ITEM 1: COVER PAGE

Part 2A of Form ADV: Firm Brochure

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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 Support@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 also is available on the SEC's website at www.adviserinfo.sec.gov.

SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the adviser has attained a particular level of skill or ability.

ITEM 2: MATERIAL CHANGES

Item 2 discusses only the material changes made to the Brochure since the last annual update to the Brochure on March 27, 2018. It does not describe other modifications to this Brochure, such as updates to dates and numbers, stylistic changes or clarification. The material changes are summarized below.

We made updates throughout the Brochure to reflect that the firm now provides direct advisory service in addition to sub-advisory services. We also generally updated our disclosures for consistency.

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ITEM 4: ADVISORY BUSINESS

Overview

SpiderRock Advisors, LLC ("hereafter "SRA" or the "Firm") is an investment advisor registered with the United States Securities and Exchange Commission ("SEC"). SRA is principally controlled, operated, and owned by Eric J. Metz, President and Chief Investment Officer, and SpiderRock Holdings, LLC, a Chicago, Illinois based limited liability company. George Papa is the majority owner of SpiderRock Holdings, LLC. SRA was founded in March of 2013.

SRA seeks to provide an automated investment advisory and strategy management service to asset managers, registered investment advisors, family offices, pensions and endowments, and other fiduciaries (collectively the "Advisor") for use with their clients and constituents (each, a "Client") in several different capacities as further described below.

Discretionary Investment and Trading Solutions

SRA seeks to manage proprietary overlay investment strategies for Client portfolios (collectively, "Advisory Services"). These strategies, collectively, and in conjunction with the strategies pursued in a Client's portfolio, can potentially be an efficient means to achieving greater risk adjusted portfolio returns and enhanced yields. The strategies may also serve as a hedge to certain specific risks inherent in a Client's underlying portfolios.

SRA's overlay strategies are designed to mitigate risk and augment yield in a Client portfolio. The Firm generally provides investment advice and implements strategies that utilize listed derivatives, namely listed equity and index options. SRA may also offer advice on a wide range of securities, including, but not limited to, fixed income and exchange listed and over-the-counter securities.

All SRA services are generally offered on a discretionary basis.

Alternative Model Program

Through the Alternative Model Program or "AMP", SRA acts as sub-advisor to banks, broker dealers, registered investment advisers and potentially other wealth managers, and as a direct advisor to family offices and pension funds and endowments. In instances in which this model is pursued, the Advisor is typically provided with a distinct investment model that is specifically designed for their client base at the direct adviser's direction. A "Model" consists of a defined investment strategy along with defining the associated weights, holdings and signals that make up a given trading or investment strategy. In most instances, SRA will issue buy and sell orders as a part of its discretionary investment services. In other instances, SRA may provide the Client with a licensing agreement for a model created by SRA.

Throughout any sub-advisory relationship, a Client's direct Advisor solely determines whether strategies made available by SRA as sub-advisor are appropriate for the Client and is solely responsible for any formal suitability analysis required by applicable law or regulation. The Advisor is responsible for selecting and vetting strategies that are available via the SRA platform and the Advisor may terminate our advisory services and the SRA platform as detailed in Item 5. SRA will provide appropriate information to Advisors regarding the investment discipline and/or general approach, and changes that may occur. The Advisor is ultimately responsible for reviewing the performance and making recommendations to its Clients.

Other Advisory Activities

SRA may also provide other advisory services to Clients, including but not necessarily limited to, business and investment consulting. In this regard SRA may furnish advice and consultation to Clients on matters involving option and other derivative strategies, options trading idea generation, derivative trading technology, and risk offset.

Wrap Fees

SRA does not sponsor or serve as portfolio manager for any wrap fee program or charge wrap fees to Clients.

