

Nanhua USA LLC (dba Nanhua USA Futures LLC)

CFTC 1.55 Disclosure

INTRODUCTION

Nanhua USA LLC (hereinafter referred to as “Firm” or “Nanhua USA”) is a Futures Commission Merchant (“FCM”) registered with the Commodity Futures Trading Commission (“CFTC”) and a member of the National Futures Association (“NFA”). Incorporated in 2013, Nanhua USA registered as an FCM in 2014.

“The term ‘futures commission merchant’ means an individual, association, partnership, corporation, or trust that is engaged in soliciting and in accepting orders for the purchase or sale of a commodity (or commodity option) for future delivery on or subject to the rules of any exchange and that accepts money, securities or property from (or extends credit) to margin, guarantee or secure any trades or contracts that result or may result therefrom. See 7 USC 1a (28).

The CFTC Regulation 1.55 and other regulations require FCMs 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, securities, or other property with the FCM. Except as noted below, the information set out is as of July 13, 2022. Nanhua USA will update this information annually or as needed if any material change to our business operations or financial condition occurs.

REQUIRED DISCLOSURES

Contact Information

Nanhua USA LLC

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Nanhua USA LLC and Our Principals

Nanhua USA LLC is a wholly owned subsidiary of Nanhua USA Holding LLC (former name HGNH Financial LLC), an Illinois holding company which is owned by HGNH International Financial Co., Limited. HGNH International Financial Co., Limited is a Hong Kong holding company that is owned and controlled by Nanhua Futures Co., Limited, a China company. Nanhua Futures Co., Limited is a futures firm, member of all of China's futures exchanges, and is regulated by the China Securities Regulatory Commission.

Xufeng Luo, Director, Chairman of Nanhua Futures Co. Ltd and Nanhua USA LLC.

Location: Nanhua Futures Headquarters Hangzhou, Zhejiang, China.

Mr. Luo is a Senior Economist with more than 30 years of experience in the futures industry.

Mr. Luo is currently the Vice-Chairman of the China Futures Association (CFA) and Zhejiang Futures Association, the Chairman of the International Business Committee under the CFA, and the director of the council in Shanghai Futures Exchange (SHFE). He also serves as a member of the Board of Supervisors in Dalian Commodity Exchange (DCE), the Risk Management Committee of China Financial Futures Exchange (CFFEX), the Expert Committee of CSI Commodity Index Company, a member of the Capital Market Fintech Innovation Assessment Expert Team under the China Securities Regulatory Commission (CSRC), and as a senior expert consultant in Insurance Asset Management Association of China (IAMAC). Throughout his career, Mr. Luo has been dedicated to the development of China's futures industry. He devoted himself to the integration of the futures market and the real economy. He has been repeatedly awarded as "Leading Figure of China's Futures Industry", "Top Ten Financial Leading Figures of Zhejiang", "Most Influential People of China Futures Industry", etc. He is also listed in Zhejiang's "Ten Thousand Talents Program".

Yujie Wang, Principal, Chief Executive Officer

Location: 30 S Wacker Dr, Suite: 3850, Chicago, IL. 60606

Ms. Yujie Wang serves as the Chief Executive Officer of Nanhua USA LLC. Ms. Wang joined Nanhua USA in 2016 and previously was the Chief Operating Officer of the Firm. As the COO of the Firm, she managed the overall operations including risk management and client account operations. After taking the position as the CEO of the Firm, she now oversees the overall operations of the FCM and is responsible for the implementation of the FCM's business development plan. Ms. Wang received a Master of Science in Finance from the Illinois Institute of Technology and a Bachelor of Arts in Economics majoring in Financial Engineering in Harbin University of Commerce, China.

