



Understanding
Options Reports

Common **sense**
is not so common

Albert Einstein

Options Reports

Morgans has created this guide to help you better understand the reports and statements relating to your Options trading.

The options trading statements you receive can be difficult to interpret, particularly if you are new to options trading. Morgans explains the items in each of the various reports and statements you will receive while trading options. These statements are sent via email each week day at approximately 9pm. Please use the descriptions provided to interpret your reports and thereby gain an improved understanding of the options trading that you have undertaken.

If at any stage you do not understand any of the information in the reports you receive, you should either contact your adviser direct or call (07) 3334 4888 and ask to be put through to the Director, Equity Derivatives or the Compliance Derivatives Officer.

Reports covered in this guide are:

- Trading Statement
- Position and Financial Statement
- Collateral Holdings Statement
- Position Information Notice
- Current Account Statement

Trading Statement

The month the position expires

The price the position was bought or sold

Number of contracts traded (note the shares per lot above eg 100 shares x 10 contracts = 1,000 shares)

Shows if the position is opened or closed – note the liquidation advice shows details of the matchout

The price per contract which the position was traded

The ACH options contract fee per contract

The rate multiplied by the number of contracts gives the total ACH options contract fee for this trade

PLEASE NOTE: Should you require assistance understanding this report, please visit <http://www.morgans.com.au/private-clients/Stockbroking/Options> then click on the link "Understanding Options Reports" or speak with your Adviser or Compliance Derivatives Officer on 1800 777 946

This confirmation is issued subject to the Rules, directions, decisions and requirements of ASX, the Clearing Rules and the Settlement Rules and it is subject to the customs and usages of the market.

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TRADING CONFIRMATION												
TRADING												
Month	Strike	Buy	Sell	Price	Trade Date	Expiry Date	Fees Rate	Fees Value	Commission Rate	Commission Value	Trade Value Posted	
Australian Stock Exchange												
NAB NAB Equity Options (100 Shares per lot; American style options)												
Apr14	35.00	Call	58	Close	0.4052	08/04/14	23/04/14	0.13	7.54 DR	60.00DR	2,350.16DR	
								0.75 DR	6.00DR			
								AUD	8.29DR	AUD	66.00DR	AUD
								TOTAL (inclusive of GST):		AUD	2,424.45DR	
Apr14	35.50	Put	58	Open	0.4728	08/04/14	23/04/14	0.13	7.54 DR	60.00DR	2,742.24CR	
								0.75 DR	6.00DR			
								AUD	8.29DR	AUD	66.00DR	AUD
								TOTAL (inclusive of GST):		AUD	2,667.95CR	
								TOTAL (inclusive of GST):		AUD	243.50CR	
LIQUIDATION ADVICE												
MATCHOUTS												
Month	Strike	Buy	Sell	Price	Trade Date	Reference	Premium Value	Settlement Value	Posted			

The rate of commission charged on the account

Commission cost – dollar value of brokerage on the trade (GST shows below the brokerage)

Total traded value of the options contract, not including GST ie number of shares (contract multiplied by the shares per lot) multiplied by the price (10 x 100) x 0.14 = 140

Trading Total = trade value + commission inclusive of GST + value inclusive of GST (140 + 27.50 + 1.43 = 168.93)

Shows the net result of open and closed option positions

The Trading Statement is sent to you only on the days you trade. This statement details the trades executed on your account for that day. **This statement is important and should be kept for tax purposes.**

Month	This is the month in which the open position will expire
Strike	This is the price at which the open position was bought or sold
Quantity of bought options contracts	The size of each contract is highlighted above the trade
Quantity of sold options contracts	The size of each contract is highlighted above the trade
Price	The price per contract at which the options contract was traded
Trade Date	The date the trade was executed
Expiry Date	The date on which the options contracts will expire
Fees (Rate)	The ACH options contract fee per contract.
Fee (Value)	This equates to the rate multiplied by the number of contracts and gives the total of the ACH options contract fees for this trade. (The GST on the ACH fees is listed below the fees)
Commission (Rate)	The rate of commission charged on the trade e.g. 1%
Commission (Value)	Commission costs – dollar value of brokerage for this trade (the GST on the brokerage is listed below the brokerage)
Traded Value	The total traded value of the options contract (i.e. number of contracts multiplied by the price/premium)

Liquidation advice

This section of the report shows open positions – that have been closed that day – and the resulting profit/loss from those trades. This section can also show where the following has occurred:

- If you have a sold position and this has been assigned, it will show the costs of that transaction, which is usually a nominal fee.
- If you have a bought position and this has been exercised, a similar cost to undertake that transaction is shown.

