

Trading.  
Around the globe,  
around the clock.



2013

Consolidated  
Statement of  
Financial Condition



ADM Investor  
Services, Inc.

## PRESIDENT'S MESSAGE

It is my pleasure to report that ADM Investor Services has concluded another successful year, and to present our most recent financial statement. We are proud that the strong growth we achieved in our 47th year of operations was guided by the values for which we have always stood; maintaining great financial stability and strength to protect our customer's assets, using integrity to inform every decision we make, and embracing new opportunities that support our customer's success.

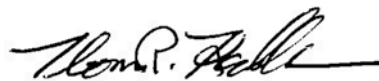
As of December 31, 2013, ADM Investor Services had one of the strongest balance sheets and capital structures in the futures industry with regulatory net capital of \$293 million, excess capital of \$123 million and customer assets of \$3.1 billion. We are also supported by our corporate parent Archer Daniels Midland Company, a Fortune 50 firm with over \$20 billion of shareholder equity.

Over the past year we invested heavily in the technology and people necessary to embrace the sweeping regulatory reforms that are taking place in our industry. As a clearing firm we have no greater obligation than to protect our customer's assets and keep them secure. We always have, and always will continue to welcome safeguards designed to keep our markets secure and dynamic for all participants.

In the coming year, ADM Investor Services and our branches and affiliated companies located in New York, London, Hong Kong, Taiwan, Singapore and Mumbai will continue to embrace new areas of technology, market information and customer service. Ingenuity will fuel our drive to provide customers with unique services that help them compete, communicate and prosper. As always, our firm will not engage in speculative proprietary trading and our employees will not trade futures products; our focus will remain squarely on our customers and their success.

The employees of ADM Investor Services join me in thanking you for your business, and for the trust you put in us. We look forward to the opportunities that lay ahead for all of us, and to the continued strengthening and growth of the futures industry.

Sincerely,



Thomas R. Kadlec  
President

## STRENGTH | STABILITY | SERVICE

### WHO WE ARE

For more than 45 years, ADM Investor Services, Inc. (“ADMIS”) has been a leader in the futures brokerage industry by maintaining a strong capital base, following responsible business practices and being committed to serving clients all over the world. We are widely known for our high integrity and the fair, consistent and ethical manner in which we conduct business. ADMIS does not engage in speculative proprietary trading as our sole focus is on our customers.

### AROUND THE GLOBE, AROUND THE CLOCK

As one of the largest non-financial FCM’s in the industry, ADMIS provides a variety of futures clearing and execution services tailored to commercial, institutional and retail customers around the globe. Our Introducing Broker network operates from over 265 locations across the United States. ADMIS subsidiaries, affiliates and branch offices are strategically located in Chicago, New York, London, Hong Kong, Shanghai, Singapore, Taiwan and Mumbai.

### HISTORY OF ADMIS

ADMIS can trace its roots back to the 1930’s with the founding of Tabor Grain and Feed Company, an independently owned grain merchandising operation in Central Illinois. Tabor expanded in 1956 to provide customers with investment banking and stock trading services. In 1966, the company became a clearing member of the Chicago Board of Trade and began clearing and executing futures trades. In 1975, the Archer Daniels Midland Company (“ADM”) acquired Tabor & Company and in 1985 adopted the name we continue to use today. ADMIS has its headquarters in the heart of the financial district in Chicago, Illinois.

### ABOUT ADM

For more than a century, the people of Archer Daniels Midland Company (NYSE: ADM) have transformed crops into products that serve vital needs. Today, 31,000 ADM employees around the globe convert oilseeds, corn, wheat and cocoa into products for food, animal feed, industrial and energy uses. With more than 270 processing plants, 470 crop procurement facilities, and

the world’s premier crop transportation network, ADM helps connect the harvest to the home in more than 140 countries. ADM has been a member of the CME Group since 1927. Net sales for the fiscal year ended December 31, 2013 were \$90 billion. For more information about ADM and its products, visit [www.adm.com](http://www.adm.com).

