

Option Margin Optimizer Day Trader Margin

Version 7.0

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Option Margin Optimizer System Overview

The Option Margin Optimizer (OMO) developed by LDB Consulting, Inc. calculates margin charges according to NYSE Rule 431 for OTC and exchange listed options on equities, currencies, broad based indices and narrow based indices. The system will handle common stock, single stock futures, convertible preferred stock and convertible bonds as underlying securities. The spreads identified normally result in the lowest allowable margin charges. The user is responsible for providing data in the formats required by the OMO system.

Once installed on the computer in the directory selected by the user, the OMO system will build nine sub-directories:

- 1) DATA where all network database files are stored + a TEMPLATE subdirectory will also be created;
- 2) IMPORT where ASCII files to be imported are stored;
- 3) PRINT where all network print files are placed;
- 4) FORTRAN where the optimizer routines are stored and executed;
- 5) LOCALDAT where all local database files are stored + a TEMPLATE subdirectory will also be created;
- 6) LOCALPRI where all local print files are placed; and
- 7) LOCALFOR where the optimizer work files are stored.
- 8) BACKUP for retaining daily system reports
- 10) HELP where the online help files are stored.

By using the INI file, described in the MAINTAIN section, the user may alter the locations for all of these subdirectories.

The system may run in Batch or interactive mode. When running in Batch, all work is done in the DATA directory and reports are placed in the PRINT directory. In Interactive mode, all work is done in the LOCALDAT directory and reports are placed in the LOCALPRI directory. In this way, firm wide results can be run overnight on the network and users may run individual simulations and corrections locally WITHOUT interfering with the overnight runs.

The user interface system is used to import user supplied data, format data for and retrieve data from the Fortran Optimizer, allow viewing of pertinent data files and create various reports with the computed information.

The Fortran Optimizer works on each holding individually. A holding is a unique combination of account, account type (cash or margin) and consolidating ticker. A consolidating ticker such as IBM would include all stock and options (leaps, splits, flexes, etc.) for IBM. Within the unique holding, the Optimizer identifies all potential spreads and removes each successive spread that would generate the greatest margin savings in the position. Consolidating ticker is equivalent to underlying stock/index symbol.

The Optimizer will identify each of the following situations:

- 1) Long and short butterflies
- 2) Long and short box spreads (including long European box spreads)
- 3) Long condors, iron butterflies and iron condors
- 4) Long time condors, time iron butterflies, time iron condors and time butterflies
- 5) Debit and credit spreads
- 6) Covered calls (involving common stock, single stock futures, convertible stock or bonds) and covered puts
- 7) Hedged calls and hedged puts
- 8) Collars
- 9) Conversions and reverse conversions
- 10) Straddles

- 11) Single stock futures hedged by other single stock futures or stock
- 12) Naked options (including naked long leaps)
- 13) Short against the box
- 14) Naked stock
- 15) Naked convertible bonds, single stock futures and convertible preferred
- 16) Concentration charges for naked/covered stock and single stock futures.

The Optimizer will calculate initial and maintenance margin requirements for all situations listed above.

Binary and Range options are processed outside of the FORTRAN optimizer and may be margined under one of the following situations:

- 1) Naked options
- 2) Binary debit spreads
- 3) Binary short straddles

The optional OMO_PLUS version discussed below will also calculate day trader margin requirements using the time and tick method. The optional RBM module discussed below will calculate margin requirements for eligible securities held within a Portfolio or Cross Margin account.

The standalone Day Trader Margin system contains substantially all the day trader logic described throughout the manual, however it does not provide the OMO/431 margin calculations or reporting described herein.

The system expects three input files containing position, trade and money line information. An optional user supplied rates file, defining stock margin rates by account/security combination, including a tiered structure based on increasing quantities, may also be provided. Money Line Output items as described below in the file format section will be produced upon completion of the optimizer. The system was written to interface with custom routines written explicitly to import files in a client-specific format and to perform client requested Money Line calculations other than those defaults provided by the system.

When started, the system will present a bar menu containing pads for Import, Calculate, View, Report, Maintain, Simulate, Help and Quit. The user may choose a pad by moving to it with the arrow keys, by clicking on the pad with a mouse, or by pressing the ALT key plus the underlined letter for the appropriate pad, such as ALT+Q for quit. When a pad has multiple selections, each selection may have a key letter underlined. The user may choose a selection by typing the underlined letter for that selection, clicking on the selection with the mouse, or by pressing down arrow to highlight the selection and then hitting the ENTER key. Some menu selections are marked with an arrow to the right. This indicates a cascading menu with additional items. You may move into the cascading menu as discussed above and make your final selection there.

Each menu pad and its optional selections are discussed below.

The user may interrupt execution by hitting Alt+F4.

To Run a Margin Calculation

Click on the OMO icon. You MAY have to go to the MAINTAIN menu to: alter locations or the name of the import data in the INI file; and edit rates or the special data file. Most often you will NOT have to go here.

Go to the IMPORT menu and select Production File Import/All Files.

Go to Calculate menu and select Maintenance/Entire Position.

You may then VIEW and/or REPORT the resultant margin files.

Go to Calculate menu and select SMA Adjustment/Entire Trades File.

You may then View and/or Report the resultant SMA files.

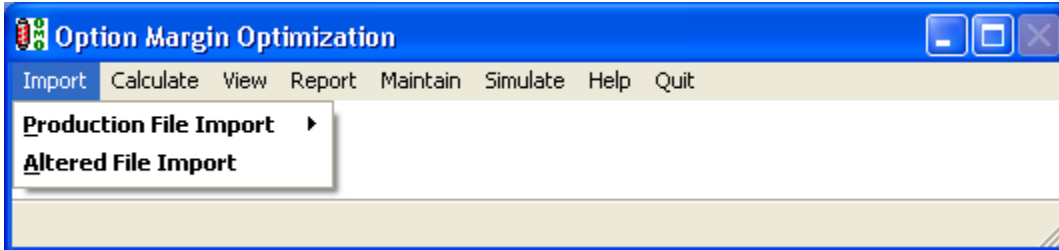
QUIT.

Shading in the Manual

Where possible, we have tried to annotate all NEW or revised sections by shading the background. This may assist you in browsing the manual to see what has been altered since the previous version.

OMO Menu Bar

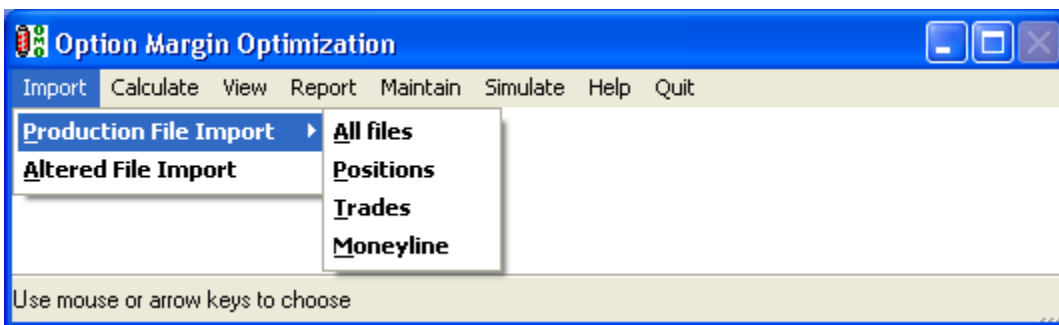
IMPORT



The import menu allows the OMO program to bring the ASCII position, trades and money files into the system. The import files are expected to be in the IMPORT directory established during installation. However, you may specify an alternate directory in the INI file, as discussed in the MAINTAIN section below. Unless you use the INI file to specify an alternate name for the required files, they must be named **position.txt**, **trades.txt** and **money.txt**.

The POSITION file contains today's inventory and is used to calculate current initial and maintenance margin. The TRADES file contains trades and is used to calculate SMA changes due to new hook ups and trade activity. All accounts will have today's inventory run through the Optimizer a second time using yesterday's prices to calculate effects on SMA. The MONEY file contains money line information that the user may want updated. The user may disable SMA calculations via the SMA switch in the INI file. In the case of disabling SMA, trades will NOT be imported and SMA calculations will NOT be performed.

Production File Import



Production file import allows the user to bring the firm wide ASCII files into the system. The user may import ALL FILES at once or each of the 3 files separately. If importing files individually, it is suggested that the Position file be imported first. It is during the Position file import that various report and run-specific files, such as the error log, are reset. If you do the Position file after one of the other files, any errors from the prior file imports will be lost.

During the position file import, the system will also import the Package file if Package = Y in the INI file.

The system will check for the existence of the USERSTOCK file as defined in the INI file and, if it exists,

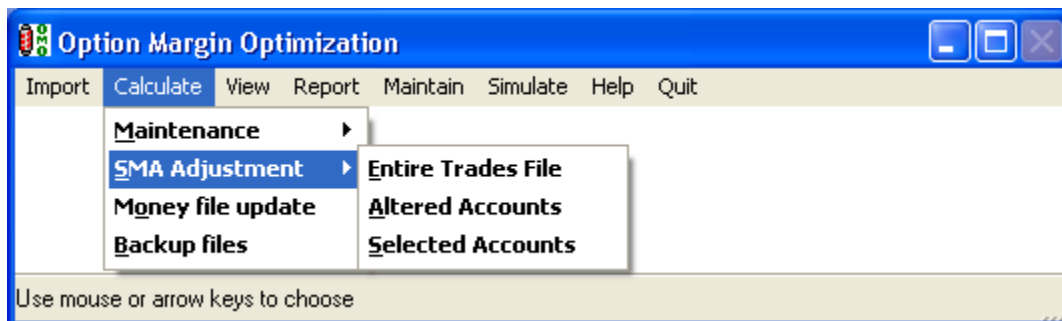
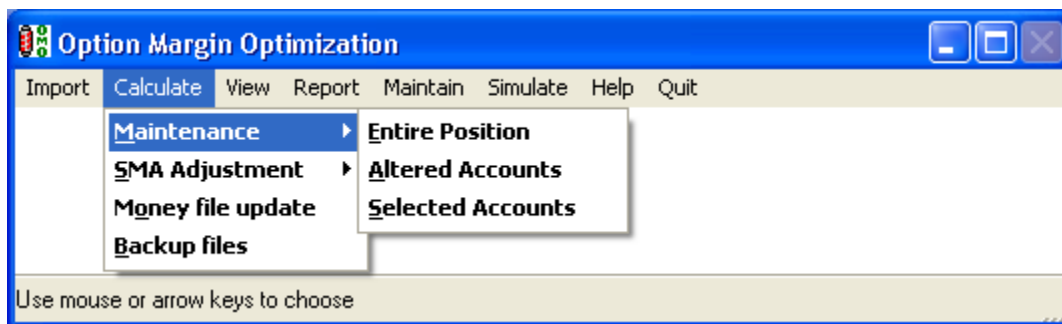
will import it when the Position file is imported

The user will be warned at the end of the import if any errors have been found. Entries with errors are deleted from the file and are not included in later processing. **The user should proceed with processing only after all errors have been resolved.** The user may view/print the error log file from the VIEW or REPORT menu pads. The user may correct errors via EDIT functions in the SIMULATE menu pad.