Edward Ryan, Principal, Chief Compliance Officer

Location: 30 S Wacker Dr, Suite: 3850, Chicago, IL. 60606

Mr. Edward E. Ryan serves as the Chief Compliance Officer for Nanhua USA. Edward joined Nanhua USA in 2022 and works on compliance and regulatory matters. Mr. Ryan has over 35 years of experience in the futures industry. He started his career on the floor of the Chicago Board of Trade where he traded in the Thirty-Year US Treasury Bond pit. He then proceeded to work for several FCMs in various roles including compliance, marketing, business development, and risk management. He has a Bachelor of Arts Degree in History in Northeastern IL. University.

Regulatory Oversight

Nanhua USA is subject to regulatory oversight by the CFTC, NFA, and the exchanges and clearing organizations to which the Firm is a member and conducts its business. Pursuant to CFTC Regulation 1.52, Nanhua USA's Designated Self-Regulatory Organization ("DSRO") is the CME Group (www.cmegroup.com). As DSRO, the CME conducts an annual risk-based examination and various other interim reviews.

Business Activities

As an FCM registered with the CFTC and a member of the NFA, Nanhua USA's business is the clearing of exchange-traded futures and options on futures. Nanhua USA's customer base includes commercial and institutional accounts, professional traders, managed futures accounts, and retail customers. The Firm's customers are located across the globe with the majority of them located in mainland China and Hong Kong. Nanhua USA's primary product markets are grains, livestock, energies, precious metals, soft commodities, interest rates, equity indexes, and currencies. In the course of its business, Nanhua USA accepts money, securities, and other property from customers as margin and collateral to guarantee the performance of customer trades and activities.

Nanhua USA provides clearing services to its affiliates, HGNI International Futures Co., Limited, Nanhua Singapore Pte. Ltd., and Nanhua Financial (UK) Co. Ltd.

Nanhua USA provides its customers access to the futures and options on futures markets as a clearing member firm of the following exchanges and related clearing organizations:

- CME Group, which includes the CME, CBOT, NYMEX, and COMEX
- Dubai Mercantile Exchange
- MGEX
- ICE US

Nanhua USA may provide access and non-clearing services to other regulated futures markets globally through the use of its affiliates or third parties, who are clearing members of those particular exchanges. At present, this is an immaterial portion of its business.

Material Risks

NANHUA USA actively manages the risks associated with operating as an FCM. Such material risks may include:

- The nature of investments made by the FCM, including credit quality, weighted average maturity, and weighted average coupon. See Customer Segregated and Secured Funds – Depositories and Investments below.
- The FCM's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage, and other lines of business. See Credit, Leverage, and Capital Liquidity Risks below.
- Risks to the FCM created by affiliate entities. See Affiliate Risk below.
- Any other significant liabilities, contingent or otherwise, and material commitments. See Other Risks below.

Customer Segregated and Secured Funds – Depositories and Investments

The Firm mitigates and manages risks associated with customer funds, depositories, and associated investments via the following:

- CFTC Regulation 1.25 permits FCMs to invest customer-segregated and secured funds deposited by customers. FCMs may also invest their own funds but will be responsible for any investment losses. Currently, Nanhua USA holds customer-segregated and secured funds as well as company funds in cash and investments compliant with CFTC Regulation 1.25 which are short-term highly liquid instruments.
- The weighted average maturity of all Nanhua USA investments is less than 1 year.
- Currently Nanhua ISA only invests funds in cash, US Treasuries (less than 2 years to maturity), and money market mutual funds which invest primarily in short term US government securities.
- Customer Segregated funds may be deposited at BMO Bank N.A., a settlement bank approved by the CME Group. Customer Secured funds may also be deposited at BMO Bank N.A. Customer funds may also be deposited at the various exchanges for which Nanhua USA is a member or deposited with foreign carrying brokers, HGNH International Futures Co., Ltd.
- Nanhua USA's house funds (capital) are deposited at both BMO Bank N.A. and Bank of China, Chicago Branch.
- Nanhua USA's house funds may be deposited in customer bank accounts or depository accounts as excess segregated or secured funds.
- Nanhua USA's policies and procedures concerning the investments of customer and house funds and the bank depositories, custodians, and counterparties limit them to permitted transactions under § 1.25, i.e. readily marketable investments.
- Prior to opening any bank depository account and at least annually, Nanhua conducts a due diligence review when selecting depositories including examining the depositories' capital, operational liquidity, access to liquidity, concentration risk, and creditworthiness.
- Similarly, with Nanhua USA's various exchanges and/or clearinghouses, depository reviews are conducted by Nanhua USA's Finance and Compliance Departments.

