

**Table of Contents:**

[Form ADV Part 2A Firm Brochure](#)

[Form ADV Part 2B Investment Advisor Brochure Supplement](#)

[Privacy Notice of SpiderRock Advisors, LLC](#)

SpiderRock Advisors, LLC  
111 W. Jackson Blvd.  
Suite 1210A  
Chicago, IL 60604

**ITEM 1: COVER PAGE**

**SpiderRock Advisors, LLC**

111 W. Jackson Suite 1210A  
Chicago, IL 60604

\*\*\*\*\*

**FORM ADV PART 2A**

**FIRMBROCHURE**  
**December 31, 2014**

This brochure provides information about the qualifications and business practices of SpiderRock Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at [SRASupport@SpiderRockAdvisors.com](mailto:SRASupport@SpiderRockAdvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SpiderRock Advisors LLC is available on the SEC's website at <http://www.sec.gov/>.

## **ITEM 2: MATERIAL CHANGES**

There are no material changes to this Brochure since SpiderRock Advisors LLC filing as of July 30, 2014, this is the firm's first annual ADV filing:

## **ITEM 3: TABLE OF CONTENTS**

Item 4: Advisory Business	3
Item 5: Fees and Compensation	6
Item 6: Performance-based Fees and Side-by-Side Management	8
Item 7: Types of Clients	8
Item 8: Method of analysis, Investment Strategies and Risk of Loss	9
Item 9: Disciplinary Information	15
Item 10: Other Financial Industry Activities and Affiliations	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12: Brokerage Practices	17
Item 13: Review of Accounts	19
Item 14: Client Referrals and Other Compensation	20
Item 15: Custody	21
Item 16: Investment Discretion	22
Item 17: Voting Client Securities	22
Item 18: Financial Information	22

## **ITEM 4: ADVISORY BUSINESS**

### Overview

SpiderRock Advisors, LLC is an investment advisor registered with the U.S. Securities and Exchange Commission and is principally controlled, operated, and owned by SpiderRock Holdings, LLC.

SpiderRock Advisors, hereafter (“SRA”), seeks to provide an automated investment sub-advisory and strategy management service exclusively to asset managers, registered investment advisors, and other fiduciaries (“Advisor”), for use with Advisors’ clients (each a “Client”). SRA seeks to automate the construction, implementation, and strategy monitoring of proprietary and third party alternative investment strategies to Client accounts using state of the art technology and advanced algorithms as key components in strategy construction and implementation. SRA also serves other institutional clients such as independent broker dealers, wealth managers, and banks. SRA advisory services are made available by SRA through each Client’s independent Advisor or sponsoring organization and/or client custodian who are responsible for determining which services and programs of SRA to utilize with its Clients.

SRA provides Advisor with a focused set of investment advisory, trade implementation, and account services, including investment and portfolio management (“Sub Advisory”), access to third party alternative asset manager models (“Alternative Model Program”), and other critical services for fiduciaries and managed accounts (“Managed Services”), which offered together constitute (“the SRA Platform”). The centerpieces of the SRA Platform offerings are its collective investment, trading and technical experience, the technology we use, data infrastructure, and our automated workflows.

For all services made available through the SRA Platform, the Advisor shall compile pertinent financial and demographic information of the end Client to develop an investment plan that will meet the Client’s goals and objectives. Advisor will be responsible to allocate the Client’s assets among the different options on our SRA Platform, and determine the suitability of the investment options for each Client. Advisor will have the responsibility to determine their client's suitability, investment objectives, risk tolerance and other relevant information. For all investment options on the Platform, the Client of the Advisor directly owns the underlying instruments traded as part of the Platform’s investment services.

### Investment and Trading Sub Advisory Solutions

The proprietary investment strategies we seek to deliver consists of a managed overlay strategy to client portfolios, which collectively, and in conjunction with the clients underlying portfolio, can potentially be an efficient means to achieving greater risk adjusted portfolio returns, enhanced yields, or to hedge certain specific risks inherent in a client’s underlying portfolios.

SRA overlay strategies are designed to mitigate risk and augment yield in a client portfolio. We generally provide investment advice and implement strategies that utilize listed

derivatives, namely listed equity and index options, although we may offer advice on a wide range of securities, including, and not limited to exchange listed securities, and exchange traded funds (ETFs).

The SRA Portfolio Hedge Solution is our proprietary SMA strategy. At its core, the Portfolio Solutions are actively managed investment strategies, which utilize derivative instruments, namely listed index and single stock options, and are structured to provide a definable hedge or limitation of risk to Client portfolio risk exposures, including those of concentrated stock holdings, or collective portfolio exposure to systematic and specific market risks.

### Discretionary Services

All SRA Services are offered on a discretionary basis only. As part of the Sub Advisory service enrollment process, The Advisor selects and authorizes SRA to place trades on their client's behalf using the idea recommendations generated through SRA's technology and algorithms, which are based on the information, risk, client objectives, portfolio holdings, and financial information provided by the Advisor to SRA.

Throughout the relationship, Advisor solely determines whether services and strategies available via our Platform are appropriate for its clients. The Advisor is responsible for selecting individual strategies available via our Platform, and the Advisor may terminate our advisory services and the SRA platform as detailed in Item 5: Account Termination. SRA will provide appropriate information to Advisors regarding the investment discipline and/or general approach for the SRA Investment and Trade Implementation Sub Advisory Solutions, including SRA proprietary Portfolio Hedge strategies, and any changes that may occur. The Advisor is ultimately responsible for reviewing the performance of our services and strategies, and for making recommendations to its Clients.

As of December 31, 2014 SRA had discretionary assets under management of \$134,084,270

### Alternative Model Program

Through our Alternative Model Program, SRA makes available a carefully selected roster of investment strategies of 3<sup>rd</sup> party alternative asset managers or model managers ("Model Managers"), whereby the Model Manager constructs an asset allocation and selects the investments for each portfolio. A model consists of a defined investment strategy as created by the Model Manager, along with defining the associated weights and holdings and signals that make up a given trading or investment strategy. The responsibilities of the Model Managers are limited to providing generalized, non-discretionary investment advice.

SRA performs the strategy management of the third party Models by implementing the specific guidelines and risk parameters and rules of the strategies for each account, along with the generation of respective trade orders, and periodically updating and rebalancing of each Model pursuant to the rules of the Model Manager's model strategies. SRA accomplishes this by utilizing technology, automated processes, and trade order algorithms.

