

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser:

**Backshore Capital, LLC**

Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
2 Palo Alto Square, Ste 200, 3000 El Camino	Palo Alto	CA	94306	( 415) 810-7069

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

**Table of Contents**

<b><u>Item Number</u></b>	<b><u>Item</u></b>	<b><u>Page</u></b>
1	Advisory Services and Fees . . . . .	2
2	Types of Clients . . . . .	2
3	Types of Investments . . . . .	3
4	Methods of Analysis, Sources of Information and Investment Strategies . . . . .	3
5	Education and Business Standards . . . . .	4
6	Education and Business Background . . . . .	4
7	Other Business Activities . . . . .	4
8	Other Financial Industry Activities or Affiliations . . . . .	4
9	Participation or Interest in Client Transactions . . . . .	5
10	Conditions for Managing Accounts . . . . .	5
11	Review of Accounts . . . . .	5
12	Investment or Brokerage Discretion . . . . .	6
13	Additional Compensation . . . . .	6
14	Balance Sheet . . . . .	6
	Continuation Sheet . . . . .	Schedule F
	Balance Sheet, if required. . . . .	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

**FORM ADV****Part II - Page 2**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

**1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)**Applicant:**

- |                                     |     |   |                  |
|-------------------------------------|-----|---|------------------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services . . . . .  | <u>100%</u>      |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services . . . . .  | <u>    %    </u> |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above . . . . .  | <u>    %    </u> |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | <u>    %    </u> |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (8) | Provides a timing service . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above . . . . .   | <u>    %    </u> |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

**B.** Does applicant call any of the services it checked above financial planning or some similar term? . . . . .Yes ☐ No ☒**C.** Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV****Part II - Page 3**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> A. Equity securities                               | <input type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                     |   |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter             | I. Options contracts on:  |
| <input type="checkbox"/> (3) foreign issues  | <input checked="" type="checkbox"/> (1) securities              |
|  | <input type="checkbox"/> (2) commodities                        |
| <input type="checkbox"/> B. Warrants   | J. Futures contracts on:  |
|  | <input type="checkbox"/> (1) tangibles                          |
| <input type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> (2) intangibles                        |
| <input type="checkbox"/> D. Commercial paper   | K. Interests in partnerships investing in:                      |
|  | <input type="checkbox"/> (1) real estate                        |
| <input type="checkbox"/> E. Certificates of deposit                                    | <input type="checkbox"/> (2) oil and gas interests              |
| <input type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> (3) other (explain on Schedule F)      |
| G. Investment company securities:  | <input type="checkbox"/> L. Other (explain on Schedule F)       |
| <input type="checkbox"/> (1) variable life insurance                                   |   |
| <input type="checkbox"/> (2) variable annuities  |   |
| <input checked="" type="checkbox"/> (3) mutual fund shares                             |   |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input type="checkbox"/> Fundamental         | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical           |  |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Financial newspapers and magazines               | (5) <input type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases  |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered<br>options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 4**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? . . . . .

Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.....

Yes No  
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

## FORM ADV

## Part II - Page 5

Applicant:

Backshore Capital, LLC

SEC File Number:

801-

Date:

10/1/2009

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes No  
☒ ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Please see Schedule F attached.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Please see Schedule F attached.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

Backshore Capital, LLC

SEC File Number:

801-

Date:

10/1/2009

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold? . . . . .

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ? . . . . .

Yes No

☒ ☐

(3) broker or dealer to be used ? . . . . .

Yes No

☐ ☒

(4) commission rates paid? . . . . .

Yes No

☐ ☒

B. Does applicant or a related person suggest brokers to clients? . . . . .

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? . . . . .

Yes No

☐ ☒

B. directly or indirectly compensates any person for client referrals? . . . . .

Yes No

☒ ☐

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? . . . . .