Altered File Import

Altered File Import will import the position and trades files that the user has modified (see SIMULATION section below). Both files will be imported at once. Since the user may NOT alter the money line file, there is no Altered Money file import. Altered File Import preserves the latest simulation files so the user may go back and add to the simulation. All altered files are stored locally and do NOT affect network files, unless the INI file has the same location for both the DataDirectory and LocalDataDirectory entries.

CALCULATE



This menu pad allows the user to perform margin optimization for maintenance or SMA adjustment purposes. The user defines the universe of accounts to be considered. Entire Position/Entire Trade File will calculate for all accounts in the referenced file. Altered Accounts will recalculate only those accounts that had position or price alterations made via the Simulate menu. Finally, Selected Accounts allows the user to indicate which accounts are to be included in the calculation run. CTRL+Y will allow the user to append records to the select file.

A progress window is opened and the user is informed as various messages regarding the preparation and optimization of each account's holdings are displayed. While optimizing an account, information regarding the type of optimization may be displayed.

When all data has been properly formatted by the OMO system, the Optimizer is launched. The Optimizer is written in Fortran and will produce its own window. Upon completion, the window will close and control will revert to the OMO routine, which retrieves the strategies identified by the Optimizer, computes concentration and naked charges on stocks and produces reports and exports the contents of the report DBF files to text files in the print directory.

Depending on the setting for PASS in the INI file, the optimizer will do 1 or 2 passes through the data, using a different allocation method in pass 2 and retaining the best result. If a position contains convertible securities (Special Security Code not blank) or a package, only one pass will be performed.

If PACKAGE = Y in the INI file, the system will perform package logic. OMO will attempt to create package stock from the package elements and will extract the package elements from the first run. After the first run, OMO will take any naked package stock and recreate stock positions for the elements. The elements will be margined and the results from both passes will be merged and presented to the user.

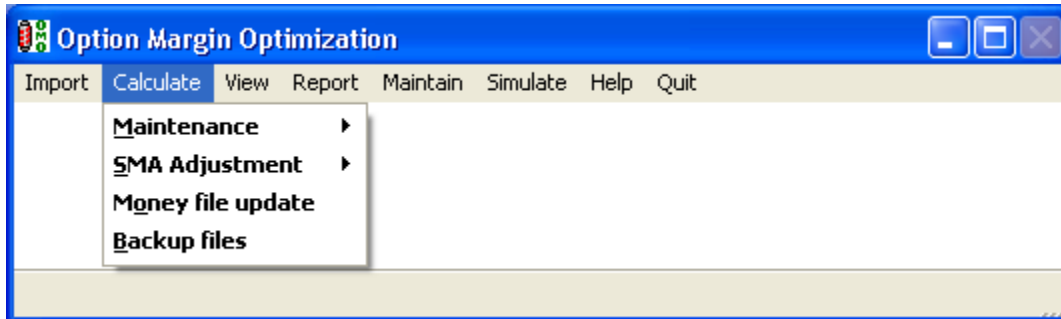
Packages involving only a single underlying security and cash will be identified and will be processed in the normal OMO pass. Where appropriate, option strikes will be adjusted to reflect the number of underlying shares and cash involved at settlement.

If the optional OMO_PLUS module is running, day trader margin will also be calculated.

For proper functioning of package logic, users must provide proper CNSTKR and SYMBOL entries so that OMO can match position entries with the package table. In addition, the adjusted stock price for the package MUST appear in the underlying price field.

When the Optimizer is running, the user is instructed that the system is in Fortran mode operation and that the escape key should be struck IF THE USER WANTS TO INTERRUPT EXECUTION.

SMA will NOT be calculated if SMA is turned off in the INI file.

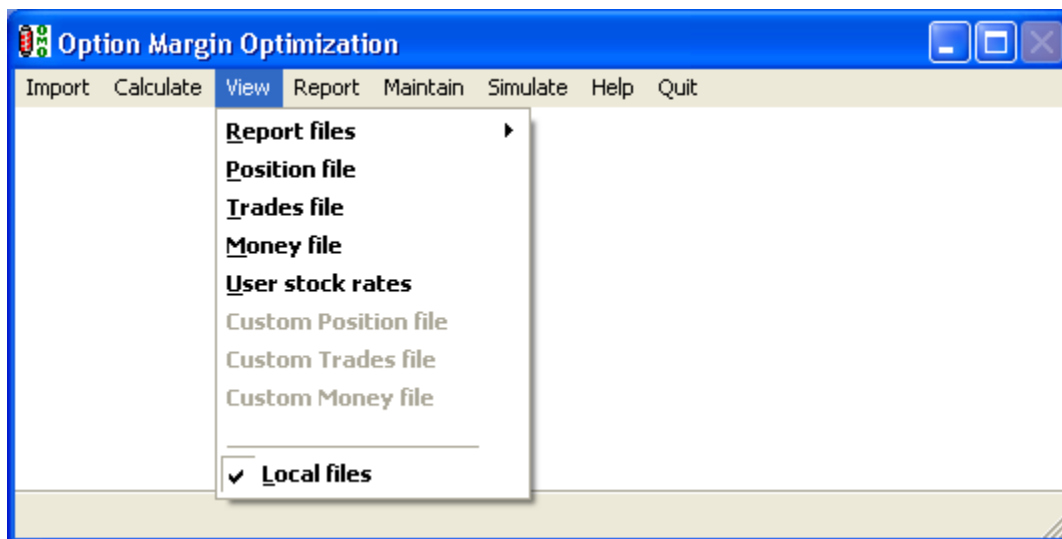


The user may update the money file after running either one or both of the maintenance and SMA adjustment routines. She may also backup the most recent copies of the data files to the backup directory. The maintenance detail and summary files will have extensions LTL and LMY, respectively. The detail and summary files for the SMA run will have extensions of LMD and LMS. The naked short option report will have the extension LNA. The files will all be named YYYYMMDD, the activity date for the imported files. NO FILES WILL BE BACKED UP IN INTERACTIVE MODE UNLESS THE USER EXPLICITLY CHOOSES TO DO SO.

Choosing Money File Update will result in the MONEY_OUT file (defined in the INI file) being created.

Any database files in the CSV Export List will be exported to the PRINT directory.

VIEW



The user may view all report data files as well as system data files. The ability to view the system data files exists primarily as a tool to be used if problems develop. The user is most apt to view formatted reports rather than report data files, which are presented as raw data. See the Report menu to view reports in a formatted fashion.

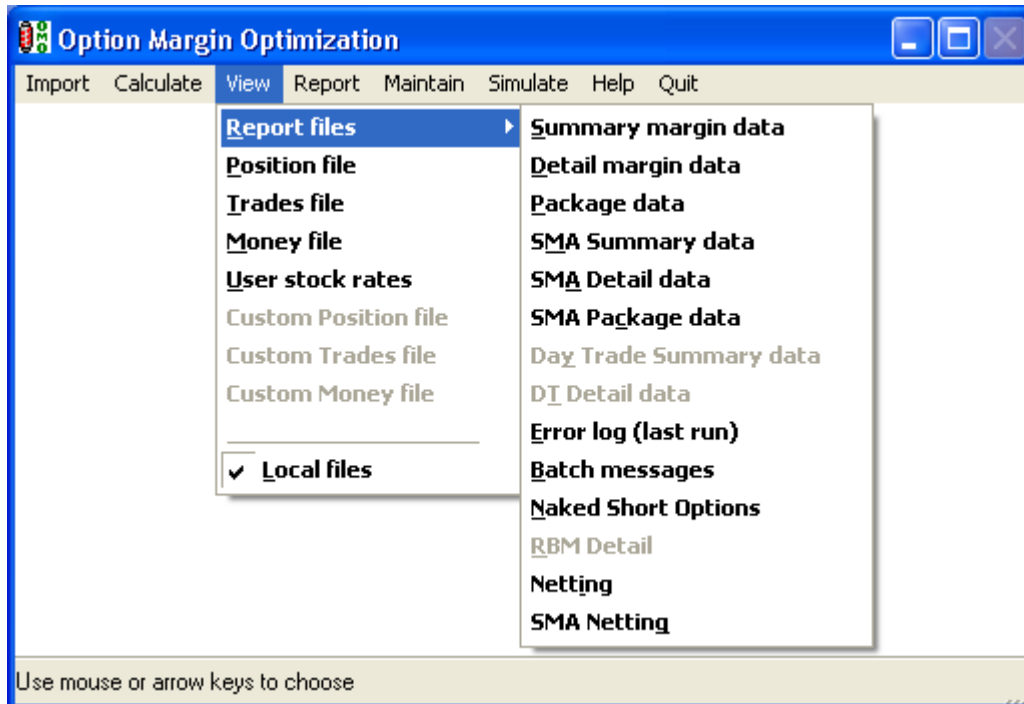
Custom position, trade and money files are available for viewing if the CUSTOM parameter has been set in the INI file.