- These periodic credit reviews are performed on each of these entities to assess their financial strength and reliability.
- Credit reviews will also take into consideration the opinions of external rating agencies as they can provide the broadest set of credit risk factors and are not limited in scope for those entities that are rated.
- New depository relationships will be introduced to the Finance Department accompanied by the following information. This ensures that the Finance Department will be provided with, but not limited to, the following:
 - Legal name of entity
 - Nature of exposure
 - Exposure limit required
 - Rating (if available)
 - Audited financial statements for the past three years (unless public)
- Depositories will be vetted primarily by financial statement analysis and by other means as they become available. Concerns and recommendations via credit write-up and via operational relationships will be escalated for the approval of the Senior Risk Manager and the CFO or the CEO's designee.

Affiliate Risks

The following describes the Firm affiliate activities and how the Firm mitigates and manages the risks associated by affiliates.

- HGNH International Financial Co., Limited and Nanhua Futures Co., Limited provide the member equity and capital to Nanhua USA and may be a source of additional liquidity. A material change in the capital structure or ownership of HGNH International Financial Co., Limited or one of its subsidiaries or affiliates may impact Nanhua USA operations. However, HGNH Hong Kong Group operates in a highly regulated environment. Nanhua USA would be required to notify the CFTC and exchanges and clearing organizations of any material change in our capital structure or ownership, as well as any impact it would have on our operations.
- Nanhua USA affiliates maintain omnibus accounts with each other. All accounts are monitored daily and intraday.
- Nanhua USA Holding LLC and Nanhua USA have entered into a cash subordinated loan agreement of which the maturity extends out over one year.
- Nanhua does not invest customer funds with affiliates.
- If an affiliate were to fail, Nanhua USA would use a third party to clear outside markets.
- All affiliates are properly registered in the respective location and properly capitalized.

Other Risks

- Nanhua USA's Risk Management Program addresses the methods and controls used to manage and mitigate risks and market exposure. These procedures include the processes and procedures whereby the Firm assesses credit risks and assigns trading and liquidity limits to minimize risk exposure and losses.
- The Risk Team is made up of qualified, experienced professionals who monitor Nanhua USA activity 24/6.
- All accounts are reviewed prior to opening and on a regular basis.
- The preponderance of Nanhua USA's volume is executed through electronic trading platforms. We offer several third-party trading platforms to customers. Trading platforms can be adversely impacted by a variety of technology issues including, but not limited to, exchange connectivity, exchange matching engine outages, internet availability, software configurations, and hardware performance. If one or more of Nanhua USA's trading platforms were not available for an extended period, we could suffer a reduction in trading volume and operating income.
- Nanhua USA's electronic trading platforms have risk control functionality. These individual risk control systems could conceivably fail, thereby allowing traders to exceed pre-set risk and trading limits. However, Nanhua USA employs multiple procedures for risk control and does not rely on any one risk control system. Nanhua USA also has robust procedures for employing kill switches in the event of any failure by a single risk control system.
- Nanhua USA maintains a technology network through which we interact with our customers and counterparties. A material breach within the network could result in a disruption of business and failure to meet our obligations to our customers or counterparties. Nanhua USA actively monitors our technology network to ensure that we meet the requirements of our customers and counterparties. We also maintain a business continuity plan to manage potential problems in our technology network.
- As a normal part of conducting business, Nanhua USA could be a party to legal or regulatory action relating to customer business or regulatory requirements. Such actions have not had a material effect on Nanhua USA's financial condition and should not constitute a material risk to transacting business with Nanhua USA.
- Other commitments include rent commitments.

