaeber	Chief Financial Officer	500 Park Blvd. Suite1275 Itasca, IL 60143	Finance and Accounting
7.	Paul DeMichele	Chief Risk Officer	500 Park Blvd. Suite1275 Itasca, IL 60143	Risk
8.	Plus500US Inc.	Owner	Plus500 Ltd Building 25 Matan Haifa 31905 Israel	Owner of 10% or more beneficial interest

Duties and Business Background of Principals:

1. William D. Cunningham is the Manager of Cunningham Commodities, LLC. Mr. Cunningham is the founder of the Firm and is responsible for the management of all aspects of the Firm, including strategic planning and oversight of sales personnel. All department managers report directly to Mr. Cunningham. Mr. Cunningham is a former owner of the Firm, having sold his membership interest to Plus500US Inc., a wholly owned subsidiary of Plus500 Ltd. In July 2021.

   Mr. Cunningham has a background in agriculture and became a member of the Chicago Board of Trade in 1974, trading in the corn and soybean pits. He was a founding partner of Swenson-Cunningham Commodities in 1982. Later that year the firm was renamed Cunningham Commodities and remained a general partnership until 1989. In 1989, the company was reorganized as a Subchapter S corporation, re-named Cunningham Commodities, Inc. and remained as such until it was reorganized as a limited liability company in 2005. Mr. Cunningham remains a member of the Chicago Board of Trade and was formerly registered with the CFTC as a Floor Broker and is today registered as an Associated Person. Mr. Cunningham was a founding partner of Cunningham Trading Systems ("CTS"), the developer of the CTS T-4 electronic trading platform. At its inception, CTS was an affiliate of Cunningham, but is now a stand-alone entity unaffiliated with Cunningham.

2. David Zruia is the Chief Executive Officer of Plus500 Ltd. He began his career at Plus500 in 2010, in various positions in the Marketing department, and advancing to Chief Operations Officer in 2013. In 2020 Mr. Zruia was appointed

Chief Executive Officer. He is a graduate of Technion-Israel Institute of Technology with a Bachelor of Science degree in Industrial Engineering and Management. Mr. Zruia became a principal of the Firm when it was acquired by Plus500 in July 2021. Mr. Zruia has no ownership interest in the Firm.

3. Elad Even-Chen is the Group Chief Financial Officer and Vice President of Business Development at Plus500 Ltd. He joined Plus500 in 2011 as Vice President of Business Development, advancing to Finance Director in 2015, and Group CFO in 2016. He has been Company Secretary since July 2013. Before joining Plus500 Ltd., Mr. Even-Chen was an Audit Senior Associate with KPMG. Mr. Even-Chen holds a Master of Business Administration in Accounting and Finance from Tel Aviv University, a bachelor’s degree, Laws, from the College of Management, and a bachelor’s degree in Accounting and Economics (CPA) from Tel Aviv University. Mr. Even-Chen became a principal of the firm when it was acquired by Plus500 in July 2021. Mr. Even-Chen has no ownership interest in the Firm.

4. Rita E. Tandaric, Chief Compliance Officer: Ms. Tandaric has over 40 years’ experience in the futures industry, having begun her career at Collins Commodities, Inc. in May 1981. Ms. Tandaric has served in various administrative and compliance roles in a several firms, including Tokyo-Mitsubishi Futures (USA), Inc. (a futures commission merchant and wholly owned subsidiary of The Bank of Tokyo-Mitsubishi), and, most recently, Peregrine Asset Management, Inc., a registered commodity pool operator and commodity trading advisor. Ms. Tandaric joined Cunningham in May 2013 as the Firm’s first Compliance Officer and took on full responsibility for the compliance functions of the Firm. Ms. Tandaric is an attorney licensed in the State of Illinois (Nov. 1993) and is registered with the CFTC as an Associated Person and a Principal of the Firm. Ms. Tandaric has no ownership interest in the Firm.