When viewing, the user may expand the view window and alter the order in which the fields appear in the window by dragging fields to new areas in the window. **No data can be altered in the view section.**

Since reports may be generated on the network as part of an over night run and on the local machine for simulations and such, the user may indicate which files are to be viewed. If the 'Local files' switch is checked, local files will be viewed; if it is not checked, network files will be viewed. This setting carries over into the Report menu.

If the user requires rate files by holding for stock concentration charges, they may be viewed via the User Stock Rates selection.

Report Files



The user may view summary and detail reports for maintenance margin and SMA calculations, the error log, the naked short options report and the batch message report. A trades report is also available after an SMA run. If OMO_PLUS is running, the user may view both a day trade summary and detail report. If NETON is set in the INI file, the SMA Netting and Margin Netting reports are available.

Position file

The position file is displayed.

Trades file

The trade file is displayed.

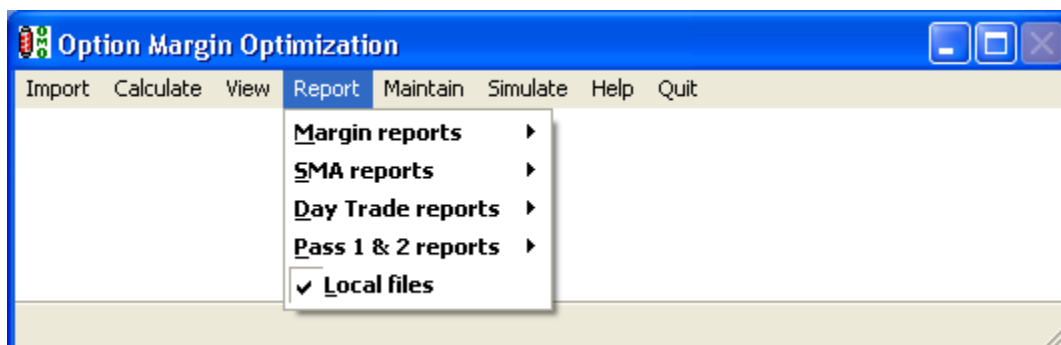
Money file

The money file is displayed

User Stock Rates

If the user provides a USERSTOCK file, the system can handle non-standard rules for stock concentration and naked stock calculations. Those rates may be viewed here.

REPORT



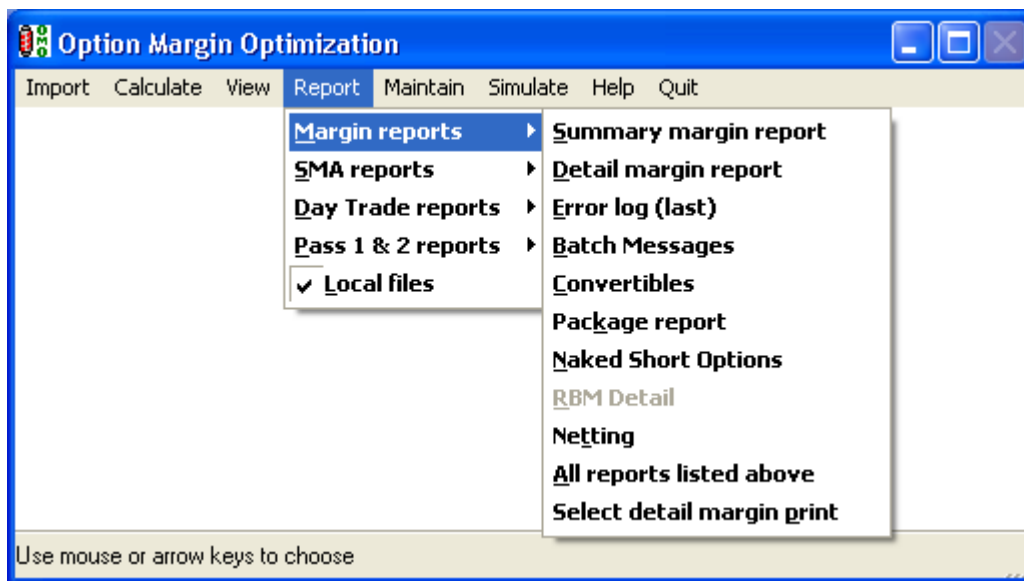
The report menu consists of four cascading menus and a Local files selection switch.

Since reports may be generated on the network as part of an over night run and on the local machine for simulations and such, the user may indicate which files are to be reported. If the 'Local files' switch is checked, local files will be reported; if it is not checked, network files will be reported. This setting carries over into the View menu.

All reports are presented on the screen for viewing. The user may utilize the forward, fast forward, rewind and fast rewind keys on the lower border of the screen. When finished viewing, the user may select the printer icon on the bottom of the screen to initiate printing. She will then be allowed to select the printer for report generation and to alter its default settings.

PDF reports may also be created based on the PDFREPORT setting in the INI file. See the Adobe Print Section for further information.

Margin Reports



The Summary margin report lists margin charges by holding (account + account type + consolidating ticker) as well as values and counts for long and short calls, puts and underlying securities. Underlying securities include common stock, convertible bonds and single stock futures.

The Detail margin report identifies each spread from the Optimizer and lists the appropriate margin charges.

The Error Log lists all input records that violated system rules.

The Batch Message report recaps all messages from a batch run that would have gone to the screen if the system had been run interactively.

The Convertible report shows all convertible securities in the run and which ones and how many were converted.

The Package reports lists all packages that were created.

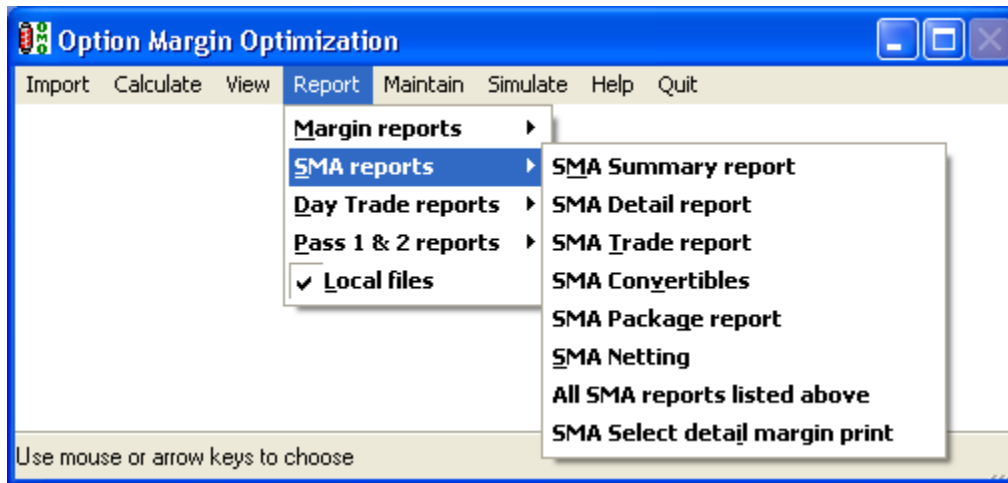
The Naked Short Option report displays margin and the number of naked short options for any account that includes naked short options.

The Netting Report lists one record for each position that has been netted. Totals are available on an account+class basis, as well as a firm total.

All Reports Listed Above will print the six reports just enumerated: summary margin, detail margin, error log, convertibles, batch message, and Netting.

Select Detail Margin Report allows the user to input an account; only detail information for that account will be printed.

SMA Reports



The system will also produce summary, convertible, package and detail reports for SMA calculations, plus a trade report. As with the margin reports, the user may print only those accounts required via the SMA Select Detail Margin Print menu item or she may print the SMA trade, summary, convertible and detail reports by selecting All SMA Reports Listed Above.

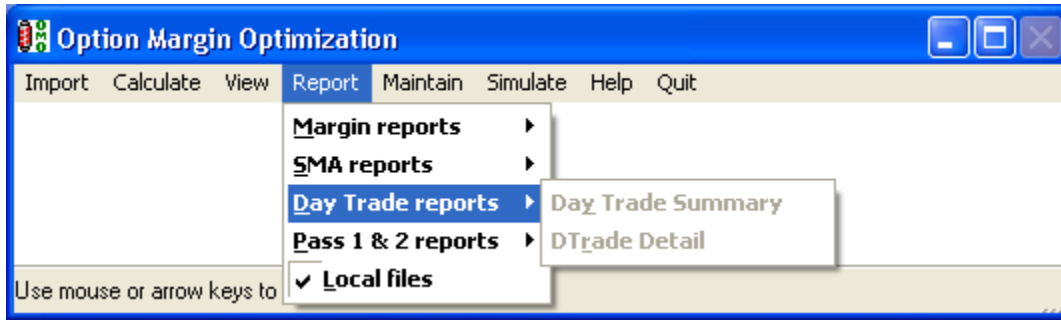
The SMA summary report shows today's initial margin, yesterday's initial margin, option and stock Reg. T requirements, counts for calls, puts and underlying securities and the account SMA adjustment.

The SMA Convertible report shows all convertible securities in the run and which ones and how many were converted.

The SMA detail report includes the hook ups created using today's inventory and yesterday's prices. In the event an option position has no yesterday price, the transaction prices for the first open trades in the security are used. If a position has no yesterday price for the underlying, it means there was no position in this holding yesterday and there is no need to compute initial margin using yesterday's prices.

