

**MCVEAN TRADING & INVESTMENTS, LLC**  
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**COMMODITY FUTURES TRADING COMMISSION RULE 1.55(k):**  
**FIRM-SPECIFIC DISCLOSURE DOCUMENT**  
**FOR USE BEGINNING ON DECEMBER 15, 2023**

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**MCVEAN TRADING & INVESTMENTS, LLC  
COMMODITY FUTURES TRADING COMMISSION RULE 1.55(k):  
FIRM-SPECIFIC DISCLOSURE DOCUMENT**

The Commodity Futures Trading Commission (“Commission” or “CFTC”) requires each futures commission merchant (“FCM”), including McVean Trading & Investments, LLC (“McVean” or the “Company”), 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. Except as otherwise noted below, the information set out is as of October 31, 2023. McVean 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 McVean believes may be material to a customer’s decision to do business with McVean. Nonetheless, McVean’s business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

**Firm and its Principals**

*(1) FCM’s name, address of its principal place of business, phone number, fax number and email address.*

*(6) FCM’s DSRO and DSRO’s website address.*

McVean Trading & Investments, LLC  
850 Ridge Lake Boulevard, Suite One  
Memphis, TN 38120  
800-374-1937 (telephone)  
901- 761-8467 (fax)  
[mbarksdale@mcvean.com](mailto:mbarksdale@mcvean.com)

McVean’s Designated Self-Regulatory Organization (“DSRO”) is the National Futures Association, [www.nfa.futures.org](http://www.nfa.futures.org)

*(2) The name, title, business address, business background, areas of responsibility and the nature of the duties of each principal as defined in CFTC Rule 3.1(a).*

**Michael J. Wharton - Chairman of the Board and Chief Manager**

Michael J. Wharton is the Chairman of the Board of Governors and Chief Manager of McVean Trading & Investments, LLC. He has been with the Company since its inception and, prior to his appointment as Chairman of the Board and Chief Manager in March 2021, served as the President since 1990. Mr. Wharton is responsible for the overall leadership of the Company, strategic planning and the development of new traders. He is also the Managing Member of Wharton Asset Management, LLC, a commodity trading advisor registered with the CFTC. He attended the University of Nebraska.

**C. Dow McVean, Jr. - President**

Dow McVean is the President of McVean Trading & Investments, LLC and he serves on the Board of Governors of the Company. He works closely with the Company’s Chairman, Michael J. Wharton, on strategic planning for the Company and the development of new traders. Mr. McVean is also the Managing Member of Dow McVean Capital Management, LLC, a commodity trading advisor registered with the CFTC. He was registered with the CFTC as an associated person of McVean Trading from

October 1994 until June 2013. Mr. McVean received degrees in economics and philosophy from Southern Methodist University and studied economics and the European Common Agricultural Policy at the Albert Ludwig University in Freiburg, Germany.

**William R. Kaelin - Governor**

William R. Kaelin serves on the Board of Governors of McVean Trading & Investments, LLC, along with Michael J. Wharton and Dow McVean. In this capacity he assists in planning the strategic direction of the Company. He is also a Managing Member of K & M Trading, LLC, a commodity trading advisor registered with the CFTC, which he co-founded in July 2012 with John Steven Morrissey. From November 1991 to August 2013, Mr. Kaelin was registered with the CFTC as an AP of McVean Trading & Investments, LLC. Mr. Kaelin holds a bachelor's degree from Southern Methodist University and earned an M.B.A. in finance from the Owen Graduate School of Management at Vanderbilt University. He is a member of the Beta Gamma Sigma Honorary Business Society.

**Paul F. Plescher - Sr. VP and Chief Financial Officer**

Paul Plescher is Senior Vice President and Chief Financial Officer of McVean Trading & Investments, LLC. His duties include preparation of firm financial statements and monitoring the firm's compliance with margin, net capital and customer fund segregation requirements. Mr. Plescher has been with McVean since the firm's formation in 1986. Prior to joining McVean Trading, he held various financial positions at Heinold Commodities, Inc. in Chicago, including controller and vice president of corporate accounting. Paul is a member of the American Institute of Certified Public Accountants and holds a master's degree in management from the Kellogg School of Management at Northwestern University.