5. Scott W. Cunningham, Director of Risk and Margins: Mr. Cunningham joined the Firm in 2019, after a long career as a member of and a floor trader at the Chicago Board of Trade, and then as an off-floor trader, until joining the Firm. He is a graduate of Indiana University, with a bachelor’s degree in Business. Mr. Cunningham was formerly registered with the CFTC as a floor broker and floor trader and is currently registered as an Associated Person and a Principal of the Firm. Mr. Cunningham has no ownership interest in the Firm.

6. Michael Schwaeber, Chief Financial Officer: Mr. Schwaeber joined the firm in June 2022. Before joining Cunningham Commodities, Mr. Schwaeber served as Chief Financial Officer of the securities brokerage division of Northern Trust Securities. Prior to Northern Trust, he was Chief Financial Officer and Chief Operating Officer of Three Zero Three Capital Partners, a hedge fund group focused on proprietary trading strategies in the futures and options markets.

Over the course of his career, Mr. Schwaeber has also been with GE Capital and began his career with Ernst & Young in New York. Mr. Schwaeber earned his Master of Business Administration from the J. L. Graduate School of Management (Northwestern University) and received his undergraduate degree from George Washington University. Mr. Schwaeber is registered with the CFTC as a Principal of the Firm; he has no ownership interest in the Firm.

7. Paul DeMichele, Chief Risk Officer: Mr. DeMichele joined the firm in August 2022 with over 25 years of risk management experience spanning FCM's, Broker-Dealers, and Clearinghouses. Prior to joining Cunningham, Mr. DeMichele served as Executive Director of Market Risk and Default Management for The Options Clearing Corporation. Mr. DeMichele also served as Vice President of Risk Management for Goldman Sachs Execution and Clearing, L.P., and as Assistant Vice President of Risk Management at First Options of Chicago/Spear, Leeds & Kellogg, L.P. He holds a Master of Science degree in Financial Markets and Trading from the Illinois Institute of Technology, Stuart School of Business, and a Bachelor of Science degree in Finance from the University of Illinois College of Commerce and Business Administration. He has previously held FINRA Series 4, 7, 24 and 63 licenses, and is certified as a Financial Risk Manager (FRM) and as an Energy Risk Professional (ERP) by the Global Association of Risk Professionals. Mr. DeMichele is registered with the CFTC as a Principal of the Firm; he has no ownership interest in the Firm.

(3) Firm's Business

The significant types of business activities and product lines engaged in by the futures commission merchant, and the approximate percentage of FCM's assets and capital that are used in each type of activity.

Cunningham Commodities, LLC has been a clearing member of the Chicago Board of Trade since 1982. In April 2022, the Firm was approved as a clearing member of the Chicago Mercantile Exchange, the Commodity Exchange Inc., and the New York Mercantile Exchange. Cunningham has been registered with the Commission as a Futures Commission Merchant (NFA ID number 1398) since 1982, and a member of the National Futures Association since September 1983. The Firm is also a non-clearing member of EUREX (since 2001).

At its inception, the Firm's customer base predominantly consisted of Chicago Board of Trade locals, i.e., floor traders trading for their own accounts. This model continued as electronic trading grew to be the dominant force that it is today. Cunningham continues to carry accounts for Chicago Board of Trade members, but the numbers of such accounts have dwindled to a minority percentage of the firm’s business. Business today has shifted to include large commercial hedgers and self-directed, retail customers.

In recent years Cunningham has entered into clearing agreements with independent introducing brokers and foreign brokers. As of December 31, 2022, the Firm has entered into agreements with 6 domestic independent introducing brokers and 3 foreign brokers. As of December 31, 2022, Cunningham had guaranteed introducing broker.

Cunningham maintains no branch offices. The Firm does not engage in proprietary trading (that is, trading done by and in the name of Cunningham Commodities, LLC). As of December 31, 2022, Cunningham is not carrying omnibus accounts, but may carry such accounts in the future. The Firm currently has a parent company (Plus500US Inc), but no subsidiaries. The Firm does not carry customers that engage in swaps or forex (retail, off-exchange foreign currency) trading.