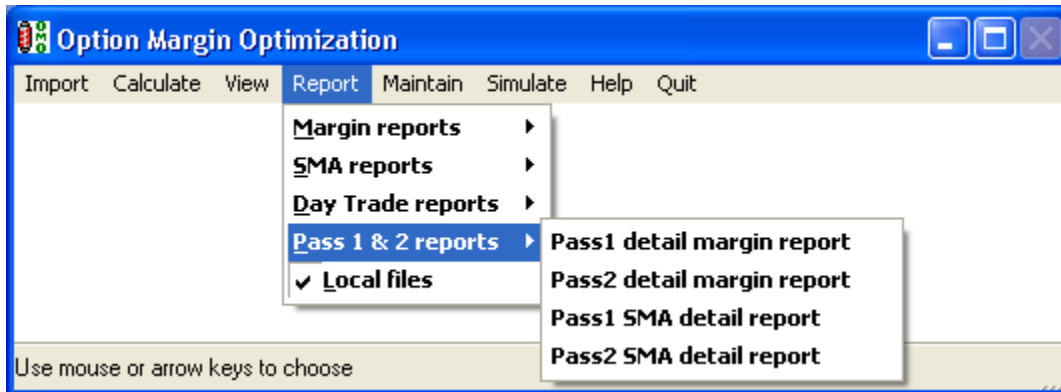
The SMA Netting Report lists one record for each position that has been netted. Totals are available on an account+class basis, as well as a firm total.

Day Trade Reports



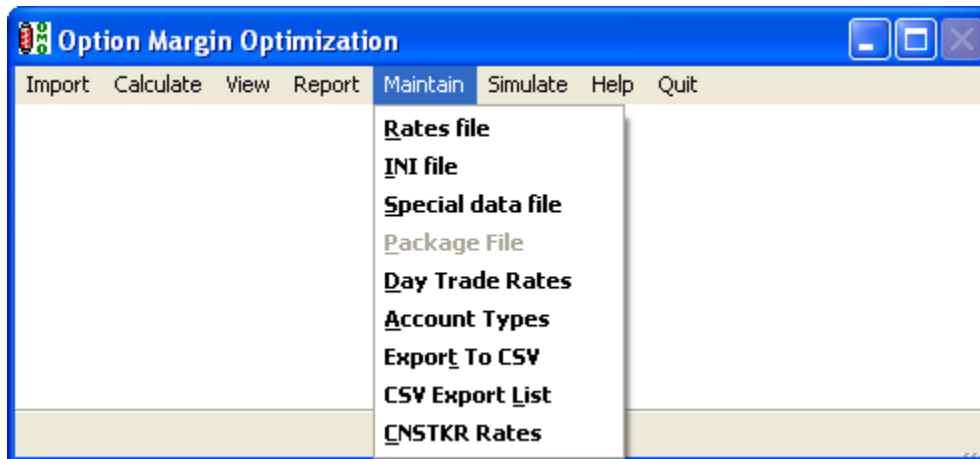
Day trader summary and detail reports may also be printed if OMO_PLUS is running.

Pass 1 & 2 Reports



Since the system now allows multiple passes through the data, the reports in the top section of the menu contain the BEST of each pass. If the user wishes to view the detail from an individual pass, she may select Pass 1 or Pass 2 detail or Pass 1 or Pass 2 SMA detail.

MAINTAIN



INI file

All INI parameters (items on the left side of the equal sign) are case insensitive and should be entered without spaces. The parameter is followed by an equal sign and the appropriate value is entered to the right of the equal sign. Valid entries are:

ADOBEPRN defines the Adobe printer name
 ADOBEPRN = Adobe PDF (Default = Adobe PDF)

BACKUPDIRECTORY defines directory in which daily report files are saved as YYYYMMDD.XXX (e.g., 19990731.LTL for local maintenance margin detail); if not defined, the files are retained in the print directory with extension TXT until the system is run again
 BACKUPDIRECTORY = .\BACKUP

BATCH number not equal to zero indicates a batch run which will commence when existence of a semaphore file (see SEMAPHORE parameter below) is detected. Upon completion, a user-supplied routine (see RUNDOS and RUNWIN below) may be executed. Program messages are placed in batchmsg.txt in the print directory. If the parameter is greater than zero, OMO remains open after calculations, waiting for another semaphore file. If the parameter is negative, OMO will close upon completion.
 BATCH = 3 (Default = 0, interactive run)

BROWSER defines location and name of Internet browser if NOT Internet Explorer in default location
 BROWSER = C:\WINDOWS\MYEXPLORER.EXE (Default is %Program Files%\Internet Explorer\iexplore.exe)

CONCCHARGE concentration rate to apply to classes with a charge exceeding the CONCTHRESH setting.
 CONCCHARGE = 0.25 (Default = 0)
 CONCTHRESH threshold above which any class charge results in an additional concentration charge. This additional charge is a percentage of the current class charge and is based on the CONCCHARGE setting.

CUSTOM contains up to 4 characters used to identify custom data files and procedures for clients.
 CUSTOM = TEST

DATADIRECTORY defines the full DOS path for all network data base files
 DATADIRECTORY = D:\OMO\DATA\

DTRATE defines the Day Trader margin rate
 DTRATE = 0.30 (Default = 0.25 for 25%)

FIRMNAME the name the user wishes to appear on reports
FIRMNAME = LDB CONSULTING, INC.

FORTRANDIRECTORY defines the full DOS path for network location of Optimizer
FORTRANDIRECTORY = D:\OMO\FORTRAN\

HELPDIRECTORY defines the full DOS path for the online manual
HELPDIRECTORY = D:\BOND\HELP

IMPORTDIRECTORY the full DOS path for all files to be imported
IMPORTDIRECTORY = D:\OMO\IMPORT\

LEAP contains minimum number of days for a 9-month leap; there must be this many or more days to expiration for an option to be considered a leap
LEAP = 274

LNGINIT100 charges long options trades at 100% of the premium in the initmargin.txt and DTinitmargin.txt reports. The default is to leave long option trades out of these reports.
LNGINIT100 = Y (Default = N)

LOCALDATADIRECTORY defines the full DOS path for all local database files
LOCALDATADIRECTORY = C:\OMO\DATA\

LOCALFORTRANDIRECTORY defines the full DOS path for local Optimizer execution
LOCALFORTRANDIRECTORY = C:\OMO\FORTRAN\

LOCALPRINDIRECTORY defines the full DOS path for all locals print files
LOCALPRINDIRECTORY = C:\OMO\PRINT\

MMAFFILE name and location of the enhanced return ETF file (used to update MMAF in special data)
MMAFFILE = C:\Program Files\LDB Consulting\100ldbrbh\import\rbh_enhanced_return_etfs.csv

MONEYFILE name and location of ASCII money line file to import
MONEYFILE = F:\DATA\money.txt (default is .\import\money.txt)

MONEYOUT name and location of ASCII money line file to be created at end of calculations
MONEYOUT = F:\DATA\moneyout.txt (default is .\import\moneyout.txt)

NETON computes margins based on the net long/short positions within each account and reports the netted positions. Stocks will NOT be netted if Short V Box enabled in Rates file
NETON = Y (default in N)

PACKAGE turns package logic off and on
PACKAGE = Y (default is N; Y turns package logic on)

PACKAGEFILE defines name and location of OCC Equity Special Settlement file
PACKAGEFILE = C:\FILES\OCC.YX (default is .\importless.txt)

PACKFORM defines format for package file; default is ESS for OCC transmitted file
PACKFORM = ESSPRINT

PASS determines number of Optimizer passes; 1 for traditional; 2 for new, simpler pass; 3 for both
PASS = 3 (default is 1; only 1 will be run for position containing a package or a convertible security)

PDFERASE deletes all of the previously created PDF reports within the Adobe port directory.
PDFERASE = Y (Default = N)

PDFREPORT creates PDF reports in addition to the text files automatically created with each run.

PDFREPORT = Y (Default = N)

POSFIL name and location of ASCII position file to import
POSFIL = F:\DATA\OURPOS.DAT (default is .\import\position.txt)

PRINTDIRECTORY defines the full DOS path for all network print files
PRINTDIRECTORY = D:\OMO\PRINT\

RBMDT uses the Portfolio Margin rates for options day trader margin calculations
RBMDT = Y (Default = N)

RUNDOS complete path and name (including extension) of DOS program executed after BATCH run
RUNDOS = C:\WORKING\DOSPROG.EXE (default is OMOFINI.EXE in OMO directory)

RUNWIN complete path and name (including extension) of Windows program executed after BATCH run
RUNWIN = C:\WORKING\WINPROG.EXE (default is OMOFINIW.EXE in OMO directory)

SEMAPHORE complete path and name of file whose existence triggers BATCH execution
SEMAPHORE = C:\WORKING\READYSET.TXT (default is OMOBATCH.TXT in IMPORTDIRECTORY)

SMA will allow user to control running of SMA in batch mode
SMA = N (default = Y)

TRDFIL name and location of ASCII trade file to import
TRDFIL = F:\DATA\OURTRD.DAT (default is .\import\trades.txt)

USERSTOCK name and location of ASCII stock rate file to import
USERSTOCK = F:\DATA\OURRAT.DAT (there is NO default)

WINXMAX indicates maximum number of options in a unique account/consolidating ticker holding that the Optimizer can handle
WINXMAX = 1000 (current value is 4000)

Rates File

The system maintains various rates in the Rates file in the network data directory. The user may examine and alter these rates via this menu item. When running locally, the system STILL USES THE NETWORK RATES FILE.

Via the rate file, a user can establish rates that may meet or exceed the exchange-mandated requirements.

Values for the following scenarios are supported by the system. All percentages are entered as decimal values such that 30% will appear as .30 in the rates file.

+ SSF CONCEN: Long single stock (SSF) Concentration: 5 quantity breaks, margin percentages and minimum charges. If fewer breaks are required, enter 9,999,999 for the extra breaks.

+SSF NAKED: Long Naked SSF Charges: 3 price breaks with Reg. T percentage, maintenance percentage and per share minimum. Only first Reg. T percentage is used to compute Reg. T requirements on long stock. If fewer are required, enter 9,999,999 for the extra price breaks.

+ STK CONCEN: Long Stock Concentration: 5 quantity breaks, margin percentages and minimum charges. If fewer breaks are required, enter 9,999,999 for the extra breaks.

+STK NAKED: Long Naked Stock Charges: 3 price breaks with Reg. T percentage, maintenance percentage and per share minimum. Only first Reg. T percentage is used to compute Reg. T requirements on long stock. If fewer are required, enter 9,999,999 for the extra price breaks.