In our provision of the Alternative Model Program, SRA requires discretionary authority to implement the investment instructions specified by the Model Manager. This authority is in

addition to the Advisor, who maintains at all times full discretionary authority over its client accounts. With this authority SRA will monitor systems to assess ongoing conformity to the Model Manager strategy selected by Advisor. If account varies from the Strategy beyond the risk parameters and rules specified by the Model Manager, SRA will make appropriate and necessary adjustments to bring accounts back into conformity.

Pursuant to a licensing agreement entered into with the Model Manager, SRA provides strategy implementation of the models, including trading of the model strategies, and also performs administrative and risk management duties pursuant to the proper implementation of the models according to the signals of the Model Manager.

In our capacity of strategy management of the Alternative Model Program, SRA also performs ongoing institutional investment research and ongoing evaluation, coordination, and due diligence of Alternative Asset Managers and their investment models. Only the Model Managers whom SRA finds appropriate for the SRA Platform and are approved by SRA will be available to Advisor and their Clients, and SRA maintains final authority to replace existing Model Managers or hire others, and cannot guarantee the continued availability of Models created by particular Model Providers. Model Managers are evaluated using data and information from several sources. Among the types of information analyzed are historical performance, investment philosophy, and investment style.

Throughout the relationship, Advisor solely determines whether strategies available via our SRA Platform are appropriate for its Clients. The Advisor is responsible for selecting Model Managers available via our SRA Platform, and the Advisor may terminate our advisory services and the SRA platform as detailed in Item 5: Account Termination. SRA, in conjunction with the Model Manager, will provide appropriate information to Advisors regarding the investment discipline and/or general approach for the Model Managers, and changes that may occur. The Advisor is ultimately responsible for reviewing the performance of Model Managers and making recommendations to its Clients.

### Managed Services

As part of our SRA Platform, SRA offers a variety of ancillary services critical to managing and affecting alternative investment strategies, and include:

#### *Strategy Implementation and Trading -*

Automated portfolio construction and risk management of investment strategies, trade order generation and algorithmic routing of model orders for the benefit of advisors and their clients. Under authorization granted to SRA, jointly by Client thru their Advisor, SRA shall provide trade order generation and implementation for the purchase and/or sale of securities in the accounts, in accordance with the terms and conditions stated in the relevant customer agreement with such firms. Leveraging our technology infrastructure and our automated workflows allows us to implement, allocate, and manage strategies and model trades on a dynamic basis, across any number of separate accounts, custodians, and strategies.

#### *Account Trade Allocations and Custodian Connectivity -*

Integrated back and middle office support outsourcing for advisors and sponsors of assets,

including interfacing with Client's custodian to monitor daily account holdings, trade order allocations, and trade order facilitation to an Advisors client accounts, along with daily trade break checks and position reconciliation. We regularly trade large quantities of stocks and options and, therefore, maintain systems that monitor client trade and trade allocation records. Our systems monitor intraday executions by polling execution tables, and also away trade drops. We process reports to the custodian, prime broker, and Advisor showing trade allocations to client accounts both in real time and at end of day, and cross reference the T+1 start of day positions versus our prior day records. Break checks are performed before the market open.

#### *Other Services -*

SRA may also furnish advice and consultation to institutional clients on matters involving option and other derivative strategies, options trading idea generation, derivative trading technology, and risk offset. SpiderRock Advisors may make its technology platform available to certain Advisors, banks or asset managers for them to manage their own advisory services to Clients. In such cases SpiderRock Advisors may be providing investment analysis, trade implementation, account reconciliation and reporting, and other administrative and technology services, and may not be acting in a solely advisory role.

### **ITEM 5: FEES AND COMPENSATION**

#### Investment and Trading Sub Advisory Solutions

The standard fee for the SRA Investment and Trading Sub Advisory Solutions, including SRA Platform is 35 basis points (i.e., 0.35%) of the total assets under management.

#### Alternative Model Program

SRA will calculate and bill a Program Fee, which includes the fees charged by the Model Manager and those of SRA. A portion of the Program Fee charged by SRA is paid to Model Managers as compensation based on the assets invested in their respective Models and a portion is retained by SRA. The SRA Platform Fee is conditional based on the Model Managers chosen by Client and their Advisor, and as such the Program Fee is negotiable and expected to range from 50 basis points to 150 basis points, ( i.e., 0.50% to 1.50%) of the total assets under management. SRA retains Model Managers for portfolio management services in connection with the Model Program through separate sub advisory agreements entered into between SRA and the Model Manager on terms and conditions that SRA deems appropriate.

#### Negotiability of Fees

SRA may, in its sole discretion negotiate its fees for its Platform depending upon various factors, including account size, investment strategy being used, responsibilities involved, relationship to SRA, potential growth, and composition of the portfolio.

## Fee Calculation and Billing

SRA will send Advisor a statement showing the amount of the fees for each month, the principal amount of the assets under management on which the fees were based, and the specific manner in which the fees were calculated. To calculate the amount of assets each of our Advisory Service clients have under management with us, we will aggregate the value of their accounts and charge the SRA fee based upon a 365 calendar day year.

For example, assuming an SRA annual account fee of 0.35% and an end of day account value based on closing marks on June 1, 2014 of \$500,000 for a client's aggregate account holdings under management:

The calculated fee for the day of June 1 would be:

$$0.35\%/365 * \$500,000 = \$4.79$$

These daily fees will be accumulated throughout the calendar month (based on most recent close of trading day marks for weekends and holidays) and billed in arrears on the first day of the following month. SRA fees are disbursed by the respective custodian directly to the Advisor or directly to SRA at the direction of Advisor, and as outlined under the terms of the Investment Advisory Agreement.

## Other Fees

Certain fees are not included in the SRA Fees, the most significant of which is the fee charged by the Advisor. Advisory or Client fees payable to us may not include all the fees Client may pay when we purchase or sell securities for Client Account(s). Each client will incur brokerage costs and may incur other costs pursuant to the terms of their relationship with the executing broker or custodian that custodies the client's accounts. In addition, clients may incur other fees charged by other brokers. SRA is not involved in any way with the establishment of the executing broker's fee structures and receives no remuneration from any executing broker. Please see Item 12 for a further discussion of brokerage practices.