Yes No

☐ ☒

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Backshore Capital, LLC	801-	10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Backshore Capital, LLC**

IRS Empl. Ident.No.:

Item of Form (identify)	Answer								
<b>Item 1. A. (1), C., &amp; D.</b>	<p><b>ADVISORY SERVICES</b></p> <p>Backshore Capital, LLC, ("Backshore," or the "Adviser") provides investment advisory services to various types of clients, including individuals, pension and profit-sharing plans, trusts and estates, corporations or business entities ("client(s)"). Backshore primarily uses option writing strategies in the management of Client assets.</p> <p>Covered Option Writing Strategies, (the "Strategy") generally seeks to maximize realized gains through covered option writing. The primary objective is to maximize realized gains on certain equity securities by writing covered options on such securities in order to create cash flow that may be disbursed to clients or reinvested in client accounts.</p> <p><b>FEES</b></p> <p>Backshore's advisory fees are set forth in the client's Investment Management Agreement (the "IMA Agreement"). Backshore's fees are calculated as a percentage of assets under management.</p> <p style="text-align: center;"><b>Backshore Standard Fee Schedule</b></p> <table><thead><tr><th><u>Portfolio Value</u></th><th><u>Annual Fee*</u></th></tr></thead><tbody><tr><td>\$250,000 to 999,999</td><td>2.0%</td></tr><tr><td>Over \$1,000,000 to \$4,999,999</td><td>1.5%</td></tr><tr><td>Over \$5,000,000</td><td>Negotiable</td></tr></tbody></table> <p>*The fee does not include commissions on transactions.</p> <p>Advisory fees are negotiated with many clients, and may therefore vary from the standard fee schedule. For comparable services, other investment advisers may charge higher or lower fees than those charged by Backshore.</p> <p>Advisory fees are generally paid quarterly in advance. Prepaid advisory fees covering any period after a client's advisory agreement is terminated are refunded to the client.</p> <p>In some cases, Backshore's clients may have their accounts domiciled at a bank or broker-dealer that provides management of idle cash balances through a sweep arrangement. In such cases, the client often will pay a separate fee to the bank or broker for this service. Since clients pay Backshore a management fee based on the total market value of the client's account, the client may, in some cases, pay two fees for advice on idle cash balances.</p> <p><b>3. TYPES OF INVESTMENTS</b></p> <p>Backshore invests Client funds in exchange-listed securities, securities traded over-the-counter, mutual fund shares, and option contracts on securities.</p>	<u>Portfolio Value</u>	<u>Annual Fee*</u>	\$250,000 to 999,999	2.0%	Over \$1,000,000 to \$4,999,999	1.5%	Over \$5,000,000	Negotiable
<u>Portfolio Value</u>	<u>Annual Fee*</u>								
\$250,000 to 999,999	2.0%								
Over \$1,000,000 to \$4,999,999	1.5%								
Over \$5,000,000	Negotiable								

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Backshore Capital, LLC**

IRS Empl. Ident.No.:

Item of Form  
(identify)

Answer

**Item 4. C.**

**METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND  
INVESTMENT STRATEGIES**

The primary strategy is to recommend the purchase of common stocks or ETFs with an adequate level of implied volatility on which Backshore may sell or "write" related covered call options against all or a portion of the shares the client owns. Alternatively, Backshore may sell secured put options on common stocks or ETFs with the goal of producing cash flow or to acquire such securities at target prices.

The Adviser may also provide option advisory services on a client's existing portfolio or concentrated positions. In those cases, the client or another investment adviser would have responsibility for selection and purchase of all or a portion of the stocks or ETFs in the client's portfolio. Backshore would subsequently initiate a covered option writing program with the goal of either maximizing realized gains, producing cash flow, or scaling back positions over time for the client.

The Strategy normally monitors the portfolio throughout the day and may initiate transactions as deemed necessary, as opposed to a "buy-write" (or sell and wait) strategy in which stocks are bought and matching call options are sold simultaneously and then held until the option expires or the stock is called away.

**Option Management Styles**

**Empire Account Style**

The Empire Strategy utilizes covered option writing (selling of calls or secured puts) against a portfolio of "blue chip" oriented, large capitalization stocks, or ETFs. The primary goal of the Empire Strategy is to use primarily "out-of-the-money" covered options to provide enhanced cash flow returns, which can augment a quality equity portfolio. Upside equity participation is limited in exchange for option premiums. The options written generally provide some downside protection while offering a higher level of upside equity potential than the Golden Gate style described below.