AUM: As of March 28, 2019, SRA's discretionary assets under management totaled approximately $638,346,845. As of March 28, 2019, SRA did not manage any assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Advisory Fees

SRA typically charges a management fee for its Advisory Services (collectively, "Advisory Fees"). In general, fees for these programs range up to 85 basis points per annum (i.e., 0.85%) depending on the Client, strategy, amount of assets managed, and service level. The Advisory Fee is generally payable based upon the notional value of the assets in the Client account allocated to SRA. As noted below, fees are negotiable and the Advisory Fee may exceed the range above in certain circumstances.

Advisory fees are typically assessed on the same schedule as the fees assessed by the Advisor, if applicable. Advisory Fees may be assessed monthly or quarterly, in advance or arrears. In cases where fees are paid in advance, any unearned portion of the fee is generally subject to refund if the relationship is terminated prior to the end of the relevant billing period.

Performance-Based Compensation

While the typical Advisor and Client relationship does not provide for performance-based compensation, SRA may enter into relationships where it will also receive performance based compensation for its sub-advisory services. In such instances, the performance based compensation will be set forth in the advisory agreement.

Advisory Fee Collection
Typically, Advisory Fees are collected by sending the Advisor an invoice for services rendered and collecting such fees from either the Advisor or the underlying Client accounts. Alternatively, the fee may be debited directly from the Client's account.

SRA Platform Advisory Termination Fee
Pursuant to the advisory agreement entered into with each Advisor (the "Advisory Agreement") the Advisor and/or Client generally may terminate SRA's services at any time by submitting written notice as provided for in the Advisory Agreement. SRA may terminate the Advisory Agreement at any time. Termination of a Client's relationship with an Advisor may also result in termination of our Advisory Agreement.

If SRA or a Client terminates access to the Advisory Service, SRA will charge Advisory Fees through the termination date. For intra-month terminations, the amount of the pro-rated refund will be rounded to the termination day's closing assets and marks.

Consulting and Fixed Fees
From time to time, SRA may choose to charge Advisors and/or Clients a flat fee for certain consulting engagements, as noted in Item 4 above. These engagements may pertain to advice concerning option and other derivative strategies, options trading idea generation, derivative trading technology or risk offset. These fees are independently negotiated on a case by case basis depending upon the nature and complexity of the project involved. Fees for consulting services are generally charged monthly in arrears, although a portion of the total is sometimes charged in advance per consulting contract.

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

Affiliate Fees
Certain Clients may also be clients of SRA's affiliates. These Clients may receive investment management services from SRA and may receive other services from affiliates. In such situations, SRA and the affiliate will each charge their own fees to the Client. This may result in total costs to the Client that are higher than the Client would have paid had it obtained all services from either SRA or its affiliate alone or from other unrelated brokers and investment advisers.

Other Expenses
SRA's fees are exclusive of brokerage commissions, transaction fees, exchange fees, and other related costs and expenses. In certain instances, SRA may allocate Client capital to exchange-traded funds ("ETFs"). ETFs also charge their own various management and operating fees and expenses that are disclosed in the respective ETF's prospectus. To the extent a Client invests in an ETF, such Client will bear its pro rata portion of the fees and expenses of the ETF. Such other charges, fees, taxes, costs and

commissions are exclusive of, and in addition to, SRA's management fee, and SRA does not receive any portion of these other charges, fees, taxes, costs and commissions. Clients should consult the ETFs' prospectuses for a complete description of all fees and expenses.

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

"Performance-Based Compensation" is compensation based on a share of the capital gains or capital appreciation of the assets of an account.

Generally, SRA does not charge performance-based compensation in connection with its Advisory Services. However, as discussed in Item 5: Fees and Compensation, and as permitted by applicable law, SRA may receive performance-based compensation in connection with the provision of Advisory Services to certain Advisor and/or Clients. Performance-based compensation may include an annual performance allocation or fee based on a set percentage of net profits, often subject to a loss carry forward and/or hurdle.

If SRA were to manage accounts that charge only management fees and accounts that charge both management and performance-based compensation, it could potentially have a conflict of interest in that an account with a performance-based compensation arrangement would offer the potential for higher profitability to SRA when compared to an account with only a management fee. In such instances, performance-based compensation arrangements may create an incentive for SRA and/or its portfolio managers or business development persons to recommend investments and/or investment strategies, as applicable, that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance-based compensation arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the devotion of time and resources and the allocation of investment opportunities.

