

Eaton Vance Tax-Managed Buy-Write Opportunities Fund  
Form N-2/A  
May 24, 2018

As filed with the Securities and Exchange Commission on May 24, 2018

1933 Act File No. 333-224640

1940 Act File No. 811-21735

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM N-2**

<b>REGISTRATION STATEMENT UNDER THE SECURITIES ACT of 1933</b>	..
<b>PRE-EFFECTIVE AMENDMENT NO. 1</b>	x
<b>POST-EFFECTIVE AMENDMENT NO. and/or</b>	..
<b>REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940</b>	o
<b>AMENDMENT NO. 9</b>	x

**EATON VANCE TAX-MANAGED BUY-WRITE  
OPPORTUNITIES FUND**  
(Exact Name of Registrant as Specified in Charter)

**Two International Place, Boston, Massachusetts  
02110**  
(Address of Principal Executive Offices)

**(617) 482-8260**  
(Registrant's Telephone Number)

**Frederick S. Marius**  
**Two International Place, Boston, Massachusetts  
02110**  
(Name and Address of Agent for Service)

**Approximate Date of Proposed Public Offering:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, as amended, other than securities offered in connection with a dividend reinvestment plan, check the following box. x

It is proposed that this filing will become effective (check appropriate box):

.. When declared effective pursuant to Section 8(c)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered <sup>(1)</sup>	Proposed Maximum Offering Price Per Unit <sup>(2)</sup>	Proposed Maximum Aggregate Offering Price <sup>(1)</sup>	Amount of Registration Fees <sup>(1)(3)</sup>
Common Shares \$0.01 par value	11,655,048 Shares	\$15.48	\$180,420,143	\$22,462

(1) Includes 1,032,924 unsold Common Shares of beneficial interest being carried forward by this filing. Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the

(2) Securities Act of 1933 based on the average of the high and low sales prices of the shares of beneficial interest on May 22, 2018 as reported on the New York Stock Exchange.

Transmitted prior to filing. A registration fee amount of \$1,990.72, which represents that portion of the registration fee attributable to the unsold securities under the Registrant's Registration Statement on Form N-2 (File No.

(3) 333-214545) filed March 29, 2017, is being applied to offset against the registration fee currently due pursuant to Rule 415(a)(6) and Rule 457(p) under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION May 24, 2018

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale would be prohibited.

(EATON VANCE LOGO)

Up to 11,655,048 Shares

Eaton Vance Tax-Managed Buy-Write Opportunities Fund

Common Shares

**Investment objectives and policies.** Eaton Vance Tax-Managed Buy-Write Opportunities Fund (the “Fund”) is a diversified, closed-end management investment company, which commenced operations on June 30, 2005. The Fund’s primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. In pursuing its investment objectives, the Fund will evaluate returns on an after-tax basis, seeking to minimize and defer shareholder federal income taxes.

**Investment Adviser and Sub-Adviser.** The Fund’s investment adviser is Eaton Vance Management (“Eaton Vance” or the “Adviser”). As of April 30, 2018, Eaton Vance and its affiliates managed approximately \$440.1 billion of fund and separate account assets on behalf of clients, including approximately \$117.8 billion in equity assets. Eaton Vance has engaged its affiliate Parametric Portfolio Associates LLC (“Parametric” or the “Sub-Adviser”) as the sub-adviser to the Fund. Parametric managed approximately \$231.5 billion in assets as of April 30, 2018. Eaton Vance is responsible for managing the Fund’s overall investment program and executing the Fund’s options strategy. Eaton Vance is also responsible for providing research support to the Sub-Adviser and supervising the performance of the Sub-Adviser. Parametric is responsible for structuring and managing the Fund’s common stock portfolio, including tax-loss harvesting (i.e., periodically selling positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund) and other tax-management techniques, relying in part on the fundamental research and analytical judgments of the Adviser .

**The Offering.** The Fund may offer, from time to time, in one or more offerings (each, an “Offering”), the Fund’s common shares of beneficial interest, \$0.01 par value (“Common Shares”). Common Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each, a “Prospectus Supplement”). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Common Shares. Common Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the Offering will identify any agents, underwriters or dealers involved in the offer or sale of Common Shares, and will set forth any applicable offering price, sales load, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among its underwriters, or the basis upon which such amount may be calculated, net proceeds and use of proceeds, and the terms of any sale. The Fund may not sell any Common Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular Offering of the Common Shares. *(continued on inside cover page)*

**The Common Shares have traded both at a premium and a discount to net asset value (“NAV”).** The Fund cannot predict whether Common Shares will trade in the future at a premium or discount to NAV. The provisions of the Investment Company Act of 1940, as amended (the “1940 Act”) generally require that the public offering price of common shares (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company’s common stock (calculated within 48 hours of pricing). The Fund’s issuance of Common Shares may have an adverse effect on prices in the secondary market for the Fund’s Common Shares by increasing the number of Common

Shares available, which may put downward pressure on the market price for the Fund's Common Shares. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV, which may increase investors' risk of loss.

**Investing in shares involves certain risks. See "Investment objectives, policies and risks" beginning at page 23.**

**Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

(continued from previous page)

**Portfolio contents.** Under normal market conditions, the Fund's investment program will consist primarily of (1) owning a diversified portfolio of common stocks, a segment of which ("Segment One") seeks to exceed the total return performance of the S&P 500 Composite Stock Price Index<sup>(R)</sup> (the "S&P 500") and a segment of which ("Segment Two") seeks to exceed the total return performance of the NASDAQ-100 Index<sup>(R)</sup> (the "NASDAQ-100") and (2) selling on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two.

Under normal market conditions, the Fund will invest at least 80% of its total assets in a diversified portfolio of common stocks, designated segments of which seek to exceed the total return performance of the S&P 500 and the NASDAQ-100. Over time, the percentages of the Fund's stock portfolio invested in each Segment may vary as a result of relative changes in the indices, the Adviser's evaluation of equity market conditions and other factors. Due to tax considerations, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. The Fund's stock holdings may include stocks not included in either index. The Fund will invest primarily in common stocks of U.S. issuers.

The Fund will seek to generate current earnings in part by employing an options strategy of writing (selling) index call options on the S&P 500 and the NASDAQ-100. Under normal market conditions, the Fund expects to sell on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two. Under normal market conditions, at least 80% of the value of the Fund's total assets will be subject to written index call options. Writing index call options involves a tradeoff between the option premiums received and reduced participation in potential future stock price appreciation of the Fund's portfolio of common stocks.

During unusual market conditions, the Fund may invest up to 100% of its assets in cash or cash equivalents temporarily, which may be inconsistent with its investment objectives, principal strategies and other policies.

**Exchange listing.** As of May 22, 2018, the Fund had 70,814,161 Common Shares outstanding. The Fund's Common Shares are traded on the New York Stock Exchange ("NYSE") under the symbol "ETV." As of May 22, 2018, the last reported sale price of a Common Share of the Fund on the NYSE was \$15.44. Common Shares offered and sold pursuant to this Registration Statement will also be listed on the NYSE and trade under this symbol.

The Fund's net asset value and distribution rate will vary and may be affected by numerous factors, including changes in stock prices, option premiums, market interest rates, dividend rates and other factors. An investment in the Fund may not be appropriate for all investors. There is no assurance that the Fund will achieve its investment objectives.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 2Prospectus dated [\_\_\_\_], 2018

This Prospectus, together with any applicable Prospectus Supplement, sets forth concisely information you should know before investing in the shares of the Fund. Please read and retain this Prospectus for future reference. A Statement of Additional Information dated [\_\_\_\_], 2018, has been filed with the SEC and can be obtained without charge by calling 1-800-262-1122 or by writing to the Fund. A table of contents to the Statement of Additional Information is located at page 51 of this Prospectus. This Prospectus incorporates by reference the entire Statement of Additional Information. The Statement of Additional Information is available along with shareholder reports and other Fund-related materials: at the SEC's public reference room in Washington, DC (call 1-202-551-8090 for information on the operation of the reference room); from the EDGAR database on the SEC's internet site (<http://www.sec.gov>); upon payment of copying fees by writing to the SEC's public reference section, Washington, DC 20549-1520; or by electronic mail at [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The Fund's address is Two International Place, Boston, MA 02110, and its telephone number is 1-800-262-1122.

The Fund's shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 3 Prospectus dated [\_\_\_\_], 2018

Table of Contents

Prospectus Summary	6
Summary of Fund Expenses	19
Financial Highlights and Investment Performance	20
The Fund	23
Use of Proceeds	23
Investment Objectives, Policies and Risks	23
Management of the Fund	39
Plan of Distribution	41
Distributions	42
Federal Income Tax Matters	43
Dividend Reinvestment Plan	46
Description of Capital Structure	47
Custodian and Transfer Agent	51
Legal Opinions	51
Reports to Shareholders	51
Independent Registered Public Accounting Firm	51
Additional Information	51
Table of Contents for the Statement of Additional Information	52
The Fund's Privacy Policy	53

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 4Prospectus dated [\_\_\_\_], 2018

## CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, any accompanying Prospectus Supplement and the Statement of Additional Information contain “forward-looking statements.” Forward-looking statements can be identified by the words “may,” “will,” “intend,” “expect,” “estimate,” “continue,” “plan,” “anticipate,” and similar terms and the negative of such terms. Such forward-looking statements may be contained in this Prospectus as well as in any accompanying Prospectus Supplement. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the “Investment objectives, policies and risks” section of this Prospectus. All forward-looking statements contained or incorporated by reference in this Prospectus or any accompanying Prospectus Supplement are made as of the date of this Prospectus or the accompanying Prospectus Supplement, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus, any accompanying prospectus supplement and the statement of additional information are excluded from the safe harbor protection provided by section 27A of the Securities Act of 1933, as amended (the “1933 Act”).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the “Investment objectives, policies and risks” section of this Prospectus. We urge you to review carefully that section for a more detailed discussion of the risks of an investment in our securities.

Prospectus dated [\_\_\_\_], 2018

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 5 Prospectus dated [\_\_\_\_], 2018



## Prospectus Summary

*The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus, in any related Prospectus Supplement, and in the Statement of Additional Information.*

## THE FUND

Eaton Vance Tax-Managed Buy-Write Opportunities Fund (the “Fund”) is a diversified, closed-end management investment company, which commenced operations on June 30, 2005. The Fund seeks to provide current income and gains, with a secondary objective of capital appreciation. Investments are based on Eaton Vance Management’s (“Eaton Vance” or the “Adviser”) and Parametric Portfolio Associates LLC’s (“Parametric” or a “Sub-Adviser”) internal research and proprietary modeling techniques and software. An investment in the Fund may not be appropriate for all investors. There is no assurance that the Fund will achieve its investment objectives.

## THE OFFERING

The Fund may offer, from time to time, in one or more offerings (each, an “Offering”), up to 11,655,048 of the Fund’s common shares of beneficial interest, \$0.01 par value (“Common Shares”), on terms to be determined at the time of the Offering. The Common Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Common Shares. Common Shares may be offered directly to one or more purchasers, through agents designated from time to time by the Fund, or to or through underwriters or dealers. The Prospectus Supplement relating to the Offering will identify any agents, underwriters or dealers involved in the offer or sale of Common Shares, and will set forth any applicable offering price, sales load, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among its underwriters, or the basis upon which such amount may be calculated, net proceeds and use of proceeds, and the terms of any sale. See “Plan of Distribution.” The Fund may not sell any of Common Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular Offering of Common Shares.

## INVESTMENT OBJECTIVES AND POLICIES

The Fund’s primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. In pursuing its investment objectives, the Fund will evaluate returns on an after-tax basis, seeking to minimize and defer shareholder federal income taxes. There can be no assurance that the Fund will achieve its investment objectives.

Under normal market conditions, the Fund’s investment program will consist primarily of (1) owning a diversified portfolio of common stocks, a segment of which (“Segment One”) seeks to exceed the total return performance of the S&P 500 Composite Stock Price Index® (the “S&P 500”) and a segment of which (“Segment Two”) seeks to exceed the total return performance of the NASDAQ-100 Index® (the “NASDAQ-100”) and selling on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two.

Under normal market conditions, the Fund will invest at least 80% of its total assets in a diversified portfolio of common stocks, designated segments of which seek to exceed the total return performance of the S&P 500 and the NASDAQ-100. Over time, the percentages of the Fund’s stock portfolio invested in each Segment may vary as a result of relative changes in the indices, the Adviser’s evaluation of equity market conditions and other factors. Although the Fund will designate separate S&P 500 and NASDAQ-100 segments, the Fund’s stock portfolio will be managed on an integrated basis. Among other portfolio considerations set forth below, the Fund will seek to minimize the projected tracking of its stock holdings versus a blend of the S&P 500 and the NASDAQ-100 corresponding to the weightings

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

within the Fund's stock portfolio of Segment One and Segment Two. Due to tax considerations, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. The Fund's stock holdings may include stocks not included in either index. The Fund will invest primarily in common stocks of U.S. issuers. The Fund may invest up to 10% of its total assets in securities of foreign issuers, including securities evidenced by American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs"). The Fund may invest up to 5% of its total assets in securities of emerging market issuers. The Fund expects that its assets will normally be invested across a broad range of industries and market sectors. Stocks included in the S&P 500 and the NASDAQ-100 generally have growth characteristics. Investing in NASDAQ-100 stocks may result in significant exposure to technology companies. The Fund may not invest 25% or more of its total assets in the securities of issuers in any single industry or group of industries. The Fund may invest a portion of its assets in stocks of mid-capitalization companies. Eaton Vance generally considers mid-capitalization companies to be those companies having market capitalizations within the range of capitalizations for the S&P MidCap 400 Index ("S&P MidCap 400"). As of April 30, 2018, the median market capitalization of companies in the S&P MidCap 400 was approximately \$4.0 billion.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 6Prospectus dated [\_\_\_\_], 2018

The Fund will seek to generate current earnings in part by employing an options strategy of writing (selling) index call options on the S&P 500 and the NASDAQ-100. Under normal market conditions, the Fund expects to sell on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two. Under normal market conditions, at least 80% of the value of the Fund's total assets will be subject to written index call options. Writing index call options involves a tradeoff between the option premiums received and reduced participation in potential future stock price appreciation of the Fund's portfolio of common stocks. The Fund seeks to generate current earnings from option premiums and, to a lesser extent, from dividends on stocks held.

The Fund intends to sell S&P 500 and NASDAQ-100 call options that are exchange-listed and "European style," meaning that the options may be exercised only on the expiration date of the option. Index options differ from options on individual securities in that index options (i) typically are settled in cash rather than by delivery of securities and (ii) reflect price fluctuations in a group of securities or segments of the securities market rather than price fluctuations in a single security.

As the seller of S&P 500 and NASDAQ-100 call options, the Fund will receive cash (the premiums) from option purchasers. The purchaser of an S&P 500 or NASDAQ-100 call option has the right to any appreciation in the value of the applicable index over a fixed price (the exercise price) as of a specified date in the future (the option valuation date). Generally, the Fund intends to sell S&P 500 and NASDAQ-100 call options that are slightly "out-of-the-money" (i.e., the exercise price generally will be slightly above the current level of the applicable index when the option is sold). The Fund may also sell index options that are more substantially "out-of-the-money." Such options that are more substantially "out-of-the-money" provide greater potential for the Fund to realize capital appreciation on its portfolio stocks but generally would pay a lower premium than options that are slightly "out-of-the-money." By selling index options, the Fund will, in effect, sell the potential appreciation in the value of the S&P 500 or NASDAQ-100 above the exercise price in exchange for the option premium received. If, at expiration, an S&P 500 or NASDAQ-100 call option sold by the Fund is exercised, the Fund will pay the purchaser the difference between the cash value of the applicable index and the exercise price of the option. The premium, the exercise price and the market value of the applicable index will determine the gain or loss realized by the Fund as the seller of the index call option.

The Fund's policies, under normal market conditions, that the Fund will invest at least 80% of its total assets in a diversified portfolio of common stocks, designated segments of which seek to exceed the total return performance of the S&P 500 and the NASDAQ-100, and that at least 80% of the value of the Fund's total assets will be subject to written index call options are non-fundamental policies and may be changed by the Fund's Board of Trustees (the "Board") without Common Shareholder approval following the provision of 60 days prior written notice to Common Shareholders.

In implementing the Fund's investment strategy, the Adviser and Sub-Adviser intend to employ a variety of techniques and strategies designed to minimize and defer the federal income taxes incurred by shareholders in connection with their investment in the Fund as described below.

During unusual market conditions, the Fund may invest up to 100% of its assets in cash or cash equivalents temporarily, which may be inconsistent with its investment objectives, principal strategies and other policies.

The S&P 500 is an unmanaged index of 500 stocks maintained and published by Standard & Poor's that is market-capitalization weighted and generally representative of the performance of larger stocks traded in the United States. The NASDAQ-100 is an unmanaged index maintained by the Nasdaq Stock Market, Inc. (with its affiliates, "Nasdaq") that includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq based upon market capitalization. It is not possible to invest directly in an index. The Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's or Nasdaq. Neither Standard & Poor's or Nasdaq has passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to the Fund. Standard & Poor's and

Nasdaq make no representation regarding the advisability of investing in the Fund.

#### INVESTMENT SELECTION STRATEGIES

Eaton Vance is responsible for managing the Fund's overall investment program and executing the Fund's options strategy. Eaton Vance also is responsible for providing research support to the Sub-Adviser and supervising the performance of the Sub-Adviser. Parametric will be responsible for structuring and managing the Fund's common stock portfolio, including tax-loss harvesting (i.e., periodically selling positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund) and other tax-management techniques, relying in part on the fundamental research and analytical judgments of the Adviser. The Fund's investments are actively managed, and securities may be bought or sold on a daily basis.

The Fund's strategy consists of owning a portfolio of common stocks and selling covered call options (a "buy-write strategy").

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 7Prospectus dated [\_\_\_\_], 2018

To avoid being subject to the “straddle rules” under federal income tax law, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. Under the “straddle rules,” “offsetting positions with respect to personal property” generally are considered to be straddles. In general, investment positions will be offsetting if there is a substantial diminution in the risk of loss from holding one position by reason of holding one or more other positions. The Fund expects that the index call options it writes will not be considered straddles because its stock holdings will be sufficiently dissimilar from the components of the S&P 500 and the NASDAQ-100 under applicable guidance established by the Internal Revenue Service (“IRS”). Under certain circumstances, however, the Fund may enter into options transactions or certain other investments that may constitute positions in a straddle. Parametric will consider a variety of factors in constructing and maintaining the Fund’s stock portfolio, including, but not limited to, stock performance ratings as determined by the Adviser, stock dividend yields, overlap between the Fund’s stock portfolio holdings and the S&P 500 and the NASDAQ-100, projected tracking of the Fund’s stock holdings versus a blend of the S&P 500 and the NASDAQ-100, realization of loss harvesting opportunities and other tax management considerations. The Adviser’s evaluation of the future performance potential of individual stocks will be one among several considerations in portfolio construction and will not, on a standalone basis, be determinative of portfolio construction. The Adviser’s stock ratings will be based primarily on fundamental research.

The Fund’s index option strategy is designed to produce current cash flow from options premiums and to moderate the volatility of the Fund’s returns. This index option strategy is of a hedging nature and is not designed to speculate on equity market performance. The Adviser believes that the Fund’s index option strategy will moderate the volatility of the Fund’s returns because the option premiums received will help to mitigate the impact of downward price movements in the stocks held by the Fund, while the Fund’s obligations under index calls written will effectively limit the Fund’s ability to participate in upward price movements in portfolio stocks beyond certain levels.

The Fund expects to sell on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two. Under normal conditions, at least 80% of the value of the Fund’s total assets will be subject to written index call options. The Adviser does not intend to sell index call options representing amounts greater than the value of the Fund’s common stock portfolio (i.e., take a “naked” position). The Adviser intends to sell S&P 500 and NASDAQ-100 call options that are exchange-listed and “European style,” meaning that the options may only be exercised on the expiration date of the option. Exchange-traded index options are typically settled in cash and provide that the holder of the option has the right to receive an amount of cash determined by the excess of the exercise-settlement value of the index over the exercise price of the option. The exercise-settlement value is calculated based on opening sales prices of the component index stocks on the option valuation date, which is the last business day before the expiration date. Generally, the Adviser intends to sell S&P 500 and NASDAQ-100 call options that are slightly “out-of-the-money,” meaning that option exercise prices generally will be slightly above the current level of the index at the time the options are written. The Fund may also sell index options that are more substantially “out-of-the-money.” Such options that are more substantially “out-of-the-money” provide greater potential for the Fund to realize capital appreciation on its portfolio stocks but generally would pay a lower premium than options that are slightly “out-of-the-money.” Options on broad-based equity indices that trade on a national securities exchange registered with the Securities and Exchange Commission (“SEC”) or a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission generally qualify for treatment as “section 1256 contracts” as defined in the Internal Revenue Code of 1986, as amended (the “Code”). Under the Code, capital gains and losses on “section 1256 contracts” are generally recognized annually based on a marking-to-market of open positions at tax year-end, with gains or losses treated as 60% long-term and 40% short-term, regardless of holding period. In implementing the Fund’s investment strategy, the Adviser and the Sub-Adviser intend to employ a variety of techniques and strategies designed to minimize and defer the federal income taxes incurred by Common Shareholders in connection with their investment in the Fund. These include: (1) selling index call options that qualify for treatment as “section 1256 contracts” on which capital gains and losses are generally treated as 60% long-term and

40% short-term, regardless of holding period; (2) limiting the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis so that the Fund's stock holdings and S&P 500 and NASDAQ-100 call options are not subject to the "straddle rules;" (3) engaging in a systematic program of tax-loss harvesting in the Fund's stock portfolio, periodically selling stock positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund; and (4) managing the sale of appreciated stock positions so as to minimize the Fund's net realized short-term capital gains in excess of net realized long-term capital losses. The Fund will seek to offset the 40% of gains on index options treated as short-term against Fund expenses and realized losses on other investments allocable against short-term gains. When an appreciated security is sold, the Fund generally seeks to select for sale the share lots resulting in the most favorable tax treatment, normally those with holding periods sufficient to qualify for long-term capital gains treatment that have the highest cost basis.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 8Prospectus dated [\_\_\_\_], 2018

In addition, the Fund will seek to earn and distribute “qualified dividend income.” Qualified dividend income received by an individual is taxed at the rates applicable to long-term capital gain (currently at a maximum rate of 20% plus a 3.8% Medicare contribution tax). In order for a dividend received by Fund shareholders to be qualified dividend income, the Fund must meet holding period and other requirements with respect to the dividend-paying stock in its portfolio and the shareholder must meet holding period and other requirements with respect to the Fund’s shares. A dividend will not be treated as qualified dividend income (at either the Fund or shareholder level) (1) if the dividend is received with respect to any share of stock held for fewer than 61 days during the 121-day period beginning at the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividend (or, in the case of certain preferred stock, 91 days during the 181-day period beginning 90 days before such date), (2) to the extent that the recipient is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, (3) if the recipient elects to have the dividend income treated as investment interest, or (4) if the dividend is received from a foreign corporation that is (a) not eligible for the benefits of a comprehensive income tax treaty with the U.S. (with the exception of dividends paid on stock of such a foreign corporation readily tradable on an established securities market in the U.S.) or (b) treated as a passive foreign investment company. Payments in lieu of dividends, such as payments pursuant to securities lending arrangements, also do not qualify to be treated as qualified dividend income. In general, distributions of investment income reported by the Fund as derived from qualified dividend income will be treated as qualified dividend income by a shareholder taxed as an individual provided the shareholder meets the holding period and other requirements described above with respect to the Fund’s shares.