**Llewellyn C. Hall – VP and Chief Compliance Officer**

Llewellyn Hall is currently the firm's Vice President of Compliance and Chief Compliance Officer. Her duties include development and monitoring of firm compliance policies, supervision of sales practices, and approval of new accounts. After earning a B.B.A. from the University of Mississippi, Llewellyn Hall moved to New York to work for Memphis-based Dunavant Enterprises on the New York Cotton Exchange. She then moved to Washington, D.C. to join the staff of U.S. Senator John Stennis. Her next move was to REFCO, Inc. in 1982, where she worked for the founder of the Company, Charles McVean, as his trading assistant and branch compliance officer until the formation of McVean Trading in 1986.

The business address for all of McVean's principals listed above is 850 Ridge Lake Boulevard, Suite One, Memphis, TN 38120.

**Other Principals of the Company**

A number of other individuals and entities, set forth below, are listed as principals of McVean in accordance with CFTC Rule 3.1, solely because they directly or indirectly control an ownership interest of ten percent or more in the Company or because they have directly or indirectly contributed ten percent or more of the capital of the Company. These individuals and entities are not deemed material for the purposes of this disclosure document because they do not participate in the management of the Company.

McVean Holdings, LLC

Exempt Family Trust Created Under Section 5 of Wharton Generational Trust

GST Exempt Trust Created Under the Courtney M. Skouteris Generational Trust

GST Exempt Trust Created Under the Gwen M. Coffey Generational Trust

Katherine McVean Kaelin is the trustee of two trusts that hold an indirect interest in McVean. She is a community volunteer in Memphis, Tennessee. She has no title, responsibility or duties related to her

status as a principal of McVean. Her business address is 850 Ridge Lake Boulevard, Suite One, Memphis, TN 38120.

Christopher J. Coats is the trustee of a trust that holds an interest in McVean. He is a shareholder in the law firm of Baker Donelson in Memphis, Tennessee. He has no title, responsibility or duties related to his status as a principal of McVean. His business address is 6060 Poplar Avenue, Suite 440, Memphis TN 38119.

### **Firm’s Business Activities and Product Lines**

*(3) 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.*

McVean is registered with the CFTC as a futures commission merchant and it is a member of the National Futures Association. All of its assets and capital are dedicated to its FCM business. McVean is not registered with the Securities and Exchange Commission (SEC) as a broker-dealer and it is not exposed to the risks of the securities business. It does not trade cleared swaps on Swaps Execution Facilities.

Set forth below is a table showing McVean’s primary business activities and the approximate percentage of its assets and capital that are used in each type of activity as of October 31, 2023. McVean’s primary line of business is managed futures accounts. The vast majority of McVean’s accounts are managed by third party commodity trading advisors (CTAs) and associated persons (APs) of McVean. In addition to carrying accounts for public customers, McVean carries a substantial number of accounts for “noncustomers” (generally persons employed by or associated with McVean in some capacity).

In addition to its managed accounts business, McVean trades for its own proprietary accounts and carries a small number of speculative self-directed trading accounts for both customers and noncustomers. McVean also carries a small number of agricultural hedge accounts for both customers and noncustomers.

<b>Activity/Product Line</b>	<b>Percentage of Assets</b>	<b>Percentage of Capital, Based Upon Charges to Net Capital</b>
Customer Managed Accounts	81%	21%
Noncustomer Managed Accounts	13%	4%
Customer Hedge Accounts	Less than 1%	Less than 1%
Noncustomer Hedge Accounts	Less than 1%	Less than 1%
Self-directed Customer Accounts	Less than 1%	Less than 1%
Self-directed Noncustomer Accounts	Less than 1%	Less than 1%
Firm Proprietary Trading	Less than 1%	32%

## **FCM Customer Business**

*(4) The futures commission merchant's business on behalf of its customers, including types of customers, markets traded, international businesses, and clearinghouses and carrying brokers used, and the futures commission merchant's policies and procedures concerning the choice of bank depositories, custodians, and counterparties to permitted transactions under CFTC Rule 1.25.*

McVean's customers include individuals, IRA and other retirement accounts, partnership, corporation, LLC and trust accounts, and commercial hedgers. McVean does not carry any accounts on behalf of high frequency traders. The vast majority of its accounts are carried on behalf of individuals and IRA accounts.