Position and Financial Statement

CURRENT OPEN POSITION DETAILS										
Month	Strike	Buy	Sell	Trade Price	Trade Date	Expiry Date	Traded Value	Market Price	Market Value	Unrealised P & L
Australian Stock Exchange										
BHP	BHP Equity Options (100 Shares per lot; European style options)									
Sep14	45.01	Put	20	8.8700	27/03/14	25/09/14	17,740.00CR	7.3300	14,660.00CR	3,080.00CR
						AUD	17,740.00CR		14,660.00CR	3,080.00CR
						Total	AUD 17,740.00CR		14,660.00CR	3,080.00CR
FINANCIAL DETAILS										
ACH Ledger		AUD								
Carried Forward Balance			0.00							
Initial Margin			19,104.40CR							
Utilised Collateral			19,104.40CR							
Cash to Cover Margins			0.00							
Excess/Shortage			0.00							
ACH Ledger Excess	AUD	0.00								
This confirmation is issued subject to the correction of errors and omissions.										
- End Of Statement -										

This figure is the cost to close all options positions listed above. Eg it would cost \$8,330 to close these positions. If the figure shows as a DR then that is the money you will receive.

Account has an excess of funds after margins are calculated so these funds are deposited back to your linked CMT. If this figure shows as a DR/shortage then the account is short funds and will be debited from your linked CMT.

This report outlines all open positions and the financial position of the account. As an options client you will receive this report daily only if you have open positions. Once all positions are closed, you will no longer receive this report until new positions are subsequently opened.

Current Open Position Details

This report lists all current open positions on your account.

Month	Month in which your open option position will expire (usually the last Thursday in the month)
Strike	Price at which you agreed you would buy/sell the stock if exercised/assigned
Buy	Quantity of options contracts you have bought – each standard contract equates to 100 shares
Sell	Quantity of options contracts you have sold – each standard contract equates to 100 shares
Trade Price	Price at which the options contracts traded (per contract)
Trade Date	Date the options contracts were traded
Expiry Date	Date the options contracts will expire
Traded Value	Total dollar amount the options contracts were traded
Market Price	A 'theoretical' current price of the options contract
Market Value	Quantity of options contracts multiplied by the market price
Unrealised P/L	The difference between the traded value and the market value
Total	A credit balance is the cost to close all the positions. A debit balance is what you would receive if all positions were closed

Financial Details

This report lists all current open positions on your account.

Brought Forward Balance	Cash received/invested from the previous day's trading
Fees – Registration Standard	ACH options contract fees associated with the current trade
GST on Fees	GST on the ACH fees
Premiums – Buy	Total premium for the bought position traded that day i.e. trade price multiplied by the number of contracts traded
Premiums – Sell	Total premium for the sold positions traded that day i.e. trade price multiplied by the number of contracts traded
Commissions – Standard	Brokerage costs for the positions traded that day
GST on Commissions	GST on the brokerage
Cash In/Out	Cash movements in/out of the account from the previous day's trading (opposite entry from 'Brought Forward Balance')
Cash In/Out: Carried Fwd Balance	The sub-total of all the above transactions
Initial Margin	This is the amount of underlying risk calculated by the ASX associated with holding the current open positions
Utilised Collateral	This is the amount of collateral being used to cover the initial margin
Cash to cover Margins	Total cash required to cover the initial margin. Cash is required once all the collateral that has been lodged is used up
Excess/Shortage	The carried forward balance plus the sum of the initial margin, utilised collateral, and cash to cover margins
ACH Ledger Excess/Shortage	Reflects the excess/shortage highlighted above and if in excess will be deposited into the linked CMT and if in shortage will be withdrawn from the linked CMT

Collateral Holdings Statement

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ID	Units	Cover Value AUD	Date Lodged	Expiry Date
Shares:				
BHP - BHP Billiton Ltd				
P00000000	Shares Holder:	2,000	53,032.00	02/08/04
	HIN:		4558	
	Total Cover	53,032.00 *		

This confirmation is issued subject to the correction of errors and omissions.

- End Of Statement -

Stock that is lodged as collateral

Total Cover is 70% of the value of the underlying shares

The collateral value ascribed by the ACH for each stock lodged as collateral can differ and can be adjusted at anytime by the ACH i.e. 70% may be the maximum applied.

