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Disclosure Documents

MIDCO COMMODITIES, INC. “MID-CO”

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Principals of MID-CO COMMODITIES, INC.

Brad Drake, President

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Brad began his career with GROWMARK in 2008 as a Senior Internal Auditor. In 2009 he began overseeing the compliance and operations functions of MID-CO COMMODITIES. In 2013, he became the Business Manager for the Crop Protection Division and in 2015 he moved to GROWMARK's SAP implementation team, leading the Commodity Management, Order to Cash and Procure to Pay teams as well as acting as liaison to the Agronomy Business Unit for design and functionality prioritization decisions. Prior to becoming Controller, Brad served as the Director of Financial Analysis and Assistant Treasurer, overseeing GROWMARK's cash management, budgeting, and strategic analysis functions. Brad Drake was named Controller in September of 2020. As Controller, Brad managed the financial reporting, tax, invoicing and receivable and payable functions of GROWMARK. Brad was named Executive Vice President, Chief Financial Officer in March 2022.

Areas of Responsibility:

President

Nature of Duties:

Oversight of MID-CO COMMODITIES, INC.

Matt Lurkins, Director

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Matt Lurkins was named Vice President, Grain & Strategic Relationships in March 2022. Matt began his legal career in 2005 as an Assistant Attorney General for the State of Illinois. After three years with the Attorney General's Office, Matt transitioned to private practice at the law firm of Heyl, Royster, Voelker & Allen in Springfield, IL. In December 2012, Matt accepted his current position of Senior Staff Attorney at GROWMARK, Inc. In that capacity, he serves as legal counsel for GROWMARK, Inc. and its subsidiaries.

Areas of Responsibility:

Director

Nature of Duties:

Director

Jessica Ehler, Director

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Jessica has been employed with GROWMARK since November 2010. She began her career in accounts receivable at a GROWMARK retail division and was promoted to Human Resources within the first year. Since then, Jessica has held various roles within the Human Resources division, including recruiting, shared services, employee relations, and compliance. She currently serves as Director of Benefits. While working full-time, Jessica has maintained her Society for Human Resources Certification since 2015. She received her associate degree in General Studies from Parkland Community College in December 2019. She is finalizing her bachelor's degree in organizational development at Eastern Illinois University and plans to graduate in December 2023.

Areas of Responsibility:

Director

Nature of Duties:

Director

Timothy Abel, Director

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Tim Abel began his career in the GROWMARK system in 1988, spending the next 9 years at member company as a Grain Merchandiser for Stephenson Service Co., and then AgriPride FS. In 1996, he assumed the position of Commodity Risk Advisor at MID-CO COMMODITIES, which he held for the next 13 years. In 2009 he joined the Energy Division as the Refined Fuels Trading Mgr., and then in 2012 assumed his current role as Manager of Supply & Trading-Refined Fuels in which he oversees all the trading, position risk, refined & renewable fuels procurement, scheduling and pricing, vendor and pipeline relations, and contract negotiation and management for refined and renewable fuels.

Areas of Responsibility:

Director

Nature of Duties:

Director

Mark Hansen, Secretary

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Mark began his legal career in 1994 with the law firm of Heyl, Royster, Voelker & Allen. In January 2022, he joined GROWMARK, Inc. as Senior Associate General Counsel. In that capacity, he serves as legal counsel for GROWMARK, Inc. and its subsidiaries. He has a Bachelor of Science degree in Finance from Northern Illinois University and a Juris Doctor degree from the University of Illinois College of Law.

Areas of Responsibility:

Director

Nature of Duties:

Director

Susan Fisher, Assistant Secretary

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Executive Assistant to Corporate Management since January 2013.

Areas of Responsibility:

Assistant Secretary

Nature of Duties:

Assistant Secretary

GROWMARK, INC.

1705 Towanda Avenue, Bloomington, IL 61702

Parent Company – 99% owner

Aaron Curtis, Commercial Brokerage Manager

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Aaron Curtis was named Manager, Commercial Brokerage, MID-CO COMMODITIES, Inc. in October 2020. Aaron's responsibilities include developing and implementing strategic plans and directing and supervising the daily operations of MID-CO. Aaron joined MID-CO as a Commodity Risk Consultant in 2006 before being named the Commodity Risk Manager in 2016. Prior to joining MID-CO, Aaron worked as a commodity broker for another commodity intermediary and prior to that Aaron served as a facilities manager at a local cooperative grain elevator. Aaron has a Bachelor of Science in Agribusiness and Master of Business Administration (MBA) from Illinois State University.

