

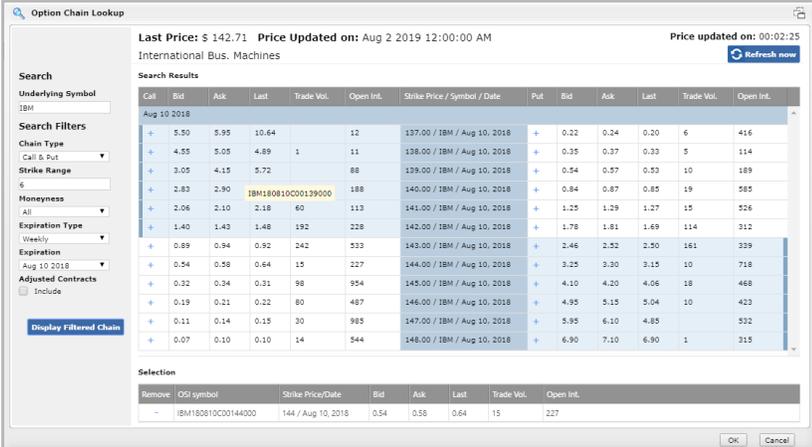
Advanced Options Trading & Risk Management Module

Advanced Trading Efficiency

The options trading module available in Vestmark**ONE** offers block trading capability for options across hundreds or thousands of accounts. This block trading functionality applies to the two most widely used option strategies: covered calls used to generate income, and protective puts used to provide downside protection against share price declines. This block trading capability also extends to closing option positions.

This new block trading capability creates significant efficiencies and time-savings as compared to the process of having to open and close options contracts at the individual account level.

This module allows an advisor to create option strategies across an entire segment or book of business in minutes, enabling the scalable implementation of sophisticated portfolio management strategies for clients and accounts of all sizes.



The screenshot shows the 'Option Chain Lookup' window for IBM. It includes search filters for Underlying Symbol (IBM), Chain Type (Call & Put), Strike Range (6), Moneyness (All), Expiration Type (Weekly), and Expiration (Aug 10 2018). The search results table displays various call and put options with their respective prices and volumes.

Call	Bid	Ask	Last	Trade Vol.	Open Int.	Strike Price / Symbol / Date	Put	Bid	Ask	Last	Trade Vol.	Open Int.
+	5.50	5.95	10.64		12	137.00 / IBM / Aug 10, 2018	+	0.22	0.24	0.20	6	416
+	4.55	5.05	4.89	1	11	138.00 / IBM / Aug 10, 2018	+	0.35	0.37	0.33	5	114
+	3.05	4.15	5.72		88	139.00 / IBM / Aug 10, 2018	+	0.54	0.57	0.53	10	189
+	2.83	2.90			188	140.00 / IBM / Aug 10, 2018	+	0.84	0.87	0.85	19	585
+	2.06	2.10	2.18	60	113	141.00 / IBM / Aug 10, 2018	+	1.25	1.29	1.27	15	526
+	1.40	1.43	1.48	192	228	142.00 / IBM / Aug 10, 2018	+	1.78	1.81	1.69	114	312
+	0.89	0.94	0.92	242	533	143.00 / IBM / Aug 10, 2018	+	2.46	2.52	2.50	161	339
+	0.54	0.58	0.64	15	227	144.00 / IBM / Aug 10, 2018	+	3.25	3.30	3.15	10	718
+	0.32	0.34	0.31	98	954	145.00 / IBM / Aug 10, 2018	+	4.10	4.20	4.06	18	468
+	0.19	0.21	0.22	80	487	146.00 / IBM / Aug 10, 2018	+	4.95	5.15	5.04	10	423
+	0.11	0.14	0.15	30	985	147.00 / IBM / Aug 10, 2018	+	5.95	6.10	4.85		532
+	0.07	0.10	0.10	14	544	148.00 / IBM / Aug 10, 2018	+	6.90	7.10	6.90	1	315

The platform also offers other tools such as an integrated options chain lookup to further enhance the efficiency of executing options strategies on client accounts.

Option Strategies Alongside Traditional Models

Vestmark**ONE**'s options module intelligently allows option strategies to be used in an account following a model without the option position causing drift in model targets or triggering alerts. This allows option strategies to be efficiently and safely used across all types of advisory programs (advisor-managed, centrally-managed, and SMA).

Protection Against Risk

The options module provides risk management tools associated with the powerful trading functionality:

- Automated encumbrances allow the creation of guardrails and hard stops to warn and/or prevent the sale of underlying securities required to be held during the lifetime of the options contract.
- Automated pre-trade compliance checks ensure strategies are allowed at the account level prior to placing trades.
- The platform's heatmaps and alerts can also be configured to provide notifications for expiring options to help ensure that option strategies remain in place for affected accounts.

Frequently Asked Questions:

Will intra-day pricing be available for options?

Yes, the intra-day pricing will use the 15-minute delayed MDX pricing like regular securities.

How are expiration, exercise and assignments of option contracts handled?

Vestmark will receive and process custodial transactions for expiration, exercise and assignment through the reconciliation engine, which has been enhanced to recognize option transactions.

Will a user be able to search for accounts with respect to held or not held option positions?

Yes, new options specific queries are now available in the query filter.

Does VestmarkONE support exercise of options?

VestmarkONE does not support direct exercising but will accept exercise transactions from the custodial feed and process them through the reconciliation engine.

Does VestmarkONE support rolling of options?

VestmarkONE supports rolling of options via a two-step process. For rolling, users have to close the option positions and open the corresponding new positions.

Is the options trading module a standard component of VestmarkONE?

No. The options trading module requires a separate license and additional implementation work.