SRA has adopted a number of compliance policies and procedures to ensure that all accounts with substantially similar investment objectives are treated equitably. These policies and procedures include (i) the SRA Code of Ethics (see Item 11.A), (ii) the SRA Compliance Manual, (iii) trade allocation and aggregation policies, which seek to ensure that investment opportunities are allocated fairly among Clients, and (iv) allocation review procedures reasonably designed to identify unfair or unequal treatment of accounts. SRA does not consider fee structures in allocating investment opportunities.

ITEM 7: TYPES OF CLIENTS

SRA provides Advisory Services to institutional clients such as independent broker dealers, wealth managers, and banks as well as pensions and endowments (as noted above, each an "Advisor"). SRA's Advisory Services are then generally made available directly to the Advisor or to its Clients. Each Advisor is responsible for determining which services and programs of SRA to utilize with its Clients. The Clients relationship with the

Advisor will generally be governed by an advisory agreement directly with the Client to which SRA is typically not a party. Under SRA's Advisory Agreement with each Advisor, the Advisor is responsible for (i) determining suitability of SRA's strategies, (ii) communications with the Clients, (iii) compliance with applicable know-your-client laws and (iv) determining the assets to be allocated to SRA strategies.

Account minimums are negotiable and may be subject to changes depending on complexity or other factors with respect to certain strategies.

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 by utilizing 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 are driven by SRA software tools under the oversight of SRA portfolio and risk managers who leverage 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 the Clients' separate portfolios, the objectives of the chosen strategies, and risk constraints. For purposes of this section, references to Client also include the Advisor.

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 Client. Prior to any portfolio investment decisions being undertaken, all Clients 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 the Client.

The proprietary strategies we deploy as part of our SRA Advisory Services 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 the Client, SRA considers multiple time horizons, (long, medium, and short term) when determining hedging strategies. SRA tracks a variety of portfolio risk exposures, and attempts to create appropriate option-based strategies to hedge these risk exposures of the underlying portfolios. As the strategies seek to be dynamic, portfolio risk is measured in real-time and the strategies are rebalanced with respect to market exposure and risks at any given time. Finally, SRA attempts to identify and capitalize on equity market mispricing to allow for a savings on the costs of the strategy implementation, 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 following summaries are not intended to be a complete statement of the investment strategies and related risks:

Discretionary Investment and Trading Solutions

- **SpiderRock Hedged Equity Concentrated Stock (SRHEC)**
  A risk management option overlay model that seeks to hedge downside risks for concentrated stock positions. The strategy uses options and combinations of options to construct a hedge structure that protects the underlying securities from large downside moves, while at the same time preserving a portion of the upside. The strategy seeks a consistent reduction in stock volatility, while also allowing Clients to maintain their current stock positions and corresponding dividends. The option positions are dynamically rebalanced during times of market volatility, and systematically implemented to take advantage of option pricing inefficiencies. SRA allows for up to three tickers per account.

- **SpiderRock Hedged Equity Portfolio (SRHEP)**
  A risk management option overlay model that uses option combinations of puts and collars to construct a dynamic collar structure that protects the underlying portfolio from large downside moves, while at the same time preserving a portion of the upside. The strategy seeks a consistent reduction in portfolio volatility, while also allowing Clients to maintain their portfolio positions and dividends. The option positions are dynamically rebalanced during times of market volatility, and systematically implemented to take advantage of option pricing inefficiencies.

- **SpiderRock Cash Secured Put (SRCSP)**
  The objective of SRCSP is to write puts systematically against cash in Client portfolios. This allows an investor to potentially enhance portfolio yield, and acquire long positions in the underlying securities, should the price of the underlying decline by a predetermined amount. The program can be implemented on 50/75/100% allocation of the account in which the program is applied, and is available in taxable and non-taxable accounts.

