

Item 1 – Cover Page ¶

Part 2A of Form ADV: Firm Brochure ¶

Strategic Options, LLC ¶

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Denver, Colorado 80246 ¶

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Firm Website Address: www.strategic-options.com

This brochure provides information about the qualifications and business practices of Strategic Options, LLC. If you have questions about this brochure, please contact Chad Humphrey at 818 523- 5155 or clients@strategic-options.com. ¶

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. ¶

Additional information about Strategic Options is also available on the SEC's website at www.advisorinfo.sec.gov. You can search this site by a unique identifying number, known as a "CRD Number. Our firm's CRD number is 159250 ¶

Please note that the use of the term "registered investment adviser" and the description of Strategic Options LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

June 2021¶

Item 2 - Material Changes ¶

2022 Update ¶

There have been no material changes since the 2021 ADV Part 2A. ¶

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Item 4 - Advisory Business ¶

A. Firm Description

- a. Strategic Options, LLC (“Strategic Options”) (“the Firm”) is an investment advisor registered with the U.S. Securities and Exchange Commission, which operates an Internet-based investment advisory business under the name Strategic Options. Strategic Options was founded in 2011 by Chad Humphrey as a Colorado LLC and became registered as an SEC online registered investment adviser pursuant to the Investment Advisers Act of 1940 in August 2015. The registration was canceled by the SEC on 2/24/2021. Chad Humphrey or Strategic Options was not allowed a [hearing](#). Registration as an investment adviser does not imply any certain level of skill or training.
- b. Chad Humphrey is the CEO and principal owner of Strategic Options, LLC.
- c. Strategic Options offers investment advisory services over the internet for clients. Financial advice is only offered on the internet via the interactive website found here https://www.strategic-options.com/potential_clients/. Voice communication will not be returned.
- d. Strategic Options specializes in advanced algorithmic trading strategies. Services offered by Strategic Options are a combination of quantitative analysis, market timing, and technical analysis all wrapped into algorithms.
- e. Clients retain Strategic Options to assist them in determining their investment objectives and guidelines using an online interactive website found here https://www.strategic-options.com/potential_clients/. All financial advice is provided thru the Strategic Options Interactive website. It is thru this advanced interactive website where Strategic Options can tailor (via our advanced interactive website.) the needs of the client. This form must be completed by all potential clients.
- f. Strategic Options currently offers only two algorithmic portfolio funds, one is titled Benny portfolio and the other is titled Boomer portfolio; hereinafter referred to as the Benny portfolio or the Boomer portfolio. Strategic Options will manage and continuously monitor client’s accounts to ensure the account is aligned with the algorithm analysis of the Benny portfolio or the Boomer portfolio fund.
- g. There may be other information about a client’s personal financial situation that is not elicited through the Strategic Options website that could inform Strategic Options advice if it were provided to Strategic Options. Clients should consider this limitation on Strategic Options service, which is a function of Strategic Options primarily providing an automated service via an interactive website.
- h. Upon completion of the discovery and risk profiling process, which can be found here at the strategic options interactive website https://www.strategic-options.com/potential_clients/. The results from the interactive website via an algorithm will determine if the Strategic Options will make a recommendation to manage the client cash given an individual client’s circumstances. This is an interactive website that determines the suitability of a client for the Benny portfolio or the Boomer portfolio. At this time there are three possible outcomes from the interactive website. 1. The client is suitable for the *Benny portfolio* 2. *The client is suitable for the Boomer portfolio*. 3. The client is

not suitable for this level of risk for the *Benny or the Boomer portfolio*. In the event of outcome number 3, the client is not suitable for the fund, the client has the ability to override the risk assessment and still enter the fund, acknowledging and understanding the results of the risk assessment. Overriding the risk assessment is a conscious decision by the client and the burden will lay upon the client.

- i. As part of our asset management service, Strategic Options will access a clients account and construct the Benny portfolio or Boomer portfolio in their respective account. The Benny portfolio and the Boomer portfolio can be constructed of Futures, Commodity Futures, Stocks and Options, Mutual Funds, Bonds. As stated in the Customer Relationship Survey, There are only two portfolios and they are called the Benny Portfolio or the Boomer portfolio. The portfolios can be customized based on the needs of the clients.
- j. Strategic Options does not participate in wrap fee programs, that would just be silly.
- k. Clients can restrict investing in certain securities.
- l. Strategic Options has no assets under management and no accounts as of June 2021