### CAPITAL

ADMIS is a full-service Futures Commission Merchant with \$277 million in equity capital.

### CLEARING MEMBERSHIPS

We are exchange members of the CME Group, Inc.; the Minneapolis Grain Exchange; ICE Futures US; ICE Futures Canada; ICE Futures Europe; OneChicago; Dubai Mercantile Exchange; Montreal Exchange; Nodal Exchange; London Metal Exchange, NYSE Euronext and LCH EnClear. We are also clearing members of the CME Group, Inc.; MGEX; Options Clearing Corp; ICE Clear US; ICE Clear Europe and LCH.Clearnet.

### ORDER ENTRY AND EXECUTION

ADMIS provides exceptional clearing and execution services to our Commercial, Institutional, Introducing Broker, FCM, CTA and Retail customers. Our clientele have the ability to choose from a superior group of trading platforms tailored to their individual trading needs. We also have our own 24Hour Trading Center providing GLOBEX and ICE electronic trading execution as well as access to all International exchanges and EFP markets.

### PROPRIETARY MARKET ANALYSIS

ADMIS provides comprehensive analysis of all actively traded futures markets for our worldwide customers. Our in-house research department employs some of the most well-known and respected professionals in our industry. They create detailed intra-day, weekly and monthly market commentaries on a range of commodities. The ADMIS research staff is available to discuss specific trading strategies by request and to personally update customers on market conditions as they happen. Our analysts work closely with other top research consultants to provide ADMIS clients

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with the most unique and timely market information available in the futures and options industry.

### ADMIS WEBSITE

Our ADMIS website offers brokers and customers alike the ability to access their daily and monthly account trading statement information including real-time position tracking, cash transactions and daily commission recaps in a secure setting. Our interactive MAP (Margin Analysis Platform) feature allows users to determine margin requirements or individual 'what if' scenarios for their entire portfolio. Quotes, charts, daily market research and other industry-related news are accessible on our site at any time. Opening new accounts online is streamlined with our user-friendly Online Account Application link. To learn more about what our website has to offer, go to [www.admis.com](http://www.admis.com).

### STATEMENTS BY EMAIL

ADMIS customers can opt to receive statements of their trading activity & margin calls via email. This free service provides customers with timely status updates for their accounts in an efficient manner while continuing the ADMIS effort to "Go Green" in lowering our carbon footprint.

### BACK UP SERVICES

ADMIS is proud to offer essential back-up service and customer support on a short term basis to our Introducing Brokers through our Archer Financial Services, Inc. business unit.

## ADM Investor Services, Inc. CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2013

With Report of Independent Auditors



Commodity Futures Trading Commission  
Annual Audited Report

ADM Investor Services, Inc.  
 Consolidated Statement of  
 Financial Condition

December 31, 2013

**ASSETS**

|   |                        |
|---|------------------------|
| Cash and cash equivalents . . . . .   | \$56,469,613           |
| Funds segregated for customers, including U.S. government securities and short-term investments of \$2,472,472,000 . . . . .  | 3,623,928,723          |
| Receivable from and deposits with clearing organizations and broker-dealers, including U.S. government securities and short-term investments of \$404,467,000 . . . . . | 360,448,422            |
| Securities owned . . . . .  | 14,521,257             |
| Receivable from customers . . . . .   | 3,750,813              |
| Receivable from affiliates . . . . .  | 3,635,673              |
| Net deferred tax assets . . . . .   | 5,522,683              |
| Exchange memberships, at cost (fair value: \$10,539,397) . . . . .  | 649,310                |
| Other assets . . . . .  | 9,101,131              |
| <b>TOTAL ASSETS . . . . .</b>   | <b>\$4,078,027,625</b> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

|   |                        |
|---|------------------------|
| Payable to:   |                        |
| Customers . . . . .                                 | \$3,241,489,369        |
| Affiliates . . . . .                                | 482,282,154            |
| Introducing brokers . . . . .                       | 9,334,430              |
| Clearing organizations and broker-dealers . . . . . | 31,620                 |
| Subordinated borrowings from ADM . . . . .          | 35,000,000             |
| Current taxes payable . . . . .                     | 13,030,554             |
| Other liabilities . . . . .                         | 19,600,851             |
| <b>TOTAL LIABILITIES . . . . .</b>                  | <b>\$3,800,768,978</b> |