Trading is concentrated in agricultural futures and options contracts. Contracts traded by McVean customers in substantial volume include the following:

- (i) Live Cattle, Feeder Cattle and Lean Hogs on the Chicago Mercantile Exchange (CME);
- (ii) Corn, Wheat and Oilseeds, traded on the Chicago Board of Trade (CBOT) and the Minneapolis Grain Exchange (MGEX).

McVean customers also traded contracts on the following exchanges:

- (i) Commodity Exchange Inc. (COMEX)
- (ii) New York Mercantile Exchange, Inc. (NYMEX)
- (iii) ICE Futures US, Inc.

CME Clearing, a division of Chicago Mercantile Exchange Inc., is the clearinghouse for all trades executed on CME, CBOT, COMEX and NYMEX. The clearinghouse for trades executed on ICE is ICE Clear US Inc.

McVean is not a member of any exchange. McVean uses StoneX Financial Inc. ("StoneX") and Marex Capital Markets Inc. ("Marex") as its clearing brokers. StoneX and Marex are members of all major commodity exchanges in the United States.

Although it may do so in the future, McVean does not currently trade any futures contracts on foreign exchanges. McVean does not deposit any customer funds with foreign banks or brokers. Less than 4% of its customers are located outside of the United States.

## **Permitted Depositories and Counterparties**

*FCM's policies and procedures concerning the choice of bank depositories, custodians and counterparties to permitted transactions under § 1.25.*

McVean will not allow any entity affiliated with McVean to be a depository for segregated funds.

McVean will only maintain customer segregated funds with Futures Commission Merchants (FCMs), banks, and in money market mutual funds.

## **Futures Commission Merchants:**

In order to be satisfied that FCMs with which McVean conducts business meet sufficient capitalization, creditworthiness, operational reliability and access to liquidity, McVean will only deposit customer funds with clearing members of CME Group that are eligible to clear CME products for customers.

## FCM Concentration Risk

McVean will make a best effort to maintain at least two clearing arrangements with CME Group clearing entities in order to disburse concentration and have a clear path to transfer customer positions and equity from one FCM to another should the need arise.

### **Banks:**

In order to be satisfied that banks with which McVean conducts business with meet sufficient capitalization, creditworthiness, operational reliability and access to liquidity, McVean will only deposit customer funds with large well capitalized banks whose holding company stock is publicly traded. McVean will not deposit funds in any bank that is not among the 100 largest publicly traded US banks, ranked by assets. McVean will monitor publicly available financial information on each bank, including but not limited to stock price performance and third party credit ratings, for material changes.

Cash held in banks will be in demand deposit accounts.

All cash deposits with banks must be immediately available on demand.

McVean will make a best effort to maintain accounts with at least three banks in order to disburse concentration and have a clear path to transfer funds from one bank to another should the need arise.

### **Money Market Mutual Funds:**

In order to be satisfied that money market mutual funds in which McVean invests customer funds meet sufficient capitalization, creditworthiness, operational reliability and access to liquidity, McVean will only deposit customer funds in money market mutual funds with at least \$1 billion in assets, which are managed by investment advisers with assets under supervision of at least \$25 billion. McVean will monitor the prospectus or other publicly available information on each money market mutual fund for material changes.

**Permitted Investments.** McVean will limit its investment of customer funds to United States Treasury securities and money market mutual funds, in accordance with CFTC Rule 1.25(a)(1).

### **Other Restrictions.**

- a. McVean will not enter into repurchase agreements or reverse repurchase agreements in connection with its investments in US Treasury securities.
- b. The dollar-weighted average of the time-to-maturity of the portfolio may not exceed 24 months.
- c. With the exception of money market mutual funds, no permitted investment may contain an embedded derivative of any kind.
- d. No instrument may contain interest-only payment features.
- e. No instrument may provide payments linked to a commodity, currency, reference instrument, index, or benchmark, and it may not otherwise constitute a derivative instrument.
- f. Adjustable rate securities are not permitted.
- g. McVean shall not invest customer funds in obligations of an entity affiliated with McVean.