	Approximate Percentage of Assets dedicated to Business Activity/Product Line	**Approximate Percentage of Capital dedicated to Business Activity/Product Line**
Processing and Clearing Futures and Options transactions for retail, self-directed customers	38%	20%
Processing and Clearing Futures and Options transactions for commercial hedge customers.	35%	50%
Processing and Clearing Futures and Options transactions for exchange members	2%	5%
Processing deliveries and re-tenders of physical commodities resulting from futures and options trading	5%	5%
General Operation of FCM-house operating funds, guarantee deposits at CME, house funds at carrying brokers, prepaid expenses.	20%	20%

(4) Cunningham' Customer Business

CUSTOMERS: Cunningham's customers consist of the following:

- Retail, self-directed customers using electronic trading platforms (primarily CTS' T-4 platform and the Firm's newest platform, TradeSniper);
- Commercial (hedge) customers, primarily in agriculture, but some in metals and energies;
- Exchange members;
- Markets Traded: U.S. exchanges: CME Group, Inc. exchanges (Chicago Mercantile Exchange, Inc., Chicago Board of Trade, New York Mercantile Exchange, Inc., Commodity Exchange, Inc.); Minneapolis Grain Exchange ("MGEX"); ICE Futures US, Inc. (including NYSE LIFFE US, LLC);
- Exchange Memberships: Chicago Board of Trade, Chicago Mercantile Exchange, Commodity Exchange Inc, New York Mercantile Exchange, MGEX, and EUREX.
- Clearing Memberships: CME Group, Inc. and MGEX
- International Businesses: none
- Swap Execution Facility Memberships: none
- Clearinghouses Used (directly): CME Group, Inc. and MGEX
- Clearinghouses Used (indirectly): ICE Futures US, LME, and EUREX, are accessed indirectly through the Firm's carrying broker relationships listed below.
- Types of customers: Cunningham's customers are primarily individuals who direct their own trading electronically. The Firm carries hedge accounts, the majority of which are held by family-owned farms, and large commercial hedge accounts. The Firm carries discretionary accounts, managed by registered Commodity Trading Advisors or individuals or foreign advisors exempt from registration. **The Firm does not engage in proprietary trading.**
- Markets traded are limited to exchange-listed futures and options contracts in the agricultural, financial, metal, and energy sectors. The Firm has no customers engaging in swaps, forex (retail off-exchange foreign currency trading) or security futures products.

- carrying brokers used: affiliates, non-affiliates

Carrying Brokers US/Non-US	**Affiliated with Cunningham? Yes/No**
Phillip Capital Inc.	No
Marex Spectron*	No

*relationship open but inactive

Permitted Depositories and Counterparties

FCM's policies and procedures concerning the choice of bank depositories, custodians and counterparties to permitted transactions under CFTC Reg. § 1.25.[1]

Bank depositories' deposits must be FDIC-insured. Bank depositories used specifically in conjunction with the Firm's clearing membership at any exchange must be approved as a clearing bank by the applicable exchange. The Firm must consider the concentration of its customers' assets placed with each depository and must consider whether its carrying brokers are using the same bank depositories. The Firm monitors its bank depositories' capitalization levels and annual reports and conducts Internet searches seeking out news about its bank depositories. Cunningham also receives FDIC news releases and regulatory notices and monitors changes applicable to bank depositories and their businesses. The Firm also monitors the level of service provided by its bank depositories.

Periodic reviews will be conducted at least annually, except that the Firm will monitor quarterly bank capitalization ratios via ibanknet.com. If the Firm determines that any bank depository is holding a disproportionate amount of customers' funds, the Firm will consider whether the Firm's business warrants maintaining the higher balance and will consider re-allocating funds to other depositories, taking into account clearing requirements and the business purpose requiring the use of a particular bank depository.

The Firm limits investment of customer funds to U.S. government obligations, such as Treasury Bills. Such instruments may be purchased directly by the Firm or may be purchased on behalf of the Firm and held in the Firm's segregated account at a carrying broker. Such investments are purchased with the intent to hold until maturity, generally for no longer than 90 days The Firm must periodically review its procedures regarding such investments, giving particular attention to market, credit, counterparty, liquidity and operational risks related to such investments.

[1] The term "counterparties" is limited to CFTC Reg. §1.25 counterparties.