Credit, Leverage, Capital, Liquidity Risks

Nanhua USA's creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage and other lines of business is described along with how it manages and mitigate such below.

- Nanhua USA is a private company owned by Nanhua USA Holding LLC, a private company. The ultimate owner is Nanhua Futures Ltd. a public company in China.

- Nanhua USA is more than 10 years old with a strong record of meeting its obligations when due, especially as related to customer transactions. This is evidenced by the Nanhua USA LLC audited financial statements and associated opinions.
- Nanhua’s strong “know-your-customer” procedures, account and credit reviews and risk management have resulted in extremely low bad-debt expense, less than 0.5% of its capital.
- Nanhua USA does not extend credit to customers, i.e. margin financing.
- Nanhua USA does not engage in proprietary trading.
- A substantial portion of Nanhua USA’s net revenue is derived from commissions generated from customer transactions. The loss of a significant customer could negatively impact on our volume and operating income. Nanhua USA monitors customer accounts daily and intraday along with strong risk management procedures.
- If a customer were to default on its obligations to Nanhua USA, we may have to liquidate open positions and could ultimately be responsible for any resulting debit balance. Nanhua USA manages this risk by requiring material margin deficiencies to be met on an intra-day or next-business-day basis via wire transfer and, in many instances, holding the broker introducing the customer responsible to Nanhua USA for any debit balance. The Firm regularly reviews customer trading activity and the current financial position of our significant customers and actively monitors their open interest.
- Nanhua USA’s principal liabilities are to our clearing customers. In the event that Nanhua USA is not able to meet our obligations owed to customers, this may significantly impact our business operations. Nanhua USA manages this risk by preparing daily segregation and secured fund statements identifying our customer liabilities, which are submitted to the CFTC and CME Group. The CME Group also receives direct confirmation from our segregation and secured funds depositories verifying the availability of assets to meet our customer obligations.
- An event or series of events that causes a significant increase in net capital required or a change that negatively impacts on our sources of liquidity could impact our business operations. Nanhua USA manages this risk through a risk management program designed to anticipate and/or prevent such occurrences.
- Nanhua USA is subject to the regulatory authority of the CFTC, NFA, and exchanges and clearing organizations where it is a member. These regulatory authorities impose a wide range of financial, operational, and business rules and regulations and have broad powers of enforcement. Material changes in these rules and regulations could influence Nanhua USA’s business. Nanhua USA maintains sufficient capital and excess capital to support its agency clearing business.
- Nanhua’s liquidity management relies upon daily and intraday assessments of regulatory liquidity and operational liquidity. Stress testing is performed under extreme but plausible market conditions against the Firm’s liquidity, to ensure adequate liquidity to meet its obligations.
- Nanhua USA maintains qualified cash subordinated loans to supplement its regulatory capital, utilizing an agreement approved by its DSRO.
- Nanhua does not carry additional leverage on its balance sheet.

- The NFA defines an FCM leverage as total balance sheet assets, less instruments guaranteed by the US government less margin requirements divided by total capital (ownership equity and subordinated debt, as computed in accordance with U.S. GAAP. Nanhua USA's leverage as so defined is 1.09 as of December 31, 2023.

Customer Segregated and Secured Funds - Overview

FCMs generally maintain three different types of accounts for customers depending on the products traded:

- A customer-segregated account for customers that trade futures and options on futures listed on U.S. futures exchanges. The CFTC issued a specific order authorizing products traded on ICE Futures Europe to be held in a customer-segregated account.
- A customer-secured fund account (CFTC Regulation 30.7) for customers that trade futures and options on futures listed on foreign boards of trade.
- A cleared swap customer account for customers trading swaps that are cleared by a clearing house registered with the CFTC.

