

SECURITY AGREEMENT AND ASSIGNMENT OF HEDGING ACCOUNT

WHEREAS, the undersigned, _____

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

_____ carries an account(s) (number(s)) _____ with the firm of PLUS500US Financial Services, LLC as brokers (hereinafter referred to as the "Broker"), whose address is 2 Pierce Place, Suite 200, Itasca, IL 60143-3100, for trading in commodities futures contracts; and Debtor is now indebted to:

_____ whose mailing address is: _____

and whose email address is: _____ (required)

(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. Upon such request or demand, Broker must review all accounts owned by Debtor. Prior to any such payment from Broker to Secured Party, Broker will review all Debtor's accounts with identical ownership as the Account to determine any funds available to Secured Party.

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. Prior to making any payment to Secured Party, Broker will calculate the aggregate balance of all accounts with ownership identical to the Account and determine the availability of funds to release to the Secured Party. For the avoidance of doubt, only funds in excess of any liability to Broker may be released to Secured Party.

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, warrants, and agrees:

- (a) That (1) the Debtor has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and that such execution, delivery and performance shall not constitute or cause a breach of or default under its organizational documents or any material contract to which it is bound; and, (2) this Agreement is legally valid and binding on the Debtor, enforceable against it in accordance with its terms, except as limited by bankruptcy or other comparable laws affecting creditors' rights generally, and except as limited by the availability of equitable remedies.
- (b) That no portion of the Account Collateral, as defined in this paragraph 12(b) is subject to any claim, security interest or other lien and has not heretofore been alienated or assigned, other than to or in favor of the Secured Party or the Broker, and that Debtor will promptly advise Secured Party and the Commodity Intermediary in the event that any claim, security interest or other lien is or has been asserted or granted in connection with the Account Collateral. Account Collateral is defined as cash, U.S. Government securities (such as Treasury Bills or Treasury Notes), warehouse receipts or shipping certificates and other instruments permitted under Chicago Board of Trade Rule 930.C.
- (c) That the Debtor has not entered into, and until the termination of this Agreement will not enter into, any arrangements granting or purporting to grant control over, or granting or purporting to grant any other rights or interests to any person in or to any Account Collateral except the Broker and the Secured Party.
- (d) That, with the exception of the Accounts (or otherwise disclosed in connection herewith), the Debtor has not entered into, and until the termination of this Agreement will not enter into, any agreements for the opening or maintenance of any accounts for the purpose of trading commodity futures contracts or options on commodity futures contracts with any futures commission merchant other than the Broker, without first obtaining the express written consent of the Broker and the Secured Party.
- (e) The Debtor acknowledges and agrees that the breach of any of the provisions of this Agreement shall be grounds for termination of this Agreement at the discretion of the Broker and/or the Secured Party, and that the Broker and the Secured Party shall be immediately entitled to enforce all rights hereunder. The remedies set forth in this provision shall be in addition to, and not in lieu of, any rights and remedies otherwise granted by this Agreement.

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.

SIGNATURE PAGE FOLLOWS

SECURITY AGREEMENT AND ASSIGNMENT OF HEDGING ACCOUNT

DEBTOR

Date: _____

✓ _____
Debtor signature

Name Printed

Title

SECURED PARTY

Date: _____

✓ _____
Secured Party signature

Name Printed

Title

Telephone (required)

BROKER ACKNOWLEDGMENT

To: Secured Party _____

The undersigned, PLUS500US Financial Services, LLC, whose address is 2 Pierce Place, Itasca, IL 60143-3100, 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____.

PLUS500US FINANCIAL SERVICES, LLC

By: _____

Name: _____

Title: _____