The Fund may seek to enhance the level of tax-advantaged dividend income it receives by emphasizing higher-yielding stocks in its stock portfolio and by engaging in dividend capture trading. In a dividend capture trade, the Fund sells a stock on or shortly after the stock’s ex-dividend date and uses the sale proceeds to purchase one or more other stocks that are expected to pay dividends before the next dividend payment on the stock being sold. Through this practice, the Fund may receive more dividend payments over a given time period than if it held a single stock. In order for dividends received by the Fund to qualify for favorable tax treatment, the Fund must comply with the holding period and other requirements set forth in the preceding paragraph. By complying with the applicable holding period and other requirements while engaging in dividend capture trading, the Fund may be able to enhance the level of tax-advantaged dividend income it receives because it will receive more dividend payments qualifying for favorable treatment during the same time period than if it simply held its portfolio stocks. The use of dividend capture trading strategies will expose the Fund to increased trading costs and potentially higher short-term gain or loss.

The foregoing policies relating to investment in common stocks and options writing are the Fund’s primary investment policies. In addition to its primary investment policies, the Fund may invest to a limited extent in other types of securities and engage in certain other investment practices. In addition to writing index call options, the Fund may invest up to 20% of its total assets in derivative instruments acquired for hedging, risk management and investment purposes (to gain exposure to securities, securities markets, markets indices and/or currencies consistent with its investment objectives and policies), provided that no more than 10% of the Fund’s total assets may be invested in such derivative instruments acquired for non-hedging purposes. To seek to protect against price declines in securities holdings with large accumulated gains, the Fund may use various hedging techniques (such as the purchase and sale of futures contracts on stocks and stock indices and options thereon, equity swaps, covered short sales, forward sales of stocks and the purchase and sale of forward currency exchange contracts and currency futures). By using these techniques rather than selling appreciated securities, the Fund can, within certain limitations, reduce its exposure to price declines in the securities without realizing substantial capital gains under current tax law. Derivative instruments may also be used by the Fund to enhance returns or as a substitute for the purchase or sale of securities. As a general matter, dividends received on hedged stock positions are characterized as ordinary income and are not eligible for favorable tax treatment. Dividends received on securities with respect to which the Fund is obligated to make related payments (pursuant to short sales or otherwise) will be treated as fully taxable ordinary income (i.e., income other

than tax-advantaged dividends). In addition, use of derivatives may give rise to short-term capital gains and other income that would not qualify for favorable tax treatment. See “Investment Objectives, Policies and Risks.”

#### LISTING

As of May 22, 2018, The Fund had 70,814,161 Common Shares outstanding. The Fund’s Common Shares are traded on the New York Stock Exchange (“NYSE”) under the symbol “ETV.” As of May 22, 2018, the last reported sale price of a Common Share of the Fund on the NYSE was \$15.44. Common Shares offered and sold pursuant to this Registration Statement will also be listed on the NYSE and trade under this symbol.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 9Prospectus dated [\_\_\_\_], 2018



## INVESTMENT ADVISER, ADMINISTRATOR AND SUB-ADVISER

Eaton Vance, a wholly-owned subsidiary of Eaton Vance Corp., is the Fund's investment adviser and administrator. As of April 30, 2018, Eaton Vance and its affiliates managed approximately \$440.1 billion of fund and separate account assets on behalf of clients, including approximately \$117.8 billion in equity assets. Eaton Vance has engaged Parametric, an indirect, majority-owned subsidiary of Eaton Vance Corp., as a sub-adviser to the Fund. Parametric managed approximately \$231.5 billion in assets as of April 30, 2018. Eaton Vance is responsible for managing the Fund's overall investment program and executing the Fund's options strategy. Eaton Vance also is responsible for providing research support to the Sub-Adviser and supervising the performance of the Sub-Adviser. Parametric is responsible for structuring and managing the Fund's common stock portfolio, including tax-loss harvesting (i.e., periodically selling positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund) and other tax-management techniques, relying in part on the fundamental research and analytical judgments of the Adviser. See "Management of the Fund."

## PLAN OF DISTRIBUTION

The Fund may sell the Common Shares being offered under this Prospectus in any one or more of the following ways: (i) directly to purchasers; (ii) through agents; (iii) to or through underwriters; or (iv) through dealers. The Prospectus Supplement relating to the Offering will identify any agents, underwriters or dealers involved in the offer or sale of Common Shares, and will set forth any applicable offering price, sales load, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among its underwriters, or the basis upon which such amount may be calculated, net proceeds and use of proceeds, and the terms of any sale.

The Fund may distribute Common Shares from time to time in one or more transactions at: (i) a fixed price or prices that may be changed; (ii) market prices prevailing at the time of sale; (iii) prices related to prevailing market prices; or (iv) negotiated prices; provided, however, that in each case the offering price per Common Share (less any underwriting commission or discount) must equal or exceed the NAV per Common Share.

The Fund from time to time may offer its Common Shares through or to certain broker-dealers, including UBS Securities LLC, that have entered into selected dealer agreements relating to at-the-market offerings.

The Fund may directly solicit offers to purchase Common Shares, or the Fund may designate agents to solicit such offers. The Fund will, in a Prospectus Supplement relating to such Offering, name any agent that could be viewed as an underwriter under the 1933 Act, and describe any commissions the Fund must pay to such agent(s). Any such agent will be acting on a reasonable best efforts basis for the period of its appointment or, if indicated in the applicable Prospectus Supplement or other offering materials, on a firm commitment basis. Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for the Fund in the ordinary course of business.

If any underwriters or agents are used in the sale of Common Shares in respect of which this Prospectus is delivered, the Fund will enter into an underwriting agreement or other agreement with them at the time of sale to them, and the Fund will set forth in the Prospectus Supplement relating to such Offering their names and the terms of the Fund's agreement with them.

If a dealer is utilized in the sale of Common Shares in respect of which this Prospectus is delivered, the Fund will sell such Common Shares to the dealer, as principal. The dealer may then resell such Common Shares to the public at varying prices to be determined by such dealer at the time of resale.

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

The Fund may engage in at-the-market offerings to or through a market maker or into an existing trading market, on an exchange or otherwise, in accordance with Rule 415(a)(4) under the 1933 Act. An at-the-market offering may be through an underwriter or underwriters acting as principal or agent for the Fund.

Agents, underwriters and dealers may be entitled under agreements which they may enter into with the Fund to indemnification by the Fund against certain civil liabilities, including liabilities under the 1933 Act, and may be customers of, engage in transactions with or perform services for the Fund in the ordinary course of business.

In order to facilitate the Offering of Common Shares, any underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of Common Shares or any other Common Shares the prices of which may be used to determine payments on the Common Shares. Specifically, any underwriters may over-allot in connection with the Offering, creating a short position for their own accounts. In addition, to cover over-allotments or to stabilize the price of Common Shares or of any such other Common Shares, the underwriters may bid for, and purchase, Common Shares or any such other Common Shares in the open market. Finally, in any Offering of Common Shares through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing Common Shares in the Offering if the syndicate repurchases previously distributed Common Shares in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 10Prospectus dated [\_\_\_\_], 2018

stabilize or maintain the market price of Common Shares above independent market levels. Any such underwriters are not required to engage in these activities and may end any of these activities at any time.

The Fund may enter into derivative transactions with third parties, or sell Common Shares not covered by this Prospectus to third parties in privately negotiated transactions. If the applicable Prospectus Supplement indicates, in connection with those derivatives, the third parties may sell Common Shares covered by this Prospectus and the applicable Prospectus Supplement or other offering materials, including in short sale transactions. If so, the third parties may use Common Shares pledged by the Fund or borrowed from the Fund or others to settle those sales or to close out any related open borrowings of securities, and may use Common Shares received from the Fund in settlement of those derivatives to close out any related open borrowings of securities. The third parties in such sale transactions will be underwriters and, if not identified in this Prospectus, will be identified in the applicable Prospectus Supplement or other offering materials (or a post-effective amendment).

The maximum amount of compensation to be received by any member of the Financial Industry Regulatory Authority, Inc. will not exceed 8% of the initial gross proceeds from the sale of any security being sold with respect to each particular Offering of Common Shares made under a single Prospectus Supplement.

Any underwriter, agent or dealer utilized in the initial Offering of Common Shares will not confirm sales to accounts over which it exercises discretionary authority without the prior specific written approval of its customer.

## DISTRIBUTIONS

Pursuant to an exemptive order issued by the Securities and Exchange Commission (“Order”), the Fund is authorized to distribute long-term capital gains to shareholders more frequently than once per year. Pursuant to the Order, the Fund’s Board of Trustees approved a Managed Distribution Plan (“MDP”) pursuant to which the Fund makes monthly cash distributions to Common Shareholders, stated in terms of a fixed amount per common share. Shareholders should not draw any conclusions about the Fund’s investment performance from the amount of these distributions or from the terms of the MDP. The MDP will be subject to regular periodic review by the Fund’s Board of Trustees and the Board may amend or terminate the MDP at any time without prior notice to Fund shareholders. However, at this time there are no reasonably foreseeable circumstances that might cause the termination of the MDP. The Fund may distribute more than its net investment income and net realized capital gains and, therefore, a distribution may include a return of capital. A return of capital distribution does not necessarily reflect the Fund’s investment performance and should not be confused with “yield” or “income.” In addition, a return of capital is treated as a non-dividend distribution for tax purposes, is not subject to current tax and reduces a shareholder’s tax cost basis in fund shares. With each distribution, the Fund will issue a notice to shareholders and a press release containing information about the amount and sources of the distribution and other related information. The amounts and sources of distributions contained in the notice and press release are only estimates and are not provided for tax purposes. The amounts and sources of the Fund’s distributions for tax purposes will be reported to shareholders on Form 1099-DIV for each calendar year.

Subject to its MDP, the Fund makes monthly distributions to Common Shareholders sourced from the Fund’s cash available for distribution. “Cash available for distribution” consists of the Fund’s dividends and interest income after payment of Fund expenses, net option premiums and net realized and unrealized gains on stock investments. The Fund intends to distribute all or substantially all of its net realized capital gains. Distributions are recorded on the ex-dividend date. Distributions to shareholders are determined in accordance with income tax regulations, which may differ from U.S. GAAP. As required by U.S. GAAP, only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income. Distributions in any year may include a substantial return of capital component. The Fund’s distribution rate may be adjusted from time-to-time. The Board may modify this distribution policy at any time without obtaining the approval of Common Shareholders.

Common Shareholders may elect automatically to reinvest some or all of their distributions in additional Common Shares under the Fund's dividend reinvestment plan. See "Distributions" and "Dividend Reinvestment Plan."

#### DIVIDEND REINVESTMENT PLAN

The Fund has established a dividend reinvestment plan (the "Plan"). Under the Plan, a Common Shareholder may elect to have all dividend and capital gain distributions automatically reinvested in additional Common Shares either purchased in the open market or newly issued by the Fund if the Common Shares are trading at or above their net asset value. Common Shareholders may elect to participate in the Plan by completing the dividend reinvestment plan application form. Common Shareholders who do not elect to participate in the Plan will receive all distributions in cash paid by check mailed directly to them by American Stock Transfer & Trust Company, LLC, as dividend paying agent. Common Shareholders who intend to hold their Common Shares through a broker or nominee should contact such broker or nominee to determine whether or how they may participate in the Plan. See "Dividend Reinvestment Plan."

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 11 Prospectus dated [\_\_\_\_], 2018

## CLOSED-END STRUCTURE

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. By comparison, mutual funds issue securities that are redeemable at net asset value at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in-flows and out-flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund's investment objectives and policies. In addition, in comparison to open-end funds, closed-end funds have greater flexibility in the employment of financial leverage and in the ability to make certain types of investments, including investments in illiquid securities.

However, common shares of closed-end funds frequently trade at a discount from their net asset value. Since inception, the market price of the Common Shares has fluctuated and at times traded below the Fund's NAV, and at times has traded above NAV. In recognition of this possibility that the Common Shares might trade at a discount to net asset value and that any such discount may not be in the interest of Common Shareholders, the Fund's Board, in consultation with Eaton Vance, from time to time may review possible actions to reduce any such discount. The Board might consider open market repurchases or tender offers for Common Shares at net asset value. There can be no assurance that the Board will decide to undertake any of these actions or that, if undertaken, such actions would result in the Common Shares trading at a price equal to or close to net asset value per Common Share. The Board might also consider the conversion of the Fund to an open-end mutual fund. The Board believes, however, that the closed-end structure is desirable, given the Fund's investment objectives and policies. Investors should assume, therefore, that it is highly unlikely that the Board would vote to convert the Fund to an open-end investment company.

## SPECIAL RISK CONSIDERATIONS

Risk is inherent in all investing. Investing in any investment company security involves risk, including the risk that you may receive little or no return on your investment or you may lose part or all of your investment.

### Discount from or premium to NAV

The Offering will be conducted only when Common Shares of the Fund are trading at a price equal to or above the Fund's NAV per Common Share plus the per Common Share amount of commissions. As with any security, the market value of the Common Shares may increase or decrease from the amount initially paid for the Common Shares. The Fund's Common Shares have traded both at a premium and at a discount relative to NAV. The shares of closed-end management investment companies frequently trade at a discount from their NAV. This is a risk separate and distinct from the risk that the Fund's NAV may decrease.

### Secondary market for the Common Shares

The issuance of Common Shares through the Offering may have an adverse effect on the secondary market for the Common Shares. The increase in the amount of the Fund's outstanding Common Shares resulting from the Offering may put downward pressure on the market price for the Common Shares of the Fund. Common Shares will not be issued pursuant to the Offering at any time when Common Shares are trading at a price lower than a price equal to the Fund's NAV per Common Share plus the per Common Share amount of commissions.

The Fund also issues Common Shares of the Fund through its dividend reinvestment plan. See "Dividend Reinvestment Plan." Common Shares may be issued under the plan at a discount to the market price for such Common Shares, which may put downward pressure on the market price for Common Shares of the Fund.

When the Common Shares are trading at a premium, the Fund may also issue Common Shares of the Fund that are sold through transactions effected on the NYSE. The increase in the amount of the Fund's outstanding Common Shares resulting from that offering may also put downward pressure on the market price for the Common Shares of the Fund.

The voting power of current shareholders will be diluted to the extent that such shareholders do not purchase shares in any future Common Share offerings or do not purchase sufficient shares to maintain their percentage interest. In addition, if the Adviser is unable to invest the proceeds of such offering as intended, the Fund's per share distribution may decrease (or may consist of return of capital) and the Fund may not participate in market advances to the same extent as if such proceeds were fully invested as planned.

**Investment and market risk**

An investment in Common Shares is subject to investment risk, including the possible loss of the entire principal amount invested. An investment in Common Shares represents an indirect investment in the securities owned by the Fund, which are generally traded on a securities exchange or in the over-the-counter markets. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. Because the Fund intends to sell index call options on a continuous basis on at least 80% of the value of its total assets, the Fund's appreciation potential from

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 12Prospectus dated [\_\_\_\_], 2018

equity market performance will be limited. The Common Shares at any point in time may be worth less than the original investment, even after taking into account any reinvestment of distributions.

The value of investments held by the Fund may increase or decrease in response to economic, political and financial events (whether real, expected or perceived) in the U.S. and global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments held by the Fund may experience increased volatility, illiquidity, or other potentially adverse effects in reaction to changing market conditions. Actions taken by the U.S. Federal Reserve or foreign central banks to stimulate or stabilize economic growth, such as decreases or increases in short-term interest rates, could cause high volatility in markets.

### **Issuer risk**

The value of securities held by the Fund may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services.

### **Equity risk**

Under normal market conditions, the Fund will invest at least 80% of its total assets in a diversified portfolio of common stocks. Therefore, a principal risk of investing in the Fund is equity risk. The value of equity investments and related instruments may decline in response to adverse changes in the economy or the economic outlook; deterioration in investor sentiment; interest rate, currency, and commodity price fluctuations; adverse geopolitical, social or environmental developments; issuer- and sector-specific considerations; and other factors. Market conditions may affect certain types of stocks to a greater extent than other types of stocks. If the stock market declines, the value of the Fund's equity securities will also likely decline. Although stock prices can rebound, there is no assurance that values will return to previous levels. Preferred stocks and other hybrid securities may also be sensitive to changes in interest rates; when interest rates rise, their value will generally fall.

### **Risks of investing in mid-cap companies**

The Fund may make investments in stocks of companies whose market capitalization is considered middle sized or "mid-cap." Mid-cap companies often are newer or less established companies than larger companies. Investments in mid-cap companies carry additional risks because earnings of these companies tend to be less predictable; they often have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities of mid-cap companies may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, mid-cap companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of mid-cap companies generally are less liquid than those of larger companies. This means that the Fund could have greater difficulty selling such securities at the time and price that the Fund would like.

### **Risks of "growth" stock investing**

The Fund expects to invest substantially in stocks with "growth" characteristics. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

### **Risk of selling index call options**

## Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

The Fund expects to sell on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two, and collectively to sell index call options on at least 80% of the value of the Fund's total assets. The purchaser of an index call option has the right to any appreciation in the value of the index over the exercise price of the call option as of the valuation date of the option. Because their exercise is settled in cash, sellers of index call options such as the Fund cannot provide in advance for their potential settlement obligations by acquiring and holding the underlying securities. The Fund intends to mitigate the risks of its written index call positions by holding a diversified portfolio of stocks, Segment One of which is similar to the S&P 500 and Segment Two of which is similar to the NASDAQ-100. However, the Fund does not intend to acquire and hold a portfolio containing exactly the same stocks as the S&P 500 and the NASDAQ-100. Due to tax considerations, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. Consequently, the Fund bears the risk that the performance of the securities held will vary from the performance of the S&P 500 and the NASDAQ-100. For example, the Fund will suffer a loss if the S&P 500 appreciates substantially above the exercise price of S&P 500 call options written by the Fund while the securities held by the Fund in Segment One in the aggregate fail to appreciate as much or decline in value over the life of the written option. Index options written by the Fund will be priced on a daily basis. Their value will be affected primarily by changes in the price and dividend rates of the underlying common stocks in the S&P 500 and the NASDAQ-100, changes

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 13 Prospectus dated [\_\_\_\_], 2018



in actual or perceived volatility of the S&P 500 and the NASDAQ-100 and the remaining time to the options' expiration. The trading price of S&P 500 and NASDAQ-100 call options will also be affected by liquidity considerations and the balance of purchase and sale orders.

A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived and well-executed options program may be adversely affected by market behavior or unexpected events. As the writer of S&P 500 and NASDAQ-100 call options, the Fund will forgo, during the option's life, the opportunity to profit from increases in the value of the applicable index above the sum of the option premium received and the exercise price of the call option, but retains the risk of loss, minus the option premium received, should the value of the applicable index decline. When a call option is exercised, the Fund will be required to deliver an amount of cash determined by the excess of the value of the applicable index at contract termination over the exercise price of the option. Thus, the exercise of index call options sold by the Fund may require the Fund to sell portfolio securities to generate cash at inopportune times or for unattractive prices.

The trading price of options may be adversely affected if the market for such options becomes less liquid or smaller. The Fund may close out a call option by buying the option instead of letting it expire or be exercised. There can be no assurance that a liquid market will exist when the Fund seeks to close out a call option position by buying the option. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation (the "OCC") may not at all times be adequate to handle current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled to discontinue the trading of options (or a particular class or series of options) at some future date. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist. However, outstanding options on that exchange that had been issued by the OCC as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

The hours of trading for options may not conform to the hours during which common stocks held by the Fund are traded. To the extent that the options markets close before the markets for securities, significant price and rate movements can take place in the securities markets that would not be reflected concurrently in the options markets. Index call options are marked to market daily and their value is affected by changes in the value and dividend rates of the securities represented in the underlying index, changes in interest rates, changes in the actual or perceived volatility of the associated index and the remaining time to the options' expiration, as well as trading conditions in the options market.