**STOCKHOLDER'S EQUITY:**

|  |                        |
|--|------------------------|
| Common stock, no par value; 20,000 shares authorized and outstanding . . . . . | 3,000,000              |
| Retained earnings . . . . .  | 274,258,647            |
| <b>Total stockholder's equity . . . . .</b>                                    | <b>277,258,647</b>     |
| <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY . . . . .</b>                    | <b>\$4,078,027,625</b> |

See accompanying notes.

## 1. ORGANIZATION AND NATURE OF THE BUSINESS

ADM Investor Services, Inc. (ADMIS or the Company) is a wholly owned subsidiary of Archer Daniels Midland Company (ADM or the Parent). ADMIS is a registered futures commission merchant and a clearing member of all principal U.S. commodities exchanges. The Company is primarily and substantially in the business of clearing regulated, exchange-traded derivative contracts. The consolidated statement of financial condition includes the accounts of wholly-owned subsidiary, Archer Financial Services, Inc., and the results of ADM Derivatives, a division of ADMIS that specializes in foreign currency trading on behalf of foreign currency customers (i.e., eligible contract participants).

The Company has prepared the accompanying consolidated statement of financial condition in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The consolidated statement of financial condition includes the accounts of the Company's wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase, including money market funds, to be cash equivalents. All cash and cash equivalents are held with major financial institutions.

Short-term investments are recorded on a trade-date basis and consist primarily of U.S. Treasury obligations and short-term investments, such as money market funds, bank trust accounts and overnight repurchase agreements with financial institutions. All securities are carried at fair value based on quoted market prices at the date of the consolidated statement of financial condition. The cost associated with securities transactions is relieved on a specific-identification basis. Repurchase agreements are accounted for as collateralized financing and carried at their contracted value, which approximates fair value. The Company's policy is to obtain possession of the collateral and to monitor the value daily. The Company's reverse repurchase agreements generally have a maturity of one day. At December 31, 2013, the Company had \$969,944,000 in reverse repurchase agreement collateralized by \$970,154,000 of U.S. Treasury Securities. Customer-owned and affiliate-owned securities, including options, held by the Company are excluded from the consolidated statement of financial condition.

Exchange memberships include stock of exchanges required to be held for membership privileges. Exchange memberships and stock of exchanges held for operating purposes are carried at cost. Exchange memberships and stock of exchanges not required for membership privileges are included in securities

owned on the consolidated statement of financial condition and carried at fair value based on quoted market prices.

Receivables from and payables to customers, affiliates, and clearing organizations and broker-dealers, arise primarily in connection with futures transactions and include gains and losses on those trades. Unrealized gains and losses arising from forward transactions are netted by counterparty and are recorded as receivables from and payables to customers, affiliates, and clearing organizations and broker-dealers, as applicable.

Other assets include furniture, equipment, leasehold improvements, prepayment and intangible assets. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or the economic useful life of the improvement. At December 31, 2013, ADMIS has accumulated depreciation of \$5,589,000. Intangible assets are amortized on a straight-line basis over their estimated useful lives.

The Company is included in the federal and state income tax returns filed by ADM. Federal income taxes are calculated as if the Company filed a separate return, and the amount of current tax or benefit calculated is either remitted to or received from ADM. The amount of current and deferred taxes payable is recognized as of the date of the consolidated statement of financial condition utilizing currently enacted tax laws and rates. Deferred income taxes arise from the effects of timing differences in the book and tax bases of assets and liabilities. The Company recognizes those income tax positions in the consolidated statement of financial condition that are determined to be more likely than not to be sustained upon examination, based on the technical merits of the position.