-NKD LISTED BROAD INX OPT MIN: Short listed options on broad based index: minimum percentage of underlying, percentage of underlying and dollar minimum

-NKD LISTED CURRENCY OPT MIN: Short listed options on foreign currencies: minimum percentage of underlying, percentage of underlying and dollar minimum

-NKD LISTED EQUITY OPT: Short listed options on equities: minimum percentage of underlying, percentage of underlying and dollar minimum

-NKD LISTED NARROW INX OP: Short listed options on narrow based index: minimum percentage of underlying, percentage of underlying and dollar minimum

-NKD OTC BROAD INX OPT: Short OTC options on broad based index: minimum percentage of underlying, percentage of underlying and dollar minimum

-NKD OTC EQUITY OPT: Short OTC options on equities: minimum percentage of underlying, percentage of underlying and dollar minimum

-NKD OTC NARROW INX OP: Short OTC options on narrow based index: minimum percentage of underlying, percentage of underlying and dollar minimum

-SSF CONCEN: CHEAP STOCK: definition of cheap short SSF for concentration charge purposes: price which is NOT cheap, percentage requirement and minimum charge

- SSF CONCEN: Short SSF Concentration: 5 quantity breaks, margin percentages and minimum charges. If fewer breaks are required, enter 9,999,999 for the extra breaks.

-SSF NAKED: Short Naked SSF Charges: 4 price breaks with Reg. T percentage, maintenance percentage and per share minimum. Only first Reg. T percentage is used to compute Reg. T requirements on short stock. If fewer are required, enter 9,999,999 for the extra price breaks.

-STK CONCEN: CHEAP STOCK: definition of cheap short stock for concentration charge purposes: price which is NOT cheap, percentage requirement and minimum charge

- STK CONCEN: Short Stock Concentration: 5 quantity breaks, margin percentages and minimum charges. If fewer breaks are required, enter 9,999,999 for the extra breaks.

-STK NAKED: Short Naked Stock Charges: 4 price breaks with Reg. T percentage, maintenance percentage and per share minimum. Only first Reg. T percentage is used to compute Reg. T requirements on short stock. If fewer are required, enter 9,999,999 for the extra price breaks.

COLLAR: percentage of put strike, percentage of put out of the money amount and maximum percentage of call strike

CONVERSION: percentage of strike

CONVERTIBLE ARB RATE: percentage of long market value

COVERED CALL/PUT: percentage of put in the money amount; and indicator to determine if stock in covered call is margined at lower of strike or market (enter 0) or at market (enter 1)

EURO LONG BOX: percentage of strike difference and Euro calendar spread flag: set to zero to identify Euro calendar spreads, set to 1 to skip Euro calendar spread

HEDGE: percentage of strike, percentage of out of the money amount, maximum percentage of stock for call hedge and put hedge, minimum charge, and maximum percentage of stock for PUT hedge if different from call.

INITIAL STOCK REQ: percentage of stock price for initial margin requirement, short against the box (SAB) rate (0 will result in stock being netted without a charge), SAB Last (1 to optimize options and then do SAB, 0 to first collapse SAB and then optimize options)

LONG LISTED LEAP: percentage of premium

LONG OTC LEAP: percentage of in the money amount and percentage of time value

NAKED CONVERTIBLE BOND: percentage of convertible bond face value up to threshold or on entire face value if threshold is zero, face amount threshold value, a percent to apply to face amount ABOVE threshold, percentage of market value to apply on long naked and covers, and percentage of market value to apply on short naked and covers.

REVERSAL: percentage of strike

SSF COLLAR: percentage of put strike, percentage of put out of the money amount and maximum percentage of call strike

SSF CONVERSION: percentage of strike

SSF CONVERTIBLE ARB RATE: percentage of long market value

SSF COVERED CALL/PUT: percentage of put in the money amount; and indicator to determine if SSF in covered call is margined at lower of strike or market (enter 0) or at market (enter 1)

SSF HEDGE: percentage of strike, percentage of out of the money amount, maximum percentage of SSF for call hedge and put hedge, minimum charge, and maximum percentage of SSF for PUT hedge if different from call.

SSF INITIAL STOCK REQ: percentage of SSF price for initial margin requirement

SSF REVERSAL: percentage of strike

SSF VS SSF: long and short % for SSF vs. SSF with different expiration and % SSF vs. SSF if SAME expiration

SSF VS STOCK: percentage of stock

XCESS LONG EQT FOR CCC: percentage of long equity to trigger concentration charge logic, 1 to allow Condors, 1 to allow Iron Butterflies, 1 to allow Time Condors, 1 to allow Time Iron Butterflies; 0 to turn off any of the 4 strategies

XCESS SHORT EQT FOR CCC: percentage of short equity to trigger concentration charge logic; set to 1 to turn OFF short put butterflies; Time Butterflies, Iron Condor, Time Iron condors: 1 to allow them, 0 to disallow them

Special Data File

The Special Data file allows the user to handle certain symbols whose entries in the position file do not include values for the Mini Leap Divisor field, or the MMAF field required by the system to do proper margining. The user may maintain a list of these symbols, with their proper values, in this file.

When an entry in the position file has 0 for Mini Leap Divisor, the system goes to the Special Data file. If the symbol is found and the Mini Leap Divisor is not zero, the Mini Leap Divisor from Special Data is used; otherwise, the divisor is set to 1.

This field is used if the position file is constructed in such a way that reduced value options, such as LSX, LSW and LSY (with a Mini Leap Divisor of 10), are given the same consolidating ticker as SPX. The reduced value options trade with strikes $1/10^{\text{th}}$ those of the full value index. The Mini Leap Divisor allows the program to match 10 LSX against 1 SPX in a spread, straddle, etc. The system expects that the underlying price for reduced value options will be $1/X^{\text{th}}$ of the price for full value options, where X is the mini leap divisor. OMO will adjust the strike price, underlying price, option price and quantities itself.

When an entry in the position file has 0 for MMAF, the Special Data File is searched. If the position file CNSTKR (first 6 characters only) matches the symbol in special data and MMAF is not 0, the MMAF value from Special Data is used. If the symbol is not found or the MMAF value is zero, the system uses a default of 1. See the Leveraged ETF discussion at the end of this manual for more information.

NOTE: ONLY the first six characters of CNSTKR in the position file are used when searching for a matching record in special data to update MMAF. Position file SYMBOL is used when updating IDIV.

Package file

The Package file is used to identify corporate reorganizations. After certain reorganizations, an actual stock may no longer exist for a series of options. For instance, when Hewlett Packard spun off Agilent, the former HWP options became HWF. The surrogate underlying for HWF was based on 100 shares of the new HWP and 38 shares of A (Agilent) plus some cash. There was no HWF underlying stock.

The user should make 3 entries in the Package file for the HWP reorganization. All three would have HWF as the Package Symbol. One line would have HWP as the Element Symbol and 100 for the Quantity; a second line would have A as the Element Symbol and 38 as the Quantity. The final line would have \$\$\$ (indicating cash) as the Element Symbol and .1078 as the Quantity.

NOTE: the system can import the OCC Equity Special Settlement file, freeing the user from the chore of keeping the file up to date. See the PACKAGEFILE setting in the INI file.

For packages with **multiple underlying** stocks, the Package Symbol must match the CNSTKR entry in the position file for options on the package. For these multiple underlying packages, the Element Symbol must match the CNSTKR on the appropriate stock records in the position file.

The system will identify packages involving multiple stocks and attempt to create package stock from the stock positions of the elements. In the case of HWF, stock would be created from A and HWP positions. After HWF is margined, any naked stock is returned to A and HWP positions and these positions are then margined.

The system will identify packages involving **single underlying stocks and cash** and will process them with adjusted strike prices where appropriate. In this instance, the Package Symbol must match the SYMBOL of the options in the position file.

For all packages, the user must provide the proper adjusted underlying price in the UNDERP field in the position file.

It is possible that the margin for packages plus elements may be greater using this logic than if the system had left all the stock with the elements and margined the package with no stock.

In some instances, an element of a package may become a package itself. That would be the case if A were to spin off ABC. **The system will not allow a symbol to be entered in both the Package Symbol and the Element Symbol fields.** Since there would be no stock for A, there would be no reason to retain the original HWF entries. Instead they should be deleted and an entry with A as the Package Symbol and ABC as Element Symbol should be made.

Day Trade Rates File

The system applies the standard Day Trader leverage as defined by the system default (.25 indicating 4:1 leverage) or by DTRATE in the INI file. Any accounts that should be charged using something other than this default rate must be entered in this file.

For example, an account limited to 2:1 buying power should contain an entry with MULT = 0.5. Once this account is back to standard margining, the entry must be deleted.

Change Account Type

When importing position and trade files, the system will search for each Account+AccountType combination in this user maintained table. If found, the old account type will be replaced with the new.

Export To CSV

Users may navigate to and select data base files (files with extension .dbf) to export. The newly created CSV file will be placed into the user defined PRINT directory and will have the same name as the selected file. We believe all of the records from the DBF will be contained within the CSV file, although Microsoft Excel has a limit of 65,000 records which may hinder the user's ability to see all of the records when opening the file in Excel.

CSV Export List

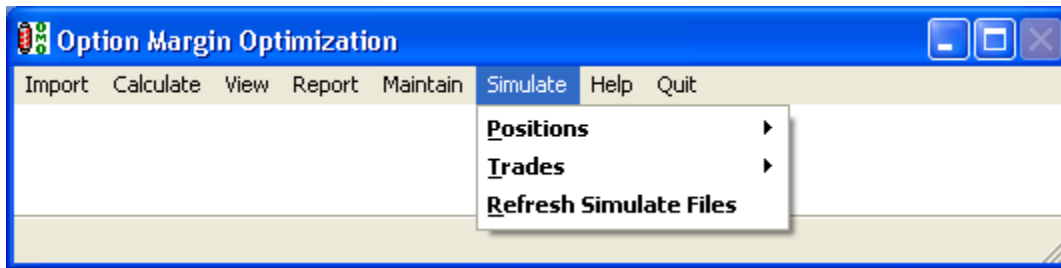
Users may maintain a list of names for database files to export to CSV when the a calculation is preformed. The program will look in the user defined DATA directory for the files in this list. The newly created CSV file will be placed into the user defined PRINT directory and will have the same name as the selected file. We believe all of the records from the DBF will be contained within the CSV file, although Microsoft Excel has a limit of 65,000 records which may hinder the user's ability to see all of the records when opening the file in Excel.