### **Tax risk**

Reference is made to "Federal Income Tax Matters" for an explanation of the federal income tax consequences and attendant risks of investing in the Fund. Although the Fund seeks to minimize and defer the federal income taxes incurred by Common Shareholders in connection with their investment in the Fund, there can be no assurance that it will be successful in this regard. Market conditions may limit the Fund's ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund's tax-managed strategy may cause the Fund to hold a security in order to achieve more favorable tax-treatment or to sell a security in order to create tax losses. The Fund's ability to utilize various tax-management techniques may be curtailed or eliminated in the future by tax legislation, regulation or interpretations. Distributions paid on the Common Shares may be characterized variously as net investment income (taxable at ordinary income rates), qualified dividends and capital gains dividends (each taxable at long-term capital gains rates) or return of capital (not currently taxable). The ultimate tax characterization of the Fund's distributions made in a calendar year may not finally be determined until after the end of that calendar year. Distributions to a Common Shareholder that are return of capital will be tax free to the amount of the Common Shareholder's current tax

basis in his or her Common Shares, with any distribution amounts exceeding such basis treated as capital gain on a deemed sale of Common Shares. Common Shareholders are required to reduce their tax basis in Common Shares by the amount of tax-free return of capital distributions received, thereby increasing the amount of capital gain (or decreasing the amount of capital loss) to be recognized upon a later disposition of the Common Shares. In order for Fund distributions of qualified dividend income to be taxable at favorable long-term capital gains rates, a Common Shareholder must meet certain prescribed holding period and other requirements with respect to his or her Common Shares. If positions held by the Fund were treated as “straddles” for federal income tax purposes, dividends on such positions would not constitute qualified dividend income subject to favorable income tax treatment. Gain or loss on positions in a straddle are subject to special (and generally disadvantageous) rules as described under “Federal Income Tax Matters.”

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 14Prospectus dated [\_\_\_\_], 2018

### **Foreign investment risk**

Investments in foreign issuers could be affected by factors not present in the United States, including expropriation, armed conflict, confiscatory taxation, lack of uniform accounting and auditing standards, less publicly available financial and other information, and potential difficulties in enforcing contractual obligations. Because foreign issuers may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements and regulatory measures comparable to those in the United States, there may be less publicly available information about such foreign issuers. Settlements of securities transactions in foreign countries are subject to risk of loss, may be delayed and are generally less frequent than in the United States, which could affect the liquidity of the Fund's assets.

Foreign issuers may become subject to sanctions imposed by the United States or another country, which could result in the immediate freeze of the foreign issuers' assets or securities. The imposition of such sanctions could impair the market value of the securities of such foreign issuers and limit the Fund's ability to buy, sell, receive or deliver the securities. Trading in certain foreign markets is also subject to liquidity risks.

As an alternative to holding foreign-traded investments, the Fund may invest in U.S. dollar-denominated investments of foreign companies that trade on U.S. exchanges or in the U.S. over-the-counter market including depositary receipts, which evidence ownership of shares of a foreign issuer and are alternatives to directly purchasing the underlying foreign securities in their national markets and currencies. However, they continue to be subject to many of the risks associated with investing directly in foreign securities. These risks include the political and economic risks of the underlying issuer's country, as well as in the case of depositary receipts traded on foreign markets, currency risk. Depositary receipts may be sponsored or unsponsored. Unsponsored depositary receipts are established without the participation of the issuer. As a result, available information concerning the issuer of an unsponsored depositary receipt may not be as current as for sponsored depositary receipts, and the prices of unsponsored depositary receipts may be more volatile than if such instruments were sponsored by the issuer. Unsponsored depositary receipts may involve higher expenses, may not pass through voting or other shareholder rights and may be less liquid.

Since the Fund may invest in securities denominated or quoted in currencies other than the U.S. dollar, the value of foreign assets and currencies as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency rates and exchange control regulations, application of foreign tax laws (including withholding tax), governmental administration of economic or monetary policies (in this country or abroad), and relations between nations and trading. Foreign currencies also are subject to settlement, custodial and other operational risks. Currency exchange rates can be affected unpredictably by intervention, or the failure to intervene, by U.S. or foreign governments or central banks or by currency controls or political developments in the United States or abroad. If the U.S. dollar rises in value relative to a foreign currency, a security denominated in that foreign currency will be worth less in U.S. dollars. If the U.S. dollar decreases in value relative to a foreign currency, a security denominated in that foreign currency will be worth more in U.S. dollars. A devaluation of a currency by a country's government or banking authority will have a significant impact on the value of any investments denominated in that currency. Costs are incurred in connection with conversions between currencies.

### **Emerging market investments risk**

The Fund may invest up to 5% of its total assets in securities of issuers located in emerging markets. The risks of foreign investments can be more significant in emerging markets. Emerging markets may offer higher potential for gains and losses than investments in the developed markets of the world. Political and economic structures in emerging market countries generally lack the social, political and economic stability of developed countries, which may affect the value of the Fund's investments in these countries and also the ability of the Fund to access markets in such countries. Governmental actions can have a significant effect on the economic conditions in emerging market

countries, which also may adversely affect the value and liquidity of the Fund's investments. The laws of emerging market countries relating to the limited liability of corporate shareholders, fiduciary duties of officers and directors, and bankruptcy of state enterprises are generally less developed than or different from such laws in the United States. It may be more difficult to obtain a judgment in the courts of these countries than it is in the United States. Disruptions due to work stoppages and trading improprieties in foreign securities markets have caused such markets to close. Emerging market securities are also subject to speculative trading, which contributes to their volatility.

Also, investments in issuers domiciled in countries with emerging capital markets may involve certain additional risks that do not generally apply to investments in issuers in more developed capital markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such investments, as compared to investments in comparable issuers in more developed capital markets; (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation or high rates of inflation; (iii) possible significant fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other foreign or U.S. governmental laws or restrictions applicable to such investments; (iv) national policies that may limit investment opportunities; and (v) the lack or relatively early development of legal

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 15Prospectus dated [\_\_\_\_], 2018

structures governing private and foreign investments and private property. Trading practices in emerging markets also may be less developed, resulting in inefficiencies relative to trading in more developed markets, which may result in increased transaction costs.

### **Interest rate risk**

The premiums from writing index call options and amounts available for distribution from the Fund's options activity may decrease in declining interest rate environments. The value of the Fund's common stock investments may also be influenced by changes in interest rates. Higher yielding stocks and stocks of issuers whose businesses are substantially affected by changes in interest rates may be particularly sensitive to interest rate risk.

### **Dividend capture trading risk**

The use of dividend capture strategies will expose the Fund to higher portfolio turnover, increased trading costs and potential for capital loss or gain, particularly in the event of significant short-term price movements of stocks subject to dividend capture trading.

### **Derivatives risk**

In addition to writing index call options, the risks of which are described above, the Fund may invest up to 20% of its total assets in other derivative investments acquired for hedging, risk management and investment purposes, provided that no more than 10% of the Fund's total assets may be invested in such derivative instruments acquired for non-hedging purposes. Other derivatives instruments may include purchase and sale of derivative contracts based on equity and fixed-income indices and other instruments, covered short sales, purchase and sale of futures contracts and options thereon, forward sales of stock, the purchase and sale of forward currency exchange contracts and currency futures, and various transactions such as swaps, caps, floors or collars. The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create leverage in the Fund, which represents non-cash exposure to the underlying assets, index, rate or instrument. Leverage can increase both the risk and return potential of the Fund. Derivative risks may be more significant when they are used to enhance return or as a substitute for a cash investment position, rather than solely to hedge the risk of a position held by the Fund. Use of derivatives involves the exercise of specialized skill and judgment, and a transaction may be unsuccessful in whole or in part because of market behavior or unexpected events. Changes in the value of a derivative (including one used for hedging) may not correlate perfectly with the underlying asset, rate, index or instrument. Derivative instruments traded in over-the-counter markets may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. If a derivative's counterparty is unable to honor its commitments, the value of Fund shares may decline and the Fund could experience delays in the return of collateral or other assets held by the counterparty. The loss on derivative transactions may substantially exceed the initial investment. A derivative investment also involves the risks relating to the asset, index, rate or instrument underlying the investment. There can be no assurance that the use of derivative instruments will be advantageous to the Fund.

### **Liquidity risk**

The Fund may invest up to 15% of its total assets in securities for which there is no readily available trading market or which are otherwise illiquid. The Fund may not be able readily to dispose of such securities at prices that approximate those at which the Fund could sell such securities if they were more widely traded and, as a result of such illiquidity, the Fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. In addition, the limited liquidity could affect the market price of the securities, thereby adversely affecting the Fund's net asset value, and at times may make the disposition of securities impracticable.

**Inflation risk**

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions thereon can decline.

**Market discount risk**

As with any security, the market value of the Common Shares may increase or decrease from the amount initially paid for the Common Shares. The Fund's Common Shares have traded both at a premium and at a discount relative to NAV. The shares of closed-end management investment companies frequently trade at a discount from their NAV. This is a risk separate and distinct from the risk that the Fund's NAV may decrease.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 16Prospectus dated [\_\_\_\_], 2018

### **Financial leverage risk**

Although the Fund has no current intention to do so, the Fund is authorized and reserves the flexibility to utilize leverage through the issuance of preferred shares and/or borrowings, including the issuance of debt securities. In the event that the Fund determines in the future to utilize investment leverage, there can be no assurance that such a leveraging strategy will be successful during any period in which it is employed. Leverage creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares and the risk that fluctuations in distribution rates on any preferred shares and costs of borrowings may affect the return to Common Shareholders. To the extent the income derived from investments purchased with funds received from leverage exceeds the cost of leverage, the Fund's distributions may be greater than if leverage had not been used. Conversely, if the income from the investments purchased with such funds is not sufficient to cover the cost of leverage, the amount available for distribution to Common Shareholders will be less than if leverage had not been used. In the latter case, Eaton Vance, in its best judgment, may nevertheless determine to maintain the Fund's leveraged position if it deems such action to be appropriate. The costs of an offering of preferred shares and/or a borrowing program would be borne by Common Shareholders and consequently would result in a reduction of the net asset value of Common Shares. In addition, as discussed under "Management of the Fund," the fee paid to Eaton Vance is calculated on the basis of the Fund's average daily gross assets, including proceeds from the issuance of preferred shares and/or borrowings, so the fees will be higher when leverage is utilized. In this regard, holders of preferred shares do not bear the investment advisory fee. Rather, Common Shareholders bear the portion of the investment advisory fee attributable to the assets purchased with the proceeds of the preferred shares offering, which means that Common Shareholders effectively bear the entire advisory fee.

Financial leverage may also be achieved through the purchase of certain derivative instruments. The Fund's use of derivative instruments exposes the Fund to special risks. See "Investment Objectives, Policies and Risks—Additional Investment Practices" and "Investment Objectives, Policies, and Risks—Risk Considerations."

### **Technology risk**

The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions.

### **Management risk**

The Fund is subject to management risk because it is an actively managed portfolio. Eaton Vance, Parametric and the individual portfolio managers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

### **Market disruption**

Instability in the Middle East, the wars in Afghanistan, Iraq and Libya, geopolitical tensions elsewhere and terrorist attacks in the U.S. and around the world have resulted in market volatility and may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the U.S. and worldwide. The Fund cannot predict the effects of significant future events on the global economy and securities markets. A similar disruption of the financial markets could impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to the Common Shares.

### **Anti-takeover provisions**

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

The Fund's Agreement and Declaration of Trust includes provisions that could have the effect of limiting the ability of other persons or entities to acquire control of the Fund or to change the composition of its Board. See "Description of Capital Structure -- Anti-Takeover Provisions in the Declaration of Trust."

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 17Prospectus dated [\_\_\_\_], 2018



Summary of Fund Expenses

The purpose of the table below is to help you understand all fees and expenses that you, as a holder of Common Shares (“Common Shareholder”), would bear directly or indirectly. The table shows Fund expenses as a percentage of net assets attributable to Common Shares<sup>(1)</sup> for the year ended December 31, 2017.

<b>Common Shareholder transaction expenses</b>	
Sales load paid by you (as a percentage of offering price)	-- <sup>(1)</sup>
Offering expenses (as a percentage of offering price)	None <sup>(2)</sup>
Dividend reinvestment plan fees	\$5.00 <sup>(3)</sup>
<b>Annual expenses</b>	<b>Percentage of net assets attributable to Common Shares<sup>(4)</sup></b>
Investment adviser fee	1.00% <sup>(5)</sup>
Other expenses	<u>0.08%</u>
Total annual Fund operating expenses	1.08%

<sup>(1)</sup> If Common Shares are sold to or through underwriters, the Prospectus Supplement will set forth any applicable sales load.

The Adviser will pay the expenses of the Offering (other than the applicable commissions); therefore, Offering expenses are not included in the Summary of Fund Expenses. Offering expenses generally include, but are not limited to, the preparation, review and filing with the SEC of the Fund’s registration statement (including this

<sup>(2)</sup> Prospectus and the Statement of Additional Information), the preparation, review and filing of any associated marketing or similar materials, costs associated with the printing, mailing or other distribution of the Prospectus, Statement of Additional Information and/or marketing materials, associated filing fees, NYSE listing fees, and legal and auditing fees associated with the Offering.

<sup>(3)</sup> You will be charged a \$5.00 service charge and pay brokerage charges if you direct the plan agent to sell your Common Shares held in a dividend reinvestment account.

<sup>(4)</sup> Stated as a percentage of average net assets attributable to Common Shares for the year ended December 31, 2017.

The adviser fee paid by the Fund to the Adviser is based on the average daily gross assets of the Fund, including all <sup>(5)</sup>assets attributable to any form of investment leverage that the Fund may utilize. Accordingly, if the Fund were to utilize investment leverage in the future, the adviser fee will increase as a percentage of net assets.

**EXAMPLE**

The following Example illustrates the expenses that Common Shareholders would pay on a \$1,000 investment in Common Shares, assuming (i) total annual expenses of 1.08% of net assets attributable to Common Shares in years 1 through 10; (ii) a 5% annual return; and (iii) all distributions are reinvested at NAV:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
	\$11	\$34	\$60	\$132

The above table and example and the assumption in the example of a 5% annual return are required by regulations of the SEC that are applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund’s Common Shares. For more complete descriptions of certain of the Fund’s costs and expenses, see “Management of the Fund.” In addition, while the example assumes reinvestment of all dividends and distributions at NAV, participants in the Fund’s dividend reinvestment plan may receive Common Shares purchased or issued at a price or value different from NAV. See “Distributions” and “Dividend Reinvestment Plan.” The example does not include sales load or estimated offering costs, which would cause the expenses shown in the example to increase.

**The example should not be considered a representation of past or future expenses, and the Fund's actual expenses may be greater or less than those shown. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.**

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 18Prospectus dated [\_\_\_\_], 2018

## Financial Highlights and Investment Performance

## FINANCIAL HIGHLIGHTS

This table details the financial performance of the Common Shares, including total return information showing how much an investment in the Fund has increased or decreased each period. This information has been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The report of Deloitte & Touche LLP and the Fund's financial statements are incorporated herein by reference and included in the Fund's annual report, which is available upon request.

Selected data for a common share outstanding during the periods stated.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value – Beginning of year	\$I4.050	\$I4.570	\$I4.840	\$I4.840	\$I3.770
Income (Loss) From Operations					
Net investment income <sup>(1)</sup>	\$H.089	\$H.119	\$H.109	\$H.110	\$H.128
Net realized and unrealized gain	2.167	0.691	0.951	1.220	2.272
Total income from operations	\$J.256	\$H.810	\$I.060	\$I.330	\$J.400
Less Distributions					
From net investment income	\$ (0.089)	\$ (0.117)	\$ (0.130)	\$ (0.110)	\$ (0.126)
From net realized gain	—	(0.435)	(0.800)	(0.215)	—
Tax return of capital	(1.241)	(0.778)	(0.400)	(1.005)	(1.204)
Total distributions	\$ (1.330)	\$ (1.330)	\$ (1.330)	\$ (1.330)	\$ (1.330)
Premium from common shares sold through shelf offering <sup>(1)</sup>	\$H.034	\$ —	\$ —	\$ —	\$ —
Net asset value – End of year	\$I5.010	\$I4.050	\$I4.570	\$I4.840	\$I4.840
Market value – End of year	\$I5.370	\$I4.840	\$I5.300	\$I4.060	\$I4.010
Total Investment Return on Net Asset Value <sup>(2)</sup>	16.93%	N.04%	7.32%	9.51%	19.08%
Total Investment Return on Market Value <sup>(2)</sup>	13.36%	N.58%	19.04%	9.91%	23.84%
Ratios/Supplemental Data					
Net assets, end of year (000's omitted)	\$I,023,066	\$ 898,991	\$ 929,375	\$ 945,200	\$ 943,887
Ratios (as a percentage of average daily net assets):					
Expenses <sup>(3)</sup>	1.08%	1.09%	1.08%	1.09%	1.09%
Net investment income	0.61%	H.85%	0.73%	0.74%	0.90%
Portfolio Turnover	4%	L%	5%	2%	2%

(See footnotes on next page.)

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 19Prospectus dated [\_\_\_\_], 2018

## Financial Highlights (continued)

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Net asset value – Beginning of year	\$13.650	\$14.160	\$14.510	\$12.050	\$19.090
Income (Loss) From Operations					
Net investment income <sup>(1)</sup>	\$H.131	\$H.094	\$H.087	\$H.114	\$H.125
Net realized and unrealized gain (loss)	I.313	H.725	I.095	L.246	(5.265)
Total income (loss) from operations	\$I.444	\$H.819	\$I.182	\$L.360	\$ (5.140)
Less Distributions					
From net investment income	\$ (0.129)	\$ (0.094)	\$ (0.086)	\$ (0.172)	\$ (0.125)
From net realized gain	—	(0.202)	(0.033)	—	(0.179)
Tax return of capital	(1.200)	(1.033)	(1.413)	(1.728)	(1.596)
Total distributions	\$ (1.329)	\$ (1.329)	\$ (1.532)	\$ (1.900)	\$ (1.900)
Anti-dilutive effect of share repurchase program <sup>(1)</sup>	\$H.005	\$ —	\$ —	\$ —	\$ —
Net asset value – End of year	\$13.770	\$13.650	\$14.160	\$14.510	\$12.050
Market value – End of year	\$12.500	\$11.720	\$13.080	\$15.050	\$10.200
Total Investment Return on Net Asset Value <sup>(2)</sup>	11.77%	7.48%	9.22%	9.22%	(27.43)%
Total Investment Return on Market Value <sup>(2)</sup>	18.17%	(0.10)%	(2.73)%	0.59%	(30.78)%
Ratios/Supplemental Data					
Net assets, end of year (000's omitted)	\$ 876,152	\$ 871,184	\$ 903,641	\$ 921,312	\$ 061,330
Ratios (as a percentage of average daily net assets):					
Expenses <sup>(3)</sup>	1.09%	1.09%	1.07%	1.08%	1.07%
Net investment income	0.92%	0.68%	0.62%	0.87%	0.78%
Portfolio Turnover	5%	20%	11%	16%	36%

(1) Computed using average shares outstanding.

Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Distributions are assumed to be reinvested at prices obtained under the Fund's dividend reinvestment plan.

(2) Excludes the effect of custody fee credits, if any, of less than 0.005%. Effective September 1, 2015, custody fee credits, which were earned on cash deposit balances, were discontinued by the custodian.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 20Prospectus dated [\_\_\_\_], 2018

## TRADING AND NAV INFORMATION

The Fund's common shares have traded both at a premium and a discount to NAV. The Fund cannot predict whether its shares will trade in the future at a premium or discount to NAV. The provisions of the 1940 Act generally require that the public offering price of common shares (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company's common stock (calculated within 48 hours of pricing). The issuance of common shares may have an adverse effect on prices in the secondary market for the Fund's common shares by increasing the number of common shares available, which may put downward pressure on the market price for the Fund's common shares. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV. See "Risk Considerations - Discount from or Premium to NAV".

In addition, the Fund's Board of Trustees has authorized the Fund to repurchase up to 10% of its outstanding common shares (as of the date of such authorization) in open-market transactions at a discount to NAV. The repurchase program does not obligate the Fund to purchase a specific amount of shares. The results of the repurchase program are disclosed in the Fund's annual and semi-annual reports to shareholders. See "Description of Capital Structure – Repurchase of Common Shares and Other Discount Measures."

The following table sets forth for each of the periods indicated the high and low closing market prices for Common Shares on the NYSE, and the corresponding NAV per share and the premium or discount to NAV per share at which the Fund's Common Shares were trading as of such date.

<u>Fiscal Quarter Ended</u>	<u>Market Price</u>		<u>NAV per Share on Date of Market</u>		<u>Premium/(Discount) on Date of Market</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
3/31/2018	15.58	14.52	15.18	14.39	2.64%	0.90%
12/31/2017	15.45	14.96	15.15	14.67	1.98%	1.98%
9/30/2017	15.61	15.09	14.62	14.46	6.77%	4.36%
6/30/2017	15.62	15.12	14.49	14.31	7.80%	5.66%
3/31/2017	15.48	14.96	14.38	14.16	7.65%	5.65%
12/31/2016	15.26	14.10	14.29	13.63	6.79%	3.45%
9/30/2016	15.12	14.58	14.08	14.02	7.39%	3.99%
6/30/2016	15.15	14.19	13.84	13.30	9.47%	6.69%
3/31/2016	15.11	13.18	14.39	13.28	5.00%	(0.75)%

The last reported sale price, NAV per share and percentage premium/(discount) to NAV per share of the Common Shares as of May 22, 2018 were \$15.44, \$15.00 and 2.93%, respectively. As of May 22, 2018, the Fund had 70,814,161 Common Shares outstanding and net assets of the Fund were \$1,062,024,244.

The following table provides information about our outstanding Common Shares as of May 22, 2018:

<b>Title of Class</b>	<b>Amount Authorized</b>	<b>Amount Held by the Fund for its Account</b>	<b>Amount Outstanding</b>
Common Shares Unlimited	0		70,814,161

The Fund

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

The Fund is a diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Massachusetts business trust on March 30, 2005 pursuant to an Agreement and Declaration of Trust governed by the laws of The Commonwealth of Massachusetts. The Fund's principal office is located at Two International Place, Boston, Massachusetts 02110, and its telephone number is 1-800-262-1122.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 21 Prospectus dated [\_\_\_\_], 2018

## Use of Proceeds

Subject to the remainder of this section, and unless otherwise specified in a Prospectus Supplement, the Fund currently intends to invest substantially all of the net proceeds of any sales of Common Shares pursuant to this Prospectus in accordance with the Fund's investment objectives and policies. The Fund anticipates that it will be possible to invest the proceeds of the Offering consistent with the Fund's investment objective and policies as soon as practicable, but in no event, assuming normal market conditions, later than three months after the receipt thereof. Pending such investment, the proceeds may be invested in short-term money market instruments, securities with remaining maturities of less than one year, cash and/or cash equivalents. A delay in the anticipated use of proceeds could lower returns and reduce the Fund's distribution to Common Shareholders or result in a distribution consisting principally of a return of capital.