The Parent has evaluated tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not to be sustained by the applicable tax authority. Based on this analysis, there were no uncertain tax positions in the Company's consolidated statement of financial condition. The Company does not believe it is reasonably possible that within the next 12 months unrecognized tax benefits will change by a significant amount. The Company's tax positions, through their inclusion in the ADM U.S. federal tax return, remain subject to examination for the calendar tax years 2012 and 2013.

Assets and liabilities denominated in foreign currencies are translated at fiscal year-end rates of exchange.

The preparation of the consolidated statement of financial condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect

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the amounts reported in the consolidated statement of financial condition and accompanying notes. Actual results may differ from those estimates.

Effective January 1, 2013, the Company adopted the amended guidance of Accounting Standard Codification Topic 210, Balance Sheet: Disclosures about Offsetting Assets and Liabilities, which added the requirement to disclose to financial statement users the effect or potential effect of netting arrangements on the consolidated financial position of the Company, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments. See Note 8 for additional information.

### 3. RELATED-PARTY TRANSACTIONS

Payable to affiliates is a net payable to Parent of approximately \$482,282,000 to the Parent arising from trading activities in the ordinary course of business, interest income and expense, corporate allocations for administrative services, and transactions paid by the Parent on behalf of the Company or paid by the Company on behalf of the Parent. The total trading-related payable to the Parent is approximately \$459,036,000. These balances are periodically settled on an offsetting basis.

U.S. government securities owned by affiliates that are pledged to the Company as collateral for trading activities of approximately \$298,299,000 are not reflected in the consolidated statement of financial condition. In addition, the net short value of affiliates' options on futures positions of approximately \$4,941,000 are not reflected in the consolidated statement of financial condition.

Employees of the Company participate in various benefit plans sponsored by ADM.

ADM Investor Services International (ADMISI), an affiliate of the Company, has omnibus level accounts with the Company that are utilized in trading activities in the ordinary course of business for ADMISI customers. Any related balance at period end is reported as receivable from or payable to customers within the consolidated statement of financial condition.

At December 31, 2013, the Company had subordinated borrowings totaling \$35,000,000 under an agreement with ADM bearing interest at 2% and maturing in June 2015. The debt is subordinated to the general claims of creditors, has been approved by the applicable regulatory bodies, and is available in computing net capital. To the extent that such borrowings are required for continued compliance with minimum net capital requirements, the loan agreement provides that this debt may not be repaid.

The Company participates in a 50% joint venture arrangement with an external third party, which operates a similar business as the Company. At December 31, 2013, the Company has a related net receivable of approximately \$3,136,000, which included equity investment, and reported as receivable from affiliates on the consolidated statement of financial condition.

### 4. FAIR VALUE MEASUREMENTS

Substantially all of the Company's assets and liabilities, other than fixed assets, exchange memberships and stock in exchanges held for operating purposes, are considered financial instruments and are reflected at fair value or at carrying amounts that approximate fair value because of the short maturity of the instruments. The Company defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company's policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances. The three levels within the hierarchy used to measure fair value include:

Level 1 – Inputs may include quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company has the ability to access. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded derivative contracts, U.S. government securities, and certain publicly-traded equity securities.

Level 2 – Inputs may include quoted prices for similar assets and liabilities in active markets or quoted prices in markets that are less active than traded exchanges or other observable inputs (other than quoted prices included in Level 1) for the asset or liability that can be corroborated by observable market data, such as interest rates and yield curves that are observable at commonly quoted intervals. Financial assets and liabilities utilizing Level 2 inputs include most corporate bonds and certificates of deposit.