- **SpiderRock Structured Downside Protection (SRSDP)**
  The objective of SRSDP is to create a dynamic structure of puts and/or calls to buffer client portfolios from downside moves in equities. This allows an investor to potentially avoid some of a downside move, should the price of their underlying equities decline during a discrete period of time. The program can be implemented on taxable accounts, covering a 25/50/75/100 allocation of the account.

- **SpiderRock S&P CBOE BXM Replication (SRBXM)**
  The objective of SRBXM is to replicate the options component of the Standard and Poor's CBOE BXM (BuyWrite) index. Using the CBOE BXM prospectus as a template, this strategy sells at-the-money calls on a monthly basis against the beta of an underlying portfolio. The program can be implemented on 25/50/75/100%

allocation of the account in which the program is applied, and is available in taxable accounts only.

- **SpiderRock S&P CBOE PUT Replication (SRPUT)**
  The objective of SRPUT is to replicate the options component of the Standard and Poor's CBOE PUT (PutWrite) index. Using the CBOE PUT prospectus as a template, this strategy sells the first out-of-the-money put on a monthly basis against a portfolio of cash or T-bills. The program can be implemented on $250,000 increments, and is available in taxable and non-taxable accounts.

- **SpiderRock Negative Duration Equity (SRNDE)**
  This strategy seeks to create long equity exposure through listed index options. The current low-interest rate environment has created a scenario where the interest rate variable that prices these options has a bigger impact than would be the case in a higher-rate environment. In addition, this variable is also positively correlated to moves in interest rates, allowing for an increase in value if rates rise, and a decrease in value if rates decline. For investors who are already exposed to interest rate risk through their fixed-income portfolio, this product seeks to hedge that exposure through the "negative duration" associated with the interest rate variable within the options.

- **SpiderRock Managed Index Income (SRMII)**
  An option overlay model that allows investors to profit from the excess premium that is generally attached to major market index options. The model sells index call options to target a net long market exposure of 40-60% for a combined stock-and-options portfolio. The program has been designed to be a cost effective, hedging vehicle, and can be implemented on a 25/50/75/100% allocation of the account in which the program is applied. The model is only available in taxable accounts.

- **SpiderRock Opportunistic Yield Enhancement (SROYE)**
  The objective of SROYE is to write calls opportunistically against Client portfolios, single securities, and broad based indices, allowing an investor to potentially enhance portfolio yield while possibly lowering portfolio volatility through the monetization of the volatility of the investor's underlying portfolio. The program can be implemented on a 50/75/100% allocation of the account in which the program is applied, and is available in taxable and non-taxable accounts.

- **SpiderRock Exchange Fund Replication**
  SREFR is a risk management option overlay model that seeks to reduce market exposure to concentrated single name equity positions while replacing it with exposure to a broad based index in order to reduce idiosyncratic risk in an Allocated Sleeve. The SREFR program uses options and combinations of options to construct a hedge structure that protects the underlying securities from large downside moves, while at the same time preserving a portion of the upside. Additionally, the SREFR program uses options to create synthetic long exposure

to a broad based index. The option positions are dynamically rebalanced during times of market volatility, and systematically implemented to take advantage of option pricing inefficiencies.

Advisor Accounts and Alternative Model Program

The strategies deployed in the SRA Alternative Model program, as well as strategies deployed through SRA's other Advisory Services, are concentrated in the delivery of alternative strategies that seek to diversify a Client portfolio using alternative sources of portfolio return, alternative asset classes, and that offer a low correlation to the underlying portfolio.

The strategies in the SRA Alternative Model program 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, each Model dictates a certain established set of rules or guiderails, which dictate the appropriate constraints that the Model must obey to be effective.

SRA, in conjunction with the Model Manager, provides 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 their 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 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.

Material Risk Factors

Investing in securities and derivatives involves a risk of loss that Clients in SRA Advisory

Services 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 general summary of some of the material risk factors associated with SRA and Model Manager strategies. The information below does not attempt to describe all of the risk associated with an investment in the strategies, but instead presents a brief summary of certain of the risks involved.