## INVESTMENT OBJECTIVES, POLICIES AND RISKS

### INVESTMENT OBJECTIVES

The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. In pursuing its investment objectives, the Fund will evaluate returns on an after-tax basis, seeking to minimize and defer shareholder federal income taxes.

Under normal market conditions, the Fund's investment program will consist primarily of (1) owning a diversified portfolio of common stocks, a segment of which ("Segment One") seeks to exceed the total return performance of the S&P 500 Composite Stock Price Index® (the "S&P 500") and a segment of which ("Segment Two") seeks to exceed the total return performance of the NASDAQ-100 Index® (the "NASDAQ-100") and (2) selling on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two.

### PRIMARY INVESTMENT POLICIES

#### General composition of the Fund

Under normal market conditions, the Fund invests at least 80% of its total assets in a diversified portfolio of common stocks, designated segments of which seek to exceed the total return performance of the S&P 500 and the NASDAQ-100. Over time, the percentages of the Fund's stock portfolio invested in each Segment may vary as a result of relative changes in the indices, the Adviser's evaluation of equity market conditions and other factors. Although the Fund designates separate S&P 500 and NASDAQ-100 segments, the Fund's stock portfolio will be managed on an integrated basis. Among other portfolio considerations set forth below, the Fund will seek to minimize the projected tracking of its stock holdings versus a blend of the S&P 500 and the NASDAQ-100 corresponding to the weightings within the Fund's stock portfolio of Segment One and Segment Two. Due to tax considerations, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. The Fund's common stock holdings may include stocks not included in either index. The Fund invests primarily in common stocks of U.S. issuers. The Fund may invest up to 10% of its total assets in securities of foreign issuers, including American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs"). The Fund may invest up to 5% of its total assets in securities of emerging markets issuers. The Fund normally expects that its assets will be invested across a broad range of industries and market sectors. Stocks included in the S&P 500 and the NASDAQ-100 generally have growth characteristics. Investing in NASDAQ-100 stocks may result in significant exposure to technology companies. The Fund may not invest 25% or more of its total assets in the securities of issuers in any single industry or group of

industries. The Fund may invest a portion of its assets in stocks of mid-capitalization companies. Eaton Vance generally considers mid-capitalization companies to be those companies having market capitalizations within the range of capitalizations for the S&P MidCap 400 Index ( "S&P MidCap 400"). As of April 30, 2018, the median market capitalization of companies in the S&P MidCap 400 was approximately \$4.0 billion.

The Fund seeks to generate current earnings in part by employing an options strategy of writing (selling) index call options on the S&P 500 and the NASDAQ-100. Under normal market conditions, the Fund expects to sell on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of value of Segment Two. Under normal market conditions, at least 80% of the value of the Fund's total assets will be subject to written index call options on a continuous basis. Writing index call options involves a tradeoff between the option premiums received and reduced participation in potential future stock price appreciation of the Fund's portfolio of common stocks. Generally, the Fund intends to sell S&P 500 and NASDAQ-100 call options that are slightly "out-of-the-money," meaning that option exercise prices generally will be slightly higher than the current level of the index at the time the options are written. The Fund may also sell index options that are more substantially "out-of-the-money." Such options that are more substantially "out-of-the-money" provide greater potential for the Fund to realize capital appreciation on its portfolio stocks but generally would pay a lower premium than options that are slightly "out-of-the-money." The Fund seeks to generate current earnings from option premiums and, to a lesser extent, from dividends on stocks held.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 22Prospectus dated [\_\_\_\_], 2018



The Fund intends to sell S&P 500 and NASDAQ-100 call options that are exchange-listed and “European style,” meaning that the options may be exercised only on the expiration date of the option. Index options differ from options on individual securities in that index options (i) typically are settled in cash rather than by delivery of securities (meaning the exercise of an index option does not involve the actual purchase or sale of securities) and (ii) reflect price fluctuations in a group of securities or segments of the securities market rather than price fluctuations in a single security.

As the seller of S&P 500 and NASDAQ-100 call options, the Fund will receive cash (the premium) from options purchasers. The purchaser of an index option has the right to receive from the option seller any appreciation in the value of the index over a fixed price (the exercise price) as of a specified date in the future (the option valuation date). The exercise-settlement value of the applicable index is calculated based on opening sales prices of the component index stocks on the option valuation date, which is the last business day before the expiration date. By writing S&P 500 and NASDAQ-100 call options, the Fund will, in effect, sell the potential appreciation in the value of the applicable index above the exercise price in exchange for the option premium received. If, at expiration, an S&P 500 or NASDAQ-100 call option sold by the Fund is exercised, the Fund will pay the purchaser the difference between the cash value of the applicable index and the exercise price of the option. The premium, the exercise price and the market value of the applicable index will determine the gain or loss realized by the Fund as the seller of the index call option.

The Fund expects to maintain high turnover in index call options, based on the Adviser’s intent to sell index call options on at least 80% of the full value of its assets. For its stock holdings, the Fund’s annual portfolio turnover rate is expected to exceed that of the S&P 500 and the NASDAQ-100 due to turnover in connection with the Fund’s tax loss harvesting, gain matching, dividend capture and other strategies. On an overall basis, the Fund’s annual turnover rate may exceed 100%. A high turnover rate (100% or more) necessarily involves greater trading costs to the Fund.

The Fund’s policies, under normal market conditions, that the Fund will invest at least 80% of its total assets in a diversified portfolio of common stocks, designated segments of which seek to exceed the total return performance of the S&P 500 and the NASDAQ-100, and that at least 80% of the value of the Fund’s total assets will be subject to written index call options, are non-fundamental policies and may be changed by the Fund’s Board without Common Shareholder approval following the provision of 60 days prior written notice to Common Shareholders.

In implementing the Fund’s investment strategy, the Adviser and Sub-Adviser intend to employ a variety of techniques and strategies designed to minimize and defer the federal income taxes incurred by shareholders in connection with their investment in the Fund as described below.

During unusual market conditions, the Fund may invest up to 100% of its assets in cash or cash equivalents temporarily, which may be inconsistent with its investment objectives, principal strategies and other policies.

The S&P 500 is an unmanaged index of 500 stocks maintained and published by Standard & Poor’s that is market-capitalization weighted and generally representative of the performance of larger stocks traded in the United States. The NASDAQ-100 is an unmanaged index maintained by the Nasdaq Stock Market, Inc. (with its affiliates, “Nasdaq”) that includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq based upon market capitalization. It is not possible to invest directly in an index. The Fund is not sponsored, endorsed, sold or promoted by Standard & Poor’s or Nasdaq. Neither Standard & Poor’s or Nasdaq has passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to the Fund. Standard & Poor’s and Nasdaq make no representation regarding the advisability of investing in the Fund.

### **Investment strategy**

Eaton Vance is responsible for managing the Fund’s overall investment strategy and executing the Fund’s options strategy. Eaton Vance also is responsible for providing research support to the Sub-Adviser and supervising the

performance of the Sub-Adviser. Parametric is responsible for structuring and managing the Fund's common stock portfolio, including tax-loss harvesting (i.e., periodically selling positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund) and other tax-management techniques, relying in part on the fundamental research and analytical judgments of the Adviser. The Fund's investments are actively managed, and securities may be bought or sold on a daily basis. See "Management of the Fund."

The Fund's strategy consists of owning a portfolio of common stocks and selling covered call options (a "buy-write strategy").

To avoid being subject to the "straddle rules" under federal income tax law, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. Under the "straddle" rules, "offsetting positions with respect to personal property" generally are considered to be straddles. In general, investment positions will be offsetting if there is a substantial diminution in the risk of loss from holding one position by reason of holding one or more other positions. The Fund expects that the index call options it writes will not be considered straddles because its stock holdings will be sufficiently dissimilar from the components of the S&P 500 and the NASDAQ-100 under applicable guidance established by the IRS. Under certain

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 23 Prospectus dated [\_\_\_\_], 2018

circumstances, however, the Fund may enter into options transactions or certain other investments that may constitute positions in a straddle. Parametric will consider a variety of factors in constructing and maintaining the Fund's stock portfolio, including, but not limited to, stock performance ratings as determined by the Adviser, stock dividend yields, overlap between the Fund's stock holdings and the S&P 500 and the NASDAQ-100, projected tracking of the Fund's stock portfolio versus a blend of the S&P 500 and the NASDAQ-100, realization of loss harvesting opportunities and other tax management considerations. The Adviser's evaluation of the future performance potential of individual stocks will be one among several considerations in portfolio construction and will not, on a standalone basis, be determinative of portfolio construction. The Adviser's stock ratings will be based primarily on fundamental research.

The Fund's index option strategy is designed to produce current cash flow from options premiums and to moderate the volatility of the Fund's returns. This index option strategy is of a hedging nature and is not designed to speculate on equity market performance. The Adviser believes that the Fund's index option strategy will moderate the volatility of the Fund's returns because the option premiums received will help to mitigate the impact of downward price movements in the stocks held by the Fund, while the Fund's obligations under index calls written will effectively limit the Fund's ability to participate in upward price movements in portfolio stocks beyond certain levels. The Adviser expects to sell S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of the value of Segment Two. The Adviser does not intend to sell index call options representing amounts greater than the value of the Fund's common stock portfolio (i.e., take a "naked" position).

The foregoing policies relating to investment in common stocks and index options writing are the Fund's primary investment policies. In addition to its primary investment policies, the Fund may invest to a limited extent in other types of securities and engage in certain other investment practices.

In addition to the intended strategy of selling index call options, the Fund may invest up to 20% of its total assets in other derivative instruments acquired for hedging, risk management and investment purposes (to gain exposure to securities, securities markets, markets indices and/or currencies consistent with its investment objectives and policies), provided that no more than 10% of the Fund's total assets may be invested in such derivative instruments acquired for non-hedging purposes. Derivative instruments may be used in order to help protect against a decline in the value of its portfolio securities. Derivative instruments may also be used by the Fund to enhance returns or as a substitute for the purchase or sale of securities.

### **Tax-managed investing**

Taxes are a major influence on the net after-tax returns that investors receive on their taxable investments. There are five potential sources of returns for a Common Shareholder: (1) appreciation or depreciation in the value of the Common Shares; (2) distributions of qualified dividend income; (3) distributions of other investment income and net short-term capital gains; (4) distributions of long-term capital gains (and long-term capital gains retained by the Fund); and (5) distributions of return of capital. These different sources of investment returns are subject to widely varying federal income tax treatment. Distributions of other investment income (i.e., non-qualified dividend income) and net realized short-term gains are taxed currently as ordinary income. Distributions of qualified dividend income and net realized long-term gains (whether distributed or retained by the Fund) are taxed at the rates applicable to long-term capital gain (currently at a maximum rate of 20% plus a 3.8% Medicare contribution tax for individuals and other noncorporate taxpayers). Generally, return from appreciation and depreciation in the value of Common Shares and distributions characterized as return of capital result in adjustment of a Common Shareholder's federal income tax basis in his or her Common Shares and accordingly are not taxable until the Common Shareholder sells his or her Common Shares. Upon sale, a capital gain or loss equal to the difference between the net proceeds of such sale and the Common Shareholder's adjusted tax basis is realized. Capital gain is considered long-term and is taxed at the rates applicable to long-term capital gain if the Common Shareholder has held his or her shares more than one year. Otherwise, capital gain is considered short-term gain and is taxed accordingly. The after-tax returns achieved by a Common Shareholder will be substantially influenced by the mix of different types of returns subject to varying

federal income tax treatment.

In implementing the Fund's investment strategy, the Adviser and Sub-Adviser intend to employ a variety of techniques and strategies designed to skew the mix of Fund returns to the types of returns that are most advantageously taxed, thereby seeking to minimize and defer the federal income taxes incurred by Common Shareholders in connection with their investment in the Fund. Such techniques and strategies are expected to include: (1) employing a call options strategy consisting of selling S&P 500 and NASDAQ-100 call options that qualify for treatment as "section 1256 contracts", on which capital gains and losses are generally treated as 60% long-term and 40% short-term, regardless of holding period; (2) limiting the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis so that the Fund's stock holdings and S&P 500 and NASDAQ-100 call options are not subject to the "straddle rules;" (3) engaging in a systematic program of tax-loss harvesting in the Fund's stock portfolio, periodically selling stock positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund; and (4) managing the sale of appreciated stock positions so as to minimize the Fund's net realized short-term capital gains in excess of net realized long-term capital

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 24Prospectus dated [\_\_\_\_], 2018

losses. The Fund will seek to offset the 40% of gains on index options treated as short-term against Fund expenses and realized losses on other investments allocable against short-term gains. When an appreciated security is sold, the Fund intends to select for sale the share lots resulting in the most favorable tax treatment, generally those with holding periods sufficient to qualify for long-term capital gains treatment that have the highest cost basis.

In addition, the Fund will seek to earn and distribute “qualified dividend income.” Qualified dividend income received by an individual is taxed at the rates applicable to long-term capital gain (currently at a maximum rate of 20% plus a 3.8% Medicare contribution tax). In order for a dividend received by Fund shareholders to be qualified dividend income, the Fund must meet holding period and other requirements with respect to the dividend-paying stock in its portfolio and the shareholder must meet holding period and other requirements with respect to the Fund’s shares. A dividend will not be treated as qualified dividend income (at either the Fund or shareholder level) (1) if the dividend is received with respect to any share of stock held for fewer than 61 days during the 121-day period beginning at the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividend (or, in the case of certain preferred stock, 91 days during the 181-day period beginning 90 days before such date), (2) to the extent that the recipient is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, (3) if the recipient elects to have the dividend income treated as investment interest, or (4) if the dividend is received from a foreign corporation that is (a) not eligible for the benefits of a comprehensive income tax treaty with the U.S. (with the exception of dividends paid on stock of such a foreign corporation readily tradable on an established securities market in the U.S.) or (b) treated as a passive foreign investment company. Payments in lieu of dividends, such as payments pursuant to securities lending arrangements, also do not qualify to be treated as qualified dividend income. In general, distributions of investment income reported by the Fund as derived from qualified dividend income will be treated as qualified dividend income by a shareholder taxed as an individual provided the shareholder meets the holding period and other requirements described above with respect to the Fund’s shares.

The Fund may seek to enhance the level of tax-advantaged dividend income it receives by emphasizing higher-yielding stocks in its stock portfolio and by engaging in dividend capture trading. In a dividend capture trade, the Fund sells a stock on or shortly after the stock’s ex-dividend date and uses the sale proceeds to purchase one or more other stocks that are expected to pay dividends before the next dividend payment on the stock being sold. Through this practice, the Fund may receive more dividend payments over a given time period than if it held a single stock. In order for dividends received by the Fund to qualify for favorable tax treatment, the Fund must comply with the holding period and other requirements set forth in the preceding paragraph. By complying with the applicable holding period and other requirements while engaging in dividend capture trading, the Fund may be able to enhance the level of tax-advantaged dividend income it receives because it will receive more dividend payments qualifying for favorable treatment during the same time period than if it simply held portfolio stocks. The use of dividend capture trading strategies will expose the Fund to increased trading costs and potentially higher short-term gain or loss.

To seek to protect against price declines in securities holdings with large accumulated gains, the Fund may use various hedging techniques (such as the sale of futures contracts on stocks and stock indices and options thereon, equity swaps, covered short sales and forward sales of stocks). By using these techniques rather than selling appreciated securities, the Fund can, within certain limitations, reduce its exposure to price declines in the securities without realizing substantial capital gains under current tax law. Derivative instruments may also be used by the Fund to enhance returns or as a substitute for the purchase or sale of securities. As a general matter, dividends received on hedged stock positions are characterized as ordinary income and are not eligible for favorable tax treatment. Dividends received on securities with respect to which the Fund is obligated to make related payments (pursuant to short sales or otherwise) will be treated as fully taxable ordinary income (i.e., income other than tax-advantaged dividends). In addition, use of derivatives may give rise to short-term capital gains and other income that would not qualify for favorable tax treatment. As indicated above, in addition to writing index call options, the Fund may invest up to 20% of its total assets in derivative instruments acquired for hedging, risk management and investment purposes (to gain exposure to securities, securities markets, markets indices and/or currencies consistent with its investment

objectives and policies), provided that no more than 10% of the Fund's total assets may be invested in such derivative instruments acquired for non-hedging purposes.

**Common stocks**

Under normal market conditions, the Fund will invest at least 80% of its total assets in a diversified portfolio of common stocks, designated segments of which seek to exceed the total return performance of the S&P 500 and the NASDAQ-100. Common stock represents an equity ownership interest in the issuing corporation. Holders of common stock generally have voting rights in the issuer and are entitled to receive common stock dividends when, as and if declared by the corporation's board of directors. Common stock normally occupies the most subordinated position in an issuer's capital structure. Returns on common stock investments consist of any dividends received plus the amount of appreciation or depreciation in the value of the stock.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 25 Prospectus dated [\_\_\_\_], 2018

Although common stocks have historically generated higher average returns than fixed-income securities over the long term and particularly during periods of high or rising concerns about inflation, common stocks also have experienced significantly more volatility in returns and may not maintain their real value during inflationary periods. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, the prices of common stocks are sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stocks to which the Fund has exposure. Common stock prices fluctuate for many reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting the issuers occur. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

### **Foreign securities**

The Fund may invest up to 10% of its total assets in securities of issuers located in countries other than the United States, including up to 5% of its total assets in securities of issuers located in emerging markets. Investment in securities of non-U.S. issuers involves special risks, including that non-U.S. issuers may be subject to less rigorous accounting and reporting requirements than U.S. issuers, less rigorous regulatory requirements, differing legal systems and laws relating to creditors' rights, the potential inability to enforce legal judgments and the potential for political, social and economic adversity. The willingness and ability of sovereign issuers to pay principal and interest on government securities depends on various economic factors, including among others the issuer's balance of payments, overall debt level, and cash flow considerations related to the availability of tax or other revenues to satisfy the issuer's obligations. The securities of some foreign issuers are less liquid and at times more volatile than securities of comparable U.S. issuers. Foreign settlement procedures and trade regulations may involve certain risks (such as delay in the payment or delivery of securities and interest or in the recovery of assets held abroad) and expenses not present in the settlement of domestic investments. Investments may include securities issued by the governments of lesser-developed countries, which are sometimes referred to as "emerging markets." There may be a possibility of nationalization or expropriation of assets, imposition of currency exchange controls, confiscatory taxation, political or financial instability, armed conflict and diplomatic developments which could affect the value of the Fund's investments in certain foreign countries. Foreign issuers may become subject to sanctions imposed by the United States or another country, which could result in the immediate freeze of the foreign issuers' assets or securities. The imposition of such sanctions could impair the market value of the securities of such foreign issuers and limit the Fund's ability to buy, sell, receive or deliver the securities.

As an alternative to holding foreign-traded securities, the Fund may invest in dollar-denominated securities of foreign companies that trade on U.S. exchanges or in the U.S. over-the-counter market (including depositary receipts, which evidence ownership in underlying foreign securities). Dividends received with respect to stock of a foreign corporation may qualify for the reduced rates of federal income taxation applicable to qualified dividend income only if such corporation satisfies the requirements to be a "qualified foreign corporation." The Fund may invest in ADRs, EDRs and GDRs. ADRs, EDRs and GDRs are certificates evidencing ownership of shares of foreign issuers and are alternatives to purchasing directly the underlying foreign securities in their national markets and currencies. However, they continue to be subject to many of the risks associated with investing directly in foreign securities. These risks include foreign exchange risk as well as the political and economic risks of the underlying issuer's country. ADRs, EDRs and GDRs may be sponsored or unsponsored. Unsponsored receipts are established without the participation of the issuer. Unsponsored receipts may involve higher expenses, may not pass through voting or other shareholder rights, and may be less liquid than sponsored receipts.

### **Index options generally**

The Fund will pursue its objectives in part by selling on a continuous basis S&P 500 call options on at least 80% of the value of Segment One and NASDAQ-100 call options on at least 80% of value of Segment Two.

The Fund will sell S&P 500 and NASDAQ-100 index options that are exchange-listed and that are “European style,” meaning that the options may only be exercised on the expiration date of the option. Index options differ from options on individual securities in that index options (i) typically are settled in cash rather than by delivery of securities and (ii) reflect price fluctuations in a group of securities or segments of the securities market rather than price fluctuations in a single security.

Option contracts are originated and standardized by the OCC. The Fund will sell S&P 500 and NASDAQ-100 call options that are generally issued, guaranteed and cleared by the OCC. S&P 500 and NASDAQ-100 index options currently trade exclusively on the Chicago Board Options Exchange.

### **Selling index call options**

The Fund’s index option strategy is designed to produce current cash flow from options premiums and to moderate the volatility of the Fund’s returns. This index option strategy is of a hedging nature, and is not designed to speculate on equity market performance.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 26Prospectus dated [\_\_\_\_], 2018



As the seller of S&P 500 and NASDAQ-100 call options, the Fund will receive cash (the premium) from the purchasers thereof. The purchaser of an index option has the right to any appreciation in the value of the applicable index over a fixed price (the exercise price) as of a specified date in the future (the option valuation date). Generally, the Fund intends to sell S&P 500 and NASDAQ-100 call options that are slightly “out-of-the-money” (i.e., the exercise price generally will be slightly above the current level of the applicable index when the option is sold). The Fund may also sell index options that are more substantially “out-of-the-money.” Such options that are more substantially “out-of-the-money” provide greater potential for the Fund to realize capital appreciation on its portfolio stocks but generally would pay a lower premium than options that are slightly “out-of-the-money.” The Fund will, in effect, sell the potential appreciation in the value of the S&P 500 or NASDAQ-100 above the exercise price in exchange for the option premium received. If, at expiration, an S&P 500 or NASDAQ-100 call option sold by the Fund is exercised, the Fund will pay the purchaser the difference between the cash value of the applicable index and the exercise price of the option. The premium, the exercise price and the market value of the S&P 500 or NASDAQ-100, as applicable, will determine the gain or loss realized by the Fund as the seller of the index call option.