Following is a list of fees or expenses Client may pay directly to third parties, whether a security is being purchased, sold or held in Client Account(s) under our management. Fees charged are by the broker dealer or custodian. We do not receive, directly or indirectly any of these fees charged to you. They are paid to your broker, custodian or other governmental or exchange entities or service providers to the investment you hold. The fees may include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC and other regulatory fees;
- Advisory fees and administrative fees charged by any Mutual Funds (MF) or Exchange Traded Funds (ETFs)
- Custodial Fees;



- CMTA Fees
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions ;
- Among others that may be incurred.

#### SRA Platform Advisory Termination

Under the Investment Advisory Agreement the Client via its Advisor generally may terminate the investment advisory contract with SRA at any time by submitting written notice as provided for in the Investment Advisory Agreement. Terminating SRA services may result in liquidation of all securities or options applicable to SRA or Model Manager strategies.

SRA may terminate a client's access to the Sub Advisory Service if we believe a Client or Advisor is in breach of the SRA client agreement. We may terminate access to the Advisory Service in our sole discretion for no reason at all at any time by submitting written notice to the client whose access is being terminated.

If SRA or a client terminates access to the Advisory Service, SRA will charge fees on a pro-rated portion of the subscription fee to each client whose access to the Advisory Service is terminated. For terminations that occur intra-month, the amount of the pro-rated refund will be rounded to the termination day's closing marks.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SRA does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **ITEM 7: TYPES OF CLIENTS**

SRA seeks to provide an automated investment sub-advisory and strategy management service exclusively to asset managers, registered investment advisors, and other fiduciaries ("Advisor"), for use with Advisors' clients (each a "Client"). SRA also serves other institutional clients such as independent broker dealers, wealth managers, and banks. SRA advisory services are made available by SRA through each Client's independent Advisor or sponsoring organization and/or client custodian who are responsible for determining which services and programs of SRA to utilize with its Clients.

#### **ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### Investment Strategies Employed by SRA

SRA seeks to create a balance between risk and reward over a given time period. SRA will utilize a systematic, technical, and rules-based approach in making investment decisions, as well as quantitative and fundamental considerations. Investment parameters are programmed into SRA systems and decisions and are driven by SRA software tools under

the oversight of SRA portfolio and risk managers who understand how to leverage the use of these tools. The number of issues traded and positions vary depending upon the strategy traded and capital allocation to each strategy. SRA, via its technology based algorithms, implements strategies based on Clients' separate portfolios, and the objectives of the chosen strategies and risk constraints.

For each Client, SRA seeks to optimize portfolio risk through the use of rules-based algorithms, while operating within the agreed-upon risk tolerance parameters specified by each Advisor for their Client. Prior to any portfolio investment decisions being undertaken, all Clients, thru their Advisor, complete an Investment Advisory Agreement. This Agreement not only delineates the specifics of the relationship, but also sets out the investment strategy and specific details as selected by Advisor for their Client.

The proprietary strategies we deploy as part of our SRA Sub Advisory service are active and dynamic strategies, typically using single stock and index options as key components, and where we are seeking to establish optimal hedges for portfolios and concentrated positions using a variety of option strategies. Based on the Client portfolio information provided to SRA by Advisor, SRA considers multiple time horizons, (long, medium, and short term) when determining hedging strategies.

SRA pursues specific investment strategies as summarized below. In each case, the following summaries are not intended to be a complete statement of the investment strategies and related risks.

*Portfolio Hedge Solution* - The Hedge Solution is constructed quantitatively, with risk assessment considerations being the primary criteria. The Portfolio Hedge Solution uses a combination of Option instruments, including both Put options and Call options, which when in place serve to directly or indirectly hedge portfolio risk exposures, including the risk of underlying portfolios or underlying individual equity positions losing value.

SRA tracks a variety of portfolio risk exposures, and creates appropriate option-based strategies to hedge these risk exposures of the underlying portfolios. As the strategy seeks to be dynamic, portfolio risk is measured in real-time and the strategy is rebalanced with respect to market exposure and risks at any given time. SRA attempts to identify and capitalize on equity market mispricing to allow for a savings on the costs of the hedge, typically achieved by tracking the valuation of option contracts in the market, tracking implied and realized volatility of underlying stocks and indexes, and attempting to place trades intelligently in the marketplace. The Portfolio Hedge Solution primarily uses the following option strategies to affect its hedges:

*Protective Puts* - A long position in Put options on a single stock and/or equity indexes is established to provide a hedge against the potential loss of market value of the underlying portfolio or individual equities. The protective put buyer retains the upside potential of the stock, while limiting the downside risk.

*Covered Calls* – A short position in Call options on a single stock or EFT is established to generate premium income or yield without taking on additional risk, and which offers a

partial cushion against the potential loss of market value of the underlying, and in certain cases, serves to enhance total returns even if the underlying appreciates or goes sideways in the market. A call option gives its holder the right to buy the underlying security at its strike price, any time before the option's expiration date. The writer (or seller) of the call option has the obligation to sell the shares. A call option is considered "Covered" when the call option is written against an equivalent long stock position.

*Index Option Writing* - A Short position in Index Call options is established to generate premium income or yield without taking on additional risk, and which offers a partial cushion against the potential loss of market value of the underlying, and in certain cases, serves to enhance total returns even if the underlying appreciates or goes sideways in the market. The call options sold on the Portfolio consist of a blended mix of index call options which, as a whole, are highly correlated to the underlying Client Stock Portfolio.

*Collars* - When a Covered Call is paired with a Protective Put, the resulting strategy is called a Collar. The strategy is added to an existing long stock position or portfolio as a hedge against the effects of a possible near-term decline in the underlying. The long put provides a minimum selling price for the stock, and the short call sets a maximum profit price.

#### Investment Strategies Employed by Model Managers

The asset managers made available in the program specialize in the delivery of alternative strategies that seek to diversify a Client portfolio using alternative sources of portfolio return, alternative asset classes, and which offer a low correlation to the underlying portfolio.

The Models typically use advanced techniques and strategies, and may take advantage of other asset classes, including single stock and index options in portfolio construction. A Model represents the investment recommendations of a "Model Manager," in the form of a list of securities or derivative contracts to hold and the relative weight of each. Furthermore the Model dictates a certain established set of rules or guidrails, which dictate the appropriate constraints that the Model must obey to be effective.

SRA, in conjunction with the Model Manager will provide appropriate information to Advisors regarding the investment discipline and/or general approach for the Model Managers, and any changes that may occur.