- **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 the Model Managers' overall investment strategy, the 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 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 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 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. However, its methodologies may 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. There can be no assurances that the market judgment and discretion of SRA staff will be successful when applied to current or future markets.

- **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 change 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 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 that are not actively and widely traded. Consequently, it may be relatively difficult for SRA to dispose of such investments rapidly and/or at favorable 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.

- **Margin Investing**
  Certain Client accounts may utilize margin financing; some at the discretion of the Client and the Client's Advisor. A Client account utilizing margin financing may be required to segregate liquid assets or otherwise cover the account's obligation created by a transaction that may give rise to leverage. To satisfy the account's obligations or to meet segregation requirements, positions may be required to be liquidated when it may not be advantageous to do so. Leverage may cause the value of a Client account to be more volatile than if it had not been leveraged, as certain types of leverage may exaggerate the effect of any increase or decrease in the value of securities in an account. The loss on leveraged transactions may substantially exceed the initial investment.

- **Risks Associated with Tax Management Strategies**
  Certain of the investment strategies offered by SRA contain a tax management component designed to generate tax losses and/or dividend income taxed at favorable tax rates ("Tax Management Strategy"). Market conditions and future tax legislation may limit SRA's ability to execute a Tax Management Strategy effectively. ***SRA's offering of a Tax Management Strategy should not be construed as financial, legal or tax advice. Clients seeking a Tax Management Strategy must consult their own financial, legal and tax advisors as to the tax consequences of such an investment strategy.***

- **Brokerage and Custodial Risk**
  There are risks involved in dealing with the custodians or brokers that settle Client trades. A Client will maintain custody accounts with its brokers and primary custodians. Although SRA will monitor the broker and custodial relationships, there is no guarantee that the brokers, or a custodian that a Client may use, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer or custodian, there is no certainty that, in the event of a failure of a broker or custodian that has custody of Client assets, a Client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

- **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.

- **Cybersecurity Risk**
  With the increased use of the Internet to conduct business, SRA and its Clients are susceptible to operational and information security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to digital systems through system-wide "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on a website. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on the systems of SRA or a Client.

  Cyber security failures or breaches by third party service providers of SRA or a

Client (including, but not limited to, the custodians and financial intermediaries) and the issuers of securities in which a Client invests, may cause disruptions and impact the business operations of the service providers, SRA and its Clients, potentially resulting in financial losses, the inability of a Client to transact business or process transactions, inability to calculate a Client's net asset value, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs.

While SRA has established business continuity and cyber security plans and risk management systems designed to prevent or reduce the impact of such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been adequately identified or prepared for. Furthermore, a Client cannot directly control any cyber security plans and systems put in place by third party service providers, or by issuers in which a Client invests. A Client could be negatively impacted in the event of a cyber security failure or breach.

- **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. The 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. Please refer to the Options Clearing Corporation Publication: "The Characteristics & Risks of Standardized Options," (https://www.theocc.com/about/publications/publication-listing.jsp) for additional information.

  <u>Assignment</u>
  Having a short call or put in a 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 capital will have to be provided by the account holder.

  <u>Losses and Limited Gains</u>
  In the case of an option purchase (long call or long put), a 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 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.

Option Investment Strategy and Portfolio Management Risk

There can be no assurance that an investment strategy will produce an intended result, which would result in losses to a Client. The performance of a strategy depends on the skill of SRA in making appropriate investment decisions.

Hedging with Options

Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the hedging instrument and the position being hedged; (ii) possible lack of a secondary market for closing out a position in such instruments; (iii) losses resulting from interest rate, spread or other market movements not anticipated by SRA; and (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Client's position. Furthermore, to the extent that any hedging strategy involves the use of derivatives instruments, such a strategy will be subject to the risks applicable to such instruments, including the effects of the implementation of the various regulations adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The Dodd-Frank Act has initiated a dramatic revision of the U.S. financial regulatory framework and consumer credit markets that is expected to continue to unfold over several years.