**Golden Gate Account Style**

The Golden Gate Strategy normally will write "at-the-money-options" for the Golden Gate style account, which means potential upside equity gain normally is sacrificed to increase the potential for realizing gains from option premium income, return participation is primarily from option premiums. The Golden Gate style normally might have greater potential that a stock will be "called away" more frequently in flat or increasing markets than for another style where the Strategy writes "out-of-the-money" calls. This type of account may have more frequent equity turnover for this reason.

**Complete amended pages in full, circle amended items and file with execution page (page 1).**



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Backshore Capital, LLC**

IRS Empl. Ident.No.:

Item of Form (identify)	Answer
<b>Item 5.</b>	<b>EDUCATION AND BUSINESS STANDARDS</b>  Individuals who give investment advice must pass the appropriate examinations. Additionally, individuals are generally required to have an advanced education or several years of business experience either as an owner, partner, principal or other executive position in an investment management company. In some cases experience as an investor or trader in stocks, bonds or covered options may be substituted for requisite business or educational experience.
<b>Item 6.</b>	<b>EDUCATION AND BUSINESS BACKGROUND</b>  <u>Matthew Kelmon</u> Year of Birth: 1968 Formal Education: University of Arizona Employment for the Past Five Years: Backshore Capital, LLC; Managing Member, 1/2009 to present MCF Asset Management, LLC Managing Director, 2/2008 to 12/2008 Kelmoore Investment Company, Inc., President and Portfolio Manager, The Kelmoore Funds, 5/1994 to 2/2008
<b>Item 9. E.</b>	<b>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b>  Trading by Backshore employees who are in a position to know of trade orders or trading patterns are subject to strict procedures as outlined in Backshore's Code of Ethics and must have clearance from a designated person before those trades can be executed.
<b>Item 10.</b>	<b>CONDITIONS FOR MANAGING ACCOUNTS</b>  The standard minimum value of new client accounts is \$250,000.
<b>Item 11. A.</b>	<b>REVIEW OF ACCOUNTS</b>  Investment decisions for client accounts are made by the Mathew Kelmon. Accounts are periodically reviewed. Client inquiries, changes in client objectives and any reasonable restrictions, changes in general market outlooks, specific market events, and changes in opinion on specific issues and other reasons may prompt additional reviews of accounts. Mathew Kelmon also reviews transactions in client accounts at periods determined by the client and his/her advisor or broker. Mathew Kelmon may review any new or modified information and reasonable restrictions from the client, the structure, composition and performance of client accounts and determines what changes to make, if any, to the accounts.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Backshore Capital, LLC	801-	10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Backshore Capital, LLC</b>		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
11. B.	<p><b>REPORTS TO CLIENTS</b></p> <p>Each client receives a report at least quarterly concerning the investment advisory account. In addition, review meetings are offered at least annually with each client to review portfolio performance as well as to identify any changes in the clients' investment objectives, risk tolerances, reasonable restrictions and liquidity needs for the upcoming year.</p> <p>The custodian of the assets will also provide reports quarterly or more frequently to clients.</p>	
12. A.	<p><b>INVESTMENT OR BROKERAGE DISCRETION</b></p> <p>As an investment adviser, and subject to its duty to seek best execution, Backshore endeavors to select those broker-dealers that provide the best trade management and execution services, based upon established criteria, which include evaluating a broker-dealers' ability to provide professional covered option trade management services, its ability to coordinate stock and related option contract fills efficiently and discreetly, and skill in providing other services that assist Backshore in providing investment management services to its clients. Backshore may effect trades through broker-dealers that refer clients to Backshore. However, Backshore's policy is not to consider the volume of client referrals received, or the potential for future referrals, when Backshore determines where client transactions are placed for execution.</p> <p>In the course of providing services, Backshore will execute trades for clients through broker-dealers. When a client has given Backshore broker discretion, there is no restriction on the brokers Backshore may select to execute client transactions. Backshore's general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, Backshore considers a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, and past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, Backshore may trade through broker-dealers that charge fees that are higher than the lowest available fees.</p>	
12. B.	<p><b>BROKERAGE RECOMMENDATION</b></p> <p>Backshore recommends that clients establish brokerage accounts with the brokersXpress, LLC a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Backshore is independently owned and operated and not affiliated with brokersXpress, LLC. brokersXpress, LLC provides Backshore with access to its institutional trading</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Backshore Capital, LLC**

IRS Empl. Ident.No.:

Item of Form (identify)	Answer
<b>13. B.</b>	<p>and custody services, which are typically not available to brokersXpress, LLC retail investors. brokersXpress, LLC's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.</p> <p><b>ADDITIONAL COMPENSATION</b></p> <p>Backshore may enter into agreements with entities ("Solicitors") that will introduce clients to Backshore and to pay those Solicitors a portion of the Fee paid by referred Clients to Backshore. Backshore will not charge Clients introduced by Solicitors fees or costs greater than the fees or costs that Backshore charges its advisory clients who were not introduced by Solicitors, and who have similar portfolios under management with Backshore. The Fee is paid by Backshore, not the client, and Backshore will not charge clients referred by Solicitors fees or costs greater than those charged to other clients with similar portfolios. Solicitors will obtain any SEC and/or state registrations that may be appropriate or required.</p>
<b><u>Other</u></b>	<p><b><u>ADDITIONAL DISCLOSURES</u></b></p>
<b>Risks</b>	<p><b>Risks Common to All Styles</b></p> <p>There is no guarantee against loss or that all account objectives will be met. The downside risk of the potential loss in value of the underlying equities in a declining market will be mitigated only to the extent of net option premiums received in the account.</p> <p><b>Risk and Performance</b></p> <p>Clients should understand that all investments involve risk. There can be no assurance that using Backshore's investment management services will result in a selection of securities that will produce a profit to the investor, create a certain level of cash flow or will necessarily outperform the market as a whole or any particular stock or bond index.</p> <p>The primary risks of covered option writing include, but are not limited to, the risks of limiting gains in rising markets, the risk of an unanticipated exercise of an option, lack of liquidity in the equity or options markets, decreases in options premiums, the relatively higher cost of options trades, and the risk of forced liquidation of securities underlying written options, causing increased transaction expenses.</p>
<b>SMA Accounts</b>	<p><b>Separately Managed Account Program ("SMA Program")</b></p> <p>Backshore sponsors the SMA Program in which client funds are invested in covered option writing strategies. The SMA Program offers one or more investment styles for one, comprehensive fee (Backshore's fees and trading costs) ("wrap fee").</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:

**Backshore Capital, LLC**

SEC File Number:

801-

Date:

10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Backshore Capital, LLC**

IRS Empl. Ident.No.:

Item of Form  
(identify)

Answer

**Wrap Programs**

The wrap fee program is described in Schedule H.

**Third Party Wrap Fee Programs**

Backshore may manage funds for wrap fee programs through other sponsoring advisers and broker-dealers. In such programs, Backshore does not dictate the overall fee schedule (fees may be higher or lower than the fees and costs associated with retaining Backshore directly outside of a third party wrap fee program), the method for calculating fees, or the timing for payment of compensation. The sponsor generally recommends retention of Backshore for investment management, monitors and evaluates Backshore's performance, executes the clients' portfolio transactions, provides custodial services for the client's assets and, out of the fees paid to the adviser by the client, pays Backshore's advisory fee on behalf of the client. The sponsor provides any combination of these or other services, for a single fee paid by the client to the sponsoring broker-dealer/adviser.

The sponsor/adviser or the client generally can terminate their investment advisory agreement at any time upon written notice to the other party to the advisory agreement. A pro-rata portion of any prepaid fee will be refunded to the client upon termination of the advisory agreement.

**Trade Allocations**

**Allocation of Trades Among Client Accounts**

To assure there is no actual or appearance of any conflict of interest or unfair treatment of client accounts when trading after options expiration cycles, Backshore generally follows rotation procedures to assure that all accounts receive fair treatment.

**Trade Aggregation**

**Aggregation of Orders**

When consistent with the best interests of the client, orders being placed at the same time for the accounts of two or more clients may be "batched" or placed as an aggregated order for execution.