#### SRA Risk Management

SRA has a disciplined approach to risk management that is intended to limit risk exposure by evaluating the different ways Clients can lose money and absolute dollars at risk. SRA has established specific risk guidelines for the portfolios of the Clients which our portfolio managers monitor. SRA also utilizes risk management software to evaluate the effect of potential movements in the market for the various model strategies, as well as specific positions. The software allows for real-time monitoring of potential profit and loss in the Clients' assets. The software is used, among other purposes, to allow SRA to: (i) analyze

risk according to each instrument, issuer, portfolio manager, industry group or option contract expiration date, each as is applicable to a Client; (ii) evaluate the effect of potential movements in various markets on each of the Clients' portfolios as well as each individual position in each of the Clients' inventory; and (iii) attempt to hedge price exposure in an efficient manner. The software attempts to give SRA the ability to identify positions and portfolios that have moved outside of these parameters so that it may take corrective action. Please refer to the following section, which further discusses the attributes of SRA technology and software.

### SRA Technology

SRA is a heavy user of technology systems and software, which collectively are designed to allow us to scale and manage investment strategies and models across a universe of accounts. We rely on this technology infrastructure to tightly manage most aspects of our advisory business, including analyzing client portfolio positions, performing live intra-day risk management across accounts, implementing investment strategies, optimizing trade orders, and for generally performing a variety of pre and post trade activities.

The technology systems regularly check asset accounts against predefined strategy rules, constraints, and risk parameters and, if appropriate, generate actionable orders that would move an account back into compliance within strategy risk parameters. Pre- and post-trade risk are tightly managed and controlled at the firm, portfolio, strategy, and order level.

The technology systems have a wide range of automated tactical risk limits that can be used as alerts to prevent unexpected risk, or as guidelines that control the automatic generation of strategy-based orders. These tactical limits are managed by the technology, but are controllable by the traders guiding the strategy.

The technology systems allow for on-the-fly computations of multiple risk factors, including margin and collateral requirements. The systems are loaded with the broker or custodian's margin calculation methodology and constraints, which are actively cross-referenced with a Client's live asset account positions and risk tables. Because our strategies are rules-based and systematic, we are able to use the automated systems to screen for potential violations of margin before they happen, and for managing overnight position breaks, screening for early exercise and pin risk candidates, and for tracking strategy profit and loss, fees, commissions, and exchange routing where applicable.

The technology systems also leverage an in-depth database schema that is attached to the trading and risk systems, and that allow us to actively add and extract position and trade data, including start-of-day positions and intraday trade booking data loading from the custodian. We maintain an in-depth set of analytics, which includes systems that display and measure live market, position, and risk data, plus the ability to access and view historical underlying and implied data.

SRA's technology systems are developed and serviced by an affiliated company, SpiderRock Platform Services LLC, with which we have an independent licensing agreement. Please see the section below, which addresses material risks, including those

directly related to the technology systems.

### Material Risks

Investing in securities and derivatives involves a risk of loss that Clients in SRA Sub Advisory and Alternative Model Programs should be prepared to bear. By investing, Clients are relying on the discretionary market judgment of SRA. The following is a summary of some of the material risks associated with the SRA and Model Manager strategies. This summary does not attempt to describe all of the risk associated with an investment in the strategies.

*Identification of Opportunities:* SRA activities require a continual ability to monitor and analyze market activity, price movements, individual transactions, the Client positions, and a wide range of other information regarding market demand for particular options. SRA may fail to identify and/or take advantage of profit opportunities and opportunities to hedge the portfolios and individual positions. This may be due to flaws in SRA's or Model Managers overall investment strategy, or failure of SRA systems to identify these opportunities, or SRA's inability to implement the strategy.

*Market Disruption:* It is possible that accounts may incur major losses in the event of disrupted markets, and other extraordinary events that may not be consistent with historical pricing relationships on which SRA or Model Managers base their models. The risk of loss may be compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected credit crises, political, military and terrorist events may from time to time cause dramatic losses for certain strategies we undertake, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

*Model Risk:* SRA will utilize quantitative and technical valuation models in implementing its investment strategies. As market dynamics shift over time, a previously successful model could become outdated or inaccurate, perhaps after substantial losses are incurred. There can be no assurance that SRA will be successful in developing and maintaining effective quantitative and technical models. Correlations among the instruments in a portfolio will change over time and could result in a loss of diversification and/or substantially more risk than SRA's models, methods and techniques would have estimated. SRA relies on historical data as part of its risk management, but historical data can prove to be quite different from future dynamics in the market place and thus result in a materially greater risk profile than SRA would expect. There is no standard, approved or accepted methodology for calculating risks in the investment management industry and SRA uses its best efforts to measure and control risk, but its methodologies differ from other investment managers.

*Market Judgment:* Although SRA relies heavily on technology, software and systems to evaluate trades and portfolio risks, strategies are by no means wholly systematic; the market judgment and discretion of SRA staff are fundamental to the implementation of these strategies.

*Hedging Risks:* Although certain of SRA investment strategies are intended, in part, to hedge the Client portfolios and/or individual holdings, there is no guarantee that they will do so to the degree predicted by historical practice and theory. In fact, hedges could result in losses. SRA may enter into risk offsetting transactions in instruments with which we expect to hedge exposure to risk. If the value of the positions changes in a direction or manner that SRA has failed to protect against with hedging transactions or if the instruments used in the hedging transactions are not as “correlated” as anticipated, the result may have be an imperfect hedge.

*Illiquid Instruments:* A portion of the strategies used by SRA and Model Managers may consist of securities and other financial instruments, which are not actively and widely traded. Consequently, it may be relatively difficult for SRA to dispose of such investments rapidly and at prices in connection with a Client’s withdrawal requests due to adverse market developments or other factors. Adverse market conditions can lead to a “liquidity crisis,” i.e., the inability to sell many securities at expected prices. There can be no assurance that future market conditions will not result in similar liquidity crises.

*Risks of Technology:* Our services are highly reliant on the accurate performance of our technology infrastructure, including software, communication networks, market data, and algorithms. A malfunction or failure in any of these could cause you to experience losses, some or all of which could be significant. With respect to each of our Clients, SRA seeks to direct required transactions on an automated basis to meet the parameters of a given strategy or risk limit. However, there are numerous scenarios including failure of the communication lines, networks, technology and software systems, or inaccurate data, which could prove critical in our ability to fulfill our responsibility. As with any technology, software, algorithm, data point, or communication line, their performance or accuracy can be compromised or prove unpredictable. It is important to note that SRA’s reliance on the collective technology and communication infrastructure is critical for SRA to perform its advisory services. Any interruption or failure of these systems could have an adverse effect on Client accounts, as it may limit or prohibit SRA from performing its advisory duties. In addition this interruption could result in material Client losses.

