

To: **Members of the Commodity Customer Coalition**

From: **Rapid Ratings International Inc.**

Welcome to Rapid Ratings. We are pleased to make our **Futures Universe** of ratings available to you on an interim basis, as you adjust to recent shocks in the industry. The Futures Universe is composed of more than 70 FCM-parent companies and 10 exchange-related entities. We enlarge the Universe whenever we can. Our ratings do not reflect any judgments about the nature of the working arrangements between a parent and its operating FCM subsidiary or affiliate.

Ours is an independent, entirely quantitative research and analytics firm, publishing baseline metrics of financial and operating efficiency on more than 8000 public companies around the world. We update our ratings and reports on all US companies in coverage quarterly; we update ratings and reports on non-US companies as often as they report. See our Sector Coverage Directory and other directories at: <http://www.rapidratings.com/page.php?72>.

Rapid Ratings applies the identical calculations it uses on public companies to thousands of private companies, but typically on a confidential basis for individual subscribers. We will easily respond to any sufficient financial information made available by CCC leaders on privately held FCMs and we will make those new ratings available upon receiving permission. Our 60-plus individual measurements of an individual company are synthesized in its **Financial Health Rating** (its “FHR™” – running on a scale of zero/worst to 100/best). The FHR reveals how competitive a company is in its industry – how close to, or far from, long term success it is. Low FHR ratings are highly correlated to default/bankruptcy experience.

The futures industry began to notice Rapid Ratings after the bankruptcy filing of **MF Global Holdings Ltd.** on October 31<sup>st</sup>, 2011. In sharpest contrast to Fitch, Moody’s and Standard & Poor’s, Rapid Rating had maintained MF Global in its High Risk category for the preceding two years. See: <http://rapidratings.com/futures/>. Rapid Ratings CEO **James Gellert** explained this singular accomplishment in his testimony in front of the **Oversight Subcommittee of the House Committee on Financial Services**, in its second hearing on “The Collapse of MF Global” on February, 2<sup>nd</sup>, 2012. See: <http://rapidratings.com/modules/RRnews/news.php>.

Rapid Ratings takes no fees and no guidance from the companies it rates. We never tried to speak with Governor Corzine. Our approach is entirely non-discretionary, as our introductory materials detail on your new platform. It is up to you to ascribe whatever qualitative strengths you want to a company’s leadership or plans or products and services.

Rapid Ratings never received a request to rate **Peregrine Financial** from any PFG client who might have been able to deliver financials, however invented they would have been. But such financials might still have been useful in at least hinting at trouble. Fraudsters typically lack the sophistication to conform their invented information to other information in their financial accounts. In the case of **Enron’s** numbers, later determined to include fabrications, Rapid Ratings took note of serious “inefficiencies” that translated into High Risk ratings, radically at odds with the investment grade ratings that had been awarded the company by the larger ratings firms.

**Your access to the platform:**

- Go to the website: <http://www.rapidratings.com/> and then to [Customer Login](#).
- **Both your User Name and Password are your email address at CCC.** Entering the platform you will see the terms and conditions that apply to subscribers – and to you. Among the most important is your agreeing NOT to publish the ratings we make available to you. We cannot permit unauthorized publication of information that full subscribers pay us for – such payments are our only source of revenue and your guarantee that we are free of conflicts of interest.
- Once you have logged on, you can change your password through **Update Your Profile**.
- After getting past the terms and conditions you will arrive at the **Company Reports Page**. It will link to a list of **Futures Universe Names and Current Ratings**. We plan to alert you promptly to ratings updates, as well.
- In addition, the Company Reports Page will link to **About Rapid Ratings and our methodology**, which explains how singular and how comprehensive our non-discretionary quantitative approach is.
- The Company Reports Page will also contain a box, **“Find Company.”** Enter the name or the symbol of a company from the Futures Universe and you will receive a display of both its present rating and its rating history over the last three years. You will want to make any judgment about an FCM in the context of this history, along with the present rating. Note the color codes that apply to our different categories, from **Low Risk** to **Very High Risk**.
- There are other functions indicated on the Company Reports Page – a range of products that we provide to full subscribers. Some of them are provided to you, upon your arrival. We will alert you if and when others are made available over time.

Please keep in mind that all of these functions indicated on the left column of the Corporate Reports Page, and more, are available to you, should you choose to become a full subscriber. Among the most unwelcome lessons of the last five years is how very dynamic financial health can be among financial services companies of every size. The three months of complimentary access that Rapid Ratings has chosen to offer the membership of CCC serves the membership's urgent, near-term needs. We are proud to help you now and, perhaps, over the longer term.