This practice may enable Backshore to seek more favorable executions and net prices for the combined order. Any orders placed for execution on an aggregated basis are subject to Backshore's order aggregation and allocation policies and procedures. These policies and procedures are designed to meet the legal standards applicable to Backshore under federal and state securities laws and the Employee Retirement Income Security Act of 1974 ("ERISA") and its obligations as a fiduciary to each client. Pursuant to this policy, orders to purchase or sell securities for all accounts managed by Backshore, including accounts of Backshore or its affiliates, may be aggregated or "batched" for execution, provided Backshore's policies and procedures are followed.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Backshore Capital, LLC	801-	10/1/2009

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Backshore Capital, LLC</b>		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
<b>Code of Ethics</b>	<p><b>Code of Ethics</b></p> <p>Backshore has adopted a Code of Ethics. The Code sets forth the expectations of Backshore as respects standards of conduct, fiduciary duties, required compliance with all securities regulations, required reporting of personal trading, pre-approval of participation in any initial public offering or private placement, required reporting of violations of the Code to the Chief Compliance Officer, and required written acknowledgement of receipt of the Code by personnel. A copy of the Code of Ethics is available to Clients and Prospective Clients upon request.</p>	
<b>Contingency Plan</b>	<p><b>Contingency Recovery Plan</b></p> <p>Backshore has adopted a contingency recovery plan in the event that its offices or key personnel are unavailable for the conduct of business.</p>	
<b>Proxy Voting</b>	<p><b>Proxy Voting</b></p> <p>Backshore does not vote Client proxies. Therefore, although Backshore may provide investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted.</p>	
<b>California Code</b>	<p><b>California Code of Regulations</b></p> <p>The California Code of Regulations imposes two notice requirements upon financial advisers: (a.) lower cost comparable services may be available from others, and (b.) the possibility exists for a conflict of interest between Client interests and those of Backshore. Clients are under no obligation to purchase advice or services from Backshore.</p>	
<b>Privacy</b>	<p><b>Privacy Policy</b></p> <p>Backshore is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. Backshore provides a complete statement regarding its privacy policy to Clients and Prospective Clients.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:  
**Backshore Capital, LLC**

SEC File Number:  
801-

Date:  
**9/17/2009**  
MM/DD/YYYY

(for sponsors of wrap fee programs)

Name of wrap fee program or programs described in attached brochure:

**SMA Program**

1. **Applicability of Schedule.** This schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.
2. **Use of Schedule.** This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of the jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right hand corner of the cover page the sponsor's registration number (801- ).
3. **General Contents of Brochure.** Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. **Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.**
4. **Multiple Sponsors.** If two or more persons fall within the definition of "sponsor" in Item 1 above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.
5. **Omission of Inapplicable Information.** Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure prepared must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.
6. **Updating.** Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker," *i.e.*, a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.
7. **Contents of Brochure.** Include in the brochure prepared in response to this Schedule:
  - (a) on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion:  
  
**This brochure provides clients with information about Backshore Capital, LLC and the Separately Managed Account Program that should be considered before becoming a client of the Separately Managed Account Program. This information has not been approved or verified by any governmental authority.**
  - (b) a table of contents reflecting the subject headings in the sponsor's brochure;
  - (c) the amount of the wrap fee charged for each program or, if fees vary according to a schedule established by the sponsor, a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);

Applicant: <b>Backshore Capital, LLC</b>	SEC File Number: 801-	Date: <b>9/17/2009</b> MM/DD/YYYY
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- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (*e.g.*, the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h)
  - (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,
  - (2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,
  - (3) a reference to any standards (*i.e.*, industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and, as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A, and C, 10, 11, 13 and 14 of Part II;
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of its clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

8. **Organization and Cross References.** Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called for by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

	<i>Page(s)</i>		<i>Page(s)</i>		<i>Page(s)</i>
Item 7(a)	cover	Item 7(f)	4	Item 7(j)	4
#7(b)	2	#7(g)	4	#7(k)	4
#7(c)	3	#7(h)	4	#7(l)	4
#7(d)	3	#7(i)	4	#7(m)	5
#7(e)	3-4				

# **Backshore Capital, LLC**

**2 Palo Alto Square, Suite 200**

**3000 El Camino Real**

**Palo Alto, Ca 94306**

**Form ADV Part II - Schedule H**

**Disclosure Document**

**September 17, 2009**

**Telephone: (415) 810-7069**

**Fax: (650) 855-6899**

**URL: <http://www.backshorecapital.com>**

**This brochure provides clients with information about Backshore Capital, LLC and the Separately Managed Account Program that should be considered before becoming a client of the Separately Managed Account Program. This information has not been approved or verified by any governmental authority.**