Prior to expiration, the Fund may close an option position by making an offsetting market purchase of identical option contracts (same type, underlying index, exercise price and expiration). The cost of closing out transactions and payments in settlement of exercised options will reduce the net option premiums available for distribution to Common Shareholders by the Fund. The reduction in net option premiums due to a rise in stock prices should generally be offset, at least in part, by appreciation in the value of the Fund’s common stock portfolio and by the opportunity to realize higher premium income from selling new index options at higher exercise prices.

In certain extraordinary market circumstances, to limit the risk of loss on the Fund’s index option strategy, the Fund may enter into “spread” transactions by purchasing index call options with higher exercise prices than those of index call options written. The Fund will only engage in such transactions when Eaton Vance believes that certain extraordinary events temporarily have depressed equity prices and substantial short-term appreciation of such prices is expected. By engaging in spread transactions in such circumstances the Fund will reduce the limitation imposed on its ability to participate in such recovering equity markets that exist if the Fund only writes index call options. The premiums paid to purchase such call options are expected to be lower than the premiums earned from the call options written at lower exercise prices. However, the payment of these premiums will reduce amounts available for distribution from the Fund’s option activity.

The Fund will sell only “covered” call options. An index call option is considered covered if the Fund maintains with its custodian assets determined to be liquid (in accordance with procedures established by the Board) in an amount equal to the contract value of the index. An index call option also is covered if the Fund holds a call on the same index as the call written where the exercise price of the call held is (i) equal to or less than the exercise price of the call written, or (ii) greater than the exercise price of the call written, provided the difference is maintained by the Fund in segregated assets determined to be liquid (in accordance with procedures established by the Board).

If an option written by the Fund expires unexercised, the Fund realizes on the expiration date a capital gain equal to the premium received by the Fund at the time the option was written. If an option written by the Fund is exercised, the Fund realizes on the expiration date a capital gain if the cash payment made by the Fund upon exercise is less than the premium received from writing the option and a capital loss if the cash payment made is more than the premium received. If a written option is repurchased, the Fund realizes upon the closing purchase transaction a capital gain if the cost of repurchasing the option is less than the premium received from writing the option and a capital loss if the cost of repurchasing the option is more than the premium received. Because exchange-listed S&P 500 and NASDAQ-100 options are “section 1256 contracts,” the Fund’s gains and losses thereon generally will be treated as 60% long-term and 40% short-term capital gain or loss, regardless of holding period. In addition, the Fund generally will be required to “mark to market” (i.e., treat as sold for fair market value) each outstanding index option position at the close of each taxable year (and on October 31 of each year for excise tax purposes). See “Federal Income Tax Matters.”

The principal factors affecting the market value of an option contract include supply and demand in the options market, interest rates, the current market price of the underlying index in relation to the exercise price of the option, the actual or perceived volatility associated with the underlying index and the time remaining until the expiration date. The premium received for an option written by the Fund is recorded as an asset of the Fund and its obligation under the option contract as an equivalent liability. The Fund then adjusts over time the liability as the market value of the option changes. The value of each written option will be marked to market daily and valued at the closing price on the exchange on which it is traded or, if not traded on an exchange or no closing price is available, at the mean between the last bid and asked prices or otherwise at fair value as determined by the Board of the Fund.

The transaction costs of buying and selling options consist primarily of commissions (which are imposed in opening, closing and exercise transactions), but may also include margin and interest costs in particular transactions. The impact of transaction costs on the profitability of a transaction may often be greater for options transactions than for transactions in the underlying securities because these costs are often greater in relation to options premiums than in relation to the

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 27Prospectus dated [\_\_\_\_], 2018

prices of underlying securities. Transaction costs may be especially significant in option strategies calling for multiple purchases and sales of options over short periods of time or concurrently. Transaction costs associated with the Fund's options strategy will vary depending on market circumstances and other factors.

The standard contract size for exchange-listed S&P 500 and NASDAQ-100 index options is the index level multiplied by \$100. There are three items needed to identify a particular S&P 500 or NASDAQ-100 index option contract: (1) the expiration month, (2) the exercise (or strike) price and (3) the type (i.e., call or put). A call option whose exercise price is above the current price of the underlying index is called "out-of-the-money" and a call option whose exercise price is below the current price of the underlying index is called "in-the-money."

Writing index call options can lower the variability of potential return outcomes and can enhance returns in three of four market performance scenarios (down, flat or moderately up). Only when the level of the index at option expiration exceeds the sum of the premium received and the option exercise price would the buy-write strategy be expected to provide lower returns than the stock portfolio-only alternative. The amount of downside protection afforded by the buy-write strategy in declining market scenarios is limited, however, to the amount of option premium received. If the S&P 500 or NASDAQ-100 declines by an amount greater than the option premium, a buy-write strategy consisting of owning all of the stocks in the index and writing index options on the value thereof would generate an investment loss. The Fund's returns from implementing a buy-write strategy using S&P 500 and NASDAQ-100 options will also be substantially affected by the performance of Segment One of the Fund's portfolio versus the S&P 500 and the performance of Segment Two of the Fund's portfolio versus the NASDAQ-100. The returns on these segments are unlikely to be the same as the returns on the corresponding indices. Also, the Fund's returns from its buy-write strategy will be affected by the level of premiums available on options written on the S&P 500 and the NASDAQ-100, which level may, depending on the market conditions, be more or less than the premiums in the example.

#### **ADDITIONAL INVESTMENT PRACTICES**

In addition to its primary investment strategies as described above, the Fund may engage in the following investment practices.

#### **When-issued securities and forward commitments**

Securities may be purchased on a "forward commitment" or "when-issued" basis (meaning securities are purchased or sold with payment and delivery taking place in the future beyond normal settlement times) in order to secure what is considered to be an advantageous price and yield at the time of entering into the transaction. The yield on a comparable security when the transaction is consummated may vary from the yield on the security at the time that the forward commitment or when-issued transaction was made. From the time of entering into the transaction until delivery and payment is made at a later date, the securities that are the subject of the transaction are subject to market fluctuations. In forward commitment or when-issued transactions, if the seller or buyer, as the case may be, fails to consummate the transaction, the counterparty may miss the opportunity of obtaining a price or yield considered to be advantageous. Forward commitment or when-issued transactions may be expected to occur a month or more before delivery is due. No payment or delivery is made, however, until payment is received or delivery is made from the other party to the transaction. These transactions may create leverage in the Fund.

#### **Illiquid securities**

The Fund may invest up to 15% of its total assets in securities for which there is no readily available trading market or that are otherwise illiquid. Illiquid securities include securities legally restricted as to resale, such as commercial paper issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and securities eligible for resale pursuant to Rule 144A thereunder. Section 4(a)(2) and Rule 144A securities may, however, be treated as liquid by the Adviser

## Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

pursuant to procedures adopted by the Board, which require consideration of factors such as trading activity, availability of market quotations and number of dealers willing to purchase the security. The Fund may incur additional expense when disposing of illiquid securities, including all or a portion of the cost to register the securities. If the Fund invests in Rule 144A securities, the level of portfolio illiquidity may be increased to the extent that eligible buyers become uninterested in purchasing such securities.

It may be difficult to sell illiquid securities at a price representing their fair value until such time as such securities may be sold publicly. Where registration is required, a considerable period may elapse between a decision by the Fund to sell the securities and the time when it would be permitted to sell. Thus, the Fund may not be able to obtain as favorable a price as that prevailing at the time of the decision to sell. The Fund may also acquire securities through private placements under which it may agree to contractual restrictions on the resale of such securities. Such restrictions might prevent their sale at a time when such sale would otherwise be desirable.

At times, a portion of the Fund's assets may be invested in securities as to which the Fund, by itself or together with other accounts managed by the investment adviser and its affiliates, holds a major portion or all of such securities. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, the

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 28Prospectus dated [\_\_\_\_], 2018

Fund could find it more difficult to sell such securities when the investment adviser believes it advisable to do so or may be able to sell such securities only at prices lower than if such securities were more widely held. It may also be more difficult to determine the fair value of such securities for purposes of computing the Fund's net asset value.

### **Other derivative instruments**

In addition to the intended strategy of selling index call options, the Fund may invest up to 20% of its total assets in other derivative instruments (which are instruments that derive their value from another instrument, security or index) acquired for hedging, risk management and investment purposes (to gain exposure to securities, securities markets, markets indices and/or currencies consistent with its investment objectives and policies), provided that no more than 10% of the Fund's total assets may be invested in such derivative instruments acquired for non-hedging purposes. These strategies may be executed through the use of derivative contracts in the United States or abroad. As described more specifically below, the Fund may purchase and sell derivative contracts based on equity and fixed-income indices and other instruments, purchase and sell futures contracts and options thereon, and enter into various transactions such as swaps, caps, floors or collars. In an equity collar, the Fund simultaneously writes a call option and purchases a put option on the same instrument. In addition, derivatives may also include new techniques, instruments or strategies that are permitted as regulatory changes occur. Derivative instruments may be used by the Fund to enhance returns or as a substitute for the purchase or sale of securities. The Fund's transactions in derivative instruments involve a risk of loss or depreciation due to: unanticipated adverse changes in securities prices, interest rates, the other financial instruments' prices; the inability to close out a position; default by the counterparty; imperfect correlation between a position and the desired hedge; tax constraints on closing out positions; and portfolio management constraints on securities subject to such transactions. The loss on derivative instruments (other than purchased options) may substantially exceed the Fund's initial investment in these instruments. In addition, the Fund may lose the entire premium paid for purchased options that expire before they can be profitably exercised by the Fund. Transaction costs will be incurred in opening and closing positions in derivative instruments. There can be no assurance that the use of derivative instruments will be advantageous to the Fund.

### **Swaps**

Swap contracts may be purchased or sold to hedge against fluctuations in securities prices, interest rates or market conditions, to change the duration of the overall portfolio, or to mitigate default risk. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) to be exchanged or "swapped" between the parties, which returns are calculated with respect to a "notional amount," i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate or in a "basket" of securities representing a particular index.

*Equity swaps.* Equity swaps involve the exchange by the Fund with another party of their respective returns as calculated on a notional amount of an equity index basket of equity securities, or individual equity security.

*Interest rate swaps, caps and floors.* Interest rate swaps are OTC contracts in which each party agrees to make a periodic interest payment based on an index or the value of an asset in return for a periodic payment from the other party based on a different index or asset. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate floor. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index rises above a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate cap. The Fund will enter into interest rate and total return swaps only on a net basis, i.e., the two payment streams are netted out, with the Fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to pay or receive interest (e.g., an exchange of fixed rate payments for floating-rate payments). The Fund will only enter into interest rate swaps on a net basis. If the other party to an interest rate swap defaults, the Fund's risk of loss consists of the net amount of payments that the Fund is contractually

entitled to receive. The net amount of the excess, if any, of the Fund's obligations over its entitlements will be maintained in a segregated account by the Fund's custodian. The Fund will not enter into any interest rate swap unless the claims-paying ability of the other party thereto is considered to be investment grade by the Adviser. If there is a default by the other party to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction.

The Fund may use interest rate swaps for risk management purposes only and not as a speculative investment and would typically use interest rate swaps to shorten the average interest rate reset time of the Fund's holdings. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to pay or receive interest (e.g., an exchange of fixed rate payments for floating-rate payments). The use of interest rate swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Adviser is incorrect in its forecasts of market values, interest rates and other applicable factors, the investment performance of the Fund would be unfavorably affected.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 29Prospectus dated [\_\_\_\_], 2018

*Total return swaps.* As stated above, the Fund will enter into total return swaps only on a net basis. Total return swaps are contracts in which one party agrees to make payments of the total return from the underlying asset(s), which may include securities, baskets of securities, or securities indices during the specified period, in return for payments equal to a fixed or floating-rate of interest or the total return from other underlying asset(s).

### **Futures and options on futures**

The Fund may purchase and sell various kinds of financial futures contracts and options thereon to seek to hedge against changes in interest rates or for other risk management purposes. Futures contracts may be based on various debt securities, securities indices or currencies. Such transactions involve a risk of loss or depreciation due to unanticipated adverse changes in securities prices, which may exceed the Fund's initial investment in these contracts. The Fund will only purchase or sell futures contracts or related options in compliance with the rules of the CFTC. These transactions involve transaction costs. There can be no assurance that Eaton Vance's use of futures will be advantageous to the Fund. Sales of futures contracts and related options generally result in realization of short-term or long-term capital gain depending on the period for which the investment is held. To the extent that any futures contract or options on futures contract held by the Fund is a "section 1256 contract" under the Code, the contract will be marked-to-market annually and any gain or loss will be treated as 60% long-term and 40% short-term, regardless of the holding period for such contract.

### **Short sales**

The Fund may sell a security short if it owns at least an equal amount of the security sold short or another security convertible or exchangeable for an equal amount of the security sold short without payment of further compensation (a short sale against-the-box). In a short sale against-the-box, the short seller is exposed to the risk of being forced to deliver stock that it holds to close the position if the borrowed stock is called in by the lender, which would cause gain or loss to be recognized on the delivered stock. The Fund expects normally to close its short sales against-the-box by delivering newly acquired stock.

Short sales against-the-box can be a tax-efficient alternative to the sale of an appreciated securities position. The ability to use short sales against-the-box as a tax-efficient management technique with respect to holdings of appreciated securities is limited to circumstances in which the hedging transaction is closed out not later than thirty days after the end of the Fund's taxable year in which the transaction was initiated, and the underlying appreciated securities position is held unhedged for at least the next sixty days after the hedging transaction is closed. Not meeting these requirements would trigger the recognition of gain on the underlying appreciated securities position under the federal tax laws applicable to constructive sales.

### **Securities lending**

The Fund may seek to earn income by lending portfolio securities to broker-dealers or other institutional borrowers. As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the securities loaned if the borrower of the securities fails financially. Loans will be made only to organizations whose credit quality or claims paying ability is considered by the Adviser to be at least investment grade and when the expected returns, net of administrative expenses and any finders' fees, justifies the attendant risk. Securities loans currently are required to be secured continuously by collateral in cash, cash equivalents (such as money market instruments) or other liquid securities held by the custodian and maintained in an amount at least equal to the market value of the securities loaned. The financial condition of the borrower will be monitored by the Adviser on an ongoing basis.

### **Borrowings**

The Fund may borrow money to the extent permitted under the 1940 Act as interpreted, modified or otherwise permitted by the regulatory authority having jurisdiction. Although it does not currently intend to do so, the Fund may in the future from time to time borrow money to add leverage to the portfolio. The Fund may also borrow money for temporary administrative purposes or to meet temporary cash needs.

### **Reverse repurchase agreements**

The Fund may enter into reverse repurchase agreements. Under a reverse repurchase agreement, the Fund transfers possession of a portfolio instrument to a counterparty, such as a bank or broker-dealer, in return for cash. At the same time, the Fund agrees to repurchase the instrument at an agreed-upon time (normally within seven days) and price, which reflects an interest payment. The Fund may enter into such agreements when it is able to invest the cash acquired at a rate higher than the cost of the agreement, which would increase earned income.

In the event of the insolvency of the counterparty to a reverse repurchase agreement, recovery of the securities sold by the Fund may be delayed. In a reverse repurchase agreement, the counterparty's insolvency may result in a loss equal to the amount by which the value of the securities sold by the Fund exceeds the repurchase price payable by the Fund.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 30Prospectus dated [\_\_\_\_], 2018



When the Fund enters into a reverse repurchase agreement, any fluctuations in the market value of either the securities transferred to another party or the securities in which the proceeds may be invested would affect the market value of the Fund's assets. As a result, such transactions may increase fluctuations in the market value of the Fund's assets. While there is a risk that large fluctuations in the market value of the Fund's assets could affect net asset value, this risk is not significantly increased by entering into reverse repurchase agreements, in the opinion of the Adviser. Because reverse repurchase agreements may be considered to be the practical equivalent of borrowing funds, they constitute a form of leverage and may be subject to leverage risks. The SEC views reverse repurchase transactions as collateralized borrowings. Such agreements will be treated as subject to investment restrictions regarding borrowings. If the Fund reinvests the proceeds of a reverse repurchase agreement at a rate lower than the cost of the agreement, entering into the agreement will lower the Fund's cash available for distribution.

### **Forward foreign currency exchange contracts**

A forward foreign currency exchange contract ("currency forward") involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts may be bought or sold to protect against an adverse change in the relationship between currencies or to increase exposure to a particular foreign currency.

Certain currency forwards may be individually negotiated and privately traded, exposing them to credit and counterparty risks. The precise matching of the currency forward amounts and the value of the instruments denominated in the corresponding currencies will not generally be possible. In addition, it may not be possible to hedge against long-term currency changes. Currency forwards are subject to the risk of political and economic factors applicable to the countries issuing the underlying currencies. Furthermore, unlike trading in most other types of instruments, there is no systematic reporting of last sale information with respect to the foreign currencies underlying currency forwards. As a result, available information may not be complete.

### **Portfolio turnover**

The Fund will buy and sell securities to seek to accomplish its investment objectives. Portfolio turnover generally involves expense to the Fund, including brokerage commissions and other transaction costs on the sale of securities and reinvestment in other securities. The Fund expects to maintain high turnover in index call options, based on the Adviser's intent to sell index call options on at least 80% of the full value of its assets. For its stock holdings, the Fund's annual portfolio turnover rate is expected to exceed that of the S&P 500 and the NASDAQ-100 due to turnover in connection with the Fund's tax loss harvesting, gain matching, dividend capture and other strategies. On an overall basis, the Fund's annual turnover rate may exceed 100%. A high turnover rate (100% or more) necessarily involves greater trading expenses to the Fund. The portfolio turnover rate for the Fund for the fiscal years ended December 31, 2017 and 2016 were 4% and 4%, respectively.

## **RISK CONSIDERATIONS**

Risk is inherent in all investing. Investing in any investment company security involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment.

### **Discount from or premium to NAV**

The Offering will be conducted only when Common Shares of the Fund are trading at a price equal to or above the Fund's NAV per Common Share plus the per Common Share amount of commissions. As with any security, the market value of the Common Shares may increase or decrease from the amount initially paid for the Common Shares. The Fund's Common Shares have traded both at a premium and at a discount relative to net asset value. The shares of closed-end management investment companies frequently trade at a discount from their NAV. This is a risk separate

and distinct from the risk that the Fund's NAV may decrease.

#### Secondary market for the Common Shares

The issuance of Common Shares through the Offering may have an adverse effect on the secondary market for the Common Shares. The increase in the amount of the Fund's outstanding Common Shares resulting from the Offering may put downward pressure on the market price for the Common Shares of the Fund. Common Shares will not be issued pursuant to the Offering at any time when Common Shares are trading at a price lower than a price equal to the Fund's NAV per Common Share plus the per Common Share amount of commissions.

The Fund also issues Common Shares of the Fund through its dividend reinvestment plan. See "Dividend Reinvestment Plan." Common Shares may be issued under the plan at a discount to the market price for such Common Shares, which may put downward pressure on the market price for Common Shares of the Fund.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 31 Prospectus dated [\_\_\_\_], 2018

When the Common Shares are trading at a premium, the Fund may also issue Common Shares of the Fund that are sold through transactions effected on the NYSE. The increase in the amount of the Fund's outstanding Common Shares resulting from that offering may also put downward pressure on the market price for the Common Shares of the Fund.

The voting power of current shareholders will be diluted to the extent that such shareholders do not purchase shares in any future Common Share offerings or do not purchase sufficient shares to maintain their percentage interest. In addition, if the Adviser is unable to invest the proceeds of such offering as intended, the Fund's per share distribution may decrease (or may consist of return of capital) and the Fund may not participate in market advances to the same extent as if such proceeds were fully invested as planned.

#### Investment and market risk

An investment in Common Shares is subject to investment risk, including the possible loss of the entire principal amount invested. An investment in Common Shares represents an indirect investment in the securities owned by the Fund, which are generally traded on a securities exchange or in the over-the-counter markets. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. Because the Fund intends to sell index call options on a continuous basis on substantially the full value of its common stock holdings, the Fund's appreciation potential from equity market performance will be limited. The Common Shares at any point in time may be worth less than the original investment, even after taking into account any reinvestment of distributions.

The value of investments held by the Fund may increase or decrease in response to economic, political and financial events (whether real, expected or perceived) in the U.S. and global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments held by the Fund may experience increased volatility, illiquidity, or other potentially adverse effects in reaction to changing market conditions. Actions taken by the U.S. Federal Reserve or foreign central banks to stimulate or stabilize economic growth, such as decreases or increases in short-term interest rates, could cause high volatility in markets.

#### Issuer risk

The value of securities held by the Fund may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services.

#### Equity risk

Under normal market conditions, the Fund will invest its managed assets in a diversified portfolio of common stocks. Therefore, a principal risk of investing in the Fund is equity risk. The value of equity investments and related instruments may decline in response to adverse changes in the economy or the economic outlook; deterioration in investor sentiment; interest rate, currency, and commodity price fluctuations; adverse geopolitical, social or environmental developments; issuer- and sector-specific considerations; and other factors. Market conditions may affect certain types of stocks to a greater extent than other types of stocks. If the stock market declines, the value of the Fund's equity securities will also likely decline. Although stock prices can rebound, there is no assurance that values will return to previous levels. Preferred stocks and other hybrid securities may also be sensitive to changes in interest rates; when interest rates rise, their value will generally fall.

#### Risks of mid-cap companies

The Fund may make investments in stocks of companies whose market capitalization is considered middle sized or "mid-cap." Mid-cap companies often are newer or less established companies than larger companies. Investments in mid-cap companies carry additional risks because earnings of these companies tend to be less predictable; they often

have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one person or a few key people. The market movements of equity securities of mid-cap companies may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, mid-cap companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of mid-cap companies generally are less liquid than those of larger companies. This means that the Fund could have greater difficulty selling such securities at the time and price that the Fund would like.

