

How the IB/FCM can use the platform to meet their NFA review requirement:

We recommend FCMs/IBs using iSystems put procedures in place to review the operation of the platform to meet your own compliance needs, including but not limited to:

- 1. the periodic review of performance,*
- 2. review of client performance in relation to what is posted,*
- 3. confirming average fill prices with iSystems*

You are 100% responsible from a compliance standpoint for what is on your white label, and could run afoul of the NFA if saying something like “we don’t produce this, it’s all iSystem’s data” or “we don’t review this, we just rely on iSystems”.

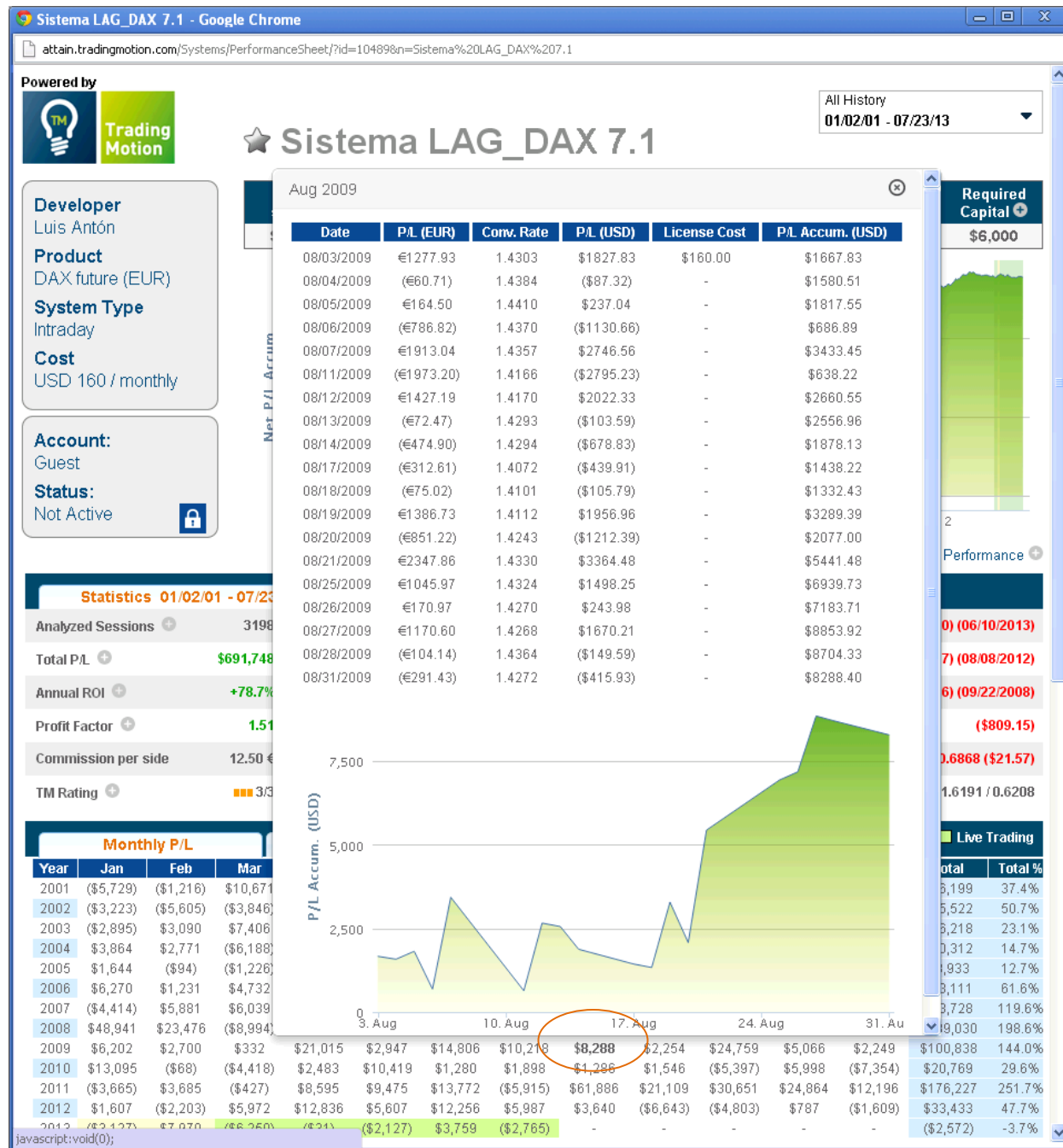
The NFA’s stance is you can not rely on RCM, TradingMotion, or iSystems to meet your review requirements. But that doesn’t preclude us from creating the tools to enable you to meet those requirements, and along those lines, we have created the tools outlined below to assist in the periodic review of the platform:

A. Reviewing System Performance:

How do you make sure the reported profit or loss for a month lines up with what the system did that month?