*Risks Unique to Options:* There are several risks that are unique to options trading that the client must be fully aware of before entering into the SRA program. Options involve additional risk and are not suitable for all investors. Following is a list of some specific common risks to options trading but it is by no means intended to be an exhaustive list and Clients should consult with their Advisor before participating in a service offered via the SRA Platform.

*Assignment* – Having a short call or put in your position can lead to an assignment and involuntary transaction, which cannot otherwise be avoided. In the case of a short call, being assigned can lead to a forced sale of stock, whether it is held long in the portfolio or not. Being short a put can lead to a forced purchase of the underlying stock for which funds will have to be provided by the account holder.

*Losses and Limited Gains* – In the case of an option purchase (long call or long put), the client’s entire initial investment of premium can be lost. In the case of a covered

option short sale (short call or short put), upside gains can be limited by the sale of a short call against an underlying stock position (see also Assignment risk above) and a forced purchase of stock can occur in the case of a short cash covered put sale. In the case of a naked call or put sale (a call with no underlying stock position and a put with no cash to cover the possibility of a forced stock purchase) there is the risk of unlimited loss in the call position and substantial loss in the put position.

*Lack of Liquidity* – Some option markets are very thinly traded and as a result, they are highly illiquid resulting in wide markets and limited trading opportunities. Should it be determined that an option trade will be attempted in such a market, there is the risk of a fill price that is either substantially higher (purchase) or substantially lower (sale) than mid-market. In addition, in such illiquid markets and despite best efforts there is the risk that no fill will occur at all for the intended order.

*Other Options Risks* – There are various other risks associated with option positions. Options are complex derivative securities and should not be traded without full knowledge of all the factors affecting their value. These factors include changes in implied volatility in the market that can cause an increase/decrease in the value of an option with no concurrent change in the underlying price of the stock. In addition, changes in the underlying stock dividend, time to expiration, market interest rates and other factors can affect the value of an option position.

SRA does not offer any technology products, option strategies, or services that guarantee rates of return on any investments for any time period to any client. Investing in securities of any type may result in the loss of principal. All clients also assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products. Investment returns can fluctuate as the investment environment changes.

Investing in any type of securities involves a risk of loss and is inappropriate for those who are unable to bear the economic risk of loss. The recommendations provided by SRA are not intended to comprise any client's complete investment program. SRA does not make any assurance that our services, algorithms, and the technology that generates these algorithms can result in profitable return or avoidance of loss.

SRA services are highly reliant on the accuracy of the information provided to us by the Advisor or Custodian regarding their Clients. If a client were to provide us with inaccurate information, this could result in losses and materially impact the quality and applicability of our services. Information could include accurate Client positions, Client's portfolio values, Client's approved affirmation to participate in SRA programs, Client's suitability to participate as determined by Advisor, and Clients' general circumstances which might change from time to time and dictate whether certain investment risks are appropriate.

**SRA makes no guarantee or representation that investment recommendations will be successful. Past performance is no guarantee of future results. Investing in Options involves additional risk and is not suitable for all investors.**

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SRA or the integrity of SRA management. SRA has no information applicable to this item.

All SRA's personnel, prior to being hired, must complete an application and submit to a pre-hire review of the person's character, identity, and regulatory background; the information is also processed through an independent third party for validation. In addition, finger prints may be taken for individuals with key responsibilities, internal control measures, or for operational security, and are processed either through the CBOE or FINRA. These regulatory bodies link the finger print data through the FBI's criminal data base center for screening. All SRA's personnel records are clear and have no events to disclose.

Additionally, there have been no administrative proceedings before the SEC, any other federal regulatory agency, any self-regulatory organization (SRO) proceedings, any state regulatory agency, or any foreign financial regulatory authority involving either SRA or a management person associated with SRA.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

SRA is part of The SpiderRock family of entities, which is ultimately held by SpiderRock Holdings, LLC ("the Firm"). The Firm which is a holding company encompasses a limited-service broker-dealer registered with FINRA, SpiderRock EXS LLC, an option based technology trading platform company, SpiderRock Platform Services LLC, a market access gateway company that establishes DMA controls and checks and provides market data, SpiderRock Gateway Technology LLC., and is a majority owner of SpiderRock Advisors LLC. As such, the Firm acts as a technology developer, investment manager and advisor, and may have other direct and indirect interests in the equity, derivative, and other markets.

As a result, the Firm, and its affiliates including SRA, and its directors, partners, managers, members, officers and employees (collectively, the "Firm"), including those who may be involved in the management, technology creation and servicing, sales, investment activities, or business operations of SRA, are engaged in businesses and have interests other than that of solely advising and monitoring Clients' accounts. Clients should be aware that this conflict could potentially cause conflicts that could disadvantage the advisory accounts.

In addition, the firm, and its affiliates including its managing member, managing directors, managers, members, officers, and employees may have contrary views, strategies, interest, or other opposing ideas which may conflict directly with SpiderRock Advisors services, strategies, and model designs or other interest which unknowingly could potentially have a detrimental effect and conflict with the firm's strategies and/or client accounts.

The activities and interests of the Firm include potential multiple advisory, transactional, financial, technology development, and other interests in option contracts and securities. These



activities and interests also include potential multiple advisory, transactional and financial and other interests with consultants and distributors who may advise in the opening of advisory accounts. Such additional businesses and interests may give rise to potential conflicts of interest of which investors should be aware and which may cause conflicts that could disadvantage the advisory accounts.

Certain principal executive officers of SRA provide management, financial, operational and compliance services to affiliates of SRA. These principal executive officers may devote the majority of their time to providing management, financial, operational and compliance services to other SRA affiliates.

SRA's affiliate, SpiderRock EXS provides certain back office and administrative services to SRA under a separate service agreement. SRA shares its office space in the same location as its' affiliates, however the area devoted to SRA is partitioned off and segregated from the other firm affiliates for privacy, compliance, and client confidentiality.