Item 5 - Fees and Compensation ¶

A. Investment Management ¶

- a. The **ADVISER's** annual fee for investment management services provided under this Agreement shall be based upon a percentage (%) of the market value of the Assets under management. The annual Advisory Fee is 2.5%. This annual fee shall be prorated and paid quarterly, in arrears, based upon the market value of the Assets on the last business day of the previous quarter. No increase in the annual fee percentage shall be effective without prior written notification to the **CLIENT**. Fees are not negotiable.
- b. **CLIENT** authorizes the Custodian of the Assets to charge the Account for the amount of **ADVISER's** fee and to remit such fee to **ADVISER** in compliance with regulatory procedures. **ADVISER** provides information about the fees it charges to the **CLIENT** to the Custodian at the same time it sends a copy of its invoice to the **CLIENT**. The Custodian sends quarterly statements to the **CLIENT** showing all disbursements for the account, including the amount of the **ADVISER's** fee; No fees are collected in advance.
- c. A performance fee shall be prorated and paid quarterly, in arrears, based upon the total gain in the market value of the Assets on the last business day of the previous quarter. The Performance Fee will be 20% of the gains from the previous quarter. The **CLIENT** should recognize this is not typical practice in the industry.
- d. **Clients** may also incur custodian fees. Clients will also pay brokerage commissions when the advisor buys or sells individual stocks. Please refer to **Brokerage Practices** for further information.
- e. No employees or supervised persons accept compensation for the sales of securities or investment products at Strategic Options, LLC. There are many Wall Street banks such as Goldman Sachs, Bank of America, and or Wells Fargo to name a few that will be happy to steer your investment in the direction of products in which they will get an incentive.

Item 6 – Performance-Based Fees (Sharing of Capital Gains) ¶

1. A performance fee shall be prorated and paid quarterly, in arrears, based upon the total gain in the market value of the Assets on the last business day of the previous quarter. The Performance Fee will be 20% of the gains from the previous quarter. The CLIENT should recognize this is not typical practice in the industry. Performance fees are only levied on qualified client as defined by the SEC in the following documentation:
<https://www.sec.gov/rules/final/ia-1731.htm>

Item 7 - Types of Clients ¶

1. Strategic Options mainly services individuals and high net worth individuals. However, Strategic Options may also offer services to trusts, estates, charitable organizations, corporations, limited liability companies, and/or other business types.
2. Strategic Options generally requires a minimum account balance of \$2,000 for our asset management service
3. Strategic Options can offer services to qualified client as defined by the SEC in the following documentation: <https://www.sec.gov/rules/final/ia-1731.htm>

Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss

1. The methods of analysis used by Strategic Options' proprietary algorithm involve:
The goals of Strategic Options method of analysis is to take any human emotion (fear, greed, ignorance or any human emotion) out of the investment decision. This can be done by building rule-based investment decisions and using quantitative analysis. Rule-based investment decision-making is a user-friendly term for the word stock trading algorithm. Using a variety of technical indicators, the algorithm gathers those indicators and assigns a value to that particular equity. Some technical indicators have a greater mathematical value or weight than others. The Strategic Options algorithm does not make any predictions or forecasts on future prices, instead, the algorithm conducts a daily assessment of stock prices and evaluates the asset daily to ensure it is performing properly. Equities that do not perform well are traded out of the portfolio.
2. Strategic Options uses one proprietary stock trading algorithm created, developed, and programmed by Strategic Options founder, Chad Humphrey. The algorithm comes with standard investment risk. The algorithmic strategy involves risk, primarily operational risk. Operational risk, being poor trade execution, malfunction data feed, and or brokerage operational concerns. The Strategic Options algorithm will trade frequently. The price of brokerage fees is minimal if not non-existent and will have little effect on the ultimate return.
3. The list of securities traded are either traded on the Dow Jones Index, Nasdaq, or within the S&P 500. These securities are governed by the markets and federal regulations. Strategic Options does not trade exotic financial derivatives of unknown risk or unknown liability.

Item 9 - Disciplinary Information ¶

1. Strategic Options SEC registration was canceled on 2/24/21. The matter having been considered, it is found that the registrant is prohibited from registering as an investment adviser under section 203A of the Act because the registrant has not, and does not currently, provide investment advice to any clients through an interactive website, and has not demonstrated any other basis for eligibility to register with the Commission. The SEC order in its entirety can be found [here](#) on the Security and Exchange Commission's Website.