## Material Risks

(5) *The material risks, accompanied by an explanation of how such risks may be material to its customers, of entrusting funds to FCM, including, without limitation:*

(i) *the nature of investments made by FCM (including credit quality, weighted average maturity and weighted average coupon);*

McVean has determined that it will limit the market, credit, counterparty, operational, and liquidity risks associated with its investments of customer funds by adopting conservative standards for the investment of customer funds. 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, with the exception of deposits with clearing FCMs, McVean holds substantially all of its assets in cash, U.S. Treasury securities and money market mutual funds.

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses in such accounts and management believes the Company is not exposed to significant risk to cash.

Depending upon prevailing interest rates, a portion of customer funds may be invested in U.S. Treasury securities. U.S. Treasury securities are backed by the full faith and credit of the U.S. government and are therefore deemed to have negligible credit risk. U.S. Treasury securities are highly liquid. Like all bonds, U.S. Treasury securities are subject to market risk. Changes in interest rates affect the value of such securities. By regulation, McVean must limit market risk by maintaining a dollar-weighted average time-to-maturity of the securities portfolio not to exceed 24 months. For purposes of calculating this limit, money market mutual funds are excluded, and the Company does not invest customer funds in financial instruments other than money market mutual funds and U.S. Treasury securities. At October 31, 2023, McVean held U.S. Treasury securities totaling \$319,730,848. The dollar-weighted average of the time-to-maturity of the Company’s U.S. Treasury portfolio was approximately 3 months. The weighted average coupon of the Company’s U.S. Treasury portfolio (excluding U.S. Treasury bills, which have no coupon) was approximately 2.25%.

Depending upon prevailing interest rates, the Company may invest a portion of customer funds, and a portion of its own funds, in money market mutual funds that meet the investment criteria set forth in CFTC Rule 1.25. Such funds may invest in U.S. Treasuries, certificates of deposit, corporate commercial paper, and other short-term instruments. Assets in money market mutual funds do not qualify for FDIC deposit insurance. At October 31, 2023, McVean held money market mutual fund investments totaling \$1,064,869.

The Company has, on behalf of itself and its customers and noncustomers, invested in commodity futures contracts and options on futures contracts that involve substantial market risk. Generally, these contracts could be closed out at the discretion of the Company's traders. Market conditions may change suddenly and thus put all related invested funds at risk of substantial loss.

From time to time, the Company has amounts due from clearing brokers arising in connection with commodities transactions. To minimize risk, management has evaluated the creditworthiness of these entities. As a result, management believes the Company is not exposed to significant risk on receivables from these entities.

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

**Creditworthiness.** McVean is a privately held company and has not received a credit rating from



any of the nationally recognized statistical rating organizations.

**Leverage.** McVean does not extend leverage (margin financing) to customers outside of the normal margin call process, except that on rare occasions the Company may finance delivery of cash commodities under a futures contract. In such instances any credit extended by McVean is fully secured by the delivered commodities. McVean utilizes qualified subordinated debt to supplement its regulatory capital base. McVean does not carry any additional leverage on its balance sheet or engage in leveraged transactions outside of the ordinary course of its futures business.

NFA Financial Requirement Section 16 requires FCMs to perform a leverage calculation and include this calculation in their monthly financial reports. McVean's calculation, as of October 31, 2023, is set forth below.

A. Total Assets	\$500,759,809
B. Less Amount Required to be Segregated for Customers	\$407,528,513
C. Ownership Equity	\$6,682,468
D. Subordinated Loans	\$10,000,000
E. Total Capital (C+D)	\$16,682,468
F. Leverage (A-B)÷E	5.59%

**Capital.** The purpose of the FCM's capital requirement is to assure that the FCM has sufficient capital to protect customers in the event of any inadequacy in customer funds arising from the default of one or more customers, adverse market conditions, or for any other reason. As of October 31, 2023, McVean had adjusted net capital of \$13,178,670 and excess net capital of \$11,763,344.