SRA's affiliate, SpiderRock Platform Services LLC provides certain technology solutions to SRA under a separate service agreement.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

SRA requires its employees to represent that they will comply with the SRA Code of Ethics to help to avoid actual and potential conflicts of interest and seek to comply with applicable provisions of law.

SRA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SRA must acknowledge the terms of the Code of Ethics annually, or as amended. The Code of Ethics contains policies and procedures that, among other things:

- Require employees to observe fiduciary duties owed to clients.
- Prohibit employees from taking personal advantage of opportunities belonging to clients.
- Prohibit trading on the basis of material non-public information.
- Place limitations on personal trading by employees and impose reporting obligations with respect to such trading.
- Impose limitations on the giving or receiving of gifts and entertainment.
- Restrict employees' outside business activities.
- Prohibit disclosure by employees of confidential information of SpiderRock Advisors and its clients.

Personal securities transactions by employees are monitored by the Chief Compliance Officer, Edward Keiley and governed by the procedures set forth in the Code of Ethics. A copy of the Code of Ethics is available upon request.

## **ITEM 12: BROKERAGE PRACTICES**

### Broker Selection and Trade Order Routing

SRA considers broker selection and trade order generation and routing as important aspects of every trade that we place via the technology for a client account. SRA has put in place a Trading Department Oversight Committee ("TDOC") that reviews brokers selected to execute trades and determines the reasonableness of their compensation based on a range and quality of a broker's services including execution capability, depth of connectivity, reputation, prior working experience, financial strength, and fairness in resolving disputes. However, neither SRA nor the technology utilized or ideas generated are obligated to select a broker offering the lowest commission rate or security price in connection with any given transaction. Trade orders are routed on the direction of SRA.

### Client Directives

Clients sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services provided to the client by the broker or dealer. A Client that chooses to designate use of a particular broker or dealer on a "restricted" basis, including a Client which designates a broker or dealer as custodian of the Client's assets, should consider whether such a designation may result in certain costs or disadvantages to the Client, either because the Client may pay higher commissions than might otherwise be obtainable by SRA, or receive less favorable net prices and executions of some or all of the transactions. Less favorable services may include but are not limited to connection speeds, technology, and timely and accurate trade communication information.

In the case of a "restricted" designation, SRA may direct trade orders that may deviate from the Client's designation in situations in which, in its judgment, a significantly more advantageous net price is available from another dealer or it may authorize the designated broker dealer to effect the transaction as agent in order to obtain a better price from another dealer, but allow the designated "agent" broker-dealer a scheduled mark-up or mark-down on the transaction (Step Out).

### SRA Trade Order Handling

SRA seeks to treat all Client account orders in a fair and equitable manner. The dynamic nature of our strategy and our attention to risk management requires our processes to be highly automated, including trade order routing. As such, our typical order generation and routing is algorithmic in nature, and where we send FIX-based orders directly via our preferred routes to the markets.

Generally SRA places trades on a client-by-client basis unless we decide to purchase or sell the same securities for several clients at approximately the same time. In these instances we may, but are not obligated to, block these orders to obtain best execution, or to allocate

equitably differences in prices and commission among our clients if the trades had been placed separately. Like our process with the specialized strategies, we may average the price of the transaction and allocate the positions on a pro-rata basis across the participating clients' accounts. SRA does not receive any additional compensation as a result of aggregating or blocking trades.

In certain cases, SRA will not aggregate client trades in the same security in a single block in an effort to obtain execution at the best security price available. Due to the nature of options, algorithm timing, securities utilized or individual order requirements, employing a block trade over all or grouped accounts may not be practical or feasible. In addition, block trading may possibly produce negative or positive returns, if any, as compared to another portfolio with like securities with different trading objectives.

Securities purchased or sold in a block transaction are allocated pro rata, when possible, to the participating client accounts in proportion to the size of the order for their respective accounts. In all cases, SRA allocates transactions equitably across the accounts. If circumstances are such that it is impractical for us to allocate a small number of securities across accounts then we may allocate in a manner that we believe is fair to all clients.

Due to the nature of the implementation of an options trading strategy across multiple accounts, there is the possibility of partial or incomplete fill quantities relative to the intended quantity desired for an order. In cases such as these, SRA will implement a fair and orderly allocation process designed to treat every account in a way that, over time, will result in partial fill quantities being distributed equitably. This allocation process is at the discretion of SRA senior management and is subject to change at any time without prior notice.

### Trade Errors

SRA has determined there are two potential types of trade errors that it may encounter: those that are the result of software, technology and/or electronics and communication systems, and those directly related to gross negligence or willful misconduct by SRA.

It is SRA's policy to be as careful as possible in making and implementing investment decisions and to test the systems and technology. Unfortunately, when we utilize any software, technology and other electronic systems including third party services there is a good chance of a failure or interruption, which may result in a material error or the inability of SRA to respond in a timely fashion. As a result there could be material loss or gains in Client accounts.

It is important to understand that in these instances the Client will assume the total liability for any trade errors that are attributed to the failure of software, technology and other electronic systems, including those of SRA, its affiliates, and or third party providers. However in situations where an error would occur as the result of gross negligence or willful misconduct by SRA, SRA will assume the liability. Trade errors are not to be resolved through soft dollar or other reciprocal arrangements with broker-dealers.

## **ITEM 13: REVIEW OF ACCOUNTS**

In general, all Client accounts are continuously monitored and reviewed via technology on a daily basis to reasonably ensure that their balances are invested according to parameters indicated within the client's advisory agreement and to verify the accuracy of accounting. SRA reconciles with the Client's custodian on a daily basis all security holdings and cash movements for each client account. Client's accounts are monitored for the Client's stated objectives and risk tolerance. All SRA's accounts are reviewed at least monthly to insure that transactions:

- Conform to Client objectives and investment/restriction guidelines
- Are consistent with available cash in the Client's account; and
- Conform to SRA agreed to investment strategy.

SRA accounts are reviewed by any of the following SRA employees: the firm's Managing Member, Managing Director, Portfolio Manager, and Chief Compliance Officer. Additionally, certain controls have been built into SRA's proprietary software, technology, algorithms, and daily bookkeeping processes to provide multiple checks and balances.

SRA currently employs a two-tiered process where the portfolio manager responsible for the accounts, as well as the compliance department, reviews the prior day's activity. As part of the firm's overall review, the firm's TDOC and compliance department perform an additional quarterly review on Client objectives and account holdings.