CNSTKR Rates

Users may maintain a list of classes/CNSTKR which are exceptions to the standard rates charged on short options and straddles. Make a record for each of the class/CNSTKR exceptions. The RATE filed should contain primary percentage to be applied, while the MINIMUM RATE should contain the minimum rate to be applied. For example, the 431 rules specify 20% as the primary rate, with 10% as the minimum.

A user requiring 30% and 20% for a specific security exhibiting recently high volatility, would make the entry where 0.30 and 0.20 are the rates used.

SIMULATE



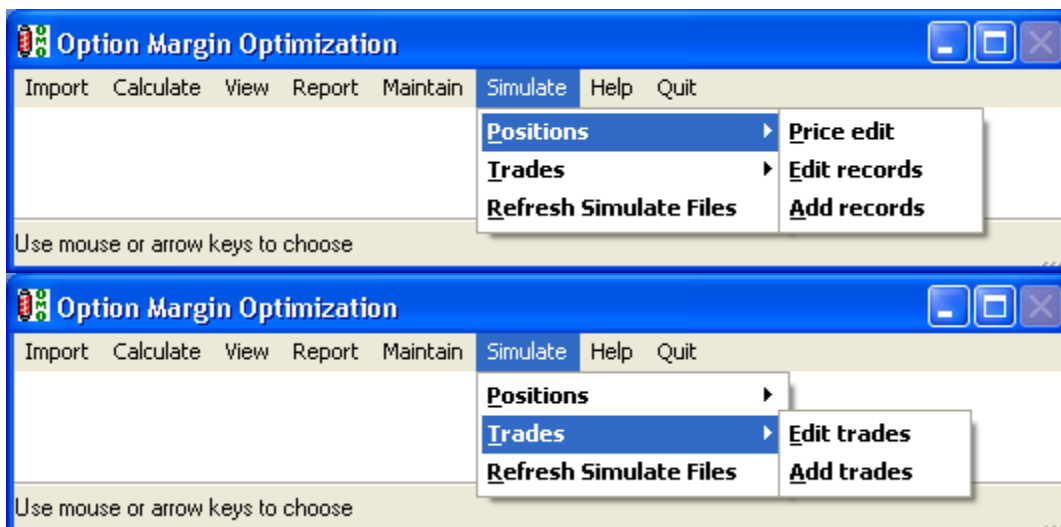
The user may alter position and trade information. The simulation files contain data from the latest production file import UNLESS the user does a Refresh. This will retrieve the most current data from the network. **This step must be performed before doing any simulations on current network data in order to assure that the latest network data is in the simulation area.** Once the new file has been retrieved, the data and any changes made to it will remain in the simulation area until another production file import is performed or another new simulate file is retrieved. All simulate refresh procedures will bring any user defined rates to the local data directory.

After refreshing data, the user may edit records, add records or do wholesale price adjustments to the position file. Each function is described below. Note that positions can be modified and margined with production trades; trades may be modified and margined with production positions; or both trades and positions may be modified and margined.

In order to margin the simulated position, return to the IMPORT menu and select ALTERED FILE IMPORT. The simulated files will replace the original database files in the system and will also be retained in the simulation database. If the added entries contain errors, **the user may return here and fix the errors and reimport the altered file.**

Erroneous entries (contained in the error log) are deleted from the original database but are retained in the simulation database. **As stated above, a file should not be margined until all errors are corrected.**

NOTE: Any positions modified/added by the user will contain a less than sign (<) on the far right side of the appropriate trade or detail report.



Price Edit

Rather than individually modifying position records that may contain incorrect pricing data, the user may use the price edit function. This function is NOT available for use on Trade records.

Position security records contain prices for the security in question and for its underlying security. The price edit function allows users to change either of these. If a security price is to be changed, the user must enter the new price and all data that is required to uniquely identify the security: symbol, put/call indicator, strike and expiration date. Strike and expiration are blank for stocks and the put/call indicator is blank.

To change an underlying price, the user should enter the new price and the consolidated ticker.

The program will alter all security and underlying prices affected by the data and mark those records as modified. After doing an Alter File Import, the user may then calculate for Altered Accounts. Only those accounts that were modified will be included in the margin run.

Edit Records/Trades

The user may not delete records. Rather the user should adjust the quantity to zero.

EDIT POSITIONS shows the user the entire simulation file. The user may position herself on the record that needs to be amended and hit CTRL+END to select that record. The edit screen reappears with the selected record. All data may now be altered. Any record selected for EDITING will be marked as modified in the position listing.

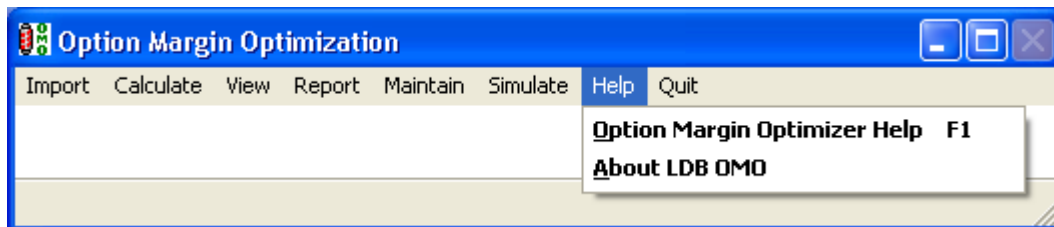
Add Records/Trades

When ADDING positions, the user must supply all fields for the new record to be properly handled. Each field entry is completed by hitting the ENTER or TAB key. All added records are marked as modified in the position listing. Fields to be entered are:

Account

Acct type	cash, margin, day trade or portfolio margin indicator (C,M,D,P)
Cnstr:	consolidating ticker indicating which securities may be margined against one another
Symbol	trading symbol (e.g., IBM, LIB, SPX,SPB)
Sec Num:	security number
CP:	call/put indicator; blank for stock
EXP:	expiration/settlement date for options/single stock futures as yyyyymmdd; 0 for stocks
Strike	strike price for option; 0 for stocks
Qty:	Quantity
Price:	security price
Under \$:	underlying security price
Shrs/Block:	Shares per contract for options and single stock futures
Divisor:	reduced value option divisor; see discussion in Special Data file section under Maintain
Sec Type:	B, N, C or E for broad-based index, narrow base index, currency or equity
Euro/Amer:	E or A for European or American style option
OTC/Exch:	O or X for OTC or exchange listed option
Open:	O or C for open or close (appears only when altering a trades file)
Spcl:	P for convertible preferred stock, B for convertible bond, F for single stock future.
Cnv_Factor	Conversion factor (appears only in position file when SPCL is P or B)
Min_Unit	Minimum unit of underlying to convert (appears only in position file when SPCL is P or B)
Face_Value	Face value (appears only in position file when SPCL is B)
BR	binary/range option indicator (B for binary/R for range)
BRSETT	binary/range settlement/exercise value (settlement for binary/exercise for range)
MMAF:	1 for most securities; -1 for inverse, 2 for Ultra, and -2 for Ultra Inverse

HELP



Online help documentation is available to the user via the HELP menu pad and may also be accessed by pressing the F1 key when the user is somewhere other than the HELP menu.

Batch Processing

When the BATCH parameter in the INI file is set to something other than zero, the system runs in batch mode. It waits for the creation of the semaphore file (see SEMAPHORE in INI section). Once it senses the existence of that file, it imports all files, calculates maintenance margin and SMA, and backs up all pertinent files. Depending on settings for RUNDOS and RUNWIN, the system will then execute a user provided routine before exiting or going back to 'sleep', waiting for another semaphore file.

In BATCH mode, the system uses the DATA, PRINT and FORTRAN directories to run rather than the LOCALDAT, LOCALPRI and LOCALFOR directories used in local/simulate mode.

ASCII text copies of the detail and summary files for both maintenance and SMA are created in the backup directory. They are named using the activity date from the imported files and have extensions of SMD (SMA detail), SMS (SMA summary), DTL (maintenance detail), SNA (maintenance naked short option report) and SMY (maintenance summary). These backed-up summary and detail files may be retrieved via the Backup-Print functionality described at the end of this manual and viewed or printed.

These same report files are also retained in the PRINT directory with the names SMADETAIL.TXT, SMASUMMA.TXT, DETAIL.TXT, NKDSHT.TXT and SUMMARY.TXT. In addition, error log and batch message files are retained in PRINT using the names SMAERROR.TXT, SMABATCH.TXT, ERRORLOG.TXT and BATCHMSG.TXT. If the user needs to upload files to another system, it is suggested the files in the PRINT directory be used since they will have the same name every day. The backup directory files have different names (containing the activity date) each day.

Convertible Bonds, Convertible Preferreds

The user must assure that the securities identified as convertible ARE convertible within 90 days without restriction other than the payment of cash. The system cannot currently know when the conversion privilege ends and will, therefore, pair the convertible security with any option, regardless of its expiration. If some options expire AFTER the conversion privilege ends, it is suggested that the convertible NOT be included for margining with options.

Error Log Entries

When a field requires certain valid alpha values and the record does not contain one of those values, the error message will contain the valid entries within parentheses at the end of the error message. Each error message contains a prefix of P: or T: or M: indicating the error occurred in a position, trade or money record, respectively.

