



Memorandum of Understanding

This Memorandum of Understanding (MOU) is between:

Producer: _____
Commodity Broker: _____
Merchandiser: _____

This Memorandum of Understanding (MOU) sets forth the terms and conditions between the parties to properly utilize Option Advantage.

Background

Option Advantage is an easy-to-use, time-saving TOOL that allows the user to enter volatile commodity markets and reduce unlimited exposure, at an affordable price. Option Advantage is accessed through the myoptionadvantage.com website.

Purpose

The purpose of this MOU is to employ the best practices and responsibilities between parties that use Option Advantage.

Role and Responsibilities

The results will be accomplished by practicing the following activities:

- The Producer – will use Option Advantage as a tool in an integrated risk management program; follow the steps outlined in the Options Advantage Tutorial; determine when they are going to sell the cash side; make an advance commitment to a cash sale; and define the offer in a Purchase Agreement with the Merchandiser.
- The Commodity Broker – will execute orders to buy or sell commodity contracts on behalf of the producer; follow the marketing plan developed by the producer; and place Blend Orders based on the producer's price objective.
- The Merchandiser – will make an advance commitment for the purchase of grain as defined in a Purchase Agreement with the Producer.

Designated Lead

The Producer is the designated lead and is responsible for coordinating the activities of the parties named in this MOU.

Best Practices

The parties of this MOU agree to implement the following practices and procedures prescribed in the Option Advantage Tutorial.

The Producer Agrees to:

Follow the steps outlined in the Option Advantage Tutorial.

Execute a Purchase Agreement with the Merchandiser or a Short Futures with a Broker for the cash sale of grain that includes a price objective, the amount of grain to sell, and a sale date.

Inform their agricultural lender of their marketing plan using Option Advantage.

Using Option Advantage, select a Blend Order based on your price objective. Choose an Entry Price that correlates with your desired market price, such as your breakeven price.

Complete the first step in the Option Advantage Tutorial to select an Entry Price or range with its corresponding Cost or Credit.

In the second step, access the formula tied to your selection by clicking "Get Blend Order". Enter the Blend Order (CALLS and PUTS) including the Cost or Credit limit price into your order-entry system or call your broker to submit the order.

When the Blend Order is filled, place an Open Order (GTC) to lift the short (sold) PUT and short (sold) CALL.

- Close (buy) the sold option at _____ percent of the original strike price.

Immediately, when the sold option is closed, place an Open Order (GTC) to:

- Close (sell) the bought option at _____ percent of the original strike price.

If the market moves down, Sell the bought PUT and Close the sold CALL at a gain.

If the market moves up, Sell the bought CALL and Close the sold PUT at a gain.

If the market is flat, allow the options to expire worthless.

Once the Grain is sold, close out the uncovered option (either CALL or PUT) that is still open.

The Broker Agrees to:

Select a Blend Order based on the producer's price objective, such as the breakeven price. Place the Blend Order on behalf of the producer.

Place an Order Send Order (OSO) to the market once a trade entry is filled to Exit (Close) Position. The OSO is based on the following:

After the Blend Order is filled and confirmed, immediately place an open order (GTC – Good To Cancel) to close (buy) the sold option at _____ percent of the original Strike Price.

Immediately, when the sold option is closed, place an open order (GTC) to close (sell) the bought option at _____ percent of the original Strike Price.

Once the Grain is sold, close out the uncovered option (either CALL or PUT) that is still open.

Example of Pricing:

- Strike Price - \$3.70
- Price for GTC orders to close sold PUT and CALL options - \$0.037 ($\3.70×1 percent)
- Price for GTC orders to sell bought PUT and CALL options - \$0.37 ($\3.70×10 percent)

The Merchandiser Agrees to:

Execute a cash grain contract with the producer that includes a price objective, the amount of grain to purchase, and a sale date.

Confidentiality

All parties to the Memorandum of Understanding agree to maintain confidentiality expectations.

General Terms and Conditions

The term of this MOU is for a crop year up to a period of 12 months from the effective date of this agreement and may be extended upon written agreement. It shall be reviewed at least annually to ensure that it is fulfilling its purpose and to make any necessary revisions.