### Nature and Frequency of Reporting to clients

SRA provides when available, each Client the ability to directly receive electronic access to trade activity, account holdings, cash balances and account statements directly from their Custodian(s) or Advisor. Such SRA reports primarily contain account holdings, security purchase price, and general performance information. The SRA reports do not reflect the deduction of investment advisory fees which would reduce returns but do provide the daily cumulative accrual fee amount.

The Information contained in these reports is collected from sources believed to be reliable. However, Client should always rely on Advisor or Custodian's statements. Additionally, on a monthly basis, the Custodian provides each Client a detailed valuation of the individual securities, their cost and market value, and a summary of the total account holdings. The Custodian monthly report also includes a transaction history showing each purchase and sale during the period covered. Clients should always refer to the Custodian's statement as the primary record reflecting their account holdings and value. If Client detects a discrepancy during its reconciliation process they must notify Advisor immediately.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

On occasion SRA may enter into a formal referral relationship whereby SRA may compensate affiliated persons or 3rd party solicitors in return for referrals. SRA will perform a due diligence review of each solicitor before it will enter into a referral

relationship. In each instance, a Solicitor Agreement will be executed between SRA and the Solicitor. At the time of any recommendation of SRA services, the Solicitor will deliver the then current SRA ADV Part II as required by the regulations and disclosure of the relationship. Any referral fees paid by SRA do not affect the advisory fees clients pay to SRA and SRA advisory fees are not higher than they would otherwise be because of the referral fees paid. Furthermore, SRA does not consider the possibility of receiving client referrals from a particular broker-dealer when selecting or recommending that clients use the broker-dealer.

#### Other Payments and Contributions To the extent allowed under applicable law and SRA policies

SRA may contribute toward expenses related to educational seminars, training programs, conferences or meals and entertainment incurred by third parties, financial advisors, and firms that use SRA as a sub-advisor or include SRA on a list of recommended advisors (including consultants). SRA may also pay travel and lodging expenses relating to financial advisor's attendance at SRA due diligence meetings. SRA may choose to make charitable contributions, or underwrite or sponsor charitable events at the request of others, including those who may be affiliated with clients or program sponsors or consultants that may refer clients to SRA. In addition, SRA may from time to time buy from third parties certain services or products used in SRA investment advisory business (such as research services) or pay registration or other fees toward or otherwise assist in sponsoring such parties' industry forums, seminars or conferences. Such contributions and payments are paid out of SRA's own resources.

The amount of such payments and the value of such items and benefits may or may not be substantial. These payments, items and benefits could give firms and their personnel incentives to favor SRA investment management services and other SRA affiliated companies, technology products, and services over those of investment management firms that do not provide the same payments, items, or benefits. However, such payments are subject to internal policies that address and in some cases, limit such payments with the overall aim to avoid compromising advice or recommendations given clients by special incentives or compensation arrangements.

#### **ITEM 15: CUSTODY**

Advisors and their Client accounts must be held at a Custodian that allows SRA to place trades on behalf of our institutional clients. For Advisor or Clients whose accounts are not currently held at an appropriate Custodian, SRA will assist Advisor in identifying appropriate Custodians that meet the minimum requirements to support our practices.

Currently SRA does not impose restrictions on Advisor or Clients' accounts based on broker selection, Custodian, or other Client specific matters; however, this is subject to change at any time if the restriction would create an environment where SRA could not carry out its services or poses a regulatory violation. When custodial services are required, SRA does not recommend the use of any one custodial service. However if SRA were to determine to make this recommendation, this recommendation would come from our

internal due diligence review with a primary emphasis placed upon financial strength, customer service and technological capabilities. However, SRA will entertain any Advisor or Client's Custodian relationship absent a legal or regulatory objection, or the ability to perform its services.

When determining which Custodians that SRA will seek to engage as an executing broker, we will consider only those broker-dealers that are "qualified custodians" as defined by the SEC. Advisors and their Clients may choose to utilize their own independent Custodian. In these situations, it is the Advisor and their Client's responsibility to negotiate and pay rates to their Custodian, including bank custody and wire fees. In addition, it must be understood that if the Custodian is unable to meet SRA technology requirements and/or communication connections SRA will be unable to be provided its services to Client.

#### **ITEM 16: INVESTMENT DISCRETION**

From the outset of an advisory relationship, SRA is generally authorized by Client thru their Advisor to determine and execute transactions within the specific investment criteria and parameters outlined in each Client's advisory agreement and without consultation on a transaction-by-transaction basis. The amount of securities bought or sold is determined through the strategy chosen, evaluation of individual account balances, investment objectives, and market and other risk considerations. Clients thru their Advisor may terminate the relationship as stipulated in the client agreement.

It is Advisor who remains solely responsible for understanding Client's individual financial situation, investment goals and objectives, qualification, time horizon, portfolio liquidity and concentration, and tolerance for risk as well as any investment limitations and reasonable restrictions for your account. Based upon this knowledge, Advisor selects a suitable Strategy for Client account. Advisor is solely responsible for maintaining communication with Client to monitor investment objectives and any changes in Client individual circumstances and for communicating any changes in Client situation to SRA in the form of a suitable Strategy selected for the Client's account. Any questions Client has regarding the Strategy employed for their account, including SRA or Model Manager programs, or their suitability for a Client's individual financial situation should be directed solely to the Advisor.

#### **ITEM 17: VOTING CLIENT SECURITIES**

SRA's current advisory services do not involve securities that require shareholder voting. However, if in the future this would change, SRA would adopt policies and procedures designed to seek to prevent conflicts of interest from influencing proxy-voting decisions that it makes on behalf of advisory clients and to help ensure that such decisions are made in accordance with SRA's fiduciary obligations to its clients. Nevertheless, notwithstanding such proxy voting policies and procedures, actual proxy voting decisions of SRA would possibly have the effect of favoring the interests of other clients, the Firm, and/or its affiliates, provided that SRA believes such voting decisions to be in accordance with its fiduciary obligations. SRA does not have the authority to vote client securities for its clients.