- **Risks Associated with Equity Securities**

  SRA may use equity-related instruments in its investment program. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

- **Exchange-Traded Funds**
  From time to time, SRA may invest Client assets in ETFs to gain exposure to certain markets or implement certain hedging or risk management strategies. ETFs represent shares of ownership in funds, unit investment trusts or depository receipts that hold portfolios of securities or individual issuers that closely track the performance of specific instruments, including broad market, sector or international indexes. There is typically some tracking error between an ETF and the index that the ETF attempts to replicate and ETFs can be subject to periods of illiquidity. There must be an active market in order to use ETFs effectively to express market views, and there can be no assurance that there will be adequate liquidity.

- **Derivatives Risk.**
  The use of derivatives may lead to losses resulting from adverse movements in the price or value of the underlying asset, index, rate or instrument, due to failure of a counterparty or to tax or regulatory constraints. Derivatives may create investment leverage in an account, magnifying an account's exposure to the underlying investment. The risks associated with derivatives use in an account may be heightened when they are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of another investment held in the account. When derivatives are used to gain exposure to a particular market or market segment, their performance may not correlate as expected to the performance of that market or segment, thereby causing the account to fail to achieve its original purpose in using such derivatives. Derivatives used for hedging purposes may not reduce portfolio risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and even a well-conceived transaction may be unsuccessful because of subsequent market behavior or unexpected events. Derivative instruments may be difficult to value, illiquid, and subject to wide swings in valuation caused by changes in the value of the underlying asset, index, rate or instrument. The loss on a derivatives transaction may substantially exceed the initial investment.

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 or a Client's representatives or agents 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

SRA has nothing to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SRA currently has relationships or arrangements with affiliated entities that are material to its advisory business and its Clients. SRA shares the same office space with its affiliated entities, however, the area devoted to SRA is segregated from its affiliates for purposes of privacy, compliance, and Client confidentiality. Additional information on these affiliates, and any potential conflicts of interest with respect to these entities, is further detailed below.

SpiderRock Holdings, LLC

SpiderRock Holdings, LLC ("SR Holdings") is a holding company that is a Member of SRA and also has a controlling ownership interest in SpiderRock EXS, LLC ("SR EXS"), SR Platform Services, Inc. ("SR Platform"), SpiderRock Gateway Technologies, LLC ("SR Gateway"), and CenterStar Asset Management, LLC ("CenterStar"). SRA has entered into a Corporate Service Cost Agreement with SR Holdings, pursuant to which it pays SR Holdings for corporate support services including, but not necessarily limited to, human resources, corporate finance support, office information technology support, and office reception support services. This agreement was not negotiated at arm's length.

SpiderRock EXS, LLC

SR EXS is an affiliate of SRA, and is a registered broker-dealer and member of both FINRA and the Securities Investor Protection Corporation (“SIPC”). George Papa, who is the Managing Member of SR Holdings is also registered with SR EXS as a registered representative and general securities principal. The broker-dealer business of SR EXS provides electronic execution and market access services utilizing the technology of another affiliated entity, SpiderRock Platform Services, LLC (“SR Platform”).

SR EXS and SRA have entered into an Office Space Agreement, renewable annually, pursuant to which SRA pays SR EXS a prorated share of office expenses for a furnished office space, office utilities, shared conference facilities, security access, miscellaneous supplies and office insurance. This agreement is not negotiated at arm’s length, but is structured so that SRA pays only its share of prorated costs incurred by SR EXS.

SpiderRock Platform Services, LLC/ SpiderRock Gateway Technologies, LLC
SR Holdings also manages SR Platform Services, LLC (“SR Platform”), a technology services company that is responsible for the development and deployment of systems used by SR EXS and SR Gateway, which has direct access to exchange market data feeds and is the market data vendor to clients of SR Platform.

SRA has entered into a contract with SR Gateway whereby SR Gateway provides SRA with data feeds and FIX connections that are necessary to conduct its business. These services are provided at cost.