This Memorandum of Understanding is the complete agreement between the parties and may be amended only by written agreement signed by each of the parties involved.

Either party may terminate this MOU upon written notice without penalties or liabilities.

Disclaimer:

The trading of derivatives such as futures and options may not be suitable for all investors. Derivatives trading involves substantial risk of loss, and you should fully understand those risks prior to trading.

Funding

This MOU is not a commitment of funds. Each party of the MOU is responsible for its own expenses related to this MOU.

Authorization

The signing of this MOU implies that the signatories will follow the procedures stated in this MOU.

Signatures:

_____ Signature and Phone Number, Producer	_____ Date
_____ Signature and Phone Number, Broker	_____ Date
_____ Signature and Phone Number, Grain Merchant	_____ Date

By registering with Option Advantage, you agree to the following terms of use:

Waiver/Release of Liability

Users/Purchasers warrant that they are 18 years of age and have the capacity to accept these Terms/Waiver/Release (“Terms”).

Liability for Use of Content and Software

The use of all content, software, and/or software tools (the “Software”) is entirely at User/Purchaser’s own risk. User/Purchaser waive all rights to assert any claim or bring any legal action against AGRO-TECH MARKETING, INC. and User/Purchaser understand they thereby may forfeit substantial rights.

AGRO-TECH MARKETING, INC. (“AGRO-TECH”) provides this Software on an “as is” basis. To the fullest extent permitted by law, AGRO-TECH disclaims all warranties, express or implied, statutory or otherwise, including but not limited to the implied warranties of merchantability, non-infringement of third parties’ rights, and fitness for particular purpose. Without limiting the foregoing, AGRO-TECH and its suppliers make no representations or warranties about the following: the accuracy, reliability, completeness, currentness, or timeliness of the Software, and this includes but is not limited to text, graphics, links, tools, or communications provided on or through the use of the Software.

User/Purchaser understands that AGRO-TECH has no control or legal responsibility whatsoever for any third party content referred to in the Software. As such, under no circumstances will AGRO-TECH be liable for any loss or damage resulting from use of Third Party Content transmitted on or with the Software.

Adherence to all applicable laws and regulations in all jurisdictions, including but not limited to federal/state/provincial/local, governing professional licensing, business practices, advertising, etc. is the sole responsibility of User/Purchaser. In no event shall AGRO-TECH be liable for any damages whatsoever (including, and without limitation, incidental, exemplary, punitive, special, or consequential damages, compensatory, lost profits, or damages resulting from lost data or business interruption, or personal injury/wrongful death) connected with or resulting from the use of or inability to use the Software, whether based on warranty, contract, tort, or any other legal theory, and whether or not AGRO-TECH is advised of the possibility of such damages. Without limiting the forgoing User/Purchaser of the Software, on his/her own behalf, holds AGRO-TECH entirely harmless and agrees to fully defend, indemnify and hold AGRO-TECH entirely harmless from all liability arising from User/Purchaser’s use of the Software on behalf

of User/Purchaser and/or of User/Purchaser's use on behalf of any/all third party. Reference by any User/Purchaser to any/all of the Software, must include the following copyright notice: "Copyright ©2015, AGRO-TECH MARKETING, INC. All rights reserved." No part of the material accessible through the Software is to be reproduced or transmitted in any form whatsoever or by any means whatsoever, electronic, mechanical or otherwise, including photocopying, recording, faxing, emailing, posting online or by any information storage and retrieval system, without written permission from AGRO-TECH MARKETING, INC.

AGRO-TECH MARKETING, INC. asserts full copyright protection of the Software under United States law. Title to the Software remains with AGRO-TECH MARKETING, INC. All rights not expressly granted herein are reserved to AGRO-TECH MARKETING, INC. By continued use of Software, User/Purchaser accepts any/all modifications, and accepts the responsibility to reread the Terms for modifications. If user violates any of the Terms, their permission to use the Software automatically terminates.

Electronic Delivery of Waiver/Release of Liability

User agrees that the electronic delivery and/or user act of using the "Software" has the same legal force and effect as a written contract with a written signature. User acknowledges they have had the opportunity to print the Waiver/Release of Liability.

User may cancel the subscription to My Option Advantage at any time for any reason, however no refunds of any subscription monies will be made.