Nanhua USA maintains customer-segregated accounts and secured accounts. Nanhua USA does not clear swap trades nor maintain a cleared swap customer account. The requirement to maintain these separate accounts reflects the different risks posed by the different products. Customer money, securities and other property held in one type of account may not be commingled with funds required to be held in another type of account.

Customer Segregated Accounts

Customer money, securities, and other property deposited with Nanhua USA, or that are otherwise required to be held for the benefit of customers, to margin, guarantee, or secure futures and options on futures contracts traded on U.S. futures exchanges are held in a customer-segregated account in accordance with section 4d(a)(2) of the Commodity Exchange Act and the CFTC Regulation 1.20. Customer-segregated funds held in a customer-segregated account may not be used to meet the obligations of Nanhua USA or any other person, including another customer.

All customer-segregated funds may be commingled in a single account and held with a bank, clearing organization, or another FCM that clearly identifies the account as "customer-segregated funds." Each bank or other FCM signs a written acknowledgment letter that indicates (i) the segregated funds are held in the account in accordance with the Commodity Exchange Act and CFTC regulations, (ii) the bank or other FCM will separately account for and segregate the customer funds, (iii) the CFTC has the right to examine the customer segregated account without permission from Nanhua USA, (iv) customer segregated ending account balances are electronically transmitted to the CFTC at the end of each business day for verification, and (v) a copy of the written acknowledgment letter is provided to the CFTC.

Nanhua USA must hold enough U.S. dollars in the U.S. to meet all of its U.S. dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than U.S. dollars) as follows: (1) U.S. dollars may be held in the U.S. or in a money center country to meet obligations denominated in any other currency, and (2) funds in money center currencies may be held in the U.S. or in money center countries to meet obligations denominated in currencies other than U.S. Dollars.

Nanhua USA's risk management policies and procedures require it to regularly evaluate the depositories used to hold customer-segregated funds. Nanhua USA's evaluation includes a review of the depository's financial capitalization, creditworthiness, operational reliability, access to liquidity, concentration thresholds, availability of federal government deposit insurance, and regulatory oversight structure. The evaluation is presented to Nanhua USA's Senior Management and when requested to Board members and may result in changes in the use of depositories.

Each business day, Nanhua USA prepares daily bank reconciliations and a segregation statement reflecting the amount of customer funds held in segregation and the amount of segregated funds owed to customers for the prior business day. The prior year's daily segregation statements are available on the Nanhua USA website, Financials.

As a clearing member FCM holding customer funds, Nanhua USA is obligated by the CFTC to separately account for all futures customer funds and segregate such funds as belonging to its futures customers. Nanhua USA is further required to deposit futures customer funds in an account(s) which clearly identifies such funds as futures customer funds and shows that such funds are segregated as required by the Commodity Exchange Act ("CEA"). Nanhua USA must at all times maintain in its separate account or accounts money, securities, and collateral property in an amount at least sufficient in the aggregate to cover its total obligations to all futures customers.

Nanhua USA may deposit futures customer funds, subject to the finance department and risk management policies and procedures with the following depositories:

- A bank or trust company.
- A derivatives clearing organization; or
- Another futures commission merchant.

The Nanhua USA's risk management policy works hard to attempt to mitigate risks associated with credit exposure, including the risk of failure of clearing counterparties and custodians of client funds. Nanhua USA performs appropriate due diligence before a counterparty is approved to hold customer funds to ensure that the financial entity where Nanhua USA would deposit such funds is financially sound. Nanhua USA requires custodians of client funds to be established, well-capitalized institutions.

The following criteria, without limitations, are considered:

- Investment grade/debt rating
- Minimum equity and financial results
- Net capital and capital ratios
- Publicly listed companies or government guaranteed organization
- Location
- Operational reliability
- Access to liquidity
- Availability of deposit insurance
- The extent of regulation and regulatory supervision of the depository's Reputation in the industry

Customer-segregated and secured bank and counterparty accounts are approved by the CFO and the Board of Directors of Nanhua USA.