SRA has entered into a platform license agreement with SR Platform, which enables SRA to use SR Platform’s “front end” internet-based platform that contains software tools and data to support order entry, risk management, routing, FIX connections and other technology that SRA requires to conduct its advisory business. **This agreement was not negotiated on an arm’s length basis and may create a conflict of interest due to an incentive for SRA to choose the affiliate over a third party for these services.**

CenterStar Asset Management, LLC
SR Holdings is the managing member of CenterStar, an investment adviser registered with the SEC and NFA, that provides investment advisory services to private funds and separately managed accounts.

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

Code of Ethics

SRA has adopted a Code of Ethics in accordance with Rule 204A-1 under the Advisers Act, which is applicable to all of its employees, managers and officers. The Code of Ethics includes, among other things, provisions concerning the confidentiality of Client information, a prohibition on insider trading, restrictions on giving and receiving gifts, and personal securities trading procedures of SRA employees and principals, including certain pre-clearance and reporting obligations. Under the Code of Ethics, SRA principals and employees are required to file certain periodic reports with SRA's Chief Compliance Officer as required by Rule 204A-1 of the Advisors Act.

The Code of Ethics will be provided upon request by any Advisor and/or Client.

Participation or Interest in Client Transactions

SRA may participate or have an interest in Client transactions as described below. SRA makes all investment management decisions in its Clients' best interests.

- **Affiliated Broker**
  SRA is affiliated with SR EXS, a limited purpose broker-dealer. While SRA has not utilized the brokerage services of SR EXS as of the date of this Brochure, it reserves its right to do so in the future, in accordance with SRA's Best Execution Policy. If SRA chooses to utilize the brokerage services of SR EXS, a services agreement will be executed between the two entities which will outline commissions and fees, among other things.

- **Employee Accounts**
  SRA may provide sub-advisory services to accounts maintained by SRA employees and/or their family members. SRA adheres to its best execution procedures for all accounts.

- **Buying and Selling Securities that are Recommended to Clients**
  SRA may recommend to Clients investments in which its affiliates or employees are also invested. SRA may also recommend to Clients securities in which a related person has established an interest independent of SRA. SRA provides investment advisory services to various Clients that may differ from the advice given, or the timing and nature or action taken, with respect to any one account. SRA, its affiliates, and employees (to the extent not prohibited by the Code of Ethics), and other Clients may have, acquire, increase, decrease, or dispose of securities or interests at or about the same time that SRA is purchasing or selling securities or interests for an account which are or may be deemed to be inconsistent with the actions taken by such persons. All such investments are made in conformity with SRA's Code of Ethics and Compliance Manual.

- **Personal Trading**
  SRA, or one or more of its affiliates, including employees, from time to time, may invest for their own account directly or through an affiliated or non-affiliated private fund or in equity, fixed income, derivative or other investments in which SRA may also invest on behalf of Client accounts. Moreover, SRA and its affiliates and their respective employees may buy, sell or hold securities while entering into different investment decisions for one or more Client accounts. All such investments are made in conformity with SRA's Code of Ethics and Compliance Manual.

  It is the Firm's policy to monitor and in some cases prohibit personal securities transactions for the Firm, its affiliates, and their respective employees. The conflicts procedures contain employee trading policies and procedures that are monitored by the compliance department.

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 placed via our technology for a Client account. In accordance with its Best Execution Policy, SRA reviews executing brokers 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, the technology utilized, nor 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 may 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 that 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).

Aggregation of Orders/Allocation of Trades

There may be occasions when SRA decides to purchase or sell the same security for several Clients at approximately the same time. SRA may (but is not obligated to) combine or "bunch" such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. Securities bought or sold pursuant to "bunch" orders are allocated among all participating accounts on an average-price basis. On partial fills, trade executions will generally be allocated across participating accounts ratably, based on the number of shares on order for each such account**.** Transactions for a Client account may not be aggregated for execution if the practice is prohibited or inconsistent with the Client's investment management agreement.