This report is sent to you at the end of the month and details the stock held as collateral.

Under the term Holder it will show the name of the first person to lodge that stock on the account.

Example: If multiple parties have lodged SXY on this account it will only show the first name and details.

Collateral Holdings Statement

ID	Identifies the shares, Holder and HIN. Note third party HINs will not be displayed
Units	Number of shares being held
Cover Value AUD	The value ascribed by the ACH that can be counted as collateral to cover options margins (approx 0.7 x closing price of share)
Date Lodged	The date the stock was lodged with the ACH
Expiry Date	Where a warrant is lodged, the date of expiry of the warrant

Position Information Notice

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Positions Exercised, Assigned and Expired

Following are details of positions that have been exercised, assigned or expired during the month.

Month	Strike	Buy	Sell	Trade Date	Trade Price	Reference	Activity
Australian Stock Exchange							
DJS	DJS Equity Options (100 Shares per lot; American style options)						
27/03/14	Mar14	Call	3.40	700	17/02/14	0.0300	Expired
- End Of Statement -							

Report sent notifying of positions expiring

This report is sent to you 5 days before options expiry if you have open positions for that month.

Position Information Notice

You will receive this report at the end of the month. It shows all of the positions that have expired or been exercised on your account for the current month.

Month	The month the position will expire (current month)
Strike	This is the strike price of the position
Buy	The quantity of bought options contracts
Sell	The quantity of sold options contracts
Trade Date	The date the trade was originally executed
Trade Price	The price at which the options contracts traded (per contract)
Activity	The result of that position – expired or exercised

Current Account Statement

Current Account Statement						For the month of Mar 14	
						Account:	
						Currency:	
<p><i>PLEASE NOTE: Should you require assistance understanding this report, please visit http://www.morgans.com.au/private-clients/Stockbroking/Options then click on the link "Understanding Options Reports" or speak with your Adviser or Compliance Derivatives Officer on 1800 777 946</i></p> <p><i>This confirmation is issued subject to the Rules, directions, decisions and requirements of ASX, the Clearing Rules and the Settlement Rules and it is subject to the customs and usages of the market.</i></p>							
Date	Description	Debit	Credit	Balance	Initial Margin	Collateral Cover	Excess/Shortage
ACH Ledger							
01/03/14	Brought Forward Balance			0.00	0.00	0.00	0.00
06/03/14	S 50 NCM Mar14 12.00 Call @ 0.5100 Close		2,460.35	2,460.35CR	0.00	0.00	2,460.35CR
07/03/14	Daily Settlement with RBS - Macquarie CMA 121852586	2,460.35		0.00	0.00	0.00	0.00
	TOTAL:	2,460.35	2,460.35				

This report is sent to you daily and updates with the previous days trades.

Current Account Statement

This statement is a running ledger of all transactions in your options account for the month.

Date	The date the transaction took place
Description	A short description of the transaction. Generally it will be comprised of one of the following: <ul style="list-style-type: none"> Daily settlement with your linked CMT Margin/Collateral movement of your lodged collateral, or Options transactions that you have undertaken.
Debit	This entry is clearing the cash from your options account and depositing it into your linked CMT
Credit	This entry is the income you have received into your options account
Balance	A running balance of the options account (debits and credits)
Initial Margin	This is the amount of underlying risk calculated by the ASX associated with holding the current open positions
Collateral Cover	This is the sum of the value of your shares and cash that is lodged with ACH
Excess/Shortage	This will be a credit (excess) if your collateral cover is more than your initial margin and you receive income from an option position. However, this will be a debit (shortage) if you need to pay for an option position or your collateral cover is insufficient to cover the initial margin
Brought Forward Balance	Balance brought forward from previous statement
Daily Settlement with Morgans	This is the total of the daily settlements with your linked CMT which have resulted from cash movements to/from your CMT to cover margin requirements and/or funds for options trades done within the period. This shows a debit entry if it is a net flow of income out of your options account and into your CMT or a credit entry if it is a net flow of income into your options account from your CMT
Fees – Registration Standard	The total of the ACH options contract fees
GST on Fees	GST on ACH fees
Premiums – Buy	This is the sum total of the options you bought before costs are taken out for brokerage etc.
Premiums – Sell	This is the sum total of the options you have sold before costs are taken out for brokerage etc.
Commissions – Standard	Brokerage costs
GST on Commissions	GST on brokerage costs

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v3.0 09/15

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