Customer Secured Accounts

Funds that customers deposit with Nanhua USA, or that are otherwise required to be held for the benefit of 30.7 customers, to margin futures and options on futures traded on foreign boards of trade, i.e., 30.7 customer funds, are held in a secured account in accordance with the CFTC Regulation 30.7. Customer funds in the secured accounts may not be used to meet the obligations of Nanhua USA or any other person, including another customer.

Funds required to be held in the 30.7 account for or on behalf of 30.7 customers may be commingled in an omnibus 30.7 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 a 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.

Customers trading on foreign boards of trade assume additional risks. Laws or regulations vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in 30.7 accounts outside the U.S. may not receive the same level of protection as the customer-segregated accounts. If the foreign broker carrying the 30.7 customer account fails, the broker will be liquidated following the laws of its jurisdiction, which laws may differ significantly from the U.S. Bankruptcy Code. Return of the 30.7 customer funds may be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the laws of the applicable jurisdiction, as well as possible other intervening foreign brokers if multiple foreign brokers were used to process the U.S. customers' transactions on foreign markets.

On the other hand, if the foreign carrying broker does not fail but the U.S. originating FCM fails, the foreign broker may want to ensure that appropriate authorization has been obtained before returning 30.7

customer funds to the U.S. FCM's trustee, which may delay the return. If both brokers fail, potential differences between the trustees for the foreign and U.S. brokers may result in significant delays and additional administrative expenses. The Use of other intervening foreign brokers to process the trades of 30.7 accounts may cause additional delays and expenses.

The CFTC Regulation 30.7 provides that an FCM generally may not deposit or hold 30.7 customer funds in permitted accounts outside the United States 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 the margin call issued by the foreign carrying brokers. The rule provides that in order to avoid the daily transfer of funds from the accounts in the U.S., an FCM may maintain in the accounts outside of the U.S. an additional amount of up to 20% of the total amount of funds necessary to meet the margin and prefunding requirements.

Investments of Customer Segregated Assets

CFTC Regulation 1.25 permits FCMs to invest segregated customer-segregated and secured funds in certain financial instruments. Commission rules further provide that the FCM may retain gains earned and is responsible for investment losses incurred in connection with such investments. Nanhua USA's current policies limit investments to cash bank deposits, U.S. government securities with the duration of any government security limited to 2 years or less, reverse repurchase transactions, and money market mutual funds, all in compliance with CFTC Reg 1.25.

The duration of the securities in which an FCM invests in customer-segregated and secured funds cannot exceed, on average, 2 years. Nanhua USA's current average duration is less than 12 months.

Nanhua USA provides a daily summary of our current customer segregated and secured statement, which is updated daily on our website.

Financial Information

Nanhua USA must comply with the financial requirements pursuant to the CFTC and NFA rules and regulations. In addition, Nanhua USA must comply with any additional financial requirements at an exchange or clearing organization where we are a member and conduct our business. These requirements include daily and month-end financial reporting, minimum net capital requirements, and annual certified financial audits. Nanhua USA prepares our financial statements in accordance with generally accepted accounting principles. Management is not aware of any material liabilities that are not properly disclosed within our financial statements. The aggregate uncollected customer balances which Nanhua USA records as a bad debt expense during the past 12 months is zero. Nanhua USA does not engage in proprietary trading or offer over-the-counter ("OTC") products. Nanhua USA does not provide customer financing in any respect.