#### Risks of “growth” stock investing

The Fund expects to invest substantially in stocks with “growth” characteristics. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 32Prospectus dated [\_\_\_\_], 2018

### Risk of selling index call options

The Fund expects to sell S&P 500 and NASDAQ-100 call options on a continuous basis on at least 80% of the value of its total assets. The purchaser of an index call option has the right to any appreciation in the value of the index over the exercise price of the call option as of the valuation date of the option. Because their exercise is settled in cash, sellers of index call options such as the Fund cannot provide in advance for their potential settlement obligations by acquiring and holding the underlying securities. The Fund intends to mitigate the risks of its written index call positions by holding a diversified portfolio of stocks, Segment One of which is similar to the S&P 500 and Segment Two of which is similar to the NASDAQ-100. However, the Fund does not intend to acquire and hold a portfolio containing exactly the same stocks as the S&P 500 and the NASDAQ-100. Due to tax considerations, the Fund intends to limit the overlap between its stock portfolio holdings (and any subset thereof) and each of the S&P 500 and the NASDAQ-100 to less than 70% on an ongoing basis. Consequently, the Fund bears the risk that the performance of the securities held will vary from the performance of the S&P 500 and the NASDAQ-100. For example, the Fund will suffer a loss if the S&P 500 appreciates substantially above the exercise price of the S&P 500 call options written by the Fund while the securities held by the Fund in Segment One in the aggregate fail to appreciate as much or decline in value over the life of the written option. Index options written by the Fund will be priced on a daily basis. Their value will be affected primarily by changes in the price and dividend rates of the underlying common stocks in the S&P 500 and the NASDAQ-100, changes in actual or perceived volatility of the S&P 500 and the NASDAQ-100 and the remaining time to the options' expiration. The trading price of S&P 500 and NASDAQ-100 call options will also be affected by liquidity considerations and the balance of purchase and sale orders.

A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived and well-executed options program may be adversely affected by market behavior or unexpected events. As the writer of S&P 500 and NASDAQ-100 call options, the Fund will forgo, during the option's life, the opportunity to profit from increases in the value of the applicable index above the sum of the option premium received and the exercise price of the call option, but retains the risk of loss, minus the option premium received, should the value of the applicable index decline. When a call option is exercised, the Fund will be required to deliver an amount of cash determined by the excess of the value of the applicable index at contract termination over the exercise price of the option. Thus, the exercise of index call options sold by the Fund may require the Fund to sell portfolio securities to generate cash at inopportune times or for unattractive prices.

The trading price of options may be adversely affected if the market for such options becomes less liquid or smaller. The Fund may close out a call option by buying the option instead of letting it expire or be exercised. There can be no assurance that a liquid market will exist when the Fund seeks to close out a call option position by buying the option. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the OCC may not at all times be adequate to handle current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled to discontinue the trading of options (or a particular class or series of options) at some future date. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist. However, outstanding options on that exchange that had been issued by the OCC as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

The hours of trading for options may not conform to the hours during which common stocks held by the Fund are traded. To the extent that the options markets close before the markets for securities, significant price and rate movements can take place in the securities markets that would not be reflected concurrently in the options markets.

Index call options are marked to market daily and their value is substantially affected by changes in the value and dividend rates of the securities represented in the underlying index, changes in interest rates, changes in the actual or perceived volatility of the associated index and the remaining time to the options' expiration, as well as trading conditions in the options market.

**Tax risk**

Reference is made to "Federal Income Tax Matters" for an explanation of the federal income tax consequences and attendant risks of investing in the Fund. Although the Fund seeks to minimize and defer the federal income taxes incurred by Common Shareholders in connection with their investment in the Fund, there can be no assurance that it will be successful in this regard. Market conditions may limit the Fund's ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund's tax-managed strategy may cause the Fund to hold a security in order to achieve more favorable tax-treatment or to sell a security in order to create tax losses. The Fund's ability to utilize various tax-management techniques may be curtailed or eliminated in the future by tax legislation, regulation or interpretations. Distributions paid on the Common Shares may be characterized variously as net investment income (taxable at ordinary income rates), qualified dividends and capital gains dividends (each taxable at long-term capital gains rates) or return of

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 33Prospectus dated [\_\_\_\_], 2018

capital (not currently taxable). The ultimate tax characterization of the Fund's distributions made in a calendar year may not finally be determined until after the end of that calendar year. Distributions to a Common Shareholder that are return of capital will be tax free to the amount of the Common Shareholder's current tax basis in his or her Common Shares, with any distribution amounts exceeding such basis treated as capital gain on a deemed sale of Common Shares. Common Shareholders are required to reduce their tax basis in Common Shares by the amount of tax-free return of capital distributions received, thereby increasing the amount of capital gain (or decreasing the amount of capital loss) to be recognized upon a later disposition of the Common Shares. In order for Fund distributions of qualified dividend income to be taxable at favorable long-term capital gains rates, a Common Shareholder must meet certain prescribed holding period and other requirements with respect to his or her Common Shares. If positions held by the Fund were treated as "straddles" for federal income tax purposes, dividends on such positions would not constitute qualified dividend income subject to favorable income tax treatment. Gain or loss on positions in a straddle are subject to special (and generally disadvantageous) rules as described under "Federal Income Tax Matters."

#### Foreign investment risk

Investments in foreign issuers could be affected by factors not present in the United States, including expropriation, armed conflict, confiscatory taxation, lack of uniform accounting and auditing standards, less publicly available financial and other information, and potential difficulties in enforcing contractual obligations. Because foreign issuers may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements and regulatory measures comparable to those in the United States, there may be less publicly available information about such foreign issuers. Settlements of securities transactions in foreign countries are subject to risk of loss, may be delayed and are generally less frequent than in the United States, which could affect the liquidity of the Fund's assets.

Foreign issuers may become subject to sanctions imposed by the United States or another country, which could result in the immediate freeze of the foreign issuers' assets or securities. The imposition of such sanctions could impair the market value of the securities of such foreign issuers and limit the Fund's ability to buy, sell, receive or deliver the securities. Trading in certain foreign markets is also subject to liquidity risks.

As an alternative to holding foreign-traded investments, the Fund may invest in U.S. dollar-denominated investments of foreign companies that trade on U.S. exchanges or in the U.S. over-the-counter market including depository receipts, which evidence ownership of shares of a foreign issuer and are alternatives to directly purchasing the underlying foreign securities in their national markets and currencies. However, they continue to be subject to many of the risks associated with investing directly in foreign securities. These risks include the political and economic risks of the underlying issuer's country, as well as in the case of depository receipts traded on foreign markets, currency risk. Depository receipts may be sponsored or unsponsored. Unsponsored depository receipts are established without the participation of the issuer. As a result, available information concerning the issuer of an unsponsored depository receipt may not be as current as for sponsored depository receipts, and the prices of unsponsored depository receipts may be more volatile than if such instruments were sponsored by the issuer. Unsponsored depository receipts may involve higher expenses, may not pass through voting or other shareholder rights and may be less liquid.

Since the Fund may invest in securities denominated or quoted in currencies other than the U.S. dollar, the value of foreign assets and currencies as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency rates and exchange control regulations, application of foreign tax laws (including withholding tax), governmental administration of economic or monetary policies (in this country or abroad), and relations between nations and trading. Foreign currencies also are subject to settlement, custodial and other operational risks. Currency exchange rates can be affected unpredictably by intervention, or the failure to intervene, by U.S. or foreign governments or central banks or by currency controls or political developments in the United States or abroad. If the U.S. dollar rises in value relative to a foreign currency, a security denominated in that foreign currency will be worth less in U.S. dollars. If the U.S. dollar decreases in value relative to a foreign currency, a security denominated in that

foreign currency will be worth more in U.S. dollars. A devaluation of a currency by a country's government or banking authority will have a significant impact on the value of any investments denominated in that currency. Costs are incurred in connection with conversions between currencies.

Foreign securities may not be eligible for the reduced rate of taxation applicable to qualified dividend income.

#### Emerging market investments risk

The Fund may invest up to 5% of its total assets in securities of issuers located in emerging markets. The risks of foreign investments can be more significant in emerging markets. Emerging markets may offer higher potential for gains and losses than investments in the developed markets of the world. Political and economic structures in emerging market countries generally lack the social, political and economic stability of developed countries, which may affect the value of the Fund's investments in these countries and also the ability of the Fund to access markets in such countries. Governmental actions can have a significant effect on the economic conditions in emerging market countries, which also may adversely affect the value and liquidity of the Fund's investments. The laws of emerging market countries relating to

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 34Prospectus dated [\_\_\_\_], 2018



the limited liability of corporate shareholders, fiduciary duties of officers and directors, and bankruptcy of state enterprises are generally less developed than or different from such laws in the United States. It may be more difficult to obtain a judgment in the courts of these countries than it is in the United States. Disruptions due to work stoppages and trading improprieties in foreign securities markets have caused such markets to close. Emerging market securities are also subject to speculative trading, which contributes to their volatility.

Also, investments in issuers domiciled in countries with emerging capital markets may involve certain additional risks that do not generally apply to investments in issuers in more developed capital markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such investments, as compared to investments in comparable issuers in more developed capital markets; (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation or high rates of inflation; (iii) possible significant fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other foreign or U.S. governmental laws or restrictions applicable to such investments; (iv) national policies that may limit investment opportunities; and (v) the lack or relatively early development of legal structures governing private and foreign investments and private property. Trading practices in emerging markets also may be less developed, resulting in inefficiencies relative to trading in more developed markets, which may result in increased transaction costs.

#### Interest rate risk

The premiums from writing index call options and amounts available for distribution from the Fund's options activity may decrease in declining interest rate environments. The value of the Fund's common stock investments may also be influenced by changes in interest rates. Higher yielding stocks and stocks of issuers whose businesses are substantially affected by changes in interest rates may be particularly sensitive to interest rate risk.

#### Derivatives risk

In addition to writing index call options, the risks of which are described above, the Fund may invest up to 20% of its total assets in other derivative investments acquired for hedging, risk management and investment purposes, provided that no more than 10% of the Fund's total assets may be invested in such derivative instruments acquired for non-hedging purposes. Other derivatives instruments may include purchase and sale of derivative contracts based on equity and fixed-income indices and other instruments, covered short sales, purchase and sale of futures contracts and options thereon, forward sales of stock, the purchase and sale of forward currency exchange contracts and currency futures, and various transactions such as swaps, caps, floors or collars. The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create leverage in the Fund, which represents non-cash exposure to the underlying assets, index, rate or instrument. Leverage can increase both the risk and return potential of the Fund. Derivative risks may be more significant when they are used to enhance return or as a substitute for a cash investment position, rather than solely to hedge the risk of a position held by the Fund. Use of derivatives involves the exercise of specialized skill and judgment, and a transaction may be unsuccessful in whole or in part because of market behavior or unexpected events. Changes in the value of a derivative (including one used for hedging) may not correlate perfectly with the underlying asset, rate, index or instrument. Derivative instruments traded in over-the-counter markets may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. If a derivative's counterparty is unable to honor its commitments, the value Fund shares may decline and the Fund could experience delays in the return of collateral or other assets held by the counterparty. The loss on derivative transactions may substantially exceed the initial investment. A derivative investment also involves the risks relating to the asset, index, rate or instrument underlying the investment. There can be no assurance that the use of derivative instruments will be advantageous to the Fund.

#### Liquidity risk

## Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

The Fund may invest up to 15% of its total assets in securities for which there is no readily available trading market or which are otherwise illiquid. The Fund may not be able readily to dispose of such securities at prices that approximate those at which the Fund could sell such securities if they were more widely traded and, as a result of such illiquidity, the Fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. In addition, the limited liquidity could affect the market price of the securities, thereby adversely affecting the Fund's net asset value and ability to make distributions, and at times may make the disposition of securities infeasible.

### Inflation risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions thereon can decline.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 35 Prospectus dated [\_\_\_\_], 2018

#### Market price of Common Shares

As with any security, the market value of the Common Shares may increase or decrease from the amount initially paid for the Common Shares. The Fund's Common Shares have traded both at a premium and at a discount relative to net asset value. The shares of closed-end management investment companies frequently trade at a discount from their NAV. This is a risk separate and distinct from the risk that the Fund's NAV may decrease.

#### Financial leverage risk

Although the Fund has no current intention to do so, the Fund is authorized and reserves the flexibility to utilize leverage through the issuance of preferred shares and/or borrowings, including the issuance of debt securities. In the event that the Fund determines in the future to utilize investment leverage, there can be no assurance that such a leveraging strategy will be successful during any period in which it is employed. Leverage creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares and the risk that fluctuations in distribution rates on any preferred shares or fluctuations in borrowing costs may affect the return to Common Shareholders. To the extent the returns derived from securities purchased with proceeds received from leverage exceeds the cost of leverage, the Fund's distributions may be greater than if leverage had not been used. Conversely, if the returns from the securities purchased with such proceeds are not sufficient to cover the cost of leverage, the amount available for distribution to Common Shareholders will be less than if leverage had not been used. In the latter case, Eaton Vance, in its best judgment, may nevertheless determine to maintain the Fund's leveraged position if it deems such action to be appropriate. The costs of an offering of preferred shares and/or a borrowing program would be borne by Common Shareholders and consequently would result in a reduction of the net asset value of Common Shares. In addition, the fee paid to Eaton Vance will be calculated on the basis of the Fund's average daily gross assets, including proceeds from the issuance of preferred shares and/or borrowings, so the fees will be higher when leverage is utilized. In this regard, holders of preferred shares do not bear the investment advisory fee. Rather, Common Shareholders bear the portion of the investment advisory fee attributable to the assets purchased with the proceeds of the preferred shares offering.

#### Technology risk

The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions.

#### Management risk

The Fund is subject to management risk because it is an actively managed portfolio. Eaton Vance, Parametric and the individual portfolio managers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

#### Market disruption

Instability in the Middle East, the wars in Afghanistan, Iraq and Libya, geopolitical tensions elsewhere and terrorist attacks in the U.S. and around the world have resulted in market volatility and may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the U.S. and worldwide. The Fund cannot predict the effects of significant future events on the global economy and securities markets. A similar disruption of the financial markets could impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to the Common Shares.

Anti-takeover provisions

The Fund's Agreement and Declaration of Trust includes provisions that could limit the ability of other persons or entities to acquire control of the Fund or to change the composition of its Board. See "Description of Capital Structure -- Anti-Takeover Provisions in the Declaration of Trust."

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 36Prospectus dated [\_\_\_\_], 2018

## Management of the Fund

### BOARD OF TRUSTEES

The management of the Fund, including general supervision of the duties performed by the Adviser under the Advisory Agreement (as defined below) and the Sub-Adviser under the Sub-Advisory Agreement (as defined below), is the responsibility of the Fund's Board under the laws of The Commonwealth of Massachusetts and the 1940 Act.

### THE ADVISER

Eaton Vance acts as the Fund's investment adviser under an Investment Advisory Agreement (the "Advisory Agreement"). The Adviser's principal office is located at Two International Place, Boston, MA 02110. Eaton Vance, its affiliates and predecessor companies have been managing assets of individuals and institutions since 1924 and of investment funds since 1931. As of April 30, 2018, Eaton Vance and its affiliates managed approximately \$440.1 billion of fund and separate account assets on behalf of clients, including approximately \$117.8 billion in equity assets. Eaton Vance is a wholly-owned subsidiary of Eaton Vance Corp., a publicly-held holding company, which through its subsidiaries and affiliates engages primarily in investment management, administration and marketing activities.

Under the general supervision of the Fund's Board, Eaton Vance is responsible for managing the Fund's overall investment program and executing the Fund's options strategy. Eaton Vance also is responsible for providing the Sub-Adviser with research support and supervising the performance of the Sub-Adviser. As described below under the caption "The Sub-Adviser," Parametric will be responsible for structuring and managing the Fund's common stock portfolio, including tax-loss harvesting (i.e., periodically selling positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund) and other tax-management techniques, relying in part on the fundamental research and analytical judgments of the Adviser. The Adviser will furnish to the Fund investment advice and office facilities, equipment and personnel for servicing the investments of the Fund. The Adviser will compensate all Trustees and officers of the Fund who are members of the Adviser's organization and who render investment services to the Fund, and will also compensate all other Adviser personnel who provide research and investment services to the Fund. In return for these services, facilities and payments, the Fund has agreed to pay the Adviser as compensation under the Advisory Agreement an annual fee in the amount of 1.00% of the average daily gross assets of the Fund. Gross assets of the Fund means total assets of the Fund, including any form of investment leverage that the Fund may in the future determine to utilize, minus all accrued expenses incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to any future investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility/commercial paper program or the issuance of debt securities), (ii) the issuance of preferred shares or other similar preference securities, (iii) the reinvestment of collateral received for securities loaned in accordance with the Fund's investment objectives and policies and/or (iv) any other means. During any future periods in which the Fund is using leverage, the fees paid to Eaton Vance for investment advisory services will be higher than if the Fund did not use leverage because the fees paid will be calculated on the basis of the Fund's gross assets, including proceeds from any borrowings and from the issuance of preferred shares. The Fund is responsible for all expenses not expressly stated by another party (such as the expenses required to be paid pursuant to an agreement with the investment adviser or administrator).

The Fund's semiannual shareholder report contains information regarding the basis for the Trustees' approval of the Fund's Advisory Agreement.

Michael A. Allison is responsible for managing the Fund's overall investment program and executing the Fund's options strategy, and also provides the Sub-Adviser with research support and supervises the performance of the Sub-Adviser. Mr. Allison is a Vice President of Eaton Vance, is a member of Eaton Vance's Equity Strategy

Committee and has been portfolio manager of the Fund since June 2015. Mr. Allison has managed other Eaton Vance portfolios for more than five years.

#### THE SUB-ADVISER

Eaton Vance has engaged its affiliate Parametric as a sub-adviser to the Fund. Parametric is responsible for structuring and managing the Fund's common stock portfolio, including tax-loss harvesting (i.e., periodically selling positions that have depreciated in value to realize capital losses that can be used to offset capital gains realized by the Fund) and other tax-management techniques, relying in part on the fundamental research and analytical judgments of the Adviser. Parametric's principal office is located at 1918 Eighth Avenue, Suite 3100, Seattle, WA 98101. Parametric is a Seattle, Washington based investment manager that has been providing investment advisory services since its formation in 1987. Parametric managed approximately \$231.5 billion in assets as of April 30, 2018.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 37Prospectus dated [\_\_\_\_], 2018

Under the terms of the Sub-Advisory Agreement (a “Sub-Advisory Agreement”) between Eaton Vance and Parametric, Eaton Vance (and not the Fund) pays Parametric a portion of the advisory fee for sub-advisory services provided to the Fund. Pursuant to the terms of the Advisory Agreement, Eaton Vance, upon approval by the Board, may terminate the Sub-Advisory Agreement, and Eaton Vance may assume full responsibility for the services provided by Parametric without the need for approval by shareholders of the Fund.

Thomas Seto is the Parametric portfolio manager responsible for the day-to-day structuring and management of the Fund’s common stock portfolio. Mr. Seto manages two other Eaton Vance closed-end investment companies that utilize a buy-write investment strategy.

Mr. Seto is Head of Investment Management at Parametric’s Seattle Investment Center and was previously Director of Portfolio Management at Parametric for more than five years. Mr. Seto has been a portfolio manager of the Fund since June 2005 and has managed other Eaton Vance portfolios for more than five years.

The Fund, the Adviser and the Sub-Adviser have adopted codes of ethics relating to personal securities transactions (the “Codes of Ethics”). The Codes of Ethics permit Adviser and Sub-Adviser personnel to invest in securities (including securities that may be purchased or held by the Fund) for their own accounts, subject to certain pre-clearance, reporting and other restrictions and procedures contained in such Codes of Ethics.

#### **Additional Information Regarding Portfolio Managers**

The Statement of Additional Information provides additional information about the portfolio managers’ compensation, other accounts managed by the portfolio managers, and the portfolio managers’ ownership of securities in the Fund. The Statement of Additional Information is available free of charge by calling 1-800-262-1122 or by visiting the Fund’s website at <http://www.eatonvance.com>. The information contained in, or that can be accessed through, the Fund’s website is not part of this prospectus or the Statement of Additional Information.

#### **THE ADMINISTRATOR**

Eaton Vance serves as administrator of the Fund. Under an Amended and Restated Administrative Services Agreement with the Fund (the “Administration Agreement”), Eaton Vance is responsible for managing the business affairs of the Fund, subject to the supervision of the Fund’s Board. Eaton Vance furnishes to the Fund all office facilities, equipment and personnel for administering the affairs of the Fund. Eaton Vance’s administrative services include recordkeeping, preparation and filing of documents required to comply with federal and state securities laws, supervising the activities of the Fund’s custodian and transfer agent, providing assistance in connection with the Board and shareholders’ meetings, providing service in connection with any repurchase offers and other administrative services necessary to conduct the Fund’s business. Eaton Vance currently receives no compensation for providing administrative services to the Fund.

#### **Plan of Distribution**

The Fund may sell the Common Shares being offered under this Prospectus in any one or more of the following ways: (i) directly to purchasers; (ii) through agents; (iii) to or through underwriters; or (iv) through dealers. The Prospectus Supplement relating to the Offering will identify any agents, underwriters or dealers involved in the offer or sale of Common Shares, and will set forth any applicable offering price, sales load, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among its underwriters, or the basis upon which such amount may be calculated, net proceeds and use of proceeds, and the terms of any sale.

## Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

The Fund may distribute Common Shares from time to time in one or more transactions at: (i) a fixed price or prices that may be changed; (ii) market prices prevailing at the time of sale; (iii) prices related to prevailing market prices; or (iv) negotiated prices; provided, however, that in each case the offering price per Common Share (less any underwriting commission or discount) must equal or exceed the NAV per Common Share.

The Fund from time to time may offer its Common Shares through or to certain broker-dealers, including UBS Securities LLC, that have entered into selected dealer agreements relating to at-the-market offerings.