Account is blank

Bad P/C indicator (PC)

Bad R/B indicator (RB)

CNSTKR blank

Expiration <> 0 (Note: must be zero for stocks)

Invalid Account Type (MCD)

Invalid Account Type (MCD)

Invalid Euro/Amer Indicator (EA)

Invalid Expiration Month

Invalid Open/Close (OC) (Note: only appears for trade records)

Invalid Option Type (EBNC)

Invalid OTC Indicator (OX)

Invalid SPCL (PBF)

Min Conversion Unit=0 (Conversion unit must NOT be 0 for SPCL code = P or B in position file)

Option/Future NSPB = 0 (Shrs/block must NOT be 0 for options and single stock futures)

Quantity = 0 (NOTE: altered entries with 0 quantity will be retained and not flagged as errors)

R/B settlement = 0

Strike <> 0 (Note: must be zero for stocks)

Symbol blank

OMO_PLUS: Day Trade margin calculations

The separately priced Day Trade calculator is available as an OMO add-on, in OMO_PLUS. OMO_PLUS contains all the functionality of OMO as well as the ability to calculate day trade margins on stocks and options using the time and tick method. The system was designed to handle both Portfolio Margin and 431 pattern day trade accounts.

Day trade accounts are indicated with an account type D in the position, trade and money files. The trade file also requires trade time in HHMMSS format. The default day trader rate is 25%, but the user may alter it via the DTRATE entry in the INI file. Day trader rates by account may be specified via the Day Trade Rates pad in the Maintain menu.

The day trade logic is run at the end of the Calculate phase of OMO_PLUS. Both day trader summary and detail reports are created. Data files for viewing are also created.

Day trade accounts will appear in the day trader reports. If a day trader account has an end of day position, the account will also appear in the maintenance and SMA reports and files.

OMO 431 charges will not be computed if running OMO_PLUS and the RBMDT INI switch is set to Y indicating a portfolio margin day trader run.

When running with RBMDT = Y in the INI file, the system will key off of the XTYPE setting in the trades file in order to determine the proper rate to apply on options trades. A "B" in the XTYPE field indicates "high cap broad based", an "N" indicates "non high cap broad based", while an "E" indicates an "equity"

security. If you do not have the ability to properly identify the classification or each option, use "E" in the XTYPE field for the most conservative calculation.

The default rates file (with standard install package) contains default rate settings for options calculations in RBMDT runs. The user may configure these settings when a higher margin rate is preferred.

NOTE: The system uses the EOD position file (user supplied) and the trades file (user supplied) to back into the beginning of day position. It then works forward from the BOD position and trades in order to determine which trades are and are not daytrades.

Exercise and assignment should be carefully considered when determining what to include in the user supplied position and trades files. Users affected by exercises/assignments should contact LDB Consulting if there is any question regarding which exercise/assignment information to include in the position/trades files.

Day Trader Margin: Standalone Day Trade margin calculations

The standalone Day Trade calculator is available without the OMO 431 margin functionality. This contains the same day trader logic described throughout the manual, although it does not contain any of the 431/OMO margin functionality.

Please read the OMO_PLUS section of this manual (directly above this Day Trader Margin section) for additional day trader information prior to running the Day Trader Margin system.

NOTE: The system uses the EOD position file (user supplied) and the trades file (user supplied) to back into the beginning of day position. It then works forward from the BOD position and trades in order to determine which trades are and are not daytrades.

Exercise and assignment should be carefully considered when determining what to include in the user supplied position and trades files. Users affected by exercises/assignments should contact LDB Consulting if there is any question regarding which exercise/assignment information to include in the position/trades files.

File Layouts

Position File Layout

Character data should be left justified and padded with blanks. Numeric data should be right justified. A number under the Decimal column indicates the number of digits to the right of an explicit decimal point. For instance, Price, with width of 16 and decimal of 7, should appear as 12345678.1234567

First record of this file should contain a blank in the AC_TYPE field and the date in the ACCOUNT field, in form YYYYMMDD.

Field	Type	Width	Decimal	
ACCOUNT	Character	10		On 1 st record, date in YYYYMMDD form; else Account
AC_TYPE	Character	1		C,M,D,P for Cash, Margin, Day Trade or Portfolio; blank on first line
CNSTKR	Character	7		Consolidated ticker defines what can be margined together
QTY	Numeric	12		Preceding minus sign for short; no sign for long
UNDERP	Numeric	16	7	Underlying price
PRICE	Numeric	16	7	Price of this security
CP	Character	1		C for Call, P for Put, blank for stock
SYMBOL	Character	6		OPRA symbol (e.g., MSQ, AAQ, LIB, INQ) w/o month/strike codes
STRIKE	Numeric	16	7	Strike for options; zero for stock
NSPB	Numeric	6		Shares per block: must be 1 for stocks

IDIV	Numeric	6		Reduced value divisor (see Special Data under Maintain)
EXPIRATION	Numeric	8		Option expiration/future settlement as YYYYMMDD; 0 for stock
XTYPE	Character	1		Option Type: See List below
EA	Character	1		E for European and A for American style option
OTC	Character	1		O for OTC and X for exchange listed
SEC_NUM	Character	9		Security number (or cusip)
YUNDERP	Numeric	16	7	Yesterday's underlying price
YPRICE	Numeric	16	7	Yesterday's price for this security
SPCL	Character	1		Special security codes: See list below
FACTOR	Numeric	16	7	Conversion factor per UNIT for convertible securities
UNIT	Numeric	10		Minimum conversion unit, usually 1000
FACE	Numeric	16	2	Face value of convertible bonds
Filler	*NONE	20		MUST BE LEFT BLANK
BR	Character	1		B for binary option, R for range, else BLANK
BRSETT	Numeric	16	7	Settlement/Exercise value for binary/range options
MMAF	Numeric	9	4	Used for leveraged ETFs (-1 = inverse, 2 = ultra, etc.)
** Total **		238		

Option Types: B for broad based index, N for narrow based index, E for equity, C for currency. When running day trader margin or OMO_PLUS and RBMDT INI switch is set, different settings may apply to the trades file. See trades file discussion below.

Special Security codes: Blank for stock and options; P for Convertible Preferred Stock, B for Convertible Bond, F for Futures and Options on Futures.

Note: SYMBOL, XTYPE, EA and OTC may be blank for stocks. Enter all 9's (including decimal point in proper place) for YPRICE and YUNDERP to indicate no available price. SPCL, FACTOR, UNIT and FACE may be blank for all common stocks and options. FACTOR, UNIT and FACE are filled for convertible securities (SPCL = P or B) only.

All securities with the same consolidated ticker (CNSTKR) will be considered eligible to be offset against one another.

Trade File Layout

Character data should be left justified and padded with blanks. Numeric data should be right justified. A number under the Decimal column indicates the number of digits to the right of an explicit decimal point. For instance, Price, with width of 16 and decimal of 7, should appear as 12345678.1234567

First record of this file should contain a blank in the AC_TYPE field and the date in the ACCOUNT field, in form YYYYMMDD.

Field	Type	Width	Decimal	
ACCOUNT	Character	10		On 1 st record, date in YYYYMMDD form; else Account
AC_TYPE	Character	1		C,M,D,P for Cash, Margin, Day Trade or Portfolio; blank on first line
CNSTKR	Character	7		Consolidated ticker defines what can be margined together
QTY	Numeric	12		Preceding minus sign for short; no sign for long
UNDERP	Numeric	16	7	Underlying price
PRICE	Numeric	16	7	Closing Price of this security
CP	Character	1		C for Call, P for Put, blank for stock
SYMBOL	Character	6		OPRA symbol (e.g., MSQ, AAQ, LIB, INQ) w/o month/strike codes
STRIKE	Numeric	16	7	Strike for options; zero for stock
NSPB	Numeric	6		Shares per block: must be 1 for stocks
IDIV	Numeric	6		Reduced value divisor (see Special Data under Maintain)
EXPIRATION	Numeric	8		Option expiration in YYYYMMDD form; 0 for stock
XTYPE	Character	1		Option Type: See List below
EA	Character	1		E for European and A for American style option
OTC	Character	1		O for OTC and X for exchange listed
OPEN	Character	1		O for open, C for close
SEC_NUM	Character	9		Security number (or cusip)
Orig price	Numeric	16	7	Optional Original price
Order num	Character	16		Optional Order number

SPCL	Character	1		Special security codes: See list below
Tradeprice	Numeric	16	7	Trade Price: Adjusted for fees and commissions
Time	Numeric	6		Time of trade in military format: HHMMSS: for day trade logic
Filler	*NONE	39		MUST BE LEFT BLANK
BR	Character	1		B for binary option, R for range, else BLANK
BRSETT	Numeric	16	7	Settlement/Exercise value for binary/range options
MMAF	Numeric	9	4	Used for leveraged ETFs (-1 = inverse, 2 = ultra, etc.)
** Total **		238		

Option Types: B for broad based index, N for narrow based index, E for equity, C for currency. When running day trader margin or OMO_PLUS and RBMDT INI switch is set, use B for broad based high cap, N for broad based non-high-cap, or E for equity. If the information is not available, the most conservative setting is E.

Special Security codes: Blank for stock and options; P for Convertible Preferred Stock, B for Convertible Bond, F for Futures and Options on Futures.

Note: SYMBOL, XTYPE, EA and OTC may be blank for stocks. Enter all 9's for YPRICE and YUNDERP to indicate no available price.

Money Input File

Character data should be left justified and padded with blanks. Numeric data should be right justified. A number under the Decimal column indicates the number of digits to the right of an explicit decimal point. For instance, ORIGSHT_MV, with width of 16 and decimal of 2, should appear as 1234567890123.12

First record of this file should contain a blank in the AC_TYPE field and the date in the ACCOUNT field, in form YYYYMMDD.

Field Name	Type	Width	Dec	
ACCOUNT	Character	10		On 1 st record, date in YYYYMMDD form; else Account
AC_TYPE	Character	1		C,M,D,P for Cash, Margin, Day Trade or Portfolio; blank on first line
ORIGLNG MV	Numeric	16	2	Long market value EXCLUDING securities in position file
ORIGSHT MV	Numeric	16	2	Short market value EXCLUDING securities in position file
NYSE XCESS	Numeric	16	2	NYSE Excess for computing day trade call
** Total **		43		

The long and short market value fields are used to determine if concentration charges apply to a stock position.