Level 3 – Inputs may include unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the asset or liability.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which fair value measurement in its entirety falls has been determined based

on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

The following table presents information about the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2013, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

|  | LEVEL 1                 | LEVEL 2     | LEVEL 3     | TOTAL                   |
|--|-------------------------|-------------|-------------|-------------------------|
| <b>ASSETS</b>  |                         |             |             |                         |
| Funds segregated for customers:  |                         |             |             |                         |
| U.S. government securities   | \$ 1,704,028,000        | \$ -        | \$ -        | \$ 1,704,028,000        |
| Money market funds   | 69,961,000              | -           | -           | 69,961,000              |
| Receivable from and deposits with clearing organizations and broker-dealers: |                         |             |             |                         |
| U.S. government securities   | 77,660,000              | -           | -           | 77,660,000              |
| Money market funds   | 125,297,000             | -           | -           | 125,297,000             |
| Foreign currency forwards  | 15,677,000              | -           | -           | 15,677,000              |
| Receivable from customers:   |                         |             |             |                         |
| Foreign currency forwards  | 88,000                  | -           | -           | 88,000                  |
| Commodity futures contracts  | 365,000                 | -           | -           | 365,000                 |
| Securities owned:  |                         |             |             |                         |
| U.S. government securities   | 14,521,000              | -           | -           | 14,521,000              |
| <b>Total assets at fair value</b>  | <b>\$ 2,007,597,000</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,007,597,000</b> |
| <b>LIABILITIES</b>   |                         |             |             |                         |
| Payable to customers:  |                         |             |             |                         |
| Foreign currency forwards  | \$ 13,335,000           | \$ -        | \$ -        | \$ 13,335,000           |
| Payable to clearing organizations and broker-dealers:                        |                         |             |             |                         |
| Foreign currency forwards  | 22,000                  | -           | -           | 22,000                  |
| Payable to affiliates:   |                         |             |             |                         |
| Foreign currency forwards  | 2,088,000               | -           | -           | 2,088,000               |
| Commodity futures contracts  | 217,000                 | -           | -           | 217,000                 |
| <b>Total liabilities at fair value</b>                                       | <b>\$ 15,662,000</b>    | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 15,662,000</b>    |

The Company assesses its financial instruments on an annual basis to determine the appropriate classification within the fair value hierarchy. Transfers between fair value classifications occur when there are changes in pricing observability levels. Transfers of financial instruments among the levels are deemed to occur at the end of the reporting period. There were no transfers between the Company's Level 1, Level 2, or Level 3 classified instruments during the year ended December 31, 2013.

## 5. SEGREGATED FUNDS

ADMIS is required under the Commodity Exchange Act to segregate assets representing deposits received from customers trading in U.S.- and foreign-regulated futures and options on futures contracts. At December 31, 2013, the Company had segregated funds for U.S. and foreign-regulated customers trading on foreign exchanges in the amounts of approximately \$3,176,628,000 and \$233,072,000, respectively, which were \$245,226,000 and \$61,383,000, respectively, in excess of Commodity Exchange Act requirements.

Securities owned by customers, consisting primarily of U.S. government securities, are held by ADMIS as

collateral. Securities owned by customers held by ADMIS of \$109,881,000 and the net short value of customers' options on futures positions of approximately \$17,056,000 are not reflected on the consolidated statement of financial condition.

## 6. MINIMUM CAPITAL REQUIREMENTS

The Company is subject to the minimum capital requirements of several commodities regulatory organizations. Under these requirements, the Company is required to maintain adjusted net capital equal to the greater of \$20,000,000 or the sum of 8% of customer and noncustomer risk maintenance margin requirements on all positions, as defined. Adjusted net capital changes from day to day, but at December 31, 2013, the Company had adjusted net capital and excess net capital of approximately \$274,225,000 and \$122,930,000, respectively.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company executes customer and affiliated customer (collectively, customers) transactions for the purchase and sale of futures contracts and options on futures contracts, substantially all of which are transacted on a margin basis subject to exchange regulations. Such transactions may expose the Company to credit risk in the event the collateral is not sufficient to fully cover losses that customers may incur. In the event a customer fails to satisfy its obligations, the Company may be required to purchase or sell the collateral at then-prevailing market prices. The Company seeks to control the risks associated with its customers' activities by requiring customers to maintain margin collateral in compliance with various regulatory guidelines. The Company monitors margin levels daily and, pursuant to such guidelines, requires customers to deposit additional collateral or to reduce positions when necessary.