While SRA may effect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for its Clients, SRA may direct transactions to brokers based on both the broker's ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to SRA. As a result, SRA Clients may not always pay the lowest available commission rates where their trades are effected in this manner, so long as SRA believes that they are nonetheless obtaining best price and execution under the circumstances.

SRA will aggregate and allocate orders in a manner designed to ensure that no particular Client or account is favored and that participating Client accounts are treated in a fair and equitable manner over time.

Research or Other Soft Dollar Benefits

SRA does not presently receive research or other products or services ("soft dollar benefits") other than execution from a broker-dealer or third-party in connection with Client securities transactions.

Brokerage for Client Referrals

At this time, SRA does not enter into agreements with, or make commitments to, any broker-dealer that would bind SRA to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions.

Affiliations

Other than its affiliation with SR EXS noted in Item 10 above, SRA is not affiliated with any of its broker-dealer relationships, and such broker-dealers do not supervise SRA, its agents, or its activities.

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 the Client positions are in balance according to the Client's investment parameters and to verify the accuracy of accounting. Client accounts are monitored for the Client's stated objectives and risk tolerance. All SRA's accounts are reviewed periodically to ensure that transactions:

- Conform to Client objectives and investment/restriction guidelines;
- Are consistent with available cash and other holdings 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 Chief Investment Officer, operations and trading personnel, and Chief Compliance Officer. Additionally, certain controls have been built into SRA's licensed and proprietary software, technology, algorithms, and daily bookkeeping processes to provide multiple checks and balances.

Nature and Frequency of Reporting to Clients

Each Client's custodian provides electronic access to trade activity, account holdings, cash balances and account statements for each account. SRA augments this by providing to each Client quarterly performance reports at the account level. The information contained in these reports is collected from sources believed by SRA to be reliable. However, the Client should always rely on the custodian's statements, which are provided on a monthly basis. The custodian's statements include 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.

Non-Periodic Reports

Other than the periodic review of accounts described above, certain account or market anomalies may trigger non-periodic reviews of Client Accounts.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

SRA may engage third party solicitors, for example, unaffiliated broker or dealers and investment advisers, for client referrals. Such solicitors may receive compensation from SRA for such client referrals. Under these arrangements, the client will not pay higher fees than the normal/typical fees. Such arrangements will comply with applicable law.

A conflict of interest may exist due to the nature of the arrangements whereby a financial intermediary is incentivized by a referral fee. Referral fees paid to a third party solicitor are contingent upon a client engaging SRA to provide investment advisory services.

To the extent permitted by applicable law, the compensation of certain SRA personnel whose job responsibilities are related primarily to marketing, sales, or business development may be determined based in part on the amount of new client fees generated by their efforts. Accordingly, SRA personnel may have a conflict of interest in recommending products where SRA personnel receive compensation over other products where no compensation may be paid.

ITEM 15: CUSTODY

Separate Accounts

Neither SRA nor its affiliates maintain physical possession of the funds or securities that a Client maintains in a separate account. The assets in a separate account typically are deposited with a qualified custodian chosen by the Client. Clients and institutional accounts typically select their own custodian. However, where SRA is deemed to have custody over Client funds solely due to its ability to collect its advisory fees directly from certain Client accounts, in all such instances, the Client accounts are held with qualified custodians.

SRA is not affiliated with any custodians with which it interacts, and any such custodians do not supervise SRA, its agents, or its activities.

ITEM 16: INVESTMENT DISCRETION

Typically, SRA is authorized by the Client or the Advisor to conduct transactions without further consultation on a transaction-by-transaction basis.

Clients may limit SRA's authority within their advisory agreement. Advisors may also limit SRA's authority by contract if it so chooses.

ITEM 17: VOTING CLIENT SECURITIES

SRA does not hold the power to vote any Client securities. Therefore, SRA does not vote proxies. Should SRA begin to vote proxies, SRA will update this disclosure.

ITEM 18: FINANCIAL INFORMATION

SRA is not aware of any financial commitment or condition that likely impairs its ability to meet its contractual and fiduciary commitments to Clients and SRA has not been the subject of a bankruptcy proceeding.