Cunningham is a clearing member of the CME Group Inc. and MGEX. Cunningham maintains carrying broker relationships in order to process trades on non-CME Group exchanges, such as ICE and EUREX.

In selecting carrying brokers Cunningham verifies that the broker is properly registered as a futures commission merchant, is a member of the National Futures Association, reviews the broker's regulatory record and financial data available on the CFTC's website. Due diligence meetings are conducted between the two firms to discuss operational issues and set operating procedures. No business is conducted for customers until the carrying broker completes the segregated funds acknowledgment letter required under CFTC Reg. §1.20 and/or, if applicable §30.7. Cunningham takes into consideration banking relationships of its carrying brokers so as to avoid a high concentration of customer funds at any one banking depository. Cunningham, by necessity, works closely on a daily basis with its carrying brokers, and as a result, is quickly alerted to any operational or regulatory issues which may arise during the normal course of business. Meetings occur as necessary to discuss business operations.

(5) Material Risks

The material risks, accompanied by an explanation of how such risks may be material to its customers, of entrusting funds to Cunningham, including, without limitation:

(i) In order to assure that it is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations, Cunningham holds a significant portion of its assets in cash. Cunningham may hold assets in U.S. Treasury securities (such as Treasury Bills and Treasury Notes) which are guaranteed as to principal and interest. Cunningham may from time to time invest in other short-term highly liquid instruments such as money market instruments, commercial paper, and certificates of deposit. As of December 31, 2022, Cunningham held all assets in cash and U.S. Treasury Bills.

Cunningham may hold cash denominated in various foreign currencies. Conversion of foreign currencies into U.S. dollars or of U.S. dollars into foreign currencies may result in losses due to fluctuations in conversion rates.

Cunningham is engaged in futures clearing activities in which counterparties primarily include clearing organizations, broker-dealers, other futures commission merchants and other brokers. In the event counterparties do not fulfill their obligations, the Firm may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Firm's policy to review, at least annually, the credit standing of each counterparty.

Cunningham maintains bank accounts at two CME Group-approved settlement banks located in Chicago, Illinois. Between the two banks, Cunningham is capable of holding and transacting exchanges in foreign currencies and maintains safekeeping accounts for the purpose of holding US Treasury instruments. Bank balances exceed federally insured limits. Cunningham's management believes that the Firm is not exposed to any significant credit risk on cash or receivables from other futures commission merchants.

Customers' trading activity is a continual risk to the Firm. Experienced staff and detailed risk management policies and procedures are designed to maintain control over risk and allow for preemptive action to prevent harm to the Firm's population of customers and the Firm itself. Such procedures are summarized in Section 11 below.

Operational errors can lead to unnecessary operating expenses, violation of segregation and capital requirements, regulatory action and costly penalties, as well as damage to the Firm's reputation. To prevent operational errors the Firm has made substantial changes to its policies and procedures, and is continually adjusting daily operational procedures, internal reporting and review of work.

Cunningham relies on customer trading volume for its income. A downturn in market conditions could have a direct and adverse impact on the Firm's total equity.

Increased costs of technology requirements, compliance initiatives, and regulatory changes may impact the Firm's revenue and profitability.

(ii) **FCM's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage and other lines of business:**

Risks to the Firm exist if the Firm would have a need to borrow money and could not do so. While the Firm currently maintains a line of credit, its use is limited to providing short-term financing for customers' commodity deliveries.

Since acquiring Cunningham in July 2021, Plus500US Inc. has infused additional capital into the Firm, substantially improving the Firm's balance sheet. Additional funding is available to Cunningham as business warrants.

The Firm's business model is limited to futures and options clearing and services ancillary to futures and options trading. The lack of diversification in the business model could pose a risk in the event of an adverse material change to the Firm's customer base. Such a change could also impact the Firm's creditworthiness, capital and access to additional capital, and liquidity.

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

Cunningham invests no customer funds in affiliated entities. The Firm's indirect owner, Plus500 Ltd. is a global fintech company, listed on the London Stock Exchange, and which in 2008 joined the UK FTSE 250 index of leading mid-cap listed companies.