Areas of Responsibility:

Oversight of entire business.

Nature of Duties:

Manage the MID-CO risk consultants and strategic direction of MID-CO.

Cory Yontz, Grain Division Compliance and Administration Manager

1705 Towanda Avenue, Bloomington, IL 61702

Business Background:

Cory Yontz has been in the GROWMARK system for twelve years in various roles among accounting and finance. He has a bachelor's degree in finance from Millikin University and is a Certified Treasury Professional. Cory was most recently in a role at GROWMARK, Inc. as the Assistant Treasurer.

Areas of Responsibility:

Compliance

Nature of Duties:

Manage and maintain compliance with the CFTC and NFA

**Business Activities and Product Lines engaged in by MID-CO COMMODITIES,
INC.**

<u>Business Activity/Product Line</u>	<u>% of Assets Used</u>	<u>% of Capital Used</u>
Futures, Options	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.
- Minneapolis Grain Exchange, Inc.
- ICE Futures U.S., Inc.

International Business:

None

Clearinghouses:

None

Carrying Brokers for Markets Traded:

ADM Investor Services

ABN AMRO Clearing Chicago, LLC

RJ O'Brien

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 MID-CO staff and with the Risk Management department of GROWMARK, Inc.

Material Risks

Entrusting funds to MID-CO:

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

- MID-CO does not engage in proprietary trading.
- MID-CO only accepts customers that are hedging their physical product.
- MID-CO has no significant liabilities or material commitments.
- MID-CO does not engage in other lines of business.
- CFTC Regulations prescribe that MID-CO take into account credit quality, weighted average maturity, and weighted average coupon upon making decisions relating to the investment of customer funds pursuant to CFTC Regulation 1.25. Currently, MID-CO does not invest customer or non-customer funds.

MID-CO's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet, leverage and other lines of business:

All of MID-CO's customers are trading to hedge agricultural products, which significantly decreases the risk of exposure. There is still risk with counterparties, market, credit and operational risk. MID-CO is proactive with all policies and procedures to prevent risk and actively works with all employees to be aware of questionable activity.

As of the December 31, 2023 Financial Statements, MID-CO has total assets of \$92.4 million. MID-CO has \$48.67 million in segregated funds but is only required to have \$31.81 million. Excess funds totaled \$16.86 million. With the National Futures Association definition of leverage, MID-CO calculates its leverage as of December 31, 2023 to be 3.38.

Risks to MID-CO created by its affiliates and their activities, including investment of customer funds in an affiliated entity:

MID-CO is aware of risks posed by affiliates and works closely with GROWMARK to be aware of any issues that could pose a problem. The team that helps to evaluate the MID-CO risks is also responsible for creating the risks within the GROWMARK and is forthcoming to management.

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

[MID-CO 2023 Financial Audit](#)

Material Complaints or Actions

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

Overview of Customer Fund Segregation

MID-CO 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.

MID-CO has one type of Segregated Customer Accounts:

1) A Customer Segregated Account includes customers that trade futures and options on the U.S. futures exchanges.

The requirement to maintain separate accounts reflects the different risks posed by 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.

An FCM also deposits a portion of its own funds in Customer Segregated 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. 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.

Commission Rule 1.25 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. 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:

- MID-CO Chief Compliance Officer, 309-557-6576, Cory Yontz cyontz@mid-co.com
- CFTC, Division of Enforcement at (866) 366-2382 or https://forms.cftc.gov/_layouts/PublicForms/TipsAndComplaints.aspx
- National Futures Association, (312) 781-1300 or <http://www.nfa.futures.org/basicnet/Complaint.aspx>

Financial Information

Information as of December 31, 2023:

Total Equity: \$ 17,928,954
Regulatory Capital: \$ 16,381,683
Net Worth: \$ 17,928,954

Proprietary Margin Requirements: N/A

As of December 31, 2023, 15 clients comprise 50 percent of MID-CO's total segregated funds held for futures customers. MID-CO does not carry any 30.7 or cleared swaps accounts.

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

Asset Class: N/A

Aggregate Notional Value: N/A

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

Purpose: N/A

Source Amount: N/A

Aggregated amount of financing MID-CO 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 MID-CO's current risk practices, controls and procedures

MID-CO 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 MID-CO'S activities. The MID-CO RMP has been approved by the Board of Directors and will be monitored throughout the year by a separate business unit from the MID-CO 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 MID-CO as a Futures Commission Merchant. MID-CO 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.

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

Revised February 7, 2024