## TABLE OF CONTENTS

Schedule H .....	3
Item 7.....	3
c. FEES .....	3
d. COSTS .....	3
e. COMPENSATION .....	3
f. ADDITIONAL FEES AND COSTS.....	4
g. SELECTION OF PORTFOLIO MANAGERS.....	4
h. PORTFOLIO MANAGER PERFORMANCE .....	4
1. PERFORMANCE REVIEW OF PORTFOLIO MANAGERS.....	4
i. CLIENT INFORMATION.....	4
j. CLIENT RESTRICTIONS .....	4
k. OTHER BUSINESS ACTIVITIES.....	4
l. OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS.....	4
m. INVESTMENTS AND STRATEGIES.....	5

## Schedule H

### **Item 7.**

#### **c. FEES**

The comprehensive wrap fee is assessed quarterly, in advance, and is payable on the first day of each calendar quarter. The fee includes all advisory, brokerage, custody and administrative costs. The wrap fee is deducted from the client's account on a quarterly basis. Certain referring investment advisers or brokers may reduce the standard referral fee they receive from Backshore, which is included in the total wrap fee. In such instances, Backshore may reduce the standard wrap fee accordingly. The standard wrap fee schedule, based on market value of client assets under management at the end of each quarter, is set forth as follows:

**Backshore WRAP Fee Schedule**

Portfolio Value	Annual Fee *
\$250,000 to \$999,999	3.0 %
Over \$1,000,000 to \$4,999,999	2.5 %
Over \$5,000,000	Negotiable

The Strategy's standard minimum for new accounts is \$250,000. No fee adjustments are made for withdrawals from the account or for account appreciation or depreciation during a billing period. The Strategy may adjust fees for deposits during a billing period. The Strategy assesses no start-up or termination charges. However, if the account is closed and positions are liquidated rather than assets being received in kind, the client will incur transaction costs. The wrap fee does not include charges arising from retirement account fees, trust fees, transfer fees or other special service fees. The client authorizes the Strategy to deduct the comprehensive wrap fee and other special service fees directly from the client's account in an investment management agreement.

#### **d. COSTS**

Not applicable.

#### **e. COMPENSATION**

Backshore shares a portion of the total wrap fee paid by SMA Program clients with unaffiliated solicitors, as disclosed in the solicitor's disclosure letter provided to clients. Unaffiliated solicitors are investment advisers who are paid to refer clients to Backshore's SMA Program described in this Form ADV, Schedule H. The amount of this compensation may be more than what the solicitor would receive if the client paid separately for investment advice, brokerage, and other services, and the solicitor may

therefore have a financial incentive to recommend the wrap fee program over other programs or services. Because Backshore does not use outside portfolio managers, all fees not paid to solicitors are retained by Backshore.

***f. ADDITIONAL FEES AND COSTS***

Not applicable.

***g. SELECTION OF PORTFOLIO MANAGERS***

Backshore acts primarily as a manager in implementing the Strategy, we rely on a national network of investment advisers that evaluate the merits of the Strategy as a suitable investment for their client's portfolios, and make recommendations regarding the nature of any investment using the Strategy. Please talk to your financial advisor regarding our various investment styles.

Backshore as adviser sponsors the wrap fee program in which client funds are invested in implementing the Strategy. Backshore also acts as the sole portfolio manager for the SMA Program.

See ADV Part II and Schedule F for additional details.

***h. PORTFOLIO MANAGER PERFORMANCE***

***1. PERFORMANCE REVIEW OF PORTFOLIO MANAGERS***

Performance is not reviewed by a third party. Portfolio performance information is reviewed periodically by Backshore.

***i. CLIENT INFORMATION***

Prior to opening an SMA Program account, substantial information is elicited from the client, including general circumstances of the client (age, income, assets, investment knowledge, etc.), general and specific investment goals and time frames, and risk tolerance, using the New Account Packet.

See ADV Part II and Schedule F for additional details.

***j. CLIENT RESTRICTIONS***

Not applicable.

***k. OTHER BUSINESS ACTIVITIES***

See ADV Part II and Schedule F for additional details.

***l. OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS***

See ADV Part II and Schedule F for additional details.

***m. INVESTMENTS AND STRATEGIES***

See ADV Part II and Schedule F for additional details.