(iv) **Any significant liabilities, contingent or otherwise, and material commitments**

By far, Cunningham's largest liability is to its customers in the form of customer cash and customer-owned warehouse receipts (approximately 81% of total liabilities). The Firm has $20 million from its parent in the form of subordinated debt, which creates a material liability in the form of loan principal and interest (approximately 13% of total liabilities). The Firm's liability to non-customer accounts is zero and operating liabilities represent approximately 3% of total liabilities. The only contingent liability is based on a pending legal matter. See Number (7) below. Material commitments are limited to operating expenses, such as the lease commitments on the office space utilized by Cunningham's staff.

(6) Cunningham's Designated Self-Regulatory Organization ("DSRO") is the Chicago Board of Trade.

The web address for the Chicago Board of Trade: http://www.cmegroup.com/company/cbot.html

Annual Audited financial statements for Cunningham Commodities, LLC are available at the following web address: www.cunninghamllc.com

(7) Material administrative, civil, enforcement, or criminal complaints or actions filed against Cunningham Commodities, LLC where such complaints or actions have not concluded, and any enforcement complaints or actions filed against Cunningham Commodities, LLC during the last three years:

- 20-CH-2004. On June 12, 2020, the CME Group's Clearing House Risk Committee charged the Firm with violating CBOT Rules 970.A.4 and 980.B, as a result of alleged inaccuracies in undermargined capital charges and the need for improved controls on disbursement of customer funds, respectively. Without admitting or denying the charges, the Firm offered $50,000 in settlement of the charges. The settlement was accepted on August 21, 2020, and was paid in full..

- 20-CH-2005. On June 12, 2020, the CME Group's Clearing House Risk Committee charged the Firm with violating CBOT Rules 970.A.1 and 980.B, as a result of alleged exchange capital deficiencies from February 20 through February 28, 2020, and March 11, 2020. Without admitting or denying the charges, the Firm offered $50,000 in settlement of the charges. The settlement was accepted on August 21, 2020, and was paid in full.

- In the Matter of Cunningham Commodities, LLC, Respondent, CFTC Docket No. 20-20. On June 29, 2020, the CFTC issued an Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Marking Findings, and Imposing Remedial Sanctions. The CFTC alleged that Cunningham failed to diligently supervise accounts introduced to Cunningham by an IB guaranteed by Cunningham. The CFTC found that Cunningham is jointly and severally liable with the IB for all restitution and disgorgement obligations imposed against the IB in any related CFTC enforcement proceeding for the IB's conduct during the period of the guarantee, in an amount not to exceed $640,000. Additionally, the CFTC ordered Cunningham to pay a civil monetary penalty in the amount of $250,000 to be paid in twenty equal installments of $12,500. Full payment of the fine's outstanding balance was completed on June 4, 2021. Enforcement proceedings remain pending against the IB.

- On May 15, 2020, Cunningham was served with a CFTC reparations complaint AMBIT ME DMCC, a foreign corporation, Complainant, v. CUNNINGHAM COMMODITIES, LLC, an Illinois corporation, and Patrick Pinkerton, an individual, Respondents, (CFTC Docket No 20-R016) in which the Complainant alleges that Cunningham and Pinkerton violated various provisions of the Commodity Exchange Act which resulted in the unauthorized and fraudulent transfer of Complainant's funds from its account at Cunningham on three occasions in February 2020, and in the total amount of $500,000. The Complainant seeks actual damages of $500,000, punitive damages, pre-and post-judgment interest on sums awarded, reimbursement of attorneys' and filing fees, the imposition of a civil monetary penalty and such other relief, at law or in equity, to which the CFTC finds justifiable. On August 7, 2020, the CFTC issued an Initial Scheduling Order which requires service of discovery requests by September 8, 2020, and responses to same by October 8, 2020. The Scheduling Order anticipates an Initial Decision by June 10, 2021. Cunningham engaged counsel in defense of the Complainant's allegations. In mid-2021, Complainant filed a Motion for Summary Judgment, to which the Firm filed a response. In the Fall of 2021, the Judgment Officer ordered the parties to file briefs on the issues of ratification and estoppel. Briefs and responses were filed by the parties and the Motion for Summary Judgment was denied in the Spring of 2022, with potential hearing dates offered for July, September, or

October 2022. A hearing was conducted in October 2022. Post hearing briefs will be submitted early in the 1st Quarter of 2023.