**Liquidity.** At October 31, 2023, all but \$695,188 of McVean's total assets of \$500,759,809 are considered current per CFTC regulations. It is the Company's policy to limit investment of customer funds to U.S. Treasury securities and money market mutual funds only. U.S. Treasury securities and money market mutual funds are highly liquid. At October 31, 2023, McVean held cash, US Treasury securities and money market mutual funds totaling \$479,572,099. McVean maintains sufficient liquidity to meet customer settlements and funds requests.

**Other Lines of Business.** McVean operates a futures commission merchant business and no other line of business. It is not registered as a broker-dealer or a bank, and it is not engaged in any other lines of business that could expose its customers to risk.

*(iii) risks to FCM created by its affiliates and their activities, including investment of customer funds in an affiliated entity;*

Three of the principals of the Company, Michael J. Wharton, Charles D. McVean, Jr. and William R. Kaelin, have ownership interests in separately organized companies that are registered as commodity trading advisors (CTAs). These three CTAs manage a substantial number of accounts that are carried by McVean. The trading activities of the CTAs could expose the Company to risk in the event that losses are incurred by customers or noncustomers in excess of the margin funds deposited with the Company.

McVean does not invest customer funds in affiliated entities.

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

McVean has liabilities subordinated to claims of general creditors consisting of borrowings from members and lenders pursuant to revolving loan agreements. The revolving loan agreements provide for borrowings of up to \$15,000,000. The Company has outstanding borrowings of \$10,000,000 as

of October 31, 2023.

The subordinated borrowings are available in computing adjusted net capital under the minimum capital requirements and are subject to prepayment and repayment restrictions.

McVean has a liability of \$3,583,364 payable to officers, members and principals at October 31, 2023 that is unsecured and payable at the discretion of the Company. Amounts due to members contain no interest provision. However, the Company may pay interest at its discretion.

The Company leases office space and certain equipment under noncancelable operating leases expiring from 2024 to 2026. Future minimum lease commitments for operating leases with remaining lease terms in excess of one year are as follows:

<u>Year</u>	
2023	\$79,000
2024	\$537,000
2025	\$543,000
2026	<u>\$523,000</u>
Total	\$1,682,000

In the normal course of business, the Company's activities involve the execution of customers' and noncustomers' futures, options and swap transactions with brokers or counterparties. These activities may expose the Company to risk in the event the customers, noncustomers, brokers, or counterparties are unable to fulfill their contracted obligations.

The Company seeks to control the risks associated with its activities by requiring customers and noncustomers to maintain margin collateral in compliance with various regulatory and internal guidelines and by dealing with brokers who are subject to CFTC or Securities Exchange Commission financial requirements. The Company monitors required margin levels and, pursuant to such guidelines, requires customers and noncustomers to deposit additional funds, or reduce positions, when necessary.

(v) *Other Risks*

**Proprietary Trading.** The Company engages in proprietary trading for its own account and risk. As of October 31, 2023, the Company's margin requirements for its proprietary trading were 8.16% of its customer margin requirements.

**Market Concentration.** McVean's customer and noncustomer trading is heavily concentrated in the livestock, grain and oilseed markets. The livestock market is generally less liquid than the grain and oilseed markets. A catastrophic event in the livestock industry, such as a major disease outbreak or a change in the perception of the safety of meat consumption, could result in sudden large trading losses. The Company seeks to control this risk in most cases by requiring account deposits from customers and noncustomers that are far in excess of exchange margin requirements.

## Material Complaints or Actions

(7) Any material administrative, civil, enforcement or criminal complaints or actions filed against FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against FCM during the last three years.

There have been no material administrative, civil, enforcement or criminal complaints or actions filed against McVean, pending or concluded, in the last three years.

## Customer Funds Segregation

(8) A basic overview of customer fund segregation, FCM management and investments, FCMs and joint FCM/broker dealers.