As of December 31, 2023, the financial data required to be disclosed is as follows:

Member Equity	\$38,110,845
Net Capital	\$39,845,744
Adjusted Net Capital	\$37,004,554
Excess Net Capital	\$19,417,773
Available Subordinated Debt	\$5,000,000
Proprietary Margin Requirement	\$0
Smallest number of customers that comprise 50% of Customer Segregated Funds	2
Smallest number of customers that comprise 50% of Customer Secured Funds	0
Aggregate notional value by asset class of non-hedge, principal over-the-counter transactions	0
The amount, generic source, and purpose of unsecured lines of credit	\$0
The aggregate amount of financing of customer transactions involving illiquid financial products difficult to obtain timely and accurate pricing	\$0
Percentage of futures customer balances written-off as uncollectable during the past 12-month period, as compared to the current balance of funds held for futures customers	\$0

The significant types of business activities and product lines engaged in by Nanhua USA LLC, and the approximate percentage of FCM's assets and capital that are used in each type of activity are:

Activity/ Product Line	Percentage of Assets	Percentage of Capital
Future Commission Merchant Exchange trades futures and options	100%	100%

At this time the firm maintains no committed unsecured lines of credit.

NANHUA USA's December 31, 2023, certified financial statement is available on our website:

https://www.nanhua-usa.com/files/ugd/ced3e7_831fbd1ec3e64c569e949b2d69619180.pdf

Additional financial information on all FCMs is also available on the CFTC website at:

<http://www.cftc.gov/MarketReports/financialfcmdata/index.htm>

Financial information regarding Nanhua USA LLC, including how we invest and hold customer funds, may be obtained from the National Futures Association. A helpful link to that information is provided below:

<http://www.nfa.futures.org/NFA-investor-information/fcm-financial-information.HTML>

Compliance and Legal

Nanhua USA may be subject to litigation, arbitration, and regulatory matters in the normal course of business, which we believe the resolution of these matters will not result in any material adverse effect on our financial position.

As of April 19, 2024, Nanhua USA is involved in no material litigation matters and has no material litigation issue to report in the last 5 years.

Find concluded regulatory actions in the NFA BASIC database and the link as follows:

<https://www.nfa.futures.org/BasicNet/basic-profile.aspx?nfaid=ihEdIPT1pjk%3D>.

You will view all the Regulatory actions against Nanhua USA LLC in the “Regulatory Actions” pages.

Risk Management Program

NANHUA USA maintains a robust risk management system, which includes the following:

- Through the review of new and existing accounts designed to limit trading and exposure to the funds on deposit and/or capabilities of the customers.
- Financial analysis of new accounts annually.
- Risk management tools that provide real-time updates for substantially all customer trading activity and underlying market moves.
- Material margin calls are typically collected via wire transfer on the day the margin call is issued. In addition, Nanhua USA reserves the right to collect margin deficiencies on an intra-day basis, which may occur when there are significant underlying market moves.
- Daily customer open positions stress testing based on underlying market moves with the stress testing results reviewed by management.
- Daily risk management reports to management that summarize current customer trading activity, trading gains or losses, and material margin calls.
- The Risk Team is comprised of experienced personnel qualified to perform risk management on a 24/6 basis.
- Risk Department reporting structure in which material risk items are discussed with senior management and the principals.

- Stress tests all accounts periodically.
- Review of customer risk strategies as necessary.
- Concentration testing and reviews.
- Illiquid product reviews.
- Trading platform management.
- Electronic trading platforms have pre-execution risk limits. For internal control purposes, the electronic trading limit-setting process is separate from the trading limit approval process. Further, Nanhua USA has risk management tools that summarize all customer electronic trading limits for the major electronic platforms offered by NANHUA USA. We regularly review electronic trading limits to ensure the limits are appropriate for the customer's current trading activity and financial position.

Filing a Complaint

There are several ways a customer may file a complaint against NANHUA USA or one of our employees:

A customer may file a complaint with the CFTC by contacting the Division of Enforcement at:

<http://www.cftc.gov/ConsumerProtection/RedressReparations/index.htm> or by phone at (866) 366-2382.

A customer may file a complaint with the NFA by contacting them at:

<http://www.nfa.futures.org/basicnet/Complaint.aspx> or by phone at (800) 621-3570.

A customer may file a complaint with the CME by contacting them at:

<http://www.cmegroup.com/market-regulation/file-complaint.html> or by phone at (312) 341-7970.