Customer Funds Segregation.

(8) This section provides a basic overview of customer fund segregation, FCM management and investments, FCMs and joint FCM/broker dealers. Note that Cunningham is NOT registered as a broker-dealer.

Customer Accounts. FCMs may maintain up to three different types of accounts for customers, depending on the products its customers trade:

(i) a **Customer Segregated Account** for customers that trade futures and options on futures listed on US futures exchanges;

(ii) a **30.7 Account** for customers that trade futures and options on futures listed on foreign boards of trade; and

(iii) a **Cleared Swaps Customer Account** 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 (collectively, **Customer Funds**) 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. For example, the Commission has issued orders authorizing ICE Clear Europe Limited, which is registered with the Commission as a Derivatives Clearing Organization ("DCO"), and its FCM clearing members: (i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) Cleared Swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining (combined margining) of such Cleared Swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (c) futures and options on futures traded on ICE Futures US and (d) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

Customer Segregated Account. 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 US, *i.e.*, designated contract markets or "DCMs", are held in a **Customer Segregated Account** in accordance with section 4d(a)(2) of the Commodity Exchange Act and Commission Regulation §1.20. **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 account, *i.e.*, a customer 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) an FCM; or (iv) a DCO. Such a 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 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 (specifically, Canada, France, Italy, Germany, Japan and the United Kingdom); 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. Notwithstanding the foregoing, 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 (the currencies of money center countries and the Euro) 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, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade, *i.e.*, **30.7 Customer Funds**, and sometimes referred to as the **foreign futures and foreign options secured amount**, are held in a **30.7 Account** in accordance with Commission Regulation §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 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 organizations' or foreign brokers' designated depositories. Such a 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. As explained below, Commission Regulation §30.7 restricts the amount of such funds that may be held outside the US.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the US may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the US Bankruptcy Code. Return of 30.7 Customer Funds to the US will be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possible other intervening foreign brokers, if multiple foreign brokers were used to process the US customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' US FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay their return. If both the foreign broker and the US FCM were to fail, potential differences between the trustee for the US FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intervening foreign brokers by the US FCM to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the US, Commission Regulation §30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside the US except as necessary to meet margin requirements, including pre-funding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions. The regulation further provides, however, that, in order to avoid the daily transfer of funds from accounts in the US, an FCM may maintain in accounts located outside of the US an additional amount of up to 20 percent of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

Cleared Swaps Customer Account. Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, *i.e.*, **Cleared Swaps Customer Collateral**, are held in a **Cleared Swaps Customer Account** in accordance with the provisions of section 4d(f) of the Act and Part 22 of the Commission's regulations. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally separated, operationally commingled." 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 a 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.

Investment of Customer Funds. Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated 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. Section 4d(f) authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments.

Commission Regulation §1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral, and 30.7 Customer Funds in instruments of a similar nature. Commission regulations 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.

Permitted investments include:

(i) Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);

(ii) General obligations of any State or of any political subdivision thereof (municipal securities);

(iii) Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations);[2]

(iv) Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;

(v) Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);

(vi) Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and

(vii) Interests in money market mutual funds.

The duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, *i.e.*, Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account. Further, in accordance with the provisions

[2] Obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Association are permitted only while these entities operate under the conservatorship or receivership of the Federal Housing Finance Authority with capital support from the United States.

of Commission Regulation §1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.[3]

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at
https://www.fia.org/sites/default/files/2019-05/PCF-FAQs-0.PDF

(9) Filing a Complaint

Information on how a customer may obtain information regarding filing a complaint about FCM with the Commission or with FCM's DSRO.

A customer that wishes to file a complaint about Cunningham Commodities, LLC or one of its employees with the Commission can contact the Division of Enforcement either electronically at https://www.cftc.gov/Forms/tipsandcomplaints.html or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer may file a complaint about the Cunningham Commodities, LLC or one of its employees with the National Futures Association electronically at http://www.nfa.futures.org/basicnet/Complaint.aspx or by calling NFA directly at 800-621-3570.