**Customer Accounts.** FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- (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 derivatives clearing organization (DCO) registered with the Commission. As of the date of this document, McVean has not traded any cleared swap contracts, nor does it anticipate trading cleared swaps.

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.

**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, are held in a Customer Segregated Account in accordance with section 4d(a)(2) of the Commodity Exchange Act and Commission Rule 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 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;<sup>1</sup> or (iii) in the country of origin of the currency.

**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

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<sup>1</sup> Money center countries means Canada, France, Italy, Germany, Japan, and the United Kingdom.

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 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 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 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. As explained below, Commission Rule 30.7 restricts the amount of such funds that may be held outside of 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 Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the US except as necessary to meet margin requirements, including prefunding 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 rule 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 rules. 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 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 Rule 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 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.

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);<sup>2</sup>
- (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 of Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account

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<sup>2</sup> 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.

on a delivery versus payment basis in immediately available funds.<sup>3</sup>

Further, Commission rules require McVean to hold funds deposited to margin futures and options on futures contracts traded on US designated contract markets in Customer Segregated Accounts. Similarly, McVean must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its Customer Funds requirements under relevant Commission rules, McVean may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (e.g., securities, Customer Segregated, 30.7) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically-owned undermargined account.

**No SIPC Protection.** It is important to understand that the funds you deposit with an FCM for trading futures and options on futures contracts on either US or foreign markets or cleared swaps are not protected by the Securities Investor Protection Corporation, even if the FCM is also registered with the Securities Exchange Commission as a broker-dealer. McVean is not registered as a broker-dealer.

### **Filing a Complaint**

*(9) Information on how a customer may obtain information regarding filing a complaint about the futures commission merchant with the Commission or with the firm's designated self-regulatory organization.*

A customer that wishes to file a complaint about McVean 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 McVean 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.

### **Relevant Financial Data**

*(6) The location where the FCM's annual audited financial statements are made available.*

McVean's annual audited financial statements can be found on its website, [www.mcvean.com](http://www.mcvean.com).

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

The following data is as of October 31, 2023.

*(i) the FCM's total equity, regulatory capital, and net worth, all computed in accordance with U.S. Generally Accepted Accounting Principles and Rule 1.17, as applicable;*

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<sup>3</sup> 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 Rule 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.

Total Equity:	\$10,657,468
Regulatory Capital:	
Net Capital	\$15,987,280
Adjusted Net Capital	\$13,178,670
Excess Net Capital	\$11,763,344
Net Worth	\$6,682,468

*(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;*

Proprietary Margin Requirement = \$1,198,409. Customer Margin Requirement = \$14,690,158.  
Proprietary Margin / Customer Margin = 8.16%

*(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;*

367 futures customers. We had no cleared swap or 30.7 customer deposits.

*(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

*(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 uncollectable 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.*

0.0%

Additional financial information on all FCMs is also available on the Commission's website at: <http://www.cftc.gov/MarketReports/financialfcmdata/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 Rule 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.

### **Current Risk Practices, Controls and Procedures**

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

McVean has adopted a system of risk management policies and procedures designed to monitor and manage the risks associated with its activities as a futures commission merchant. In accordance with the requirements of CFTC Rule 1.11, McVean's "Risk Management Program" establishes a separate risk management unit that monitors and manages risks inherent in the business of a futures commission merchant, such as market, credit, liquidity, foreign currency, legal, operational, settlement, segregation, technological and capital risks.

McVean's business practices are designed to manage and control the risks of its business and protect the safety of customer funds. The Company maintains capital well in excess of minimum regulatory requirements, and substantially all of its capital is liquid. The vast majority of its accounts are managed by experienced commodity trading advisors who have done business with the Company for many years without incident. The Company requires substantial deposits from its managed account customers, making the risk of a margin deficit remote. Customers directing their own accounts must place trades with a McVean broker; no customers are allowed direct access to trade on the commodity exchanges.

The risk management unit is required to provide quarterly "Risk Exposure Reports" to senior management of the Company, including McVean's Chairman. Copies of such reports must be filed with the CFTC. The Risk Management Program must be reviewed and tested annually by qualified internal audit staff or a qualified third party audit service.