The Fund may directly solicit offers to purchase Common Shares, or the Fund may designate agents to solicit such offers. The Fund will, in a Prospectus Supplement relating to such Offering, name any agent that could be viewed as an underwriter under the 1933 Act, and describe any commissions the Fund must pay to such agent(s). Any such agent will be acting on a reasonable best efforts basis for the period of its appointment or, if indicated in the applicable Prospectus Supplement or other offering materials, on a firm commitment basis. Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for the Fund in the ordinary course of business.

If any underwriters or agents are used in the sale of Common Shares in respect of which this Prospectus is delivered, the Fund will enter into an underwriting agreement or other agreement with them at the time of sale to them, and the Fund will set forth in the Prospectus Supplement relating to such Offering their names and the terms of the Fund's agreement with them.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 38 Prospectus dated [\_\_\_\_], 2018



If a dealer is utilized in the sale of Common Shares in respect of which this Prospectus is delivered, the Fund will sell such Common Shares to the dealer, as principal. The dealer may then resell such Common Shares to the public at varying prices to be determined by such dealer at the time of resale.

The Fund may engage in at-the-market offerings to or through a market maker or into an existing trading market, on an exchange or otherwise, in accordance with Rule 415(a)(4) under the 1933 Act. An at-the-market offering may be through an underwriter or underwriters acting as principal or agent for the Fund.

Agents, underwriters and dealers may be entitled under agreements which they may enter into with the Fund to indemnification by the Fund against certain civil liabilities, including liabilities under the 1933 Act, and may be customers of, engage in transactions with or perform services for the Fund in the ordinary course of business.

In order to facilitate the Offering of Common Shares, any underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of Common Shares or any other Common Shares the prices of which may be used to determine payments on the Common Shares. Specifically, any underwriters may over-allot in connection with the Offering, creating a short position for their own accounts. In addition, to cover over-allotments or to stabilize the price of Common Shares or of any such other Common Shares, the underwriters may bid for, and purchase, Common Shares or any such other Common Shares in the open market. Finally, in any Offering of Common Shares through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing Common Shares in the Offering if the syndicate repurchases previously distributed Common Shares in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of Common Shares above independent market levels. Any such underwriters are not required to engage in these activities and may end any of these activities at any time.

The Fund may enter into derivative transactions with third parties, or sell Common Shares not covered by this Prospectus to third parties in privately negotiated transactions. If the applicable Prospectus Supplement indicates, in connection with those derivatives, the third parties may sell Common Shares covered by this Prospectus and the applicable Prospectus Supplement or other offering materials, including in short sale transactions. If so, the third parties may use Common Shares pledged by the Fund or borrowed from the Fund or others to settle those sales or to close out any related open borrowings of securities, and may use Common Shares received from the Fund in settlement of those derivatives to close out any related open borrowings of securities. The third parties in such sale transactions will be underwriters and, if not identified in this Prospectus, will be identified in the applicable Prospectus Supplement or other offering materials (or a post-effective amendment).

The Fund or one of the Fund's affiliates may loan or pledge Common Shares to a financial institution or other third party that in turn may sell Common Shares using this Prospectus. Such financial institution or third party may transfer its short position to investors in Common Shares or in connection with a simultaneous Offering of other Common Shares offered by this Prospectus or otherwise.

The maximum amount of compensation to be received by any member of the Financial Industry Regulatory Authority, Inc. will not exceed 8% of the initial gross proceeds from the sale of any security being sold with respect to each particular Offering of Common Shares made under a single Prospectus Supplement.

Any underwriter, agent or dealer utilized in the initial Offering of Common Shares will not confirm sales to accounts over which it exercises discretionary authority without the prior specific written approval of its customer.

#### Distributions

Pursuant to an exemptive order issued by the Securities and Exchange Commission ("Order"), the Fund is authorized to distribute long-term capital gains to shareholders more frequently than once per year. Pursuant to the Order, the Fund's

Board of Trustees approved a Managed Distribution Plan (“MDP”) pursuant to which the Fund makes monthly cash distributions to Common Shareholders, stated in terms of a fixed amount per common share. Shareholders should not draw any conclusions about the Fund’s investment performance from the amount of these distributions or from the terms of the MDP. The MDP will be subject to regular periodic review by the Fund’s Board of Trustees and the Board may amend or terminate the MDP at any time without prior notice to Fund shareholders. However, at this time there are no reasonably foreseeable circumstances that might cause the termination of the MDP. The Fund may distribute more than its net investment income and net realized capital gains and, therefore, a distribution may include a return of capital. A return of capital distribution does not necessarily reflect the Fund’s investment performance and should not be confused with “yield” or “income.” In addition, a return of capital is treated as a non-dividend distribution for tax purposes, is not subject to current tax and reduces a shareholder’s tax cost basis in fund shares. With each distribution, the Fund will issue a notice to shareholders and a press release containing information about the amount and sources of the distribution and other related information. The amounts and sources of distributions contained in the notice and press release are only estimates and are not provided for tax purposes. The amounts and sources of the Fund’s distributions for tax purposes will be reported to shareholders on Form 1099-DIV for each calendar year.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 39 Prospectus dated [\_\_\_\_], 2018

Subject to its MDP, the Fund makes monthly distributions to Common Shareholders sourced from the Fund's cash available for distribution. "Cash available for distribution" consists of the Fund's dividends and interest income after payment of Fund expenses, net option premiums and net realized and unrealized gains on stock investments. The Fund intends to distribute all or substantially all of its net realized capital gains. Distributions are recorded on the ex-dividend date. Distributions to shareholders are determined in accordance with income tax regulations, which may differ from U.S. GAAP. As required by U.S. GAAP, only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income. Distributions in any year may include a substantial return of capital component. The Fund's distribution rate may be adjusted from time-to-time. The Board may modify this distribution policy at any time without obtaining the approval of Common Shareholders

The Fund distinguishes between distributions on a tax basis and a financial reporting basis. Accounting principles generally accepted in the United States of America require that only distributions in excess of tax basis earnings and profits be reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income.

Common Shareholders may elect automatically to reinvest some or all of their distributions in additional Common Shares under the Fund's dividend reinvestment plan. See "Dividend Reinvestment Plan."

#### Federal Income Tax Matters

The Fund intends to elect to be treated and to qualify each year as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, the Fund intends to satisfy certain requirements relating to sources of its income and diversification of its assets and to distribute substantially all of its net income (including both investment company taxable income and net tax-exempt interest income) and net short-term and long-term capital gains (after reduction by any available capital loss carryforwards) in accordance with the timing requirements imposed by the Code, so as to maintain its RIC status and to avoid paying federal income or excise tax thereon. If it qualifies for treatment as a RIC and satisfies the above-mentioned distribution requirements, the Fund will not be subject to federal income tax on income paid to its shareholders in the form of dividends or capital gains distributions.

To qualify as a RIC for federal income tax purposes, the Fund must derive at least 90% of its annual gross income from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including, but not limited to, gains from options, futures or forward contracts) derived with respect to its business of investing in stock, securities and currencies, and net income derived from an interest in a qualified publicly traded partnership. The Fund must also distribute to its shareholders at least the sum of 90% of its investment company taxable income and 90% of its net tax-exempt interest income for each taxable year.

The Fund must also satisfy certain requirements with respect to the diversification of its assets. The Fund must have, at the close of each quarter of its taxable year, at least 50% of the value of its total assets represented by cash and cash items, U.S. government securities, securities of other RICs, and other securities that, in respect of any one issuer, do not represent more than 5% of the value of the assets of the Fund or more than 10% of the voting securities of that issuer. In addition, at those times, not more than 25% of the value of the Fund's assets may be invested in securities (other than U.S. Government securities or the securities of other RICs) of any one issuer, or of two or more issuers that the Fund controls and which are engaged in the same or similar trades or businesses or related trades or businesses, or of one or more qualified publicly traded partnerships.

## Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

If the Fund does not qualify as a RIC for any taxable year, the Fund's taxable income is subject to corporate income taxes, and all distributions from earnings and profits, including distributions of net capital gain (if any), will be taxable to the shareholder as ordinary income. Such distributions will be treated as qualified dividend income with respect to shareholders who are individuals and will be eligible for the dividends received deduction in the case of shareholders taxed as corporations, provided certain holding period requirements are met. In order to requalify for taxation as a RIC, the Fund may be required to recognize unrealized gains, pay substantial taxes and interest, and make substantial distributions.

At least annually, the Fund intends to distribute any net capital gain (which is the excess of net long-term capital gain over net short-term capital loss) or, alternatively, to retain all or a portion of the year's net capital gain and pay federal income tax on the retained gain. As provided under federal tax law, Common Shareholders of record as of the end of the Fund's taxable year will include their attributable share of the retained gain in their income for the year as long-term capital gain (regardless of holding period in the Common Shares) and will be entitled to a tax credit or refund for the tax paid on their behalf by the Fund. Common Shareholders of record for the retained capital gain will also be entitled to increase their tax basis in their Common Shares by 65 percent of the allocated gain. Distributions of the Fund's net capital gain ("capital

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 40Prospectus dated [\_\_\_\_], 2018

gain distributions”), if any, are taxable to Common Shareholders as long-term capital gain, regardless of their holding period in the Common Shares. Distributions of gains from the sale of investments that the Fund owned for one year or less will be taxable as ordinary income.

If, for any calendar year, the Fund’s total distributions exceed the Fund’s current and accumulated earnings and profits, the excess will be treated as a tax-free return of capital to each Common Shareholder (up to the amount of the Common Shareholder’s basis in his or her Common Shares) and thereafter as gain from the sale of Common Shares (assuming the Common Shares are held as a capital asset). The amount treated as a tax-free return of capital will reduce the Common Shareholder’s adjusted basis in his or her Common Shares, thereby increasing his or her potential gain or reducing his or her potential loss on the subsequent sale or other disposition of his or her Common Shares. See below for a summary of the maximum tax rates applicable to long-term capital gain (including capital gain distributions). A corporation that owns Fund shares generally will not be entitled to the dividends received deduction with respect to all (or any prescribed percentage) of the distributions it receives from the Fund. Fund distributions that are attributable to qualified dividend income received by the Fund from certain domestic corporations may be designated by the Fund as being eligible for the dividends received deduction.

Certain of the Fund’s investment practices are subject to special and complex federal income tax provisions that may, among other things, (i) convert dividends that would otherwise constitute qualified dividend income into ordinary income, (ii) treat dividends that would otherwise be eligible for the corporate dividends received deduction as ineligible for such treatment, (iii) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (iv) convert long-term capital gain into short-term capital gain or ordinary income, (v) convert an ordinary loss or deduction into a capital loss (the deductibility of which is more limited), (vi) cause the Fund to recognize income or gain without a corresponding receipt of cash, (vii) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur and (viii) adversely alter the characterization of certain complex financial transactions. While it may not always be successful in doing so, the Fund seeks to avoid or minimize any adverse tax consequences of its investment practices.

In the case of Fund transactions involving S&P 500 and NASDAQ-100 call options (or other listed options on broad-based securities indices), Code Section 1256 generally will require any gain or loss arising from the lapse, closing out or exercise of such positions to be treated as 60% long-term and 40% short-term capital gain or loss. In addition, the Fund generally will be required to “mark to market” (i.e., treat as sold for fair market value) each outstanding index option position at the close of each taxable year (and on October 31 of each year for excise tax purposes). If a Section 1256 Contract held by the Fund at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the “mark to market” rules. In addition to most index call options, Section 1256 Contracts include certain other options contracts, certain regulated futures contracts and certain other financial contracts.

The Code contains special rules that apply to “straddles,” defined generally as the holding of “offsetting positions with respect to personal property.” For example, the straddle rules normally apply when a taxpayer holds stock and an offsetting option with respect to such stock or substantially identical stock or securities. In general, investment positions will be offsetting if there is a substantial diminution in the risk of loss from holding one position by reason of holding one or more other positions. The Fund expects that the index call options it writes will not be considered straddles for this purpose because the Fund’s portfolio of common stocks will be sufficiently dissimilar from the components of the S&P 500 and the NASDAQ-100 under applicable guidance established by the IRS. Under certain circumstances, however, the Fund may enter into options transactions or certain other investments that may constitute positions in a straddle. If two or more positions constitute a straddle, recognition of a realized loss from one position must generally be deferred to the extent of unrecognized gain in an offsetting position. In addition, long-term capital gain may be recharacterized as short-term capital gain, or short-term capital loss as long-term capital loss. Interest and other carrying charges allocable to personal property that is part of a straddle are not currently deductible but must instead be capitalized. Similarly, “wash sale” rules apply to prevent the recognition of loss by the Fund from the

disposition of stock or securities at a loss in a case in which identical or substantially identical stock or securities (or an option to acquire such property) is or has been acquired within a prescribed period.

The Code allows a taxpayer to elect to offset gains and losses from positions that are part of a “mixed straddle.” A “mixed straddle” is any straddle in which one or more but not all positions are section 1256 contracts. The Fund may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily “marking to market” of all open positions in the account and a daily netting of gains and losses from all positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The net capital gain or loss is treated as 60% long-term and 40% short-term capital gain or loss if attributable to the section 1256 contract positions, or all short-term capital gain or loss if attributable to the non-section 1256 contract positions.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 41 Prospectus dated [\_\_\_\_], 2018

The Fund may recognize gain (but not loss) from a constructive sale of certain “appreciated financial positions” if the Fund enters into a short sale, offsetting notional principal contract, or a forward contract transaction with respect to the appreciated position or substantially identical property. Appreciated financial positions subject to this constructive sale treatment include interests (including options and forward contracts and short sales) in stock and certain other instruments. Constructive sale treatment does not apply if the transaction is closed out not later than thirty days after the end of the taxable year in which the transaction was initiated, and the underlying appreciated securities position is held unhedged for at least the next sixty days after the hedging transaction is closed.

Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Fund’s hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, “substantially identical property” has been held by the Fund for more than one year. In addition, entering into a short sale may result in suspension of the holding period of “substantially identical property” held by the Fund.

Gain or loss on a short sale will generally not be realized until such time as the short sale is closed. However, as described above in the discussion of constructive sales, if the Fund holds a short sale position with respect to securities that have appreciated in value, and it then acquires property that is the same as or substantially identical to the property sold short, the Fund generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Fund holds an appreciated financial position with respect to securities and then enters into a short sale with respect to the same or substantially identical property, the Fund generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale.

Certain dividend distributions paid by the Fund (whether paid in cash or reinvested in additional Common Shares) to individual taxpayers are taxed at rates applicable to net long-term capital gains (20%, 15% or 0%, depending on an individual’s tax bracket). This tax treatment applies only if certain holding period and other requirements are satisfied by the Common Shareholder and the dividends are attributable to qualified dividend income received by the Fund itself. For this purpose, “qualified dividend income” means dividends received by the Fund from U.S. corporations and “qualified foreign corporations,” provided that the Fund satisfies certain holding period and other requirements in respect of the stock of such corporations. In order for qualified dividends paid by the Fund to a Common Shareholder to be taxable at long-term capital gains rates, the Common Shareholder must hold his or her Common Shares for more than 60 days during the 121-day period surrounding the ex-dividend date. For the Fund to receive tax-advantaged dividend income, the Fund must hold stock paying qualified dividend income for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date (or more than 90 days during the associated 181-day period, in the case of certain preferred stocks). In addition, the Fund cannot be obligated to make related payments (pursuant to a short sale or otherwise) with respect to positions in any security that is substantially similar or related property with respect to such stock. Gains on option positions treated as short-term and other short-term gains, interest income and non-qualified dividends are not eligible for the lower tax rate. There can be no assurance as to what portion of the Fund’s dividend distributions will qualify for favorable treatment. The Fund’s investment program and the tax treatment of Fund distributions may be affected by IRS interpretations of the Code and future changes in tax laws and regulations.

The Fund will inform Common Shareholders of the source and tax status of all distributions promptly after the close of each calendar year.

Selling Common Shareholders will generally recognize gain or loss in an amount equal to the difference between the Common Shareholder's adjusted tax basis in the Common Shares sold and the sale proceeds. If the Common Shares are held as a capital asset, the gain or loss will be a capital gain or loss. The maximum tax rate applicable to net capital gains recognized by individuals and other non-corporate taxpayers is (i) the same as the maximum ordinary income tax rate for gains recognized on the sale of capital assets held for one year or less, or (ii) 20% for gains recognized on the sale of capital assets held for more than one year (as well as any capital gain distributions) (15% or 0% for individuals in certain tax brackets). Any loss on a disposition of Common Shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain distributions received with respect to those Common Shares. For purposes of determining whether Common Shares have been held for six months or less, the holding period is suspended for any periods during which the Common Shareholder's risk of loss is diminished as a result of holding one or more other positions in substantially similar or related property, or through certain options or short sales. Any loss realized on a sale or exchange of Common Shares will be disallowed to the extent those Common Shares are replaced by other Common Shares within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition of the Common Shares (whether through the reinvestment of distributions or otherwise). In that event, the basis of the replacement Common Shares will be adjusted to reflect the disallowed loss.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 42Prospectus dated [\_\_\_\_], 2018



An investor should be aware that, if Common Shares are purchased shortly before the record date for any taxable distribution (including a capital gain distribution), the purchase price likely will reflect the value of the distribution and the investor then would receive a taxable distribution that is likely to reduce the trading value of such Common Shares, in effect resulting in a taxable return of some of the purchase price. Taxable distributions to certain individuals and certain other non-corporate Common Shareholders, including those who have not provided their correct taxpayer identification number and other required certifications, may be subject to “backup” federal income tax withholding at the fourth lowest rate of tax applicable to a single individual.

An investor should also be aware that the benefits of the reduced tax rate applicable to long-term capital gains and qualified dividend income may be impacted by the application of the alternative minimum tax to individual shareholders.

Certain foreign entities including foreign entities acting as intermediaries may be subject to a 30% withholding tax on dividend income paid and, after December 31, 2018, on gross redemption proceeds paid under the Foreign Account Tax Compliance Act (“FATCA”). To avoid withholding, foreign financial institutions subject to FATCA must agree to disclose to the relevant revenue authorities certain information regarding their direct and indirect U.S. owners and other foreign entities must certify certain information regarding their direct and indirect U.S. owners to the Fund. For more detailed information regarding FATCA withholding and compliance, please refer to the Statement of Additional Information.

The foregoing briefly summarizes some of the important federal income tax consequences to Common Shareholders of investing in Common Shares, reflects the federal tax law as of the date of this Prospectus and does not address special tax rules applicable to certain types of investors, such as corporate and foreign investors. Unless otherwise noted, this discussion assumes that an investor is a U.S. person and holds Common Shares as a capital asset. This discussion is based upon current provisions of the Code, the regulations promulgated thereunder and judicial and administrative ruling authorities, all of which are subject to change or differing interpretations by the courts or the IRS retroactively or prospectively. Investors should consult their tax advisors regarding other federal, state or local tax considerations that may be applicable in their particular circumstances, as well as any proposed tax law changes.

#### Dividend Reinvestment Plan

The Fund offers a dividend reinvestment plan (the “Plan”), pursuant to which a Common Shareholder may elect to have distributions automatically reinvested in Common Shares of the Fund. You may elect to participate in the Plan by completing the Dividend Reinvestment Plan Application Form. If you do not participate, you will receive all Fund distributions in cash paid by check mailed directly to you by American Stock Transfer & Trust Company, LLC (“AST” or “Plan Agent”), as dividend paying agent. On the distribution payment date, if the net asset value per Common Share is equal to or less than the market price per Common Share plus estimated brokerage commissions, then new Common Shares will be issued. The number of Common Shares shall be determined by the greater of the net asset value per Common Share or 95% of the market price. Otherwise, Common Shares generally will be purchased on the open market by the Plan Agent. Distributions subject to income tax (if any) are taxable whether or not shares are reinvested.

If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you will need to request that your shares be re-registered in your name with the Fund’s transfer agent, AST, or you will not be able to participate.

The Plan Agent’s service fee for handling distributions will be paid by the Fund. Each participant will be charged their pro rata share of brokerage commissions on all open-market purchases.

Plan participants may withdraw from the Plan at any time by writing to the Plan Agent at the address noted on page 50. If you withdraw, you will receive shares in your name for all Common Shares credited to your account under the

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

Plan. If a participant elects by written notice to the Plan Agent to have the Plan Agent sell part or all of his or her Common Shares and remit the proceeds, the Plan Agent is authorized to deduct a \$5.00 fee plus brokerage commissions from the proceeds.

Any inquiries regarding the Plan can be directed to the Plan Agent, AST, at 1-866-439-6787.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 43 Prospectus dated [\_\_\_\_], 2018

## Description of Capital Structure

The Fund is an unincorporated business trust established under the laws of The Commonwealth of Massachusetts by an Agreement and Declaration of Trust dated and filed with the Secretary of The Commonwealth on March 30, 2005 (the "Declaration of Trust"). The Declaration of Trust provides that the Board may authorize separate classes of shares of beneficial interest. The Board has authorized an unlimited number of Common Shares. The Fund intends to hold annual meetings of Common Shareholders in compliance with the requirements of the NYSE.

## COMMON SHARES

The Declaration of Trust permits the Fund to issue an unlimited number of full and fractional Common Shares. Each Common Share represents an equal proportionate interest in the assets of the Fund with each other Common Share in the Fund. Common Shareholders will be entitled to the payment of distributions when, as and if declared by the Board. The 1940 Act or the terms of any future borrowings or issuance of preferred shares may limit the payment of distributions to the Common Shareholders. Each whole Common Share shall be entitled to one vote as to matters on which it is entitled to vote pursuant to the terms of the Declaration of Trust on file with the SEC. Upon liquidation of the Fund, after paying or adequately providing for the payment of all liabilities of the Fund and the liquidation preference with respect to any outstanding preferred shares, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Board may distribute the remaining assets of the Fund among the Common Shareholders. The Declaration of Trust provides that Common Shareholders are not liable for any liabilities of the Fund and permits inclusion of a clause to that effect in every agreement entered into by the Fund and, in coordination with the Fund's By-laws, indemnifies shareholders against any such liability. Although shareholders of an unincorporated business trust established under Massachusetts law may, in certain limited circumstances, be held personally liable for the obligations of the business trust as though they were general partners, the provisions of the Fund's Declaration of Trust and By-laws described in the foregoing sentence make the likelihood of such personal liability remote.