This is available right on the customer facing platform via each program’s performance table.

1. The listed monthly P/L for each system is 'clickable' within the performance report, bringing up the day by day profit or loss for each specific month, allowing a reviewer or auditor to verify that the daily signal results equal the listed monthly total, and that the sum of the monthly totals equals the annual totals, and so on and so forth for all of the resulting stats.



2. For further detail, a reviewer or auditor can click on the 'Trade Log', to see the specific trade prices ('Hypo Fill Price') which were generated by the system to result in the specific session's profit or loss. These trade prices can also be downloaded to an excel file via the excel icon at the bottom left, for quick calculations from points earned/lost to dollars earned/lost.

Monthly P/L		Trade Log	Session Log		Backtested	Tracked	Live Trading	
Trade Time	Trade Type	Trade Volume	Open Position	Hypo Fill Price	Average	Best	Worst	Slippage
07/10/2002 20:00:00	BUY MKT	+1	0	4229.5	-	-	-	-0.7500
07/10/2002 10:14:00	SELL STP	-1	-1	4312.0	-	-	-	-0.7500
07/09/2002 11:51:00	SELL STP	-1	0	4437.0	-	-	-	-0.7500
07/09/2002 09:34:00	BUY STP	+1	+1	4513.5	-	-	-	-0.7500
07/08/2002 14:25:00	BUY MKT	+1	0	4465.5	-	-	-	-0.7500
07/08/2002 10:55:00	SELL STP	-1	-1	4430.5	-	-	-	-0.7500
07/05/2002 20:00:00	SELL MKT	-1	0	4500.5	-	-	-	-0.7500
07/05/2002 10:58:00	BUY STP	+1	+1	4393.5	-	-	-	-0.7500
07/04/2002 16:16:00	SELL STP	-1	0	4228.0	-	-	-	-0.7500
07/04/2002 10:54:00	BUY STP	+1	+1	4259.5	-	-	-	-0.7500

1-10 out of 708 results

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- For trades done on actual accounts – even more detail is provided, including the ‘Average’ fill price for each trade on each system across all TradingMotion users (across all brokers and FCMs). The best and worst price achieved across all customers is provided so clients and reviewers can test whether a client is receiving adequately random fill allocations (i.e., is not repeatedly the best or worst fill). The slippage, or difference between the Hypo Fill price and ‘Average’ price is also listed, in points. And again, all the data can be downloaded to a spreadsheet.

Monthly P/L		Trade Log	Session Log		Backtested	Tracked	Live Trading	
Trade Time	Trade Type	Trade Volume	Open Position	Hypo Fill Price	Average	Best	Worst	Slippage
07/23/2013 21:56:01	SELL MKT	-1	0	8323.0	8323.000	8323.0	8323.0	0.0000
07/23/2013 09:53:03	BUY MKT	+1	+1	8343.0	8343.000	8343.0	8343.0	0.0000
07/22/2013 21:56:06	SELL MKT	-1	0	8327.0	8328.000	8328.0	8328.0	1.0000
07/22/2013 10:35:59	BUY STP	+1	+1	8356.0	8356.000	8356.0	8356.0	0.0000
07/19/2013 21:58:01	SELL MKT	-1	0	8340.0	8333.000	8333.0	8333.0	-7.0000
07/19/2013 11:51:10	BUY STP	+1	+1	8308.5	8308.500	8308.5	8308.5	0.0000
07/18/2013 21:57:43	SELL MKT	-1	0	8324.5	8325.000	8325.0	8325.0	0.5000
07/18/2013 14:15:22	BUY STP	+1	+1	8265.5	8265.500	8265.5	8265.5	0.0000
07/17/2013 16:35:25	BUY STP	+1	0	8264.0	8264.000	8264.0	8264.0	0.0000
07/17/2013 10:20:34	SELL STP	-1	-1	8214.0	8213.000	8213.0	8213.0	-1.0000

1-10 out of 6,024 results

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B. Checking the Average Fill Price

How do you confirm the average fill price is calculated correctly?

This is available via an offline request to RCM or iSystems personnel.

- To protect the proprietary nature of how many users are utilizing each system and the platform in general – TradingMotion will provide support for the average fill price across all customers outside of the platform, meaning not readily available to any and all users online. Any user, FCM, IB, or NFA can request the support for any average fill price on the platform, and Tradingmotion will email a spreadsheet such as the following, detailing the fill prices across multiple clients, the average of which is the average price listed on the platform.

