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R.J. O'Brien Calls on Exchanges, Regulator to Heed Industry Feedback on Extended Hours for Grain and Oilseed Contracts

Firm Recommends Trading Halt on 15 Days a Year When USDA Crop Reports Are Issued

CHICAGO, May 15, 2012 – R.J. O'Brien & Associates (RJO), the nation's oldest and largest independent futures brokerage and clearing firm, today called on U.S. futures exchanges and the Commodity Futures Trading Commission (CFTC) to listen to feedback from farmers, food companies and commercial hedgers, and amend plans for the extended trading hours of grain and oilseed futures and options contracts. The firm is recommending a halt in trading on the 15 days a year when the U.S. Department of Agriculture (USDA) issues comprehensive reports on crop production, acreage and quarterly stocks.

RJO Chairman and CEO Gerald Corcoran said the firm believes that as the reports are issued at 7:30 a.m. Central time, a halt in trading from 7:15 a.m. to 9:30 a.m. would give market participants adequate time to receive and analyze the comprehensive global reports, without producing unnecessary volatility and exaggerated price moves. The markets have traditionally opened at 9:30 a.m. CT, giving the community two hours to absorb the wide array of data issued in the reports.

Corcoran said: "Other Federal reports, such as those on jobs, unemployment, energy stocks and orange juice production, are not nearly as comprehensive or global in nature as the USDA crop reports, which contain extensive updates on production, usage and stocks of multiple crops in numerous countries. These reports play a vital role in risk management for core users of agricultural contracts – farmers, resellers, processors, end users and importers – who often discover major new fundamental developments that have a material impact on existing price levels. Our commercial customers and introducing brokers have grave concerns about the impact of trading straight through the release of the reports."

"Many RJO clients worry that contract volume and liquidity in the initial minutes after release of the major crop reports will be impeded by the inherent delay necessary to digest all of the updates," Corcoran said. "This low initial participation could trigger extreme price reactions and wider bid/ask spreads, thus increasing hedging costs, which ultimately will be passed onto consumers."

RJO supports the efforts of industry trade groups such as the National Grain and Feed Association (NGFA) and North American Grain Export Association (NAGEA) to request

additional time for public comment and industry response. At the same time, Corcoran said the firm is a strong advocate of around-the-clock electronic trading in futures markets. “Clearly, electronic trading around the clock has greatly broadened participation in the markets and facilitated stronger risk management opportunities. It was only a matter of time before the grain and oilseed markets would take part in this growth.”

About R.J. O’Brien

Founded in 1914, RJO is the largest independent futures brokerage firm in the United States. The firm offers state-of-the-art electronic trading technology and 24-hour trade execution on every futures exchange worldwide. Clearing more than 100,000 client accounts, RJO services a global network of more than 400 introducing brokers and many of the world’s largest financial, industrial and agricultural institutions. For more information, please visit www.rjobrien.com.

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