## **ITEM 18: FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SRA's financial condition. SRA is not aware of any financial commitment that likely impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**ITEM 1: COVER PAGE**

SpiderRock Advisors

www.SpiderRockAdvisors.com  
[SRASupport@SpiderRockAdvisors.com](mailto:SRASupport@SpiderRockAdvisors.com)

\*\*\*\*\*

**FORM ADV PART 2B**  
**INVESTMENT ADVISOR BROCHURE SUPPLEMENT**  
**December 31, 2014**

This brochure supplement provides information about SpiderRock Advisors that supplements the SpiderRock Advisors Form ADV Part 2A brochure. You should have received a copy of that brochure. Please contact Edward Keiley, Chief Compliance Officer at [SRASupport@SpiderRockAdvisors.com](mailto:SRASupport@SpiderRockAdvisors.com) if you did not receive SpiderRock Advisors brochure or if you have any questions about the contents of this supplement.

Additional information about each of the Advisory Managers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) ( the CRD number for George Papa is #2595217, Doug Bremer is #2607455 and Joel Blumenau is #2592445)



## **ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Name:** George Papa

**Year Born:** 1969

**Formal education after high school:** Degrees in Applied Physics and Economics from the California Institute of Technology.

**Experience:** Mr. Papa is the visionary and originator of the philosophy behind every aspect of SpiderRock. He is the managing member and chief architect of all SpiderRock technology and solutions. Prior to founding the firm, he was instrumental in the trading industry as a partner and managing director for Cantor Fitzgerald in New York as well as executive technology roles with leading trading firms in Chicago.

## **ITEM 3: DISCIPLINARY INFORMATION**

George Papa is not been involved in any activities requiring disciplinary disclosure.

## **ITEM 4: OTHER BUSINESS ACTIVITIES**

George Papa is involved in various other business activities outside SpiderRock Advisors and, as the managing member of SpiderRock Holdings, LLC, devotes a majority of his time to the entities under the SpiderRock Holdings structure, which include SpiderRock EXS, SpiderRock Gateway Tech, and SpiderRock Platform Services. Mr. Papa is also involved in other business ventures outside SpiderRock and its affiliates which include funding and developing new trading strategies and analysis, technology development, and public speaking.

## **ITEM 5: ADDITIONAL COMPENSATION**

George Papa receives various other compensation outside of SpiderRock Advisors. As a result the majority of his compensation is derived from the entities under the SpiderRock Holdings structure, which include SpiderRock EXS, SpiderRock Gateway Tech, and SpiderRock Platform Services. Mr. Papa will also receive additional compensation from his other business ventures outside SpiderRock and its affiliates.

## **ITEM 6: SUPERVISION**

George Papa is the managing member at SRA. Mr. Papa is subject to the firm's registration requirements, firm's COE, policies, and procedures. In addition, his outside activities are reviewed by the Chief Compliance Officer. George Papa may be reached by email at [George.Papa@SpiderRockAdvisors.com](mailto:George.Papa@SpiderRockAdvisors.com)

## **ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Name:** Doug Bremer

**Year Born:** 1971

**Formal education after high school:**

Mr. Bremer received his BA from the University of Colorado, and his MBA from the Babcock Graduate School of Management at Wake Forest University

**Experience:** Doug Bremer is the Managing Director of SpiderRock Advisors LLC. Mr. Bremer has spent over 19 years in the asset management industry, focusing primarily on equity derivatives, quantitative strategies, and electronic and algorithmic trading systems.

In his current role Doug is responsible for leading business development and strategy, and acts as a subject matter expert in derivative products and alternative strategies for funds and separately managed accounts.

Previously, Doug was Product Manager at Wells Fargo Wealth Management, where he was tasked with engineering and managing strategy development and electronic trading infrastructure for their options strategies trading desk. Prior to Wells Fargo, Doug was at Evergreen Investments operating as a Sr. Analyst for their Quantitative and Derivative Strategies team.

**ITEM 3: DISCIPLINARY INFORMATION**

Doug Bremer has not been involved in any activities requiring disciplinary disclosure.

**ITEM 4: OTHER BUSINESS ACTIVITIES**

Doug Bremer is not involved in other business activities or SpiderRock affiliates.

**ITEM 5: ADDITIONAL COMPENSATION**

Doug Bremer does not receive additional compensation from outside business activities.

**ITEM 6: SUPERVISION**

Doug Bremer, is a lead investment professional at SRA and is responsible for the recommendations given to clients. Mr. Bremer reports to Mr. George Papa and is subject to the firm's registration requirements, firm's COE, policies, and procedures. In addition his outside activities are reviewed by the Chief Compliance Officer. Doug Bremer may be reached by email at Doug@SpiderRockAdvisors.com.

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Name:** Joel Blumenau

**Year Born:** 1960

**Formal education after high school:**

Mr. Joel Blumenau received his BA in economics from Stanford University.

**Experience:** Joel Blumenau is the Portfolio Manager of SpiderRock Advisors LLC, an enterprise

technology solutions provider and institutional consultant specializing in equity options, volatility trading, and automated portfolio management. Mr. Blumenau moved from the west coast to Chicago in 1995 and began his career in the financial industry by spending nearly five years as a market maker on the floor of the CBOE. He then spent several years successfully trading equity index arbitrage strategies both domestically and internationally before joining the options trading desk of PEAK6 Investments. He was an original team member of OptionsHouse.com and launched their trading and client support desks where he built and managed a team of a dozen support personnel. Mr. Blumenau then joined SpiderRock Trading in 2008 as a senior trader/portfolio manager.

### **ITEM 3: DISCIPLINARY INFORMATION**

Joel Blumenau has not been involved in any activities requiring disciplinary disclosure.

### **ITEM 4: OTHER BUSINESS ACTIVITIES**

Joel Blumenau is a writer, photographer and artist on a part-time basis outside of regular business hours. In addition, Mr. Blumenau may assist from time to time with other SpiderRock affiliates but is expected to devote the supermajority of his time to SpiderRock Advisors.

### **ITEM 5: ADDITIONAL COMPENSATION**

Joel Blumenau receives minimal additional compensation from his above-mentioned other business activities.

### **ITEM 6: SUPERVISION**

Joel Blumenau is a lead Portfolio Manager at SpiderRock Advisors and is responsible for the implementation and management of the option strategies and the subsequent recommendations given to clients. Mr. Blumenau will actively oversee the option portfolio strategies and overlays. Mr. Blumenau reports to Mr. George Papa and is subject to the firm's registration requirements, firm's COE, policies, and procedures. In addition his outside activities are reviewed by the Chief Compliance Officer. Joel Blumenau may be reached by email at [Joel.Blumenau@SpiderRockAdvisors.com](mailto:Joel.Blumenau@SpiderRockAdvisors.com).