ClientFill_Time	ClientFill_Volume	ClientFill_Price	ClientFill_OrdNo	ClientFill_TrnNo	ExecutingFCM	ClientAccountNumber
04/05/2011 17:00:02	1	7403.5	03ASBY4T2	007ZPF	Interdin Bolsa, SV, SA	812784
04/05/2011 17:00:02	1	7404	03ASBY4T2	007ZPG	Interdin Bolsa, SV, SA	812784
04/05/2011 17:00:04	2	7403.5	A6657-755148	738336	Interdin Bolsa, SV, SA	ATT_PF85646-52
04/05/2011 17:00:04	2	7404	A6619-755147	738339	Interdin Bolsa, SV, SA	ATT_PF85670-76

Average Price = 7403.75

C. Reviewing Customer Activity

How do you review the activity of a customer (including system activations, stoppages, number of contracts per signal changes, and so on)?

How do you review a customer's performance on the platform versus their monthly statements, and versus the platform's reported performance for a system or systems they have activated for their account

This is available via a 'Broker Portal', provided to each IB/FCM utilizing the platform

- A 'Broker Portal' is provided to each IB and FCM utilizing the TradingMotion platform where they can monitor the activity and performance of all their clients utilizing the platform.

Broker Portal

Systems Accounts

Show With active systems All accounts

Search: See 10 entries

Account	Name	Email	Phone nrs.	Active Units	Today's Vol	Today's P/L	Accumulated P/L	Last Access
T00ZF155	David Salrá	dsalraguasch@gmail.com	NotProvided	3	0	0 \$	+11638 € & +638 \$	2013-07-23 18:32:25
T00ZF197	Julia Castillo	juliacastrallosoria@gmail.com	NotProvided	3	0	0 \$	+11600 € & +475 \$	2013-06-20 09:00:42
T00ZF203	Manuel Silvestre	mansilvcas@gmail.com	NotProvided	3	0	0 \$	+11575 € & +530 \$	2013-07-24 15:26:14
T00ZF213	Mercedes Sanchez (Gestrading Cta)	ilpo@gestradingmanagement.com		5	1	+901 \$	+3160 € & +1438 \$	2013-07-19 16:00:02
T00ZF223	Patricia Rodriguez	patirodriguez3@gmail.com		3	0	0 \$	+13400 € & +265 \$	2013-06-06 20:45:07

- To review and reconcile actual client performance as seen on the client's monthly statements with what is shown on the TradingMotion platform, an IB or FCM (or auditor) can click through to a specific client via the Broker Portal and view the 'Performance' tab for that client, which allows the reviewer to see the daily profit and loss per market, per system, and overall on any timeframe.

Account: T00ZF355

Explore Systems Top 10 **My Systems** Help

Systems Fills Orders **Performance** Licenses

Select a product Select a system Previous Month 06/01/2013 - 06/30/2013

Sessions								
Date	System(s)	My start/stops	My P/L	Hypo P/L	Trading Diff	Start/Stop Diff	Conv. Rate	My Total P/L
06/03/2013	Theta3Dax 30'	3	(\$536.58)	(\$1520.82)	\$0.00	\$984.24	1.3008	(\$536.58)
06/04/2013	2 FDAX systems	1	(\$2552.94)	(\$138.94)	\$4.09	(\$2418.09)	1.3092	(\$3089.52)
06/05/2013	AlfaID Dax 5'	2	\$1339.37	\$1335.28	\$0.00	\$4.08	1.3067	(\$1750.15)

- When selecting a specific month, the daily profit and loss for the client across all systems active during that month is shown under 'My P/L', with the total P/L given (in this example, \$5,865.17) reconciling to the total futures profit/loss on the customer's monthly statement (with any differences being due to small differences in currency conversions, as disclosed)