The Company enters into futures contracts and foreign currency forward contracts primarily to facilitate customer transactions. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from unfavorable changes in the underlying instrument, foreign currency exchange rates, interest rates, and other factors. The Company's exposure to credit risk arises from the possibility that a counterparty to a transaction might fail to perform under its contractual commitment, resulting in the Company incurring a loss. For futures contracts, the clearing organization acts as the counterparty to specific transactions and, therefore, bears the risk of delivery to and from counterparties.

To further mitigate counterparty risk for foreign currency forward contracts, ADMIS generally matches a contract (either long or short) entered into with one customer with an opposing contract entered into with another customer such that the notional and durations of the contracts are the same. Finally,

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the Company limits counterparty exposure through the use of reputable institutions.

The Company has established controls to monitor the creditworthiness of its counterparties, as well as the quality of pledged collateral, and uses master netting agreements whenever possible to mitigate the Company's exposure to counterparty credit risk. The credit risk associated with forward contracts is typically limited to the cost of replacing all contracts. The Company executes these transactions with affiliates and a limited number of commercial customers and broker-dealers.

The Company records its derivative activities at fair value (as described in Notes 2 and 4). The following table sets forth the fair value of the Company's derivative contracts by primary risk exposure as of December 31, 2013. The values in the table below exclude the effects of cash received or posted pursuant to derivative contracts and therefore are not representative of the Company's net exposure:

| Primary Risk Exposure | ASSET DERIVATIVES  |                      | LIABILITY DERIVATIVES   |                      |
|-----------------------|--|----------------------|---|----------------------|
|                       | Balance Sheet Location   | Fair Value           | Balance Sheet Location  | Fair Value           |
| Commodity futures     | Receivable from clearing organizations and broker-dealers  | \$ 365,000           | Payable to clearing organizations and broker-dealers  | \$ 217,000           |
| Foreign currency      | Receivable from clearing organizations and broker-dealers, receivable from customers, and receivable from affiliates | 15,765,000           | Payable to customers, payable to affiliates, and payable to clearing organizations and broker-dealers | 15,445,000           |
| <b>Total</b>          |  | <b>\$ 16,130,000</b> |   | <b>\$ 15,662,000</b> |

## 8. OFFSETTING ARRANGEMENTS

The Company manages credit and counterparty risk by entering into enforceable netting agreements and other collateral arrangement with counterparties to derivative financial instruments. These netting agreements mitigate the Company's counterparty risk by providing for a single net settlement with a counterparty of all financial transactions covered by the agreement in an event of default as defined under such agreement. In limited cases, a netting agreement may also provide for the periodic netting of settlement payments with respect to multiple transaction types in the normal course of business.

The derivative contracts are executed under standardized netting agreements or, for exchange-traded derivatives, the relevant contracts for a particular exchange which contain enforceable netting provisions. A derivative netting arrangement creates an enforceable right of setoff that becomes effective, and affects the realization or settlement of individual financial assets and liabilities, only following a specified

event of default. Collateral requirement is associated with the derivative contracts, and is generally in the form of cash.

Derivative assets and liabilities are recorded as offset in the consolidated statement of financial condition that are executed under legally enforceable netting arrangements with the derivative counterparties.

The following tables present information about the offsetting of derivative financial instruments as of December 31, 2013:

|                             | Gross Amounts of Recognized Assets/Liabilities <sup>(1)</sup> | Gross Amounts Offset in the Consolidated Statement of Financial Condition <sup>(2)</sup> | Net Amounts Presented in the Consolidated Statement of Financial Condition |
|-----------------------------|---|--|--|
| <b>ASSETS</b>               |   |  |  |
| Foreign currency forwards   | \$ 27,169,000   | \$ 11,404,000  | \$ 15,765,000  |
| Commodity futures contracts | 1,099,000   | 734,000  | 365,000  |
| <b>Total derivatives</b>    | <b>\$ 28,268,000</b>  | <b>\$ 12,138,000</b>   | <b>\$ 16,130,000</b>   |
| <b>LIABILITIES</b>          |   |  |  |
| Foreign currency forwards   | \$ 36,613,000   | \$ 21,168,000  | \$ 15,445,000  |
| Commodity futures contracts | 719,000   | 502,000  | 217,000  |
| <b>Total derivatives</b>    | <b>\$ 37,332,000</b>  | <b>\$ 21,670,000</b>   | <b>\$ 15,662,000</b>   |