Item 10 - Other Financial Industry Activities and Affiliations ¶

1. Strategic Options is not registered as a securities broker-dealer,
2. Strategic Options is not a futures commission merchant or commodity-trading advisor, nor does it have an application pending for registration as a securities broker-dealer, or a futures commission merchant, or commodity trading advisor.
3. Strategic Options has no arrangements that are material to its advisory business or its clients with any related person who is a broker-dealer, investment company, other investment advisors, commodity pool operator, commodity trading adviser or futures commission, merchant. ¶

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ¶

1. A copy of Strategic Options' Code of Ethics is available to Strategic Options's advisory clients upon written request to Chad Humphrey at Strategic Options' principal address. Contact information is provided on the cover of this Brochure.
2. From time to time, Strategic Options or individuals associated with Strategic Options may buy or sell securities or investment products that it also recommends to clients. Strategic Options and/or its associates may buy & sell the same securities that it recommends to Clients, which is a conflict of interest. However, Strategic Options will not sell from their account (or personal account) to clients. The volume and liquidity in the portfolio trades are so large and abundant there is little effect on the client. ¶

Item 12 - Brokerage Practices ¶

1. Interactive Brokers is the only Broker-Dealer / Custodian
 - a. No other brokerage firms offer a comprehensive SDK / API trading platform
 - b. Strategic Options receives no soft dollars for only using Interactive Brokers
 - c. Strategic Options trading software has been developed to communicate with Interactive Brokers software via an API.
 - d. There are many brokerages in the free market as well as financial advisors, if this doesn't meet your needs the client is welcome to look elsewhere.
2. Strategic Options does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We may recommend although we do not require that our clients use a particular registered broker-dealer, member FINRA/SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with any broker/dealer. The Custodian will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. You will need to open an account with a qualified custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. ¶
3. Strategic Options selected Interactive Brokers for their low fees and their comprehensive software development and trading API.

Item 13 - Review of Accounts ¶

1. Strategic Options client clearing algorithm reviews all accounts daily for adherence to the Strategic Options portfolio standards. This can be done with Strategic Options client analysis algorithms and custom-built software. In the event this software discovers an inconsistency, a review will be performed.
2. Real-time portfolio balance can be best achieved by reviewing the client account at Interactive Brokers.
3. Financial reports or client balances and reports come at the end of the quarter from Interactive Brokers.
4. Strategic Options does not provide written reports on clients portfolios.

Item 14 - Client Referrals and Other Compensation ¶

1. Strategic Options does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm.

Item 15 - Custody ¶

1. We will not maintain physical custody of your assets. However, under the Investors Advisers Act, we are deemed to have custody of your assets if you authorize us to instruct your Custodian/Brokerage Firm to deduct our advisory fees directly from your account. Nevertheless, the Custodian/Brokerage Firm will maintain actual custody of your assets. Your statements will be available for you to review in the activity section of your brokerage account portal. You will also receive account statements directly from your custodian/brokerage firm. You should carefully review those statements promptly. ¶

Item 16 - Investment Discretion ¶

1. Strategic Options has full discretionary authority to determine which securities as well as the number of securities that will be bought and sold in Asset Management Clients' accounts;

Item 17 - Voting Client Securities (Proxies) ¶

1. As a matter of firm policy and practice, Strategic Options does not accept the authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. ¶

Item 18 – Financial Information ¶

1. As an advisory firm, Strategic Options is required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Strategic Options does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. ¶
2. Given the nature of the Firm's advisory activities, a balance sheet is not required to be provided. ¶

Item 19 – Requirements for State Registered Advisers ¶

- 1. Chad Humphrey is the Portfolio Manager/CEO/CIO and** was born on May 27, 1974. ¶
- 2. Educational Background**
 - a. Occidental College B.A., Art History, 1997
 - b. Pepperdine University, MBA Finance, 2007
- 3. Business Experience**
 - a. Chad Humphrey served in the United States Marine Corps Reserve as a Chief Warrant Officer 2 from 1993 – 2013. Currently serves as a partner and lead algorithmic writer at Waystone Capital. ¶
- 4. Disciplinary Actions ¶**
 - a. Mr. Humphrey has not been the subject of any disciplinary events that would be material to a client's evaluation of him. Mr. Humphrey has had no arbitrations or regulatory actions. ¶
- 5. Other Business Activities (not previously disclosed above) ¶**
 - a. Mr. Humphrey is a consultant to Waystone Capital.
- 6. Additional Compensation ¶**
 - a. Chad Humphrey does not receive any economic benefit for providing advisory services from anyone who is not a client.

Item 20 – Additional Disclosures ¶

1. Strategic Options has requested the SEC Office of Inspector General to open an investigation into military discrimination against an SEC Denver auditor. The case is currently under investigation.
2. 3073 S. Columbine St, Denver, Co 80210 is a residential address.
3. Strategic Options LLC, fees are not typical industry standard, clients should understand some financial advisors charge less in fees. Edward Jones financial services might be an option.
4. A potential client can conduct a risk assessment at https://www.strategic-options.com/potential_clients/ This is the only method in which to start the client process