A customer that wishes to file a complaint about the Cunningham Commodities, LLC or one of its employees with the Chicago Mercantile Exchange electronically at: http://www.cmegroup.com/market-regulation/file-complaint.html or by calling the CME at 312.341.3286.

Additional CME information may be obtained via the following links:

http://www.cmegroup.com/market-regulation/dispute-resolution/

http://www.cmegroup.com/market-regulation/dispute-resolution/arbitration-guide.html

[3] As discussed below, NFA publishes twice monthly a report, which shows for each FCM, *inter alia*¸ the percentage of Customer Funds that are held in cash and each of the permitted investments under Commission Regulation §1.25. The report also indicates whether the FCM held any Customer Funds during that month at a depository that is an affiliate of the FCM.

(10) Relevant Financial Data

Cunningham Commodities, LLC's current financial information can be found at www.cunninghamllc.com.

Financial data as of the most recent month-end when the Disclosure Document is prepared.

(i) As of December 31, 2022 (audited):

FCM's Total Equity	$68,342,336
Adjusted Net Capital	86,057,569
Net Capital Requirement	2,704,347
Excess Net Capital	83,353,222
Net Worth	68,342,336

(ii) The dollar value of the FCM's proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, cleared swaps customers, and 30.7 customers: **Zero. Cunningham does not conduct proprietary trading.**

(iii) The number of futures customers cleared swaps customers, and 30.7 customers that comprise 50 percent of the FCM's total funds held for futures customers, cleared swaps customers, and 30.7 customers, respectively: **As of December 31, 2022, approximately 1.5 of 9 customers comprise 50% of the total 30.7 funds held by Cunningham. Also, approximately 44 of 1814 customers comprise 50% of the total segregated funds held by the Firm for futures and options customers. Note that Cunningham has no customers who engage in cleared swaps trading and therefore, Cunningham holds no funds for cleared swaps customers.**

(iv) The aggregate notional value, by asset class, of all non-hedged, principal over-the counter transactions into which the FCM has entered: **None.**

(v) The amount, generic source and purpose of any unsecured lines of credit (or similar short-term funding) the FCM has obtained but not yet drawn upon: **None. However, Cunningham maintains a line of credit in the amount of $20,000,000 with Lakeside Bank of Chicago for the purpose of providing short-term funding to its customers who take delivery of agricultural futures contracts. The line of credit may be used, if the client requests financing and Cunningham does not use its own capital. The line is used primarily during agricultural delivery periods,**

i.e., March, May, June, July, August, September, October, November and December.

(vi) The aggregated amount of financing the FCM provides for customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate prices: **None.**

(vii) The percentage of futures customer cleared swaps customer, and 30.7 customer receivable balances that the FCM had to write-off as uncollectible during the past 12-month period, as compared to the current balance of funds held for futures customers, cleared swaps customers, and 30.7 customers: **Less than 1%. Small debits, generally resulting from trading platform subscriptions fees, may be written off if charged to a client as an account is being closed.**

Additional financial information on all FCMs is also available on the Commission's website at: http://www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm.

Customers should be aware that the National Futures Association (**NFA**) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds, *i.e.*, the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Regulation §1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (http://www.nfa.futures.org/basicnet/) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

(11) A summary of FCM's current risk practices, controls and procedures.

Cunningham's risk practices, controls and procedures include continually monitoring customer trading activity, market volume and movement, the news of the day, and, particularly, trading conducted on trading platforms. Net liquidating values and margin requirements are monitored throughout the trading day. New customer accounts are carefully assessed, and risk parameters are applied accordingly. Minimum margin requirements for day trading and overnight positions, position limits and control settings are established at the opening of an account and are monitored for adequacy as a customer trades. The Firm's Risk Manager conducts weekly stress testing on large accounts by applying a range of potential market movements. Liquidation testing exercises are performed to monitor the potential costs and impact to the Firm of liquidating large accounts.

(12) Document History

This Disclosure Document was first used on July 11, 2014.

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