<sup>(1)</sup> Amounts include all transactions regardless of whether they are subject to an enforceable netting arrangement.

<sup>(2)</sup> Amounts subject to legally enforceable netting arrangements.

The Company has provided collateral of \$12,000,000 to a counterparty, which is not offset in the consolidated statement of financial condition.

## 9. COMMITMENTS AND CONTINGENT OBLIGATIONS

### Lease Commitments

The Company leases office space and equipment under noncancelable leases that expire on various dates through fiscal year 2023. The leases for office space contain escalation clauses that provide for an annual adjustment of the base rent based upon changes in the consumer price index. In addition, the Company is subject to annual charges for common maintenance costs of the buildings.

### Exchange Member Contingent Obligations

The Company is a member of various U.S. exchanges that trade and clear futures and options on futures contracts. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member that may default on its obligations to the exchanges or clearing corporations. While the rules governing different exchange memberships vary, in general, the Company's obligations would arise only if the exchange had previously exhausted its resources. In addition, any such obligation would be apportioned among the other

non-defaulting members of the exchange. Any potential contingent liability under these membership agreements cannot be estimated. The Company has made no specific guarantee and has not recorded any contingent liability in its consolidated financial statements for these agreements, and management believes that any potential requirement to make payments under these agreements is remote.

#### Other Matters

In the normal course of business, the Company is subject to litigation and arbitration matters. Management of the Company believes that there are no outstanding matters that will result in a material adverse effect on the Company's consolidated statement of financial condition.

#### 10. INCOME TAXES

Net deferred tax assets are primarily attributable to differences in the timing of deductibility of deferred compensation and amortization of intangible assets for book and tax purposes. The net deferred tax assets include deferred tax liabilities of \$294,000.

#### 11. INTANGIBLE ASSET

Included in other assets on the consolidated statement of financial condition is an intangible asset of \$4,836,000, net of accumulated amortization of \$10,639,000. The intangible asset consists entirely of customer relationships that are being amortized on a straight-line basis over an estimated life of eight years. The Company's policy is to review identified intangible assets for impairment on at least an annual basis, or whenever events and circumstances indicate that the carrying value may not be recoverable. At December 31, 2013, no impairment of the intangible asset was noted.

#### 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 18, 2014, which is the date the consolidated statement of financial condition was available to be issued. The Company had no subsequent events to be disclosed.

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholder  
ADM Investor Services, Inc.

We have audited the accompanying consolidated statement of financial condition of ADM Investor Services, Inc., (the Company), as of December 31, 2013, and the related notes to the consolidated statement of financial condition.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated statement of financial condition in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated statement of financial condition that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated statement of financial condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated statement of financial condition. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated statement of financial condition, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated statement of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated statement of financial condition.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the consolidated financial position of ADM Investor Services, Inc. at December 31, 2013, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*  
March 18, 2014  
Chicago, IL

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ADM Investor  
Services, Inc.

**HEADQUARTERS:**

ADM Investor Services, Inc. | Chicago

**BRANCHES AND AFFILIATES:**

ADM Investor Services, Inc. | New York

ADM Investor Services, Inc. | Taipei

ADM Investor Services, Inc. | Shanghai

Archer Financial Services, Inc. | Chicago

ADM Derivatives | Chicago

ADM Investor Services International Limited | London

ADMIS Hong Kong Limited | Hong Kong

ADMISI Commodities Private Limited | Mumbai

ADMIS Singapore Pte. Limited | Singapore



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