User Stock Rate File

Field Name	Type	Width	Decimal	
ACCOUNT	Character	10		
AC_TYPE	Character	1		
CNSTKR	Character	7		Consolidating ticker
QTY	Numeric	12	4	Minimum quantity
PCT	Numeric	12	4	Percentage to use for stock in this tier
MIN	Numeric	12	4	Minimum charge for stock in this tier
** Total **		54		

Users may define margin rates by account/consolidated ticker pairs. A tiered structure of rates based on quantity may also be applied. For instance, if a user wanted to charge the first 10000 shares at 30%, the next 10000 at 40% and any additional shares at 50%, the user would provide 3 records for this security. The values for QTY and PCT would be:

```
0      .3
10000 .4
```

20000 .5

This indicates that all shares above 20000 are margined at 50%; shares above 10000 up to 20000 are margined at 40% and the 1st 10000 shares are margined at 30%.

If all shares for a given security in a given account were to be margined at 1 rate, the user would enter 0 for the QTY and place the appropriate percentage in the PCT field.

Enhanced Return ETF (MMAF) File Layout

This CSV file is optional. Users importing the ENHANCED RETURN ETF file must define the name and location of the file in the INI, and the file must be saved in CSV format. Each time a new file is imported, the current data in the user maintained special data file will be updated with the new MMAF values for all records in this file. All existing records in special data having a symbol match in the enhanced return MMAF file will be updated to reflect the new MMAF (regardless of the security type indicator in the special data file).

FIELD NAME	TYPE	Width	Dec	
Description	Character	40		Description
Symbol	Character	6		Symbol
MMAF	Numeric	9		See NOTE 1 below

Note 1: MMAF used for inverse, Ultra and Ultra Inverse positions. Format xxxx.xxxx
-1 for inverse, -2 or -3 for ultra inverse, 2 or 3 for ultra, etc.

Money Output File

Character data will be left justified and padded with blanks. Numeric data will be right justified. A number under the Decimal column indicates the number of digits to the right of an explicit decimal point. For instance, ORIGSHT_MV, with width of 16 and decimal of 2, will appear as 1234567890123.12

First record of this file will contain a blank in the AC_TYPE field and the date in the ACCOUNT field, in form YYYYMMDD.

Field Name	Type	Width	Dec	
ACCOUNT	Character	10		
AC_TYPE	Character	1		
ORIGLNG MV	Numeric	16	2	Long market value EXCLUDING securities in position file
ORIGSHT MV	Numeric	16	2	Short market value EXCLUDING securities in position file
OPT_REQ	Numeric	16	2	Maintenance margin requirement
SMA_ADJ	Numeric	16	2	Yesterday's Initial Margin based on new hook ups
Filler	Numeric	16	2	
LOAN_AMT	Numeric	16	2	Increased loan amount from Long Leaps and Euro Boxes
SMA	Numeric	16	2	Initial margin requirements on hook ups
OPT_REGT	Numeric	16	2	REG T requirements on options transactions
STK_REGT	Numeric	16	2	REG T requirements on stock transactions
LHEDGE_ADJ	Numeric	16	2	Stock Value Adjustment on long stock due to hookups
SHEDGE_ADJ	Numeric	16	2	Stock Value Adjustment on short stock due to hookups
DAY_TRADE	Numeric	16	2	Day trader requirement in OMO PLUS run
END_BYTE	Character	1		Blank byte
INIT_MARG	Numeric	16	2	Initial Margin
INIT_DT	Numeric	16	2	Initial Daytrade Margin
DT_M_OPT	Numeric	16	2	Daytrade Margin for Options
DT_M_DEBT	Numeric	16	2	Reserved for future use
LEVETFDT	Numeric	16	2	Reserved for future use
** Total **		301		

Stock Value is adjusted on long stock for covers and conversions. Short stock value is adjusted for covers and reversals.

Suggested Minimum Backup Procedures

After installation, the following directories should be backed up:

C:\Program Files\LDB Consulting\70OMO
C:\Program Files\LDB Consulting\70OMO\DATA
C:\Program Files\LDB Consulting\70OMO\DATA\TEMPLATE
C:\Program Files\LDB Consulting\70OMO\FORTRAN
C:\Program Files\LDB Consulting\70OMO\LOCALDAT
C:\Program Files\LDB Consulting\70OMO\LOCALDAT\TEMPLATE
C:\Program Files\LDB Consulting\70OMO\HELP

Once the system is operational, you need to back up 70OMO only when you have altered the INI file. The DATA, LOCALDAT and BACKUP directories may be backed up as necessary. They contain data files that the user MAY have altered and copies of retained reports.

The 70OMO\DATA\TEMPLATE AND 70OMO\LOCALDAT\TEMPLATE directories contain empty versions of all DBF (database) and CDX (index) files. If you get an error message indicating that a table or index has been corrupted, you should retrieve the appropriate files from your system backup or from the template directory. Files that you alter via the MAINTAIN menu are copied to the template directory when you access them. This assures that the TEMPLATE directory will have the latest versions of all files.

If you encounter difficulty in retrieving files, contact LDB Consulting, Inc

RBM System For Portfolio Margin Accounts

Risk Based Margin (RBM) may be purchased as a separate module. Customers with derivative positions may benefit from reduced margin charges.

Please contact LDB Consulting, Inc. at (219) 477-1928 or visit us at www.ldbci.com for further information.

BACKUP PRINT – Hot Key

Hitting ALT+B will disable all menu items except VIEW, PRINT, and HELP. When in this mode, the system will view and print reports from the backup directory. The system will ask the user for the position date to retrieve and to indicate whether batch or interactive reports for the indicated date are to be retrieved. Hitting the ALT+B hot key when in BACKUP print mode will revert the user back to the normal PRINT directory, and enable all previously enabled menu items.

Optional Login Procedure

User names must be assigned via Windows in order for this functionality to work.

PADMIN.EXE must be run at least once before the LOGIN option will function. PADMIN will be discussed below. If no administrator exists within PADMIN, LOGIN will not demand a password. Without an administrator, no passwords could have been set.

Once an administrator has been defined via PADMIN, the LOGIN functionality will be in effect. Users will be required to enter their password. Three failed login attempts will result in the user being denied access to the system. Once the password is successfully entered (6-8 characters in length, containing only numbers, upper case letters or lower case letters), the system will check on the date the password was established.

If the password was established more than 75 days ago, the user will be warned and given the opportunity to enter a new password. If the user decides to upgrade at this time, she must enter a password and confirm the entry. If the entries match, the new password is recorded and the date of password is updated to reflect the current date.

If the user chooses NOT to update at this time, she will be allowed access to the system. After 90 days without a password update, the user will be disallowed access until the password administrator alters the user's password via PADMIN.

Password Administration (PADMIN.exe)

The password administrator accesses the password system via the PADMIN.EXE application.

The first time the application is run, the administrator will need to enter a password that is obtained from LDB Consulting. Upon successfully entering that password, the administrator should establish his own account as an administrator and define his password, using the same rules as for any user password (6-8 characters, numbers, lower case letters, or upper case letters only).

Once admitted to the system, the administrator has 5 options: Add, Edit, Display, Print and Quit. The user should enter the appropriate initial and hit return to activate the required functionality.

A: add a new user. The administrator enters the Windows user name (capitalization is immaterial, proper spacing is required), indicates if this user is also an administrator and then enters a password.

E: edit an existing user. Upon entering the Windows user name, the administrator will be able to alter that user's administrative status and/or password.

D: display the password file contents (user name, date of last password change and administrative status) on the screen.

P: print the password file contents to the printer

Q: quit the PADMIN application.

When a new version of an LDB application is installed, passwords from a previous version ARE NOT AUTOMATICALLY MIGRATED. The user should contact LDB Consulting to migrate passwords or re-establish them via PADMIN.

PDF Reports

The purpose is to create PDF reports in addition to the text files automatically created with each run. When the functionality is on, the PDF reports will be created in the ADOBEPOR (see below) directory and backed up to the BACKUP directory when the backup functionality is in use.

Adobe Acrobat Setup

1. Adobe Acrobat must be installed.
2. Navigate to the "printers" directory through Windows Control Panel. Right-click on Adobe PDF and select "properties". Select "printing preferences".
3. Uncheck "view Adobe PDF Results", "Do not send fonts to Adobe PDF", and "Prompt for Adobe PDF Filename", click "apply", and click "OK".
4. Select the "Ports" tab (at top of properties box). Click on "Add Port". Ensure that the Adobe PDF Port type is highlighted. Click "New Port", and then navigate to the desired directory to contain the PDF files (C:\Program Files\700MO\PDFPRINT, for example). Click "close", then "apply", followed by "ok".

Adobe INI Entries

1. PDFREPORT = Y to turn on the logic. Default is N.
2. PDFERASE = Y to delete all of the previously created PDF reports within the Adobe port directory. Default is Y.
3. ADOBEPRN = Adobe PDF to define the printer name. Default is Adobe PDF.

Initial Margin Reports

Initmargin.txt

This report may be found in the PRINT directory. It contains one record for each trade in the trades file, marked as an O (for OPEN), and in a margin account (M account type).

DT Initmargin.txt

This report may be found in the PRINT directory. For daytrader accounts (account type D), It contains one record for each day trade in the trades file, resulting in a position held overnight. Daytrades that do not result in a position held overnight are subject to daytrader margin, and will not be subject to initial margin on this report.

NOTE: Long options trades are excluded from the initial margin calculations (on these reports) by default. The LNGINIT100 INI setting may be set to Y for users looking for long options to be hit with the premium as an initial charge.

Leveraged ETFs

*NOTE: Leveraged ETFs must be placed into a unique class before feeding them into the OMO system. It is recommended that our users supply the ETF symbol in the CNSTKR field for the leveraged ETF and all of it's options. This will allow the system to operate on a single leveraged ETF and options on the ETF.

*NOTE: Do not use the underlying index class. For example, leveraged ETFs and options on these ETFs tracking the SPX index should have the ETF symbol in the CNSTKR field (position and trades files), NOT SPX in the CNSTKR field.

Users may choose to supply the MMAF value in the position and trades files, they may use the special data file under the MAINTAIN section of this manual, or they may supply the OCC's Enhanced Return ETF file containing the values.