Select a product Select a system Previous Month 06/01/2013 - 06/30/2013

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06/04/2013	2 FDAX systems	1	(\$2552.94)	(\$138.94)	\$4.09	(\$2418.09)	1.3092	(\$3089.52)
06/05/2013	AlfaID Dax 5'	2	\$1339.37	\$1335.28	\$0.00	\$4.08	1.3067	(\$1750.15)
06/06/2013	4 systems	4	\$1544.82	\$2836.46	\$0.00	(\$1291.64)	1.3118	(\$205.33)
06/07/2013	3 systems	5	(\$2664.09)	(\$2846.56)	(\$13.26)	\$195.73	1.3260	(\$2869.42)
06/10/2013	Theta3Dax 30'	0	(\$1882.28)	(\$1883.60)	\$1.32	\$0.00	1.3209	(\$4751.70)
06/11/2013	2 FDAX systems	0	(\$298.64)	(\$572.73)	\$274.09	\$0.00	1.3273	(\$5050.34)
06/12/2013	2 FDAX systems	0	\$4912.49	\$4912.49	\$0.00	\$0.00	1.3277	(\$137.85)
06/13/2013	Theta3Dax 30'	0	\$3578.41	\$3578.41	\$0.00	\$0.00	1.3315	\$3440.56
06/14/2013	2 URO systems	0	\$62.50	\$42.25	\$20.25	\$0.00	-	\$3503.06
06/17/2013	2 FDAX systems	2	\$1800.50	\$2216.61	\$0.67	(\$416.78)	1.3337	\$5303.56
06/18/2013	Theta3Dax 30'	0	(\$1136.79)	(\$1231.87)	\$95.08	\$0.00	1.3374	\$4166.77
06/19/2013	2 systems	0	(\$1099.24)	(\$1345.91)	\$246.67	\$0.00	1.3406	\$3067.53
06/20/2013	3 systems	0	\$4145.00	\$4152.07	(\$7.07)	\$0.00	1.3200	\$7212.53
06/21/2013	OMicron3Euro	3	\$362.50	\$662.50	\$0.00	(\$300.00)	-	\$7575.03
06/24/2013	AlfaID Dax 5'	0	(\$2355.48)	(\$2343.80)	(\$11.68)	\$0.00	1.3086	\$5219.55
06/25/2013	2 systems	0	\$2557.24	\$2546.29	\$10.94	\$0.00	1.3134	\$7776.79
06/26/2013	IntWSCTCrude 30'	0	(\$1750.00)	(\$1755.00)	\$5.00	\$0.00	-	\$8026.79
06/27/2013	2 FDAX systems	2	(\$1026.27)	(\$2988.54)	(\$22.40)	\$1984.67	1.3032	\$5000.52
06/28/2013	2 systems	1	\$864.65	\$773.31	\$82.21	\$9.13	1.3080	\$5865.17
		23	\$5865.17	\$6427.90	\$685.91	(1248.66)		

- 'My P/L' will list the USD converted daily profit/loss, while a total in each currency will be listed at the bottom of the table for any trading done in Euros via Eurex.

- b. The following disclosure is provided to clients on the performance page: The profit and loss (P/L) amounts above are provided as a convenience to you, but should not be considered apart from your official daily and monthly account statement from the clearing firm(s) which processes your trades and holds your money. Your official statements from the clearing firm include disclosures and definitions not provided herein, and may use conversion rates which differ from those listed above. The profit and loss (P/L) shown here is derived from your activity on this platform only, and does not sync with your balances at the clearing firm to reflect all activity in the account.
7. The 'Performance' tab also allows clients and reviewers at the IB/FCM/NFA to view how a client has performed ('My P/L') in relation to the system ('Hypo P/L') for cases when the client had the system active for the entire day ('Trading Diff') and for cases when the client started or stopped the system during the day ('Start/Stop Diff'), also listing the number of 'Start/Stops' per day.

Select a product ▼

Select a system ▼

Previous Month
06/01/2013 - 06/30/2013 ▼

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- a. The client acknowledges in the User Agreement that their actions may cause substantial differences between the system and their account:
- “Users may start and stop ATS as frequently or infrequently as they desire, and user hereby acknowledges that the performance in their account may differ substantially from the listed performance of ATS they activate/deactivate, depending on the timing of such activations/deactivations and whether that timing resulted in certain profitable/unprofitable being realized or not realized for user’s account.
8. Clicking on any of the start/stop numbers listed for each day will pull up a log of what actions the user took in deviating from the system (i.e. close open position, stop system, reactivate)

Item(s)	My start/stops	My P/L	Hypo P/L	Trading Diff	Start/Stop Diff	Conv. Rate	My Total
systems	2 +	\$1787.50	\$1826.38	\$0.00	(\$38.87)	-	\$1787
on3Euro	4 +	\$362.50	(\$32.13)	\$0.00	\$394.63	-	\$2150

OMicron3Euro (06/07/2013)

System	Date	Action	Action Type	Username	Action Result
LambdaBund 120'	6/7/2013 12:16:37 PM	Deactivation	INM	MRUIZJUAN	Strategy Unit 26597 has been stopped. 1 FGBL will be SOLD to close the open position.
OMicron4Euro	6/7/2013 12:12:31 AM	Reactivation	INM	MRUIZJUAN	Strategy Unit Re-activated: 26600.
OMicron3Euro	6/7/2013 11:44:22 AM	Deactivation	INM	MRUIZJUAN	Strategy Unit 26820 has been stopped. 1 URO will be BOUGHT to close the open position.
OMicron3Euro	6/7/2013 12:12:11 AM	Reactivation	INM	MRUIZJUAN	Strategy Unit Re-activated: 26820.
OMicron3Euro	6/7/2013 4:57:04 PM	Reactivation	INM	MRUIZJUAN	Strategy Unit Re-activated: 26820.
OMicron3Euro	6/7/2013 5:01:53 PM	Deactivation	INM	MRUIZJUAN	Strategy Unit 26820 has been stopped.