The Fund has no current intention to issue preferred shares or to borrow money. However, if at some future time there are any borrowings or preferred shares outstanding, the Fund may not be permitted to declare any cash distribution on its Common Shares, unless at the time of such declaration, (i) all accrued distributions on preferred shares or accrued interest on borrowings have been paid and (ii) the value of the Fund's total assets (determined after deducting the amount of such distribution), less all liabilities and indebtedness of the Fund not represented by senior securities, is at least 300% of the aggregate amount of such securities representing indebtedness and at least 200% of the aggregate amount of securities representing indebtedness plus the aggregate liquidation value of the outstanding preferred shares. In addition to the requirements of the 1940 Act, the Fund may be required to comply with other asset coverage requirements as a condition of the Fund obtaining a rating of preferred shares from a nationally recognized statistical rating agency (a "Rating Agency"). These requirements may include an asset coverage test more stringent than under the 1940 Act. This limitation on the Fund's ability to make distributions on its Common Shares could in certain circumstances impair the ability of the Fund to maintain its qualification for taxation as a regulated investment company for federal income tax purposes. If the Fund were in the future to issue preferred shares or borrow money, it would intend, however, to the extent possible to purchase or redeem preferred shares or reduce borrowings from time to time to maintain compliance with such asset coverage requirements and may pay special distributions to the holders of the preferred shares in certain circumstances in connection with any potential impairment of the Fund's status as a regulated investment company. See "Federal Income Tax Matters." Depending on the timing of any such redemption or repayment, the Fund may be required to pay a premium in addition to the liquidation preference of the preferred shares to the holders thereof.

The Fund has no present intention of offering additional Common Shares, except as described herein. Other offerings of its Common Shares, if made, will require approval of the Board. Any additional offering will not be sold at a price per Common Share below the then current net asset value (exclusive of underwriting discounts and commissions) except in connection with an offering to existing Common Shareholders or with the consent of a majority of the outstanding Common Shares. The Common Shares have no preemptive rights.

The Fund generally will not issue Common Share certificates. However, upon written request to the Fund's transfer agent, a share certificate will be issued for any or all of the full Common Shares credited to an investor's account. Common Share certificates that have been issued to an investor may be returned at any time.

#### **REPURCHASE OF COMMON SHARES AND OTHER DISCOUNT METHODS**

Because shares of closed-end management investment companies frequently trade at a discount to their net asset values, the Board has determined that from time-to-time it may be in the interest of Common Shareholders for the Fund to take corrective actions to reduce trading discounts in the Common Shares. The Board, in consultation with Eaton Vance, will review at least annually the possibility of open market repurchases and/or tender offers for the Common Shares and will consider such factors as the market price of the Common Shares, the net asset value of the Common Shares, the liquidity of the assets of the Fund, the effect on the Fund's expenses, whether such transactions would impair the Fund's

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 44Prospectus dated [\_\_\_\_], 2018

status as a regulated investment company or result in a failure to comply with applicable asset coverage requirements, general economic conditions and such other events or conditions that may have a material effect on the Fund's ability to consummate such transactions. There are no assurances that the Board will, in fact, decide to undertake either of these actions or, if undertaken, that such actions will result in the Common Shares trading at a price equal to or approximating their net asset value. In recognition of the possibility that the Common Shares might trade at a discount to net asset value and that any such discount may not be in the interest of shareholders, the Board, in consultation with Eaton Vance, from time to time may review possible actions to reduce any such discount.

On September 30, 2013, the Board of Trustees of the Fund authorized the continuation of repurchase by the Fund of up to 10% of its then-currently outstanding Common Shares in open-market transactions at a discount to net asset value. The repurchase program has been in effect since August 6, 2012 and does not obligate the Fund to purchase a specific amount of shares. Results of the repurchase program are disclosed in the Fund's annual and semiannual reports to shareholders.

## **PREFERRED SHARES**

The Fund has no current intention of issuing any shares other than the Common Shares. However, the Declaration of Trust authorizes the issuance of an unlimited number of shares of beneficial interest with preference rights (the "preferred shares") in one or more series, with rights as determined by the Board, by action of the Board without the approval of the Common Shareholders.

Under the requirements of the 1940 Act, the Fund must, immediately after the issuance of any preferred shares, have an "asset coverage" of at least 200%. Asset coverage means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities (as defined in the 1940 Act), bears to the aggregate amount of senior securities representing indebtedness of the Fund, if any, plus the aggregate liquidation preference of the preferred shares. If the Fund seeks a rating for preferred shares, asset coverage requirements in addition to those set forth in the 1940 Act may be imposed. The liquidation value of any preferred shares would be expected to equal their aggregate original purchase price plus redemption premium, if any, together with any accrued and unpaid distributions thereon (on a cumulative basis), whether or not earned or declared. The terms of any preferred shares, including their distribution rate, voting rights, liquidation preference and redemption provisions, will be determined by the Board (subject to applicable law and the Fund's Declaration of Trust) if and when it authorizes preferred shares. The Fund may issue preferred shares that provide for the periodic redetermination of the distribution rate at relatively short intervals through an auction or remarketing procedure, although the terms of such preferred shares may also enable the Fund to lengthen such intervals. At times, the distribution rate on any preferred shares may exceed the Fund's return after expenses on the investment of proceeds from the preferred shares and the Fund's leverage structure, resulting in a lower rate of return to Common Shareholders than if the Fund were not so structured.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, the terms of any preferred shares may entitle the holders of preferred shares to receive a preferential liquidating distribution (expected to equal the original purchase price per share plus redemption premium, if any, together with accrued and unpaid dividends, whether or not earned or declared and on a cumulative basis) before any distribution of assets is made to Common Shareholders. After payment of the full amount of the liquidating distribution to which they are entitled, the preferred shareholders would not be entitled to any further participation in any distribution of assets by the Fund.

Holders of preferred shares, voting as a class, would be entitled to elect two of the Fund's Trustees if any preferred shares are issued. The holders of both the Common Shares and the preferred shares (voting together as a single class with each share entitling its holder to one vote) shall be entitled to elect the remaining Trustees of the Fund. Under the 1940 Act, if at any time dividends on the preferred shares are unpaid in an amount equal to two full years' dividends thereon, the holders of all outstanding preferred shares, voting as a class, will be allowed to elect a majority of the Board until all distributions in arrears have been paid or declared and set apart for payment. In addition, if required by

a Rating Agency rating the preferred shares or if the Board determines it to be in the best interests of the Common Shareholders, issuance of the preferred shares may result in more restrictive provisions than required under the 1940 Act. In this regard, holders of preferred shares may be entitled to elect a majority of the Board in other circumstances, for example, if one payment on the preferred shares is in arrears. The differing rights of the holders of preferred and Common Shares with respect to the election of Trustees do not affect the obligation of all Trustees to take actions they believe to be consistent with the best interests of the Fund. All such actions must be consistent with (i) the obligations of the Fund with respect to the holders of preferred shares (which obligations arise primarily from the contractual terms of the preferred shares, as specified in the Declaration of Trust and By-laws of the Fund) and (ii) the fiduciary duties owed to the Fund, which include the duties of loyalty and care.

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 45 Prospectus dated [\_\_\_\_], 2018

In the event of any future issuance of preferred shares, the Fund likely would seek a credit rating for such preferred shares from a Rating Agency. In such event, as long as preferred shares are outstanding, the composition of its portfolio will reflect guidelines established by such Rating Agency. Based on previous guidelines established by Rating Agencies for the securities of other issuers, the Fund anticipates that the guidelines with respect to any preferred shares would establish a set of tests for portfolio composition and asset coverage that supplement (and in some cases are more restrictive than) the applicable requirements under the 1940 Act. Although no assurance can be given as to the nature or extent of the guidelines that may be imposed in connection with obtaining a rating of any preferred shares, the Fund anticipates that such guidelines would include asset coverage requirements that are more restrictive than those under the 1940 Act, restrictions on certain portfolio investments and investment practices and certain mandatory redemption requirements relating to any preferred shares. No assurance can be given that the guidelines actually imposed with respect to any preferred shares by a Rating Agency would be more or less restrictive than those described in this Prospectus.

### **CREDIT FACILITY/COMMERCIAL PAPER PROGRAM**

The Fund has no current intention to borrow money for the purpose of obtaining investment leverage. If, in the future, the Fund determines to engage in investment leverage using borrowings, the Fund may enter into definitive agreements with respect to a credit facility/commercial paper program or other borrowing program, pursuant to which the Fund would expect to be entitled to borrow up to a specified amount. Any such borrowings would constitute financial leverage. Borrowings under such a facility/commercial paper program would not be expected to be convertible into any other securities of the Fund. Outstanding amounts would be expected to be prepayable by the Fund prior to final maturity without significant penalty, and no sinking fund or mandatory retirement provisions would be expected to apply. Outstanding amounts would be payable at maturity or such earlier times as required by the agreement. The Fund may be required to prepay outstanding amounts under the facility/program or incur a penalty rate of interest in the event of the occurrence of certain events of default. The Fund would be expected to indemnify the lenders under the facility/program against liabilities they may incur in connection with the facility/program.

In addition, the Fund expects that any such credit facility/program would contain covenants that, among other things, likely would limit the Fund's ability to pay distributions in certain circumstances, incur additional debt, change its fundamental investment policies and engage in certain transactions, including mergers and consolidations, and may require asset coverage ratios in addition to those required by the 1940 Act. The Fund may be required to pledge its assets and to maintain a portion of its assets in cash or high-grade securities as a reserve against interest or principal payments and expenses. The Fund expects that any credit facility/program would have customary covenant, negative covenant and default provisions. There can be no assurance that the Fund will enter into an agreement for a credit facility/ program on terms and conditions representative of the foregoing, or that additional material terms will not apply. In addition, if entered into, any such credit facility/program may in the future be replaced or refinanced by one or more credit facilities having substantially different terms or by the issuance of preferred shares or debt securities.

### **EFFECTS OF POSSIBLE FUTURE LEVERAGE**

As discussed above, the Fund has no current intention to issue preferred shares or to borrow money for the purpose of obtaining investment leverage. In the event that the Fund determines in the future to utilize investment leverage, there can be no assurance that such a leveraging strategy would be successful during any period in which it is employed. Leverage creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares and the risk that fluctuations in distribution rates on any preferred shares or fluctuations in borrowing costs may affect the return to Common Shareholders. To the extent that amounts available for distribution derived from securities purchased with the proceeds of leverage exceed the cost of such leverage, the Fund's distributions would be greater than if leverage had not been used. Conversely, if the amounts available for

distribution derived from securities purchased with leverage proceeds are not sufficient to cover the cost of leverage, distributions to Common Shareholders would be less than if leverage had not been used. In the latter case, Eaton Vance, in its best judgment, may nevertheless determine to maintain the Fund's leveraged position if it deems such action to be appropriate. The costs of an offering of preferred shares and/or a borrowing program would be borne by Common Shareholders and consequently would result in a reduction of the net asset value of Common Shares. See "Risk Considerations -- Financial Leverage Risk."

In addition, the fee paid to Eaton Vance will be calculated on the basis of the Fund's average daily gross assets, including proceeds from the issuance of preferred shares and/or borrowings, so the fees would be higher if leverage is utilized. In this regard, holders of preferred shares would not bear the investment advisory fee. Rather, Common Shareholders would bear the portion of the investment advisory fee attributable to the assets purchased with the proceeds of the preferred shares offering. See "Risk Considerations -- Financial Leverage Risk."

Eaton Vance Tax-Managed Buy-Write Opportunities Fund 46Prospectus dated [\_\_\_\_], 2018



## **CERTAIN PROVISIONS OF THE DECLARATION OF TRUST**

### **Anti-Takeover Provisions in the Declaration of Trust**

The Declaration of Trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board and could have the effect of depriving Common Shareholders of an opportunity to sell their Common Shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions may have the effect of discouraging attempts to acquire control of the Fund, which attempts could have the effect of increasing the expenses of the Fund and interfering with the normal operation of the Fund. The Board is divided into three classes, with the term of one class expiring at each annual meeting of shareholders. At each annual meeting, one class of Trustees is elected to a three-year term. This provision could delay for up to two years the replacement of a majority of the Board. A Trustee may be removed from office only for cause by a written instrument signed by the remaining Trustees or by a vote of the holders of at least two-thirds of the class of shares of the Fund that elected such Trustee and are entitled to vote on the matter.

In addition, the Declaration of Trust requires the favorable vote of the holders of at least 75% of the outstanding shares of each class of the Fund, voting as a class, then entitled to vote to approve, adopt or authorize certain transactions with 5%-or-greater holders of a class of shares and their associates, unless the Board shall by resolution have approved a memorandum of understanding with such holders, in which case normal voting requirements would be in effect. For purposes of these provisions, a 5%-or-greater holder of a class of shares (a "Principal Shareholder") refers to any person who, whether directly or indirectly and whether alone or together with its affiliates and associates, beneficially owns 5% or more of the outstanding shares of any class of beneficial interest of the Fund. The transactions subject to these special approval requirements are: (i) the merger or consolidation of the Fund or any subsidiary of the Fund with or into any Principal Shareholder; (ii) the issuance of any securities of the Fund to any Principal Shareholder for cash; (iii) the sale, lease or exchange of all or any substantial part of the assets of the Fund to any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period); or (iv) the sale, lease or exchange to the Fund or any subsidiary thereof, in exchange for securities of the Fund, of any assets of any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period).

The Board has determined that provisions with respect to the Board and the 75% voting requirements described above, which voting requirements are greater than the minimum requirements under Massachusetts law or the 1940 Act, are in the best interest of Common Shareholders generally. Reference should be made to the Declaration of Trust on file with the SEC for the full text of these provisions.

### **CONVERSION TO OPEN-END FUND**

The Fund may be converted to an open-end management investment company at any time if approved by the lesser of (i) two-thirds or more of the Fund's then outstanding Common Shares and preferred shares (if any), each voting separately as a class, or (ii) more than 50% of the then outstanding Common Shares and preferred shares (if any), voting separately as a class if such conversion is recommended by at least 75% of the Trustees then in office. If approved in the foregoing manner, conversion of the Fund could not occur until 90;padding:0pt;">

\$

340,374

\$

122,774

See accompanying notes to the condensed consolidated financial statements.

5

---

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in thousands)	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 361,952	\$ 195,324
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	8,447	9,350
Depreciation and amortization	9,451	9,439
Employee stock plan compensation	21,601	24,181
Losses (gains) on other investments, net	3,509	(636)
Bad debt expense	1,013	1,343
Change in operating assets and liabilities:		
Increase in cash and securities - segregated for regulatory purposes	(1,526,993)	(230,065)
Increase in securities borrowed	(747,740)	(433,869)
Decrease (increase) in securities purchased under agreements to resell	111,995	(158,665)
Decrease in financial instruments owned	1,210,691	132,064
Increase in receivables from customers	(1,731,306)	(1,460,788)
Decrease (increase) in other receivables	86,715	(105,839)
Increase in other assets	(10,902)	(23,000)
Decrease in financial instruments sold but not yet purchased	(522,888)	(245,110)
Increase in securities loaned	368,751	629,029
Increase in payable to customers	2,091,682	1,532,913
Increase (decrease) in other payables	60,248	(47,984)
Net cash used in operating activities	(203,774)	(172,313)
Cash flows from investing activities:		
Purchases of other investments	(74,073)	(126,870)
Proceeds from sales of other investments	298,060	159,838
Distributions received from and redemptions of equity investments	1,074	11,054
Purchase of property and equipment	(9,544)	(7,946)
Net cash provided by investing activities	215,517	36,076
Cash flows from financing activities:		
Dividends paid to stockholders	(11,176)	(9,745)
Distributions to noncontrolling interests	(203,502)	(70,406)
Decrease in short-term borrowings, net	(9,442)	(97,594)
Payments made under the Tax Receivable Agreement	(15,752)	-
Net cash used in financing activities	(239,872)	(177,745)
Effect of exchange rate changes on cash and cash equivalents	14,518	(62,961)
Net decrease in cash and cash equivalents	(213,611)	(376,943)

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

Cash and cash equivalents at beginning of period	1,213,241	1,380,599
Cash and cash equivalents at end of period	\$ 999,630	\$ 1,003,656
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 24,890	\$ 28,816
Cash paid for taxes	\$ 20,826	\$ 36,973
Non-cash financing activities:		
Adjustments to additional paid-in capital for changes in proportionate ownership in IBG LLC	\$ 27,132	\$ 19,826
Adjustments to noncontrolling interests for changes in proportionate ownership in IBG LLC	\$ (27,132)	\$ (19,826)

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Changes in Equity

Six Months Ended June 30, 2014 and June 30, 2013

(Unaudited)

(in thousands, except for share amounts)	Common Stock				Retained Earnings	Accumulated		Non- controlling Interests	Total Equity
	Issued Shares	Par Value	Additional Paid-In Capital	Treasury Stock		Other Income	Total Stockholders' Equity		
Balance, January 1, 2014	54,788,049	\$ 548	\$ 583,312	\$ (2,492)	\$ 98,868	\$ 27,028	\$ 707,264	\$ 4,384,862	\$ 5,092,126
Common Stock distributed pursuant to stock plans	2,432,410	24	(24)	72			72	-	72
Compensation for stock grants vesting in the future			2,966				2,966	18,635	21,601
Dividends paid to stockholders					(11,176)		(11,176)	-	(11,176)
Distributions from IBG LLC to noncontrolling interests							-	(203,502)	(203,502)
Adjustments for changes in proportionate ownership in IBG LLC			27,132				27,132	(27,132)	-

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

Comprehensive income					34,250	1,846	36,096	340,374	376,470
Balance, June 30, 2014	57,220,459	\$ 572	\$ 613,386	\$ (2,420)	\$ 121,942	\$ 28,874	\$ 762,354	\$ 4,513,237	\$ 5,275,591

Common Stock

	Issued Shares	Par Value	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, January 1, 2013	47,797,844	\$ 478	\$ 493,912	\$ (7,718)	\$ 82,072	\$ 29,754	\$ 598,498	\$ 4,214,649	\$ 4,813,147
Common stock distributed pursuant to stock plans	2,292,992	22	(22)	5,184			5,184		5,184
Compensation for stock grants vesting in the future			2,964				2,964	21,621	24,585
Dividends paid to stockholders					(9,745)		(9,745)		(9,745)
Distributions from IBG LLC to noncontrolling interests							-	(70,406)	(70,406)
Adjustments for changes in proportionate ownership in IBG LLC			19,826				19,826	(19,826)	-
Comprehensive income					16,935	(7,346)	9,589	122,774	132,363
Balance, June 30, 2013	50,090,836	\$ 500	\$ 516,680	\$ (2,534)	\$ 89,262	\$ 22,408	\$ 626,316	\$ 4,268,812	\$ 4,895,128

See accompanying notes to the condensed consolidated financial statements.

7

---

## Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

### 1. Organization and Nature of Business

Interactive Brokers Group, Inc. (“IBG, Inc.” or the “Company”) is a Delaware holding company whose primary asset is its ownership of approximately 14.1% of the membership interests of IBG LLC, which, in turn, owns operating subsidiaries (collectively, “IBG LLC” or the “Group”). The accompanying condensed consolidated financial statements of IBG, Inc. reflect the consolidation of IBG, Inc.’s investment in IBG LLC for all periods presented (Note 4). IBG LLC is an automated global electronic broker and market maker specializing in routing orders and processing trades in securities, futures and foreign exchange instruments.

IBG LLC is a Connecticut limited liability company that conducts its business through its operating subsidiaries (collectively called the “Operating Companies”): Interactive Brokers LLC (“IB LLC”) and subsidiary (Interactive Brokers Corp.), Interactive Brokers Canada Inc. (“IBC”), Interactive Brokers (U.K.) Limited (“IBUK”), Interactive Brokers Securities Japan, Inc. (“IBSJ”), Interactive Brokers (India) Private Limited (“IBI”), Timber Hill LLC (“TH LLC”), Timber Hill Europe AG and subsidiary (collectively “THE”), Timber Hill Securities Hong Kong Limited (“THSHK”), Timber Hill Australia Pty Limited (“THA”), Timber Hill Canada Company (“THC”), Interactive Brokers Financial Products S.A. (“IBFP”), Interactive Brokers Hungary KFT (“IBH”), IB Exchange Corp. (“IBEC”), Interactive Brokers Software Services Estonia OU (“IBEST”) and Interactive Brokers Software Services Russia (“IBRUS”).

IBG, Inc. operates in two business segments, electronic brokerage and market making. IBG, Inc. conducts its electronic brokerage business through certain Interactive Brokers subsidiaries, which provide electronic execution and clearing services to customers worldwide. The Company conducts its market making business principally through its Timber Hill subsidiaries on the world’s leading exchanges and market centers, primarily in exchange traded equities, equity options and equity index options and futures.

Certain of the Operating Companies are members of various securities and commodities exchanges in North America, Europe and the Asia/Pacific region and are subject to regulatory capital and other requirements (Note 13). IB LLC, IBUK, IBC, IBI and IBSJ carry securities accounts for customers or perform custodial functions relating to customer securities.

### 2. Significant Accounting Policies

#### Basis of Presentation

These condensed consolidated financial statements are presented in U.S. dollars and have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding financial reporting with respect to Form 10-Q and accounting standards generally accepted in the United States of America (“U.S. GAAP”) promulgated in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC” or the “Codification”). These condensed consolidated financial statements include the accounts of the Company and its subsidiaries and include all adjustments of a normal, recurring nature necessary to present fairly the financial



condition as of June 30, 2014 and December 31, 2013, the results of operations and comprehensive income for the six months ended June 30, 2014 and 2013 and cash flows for the six months ended June 30, 2014 and 2013. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in IBG, Inc.'s 2013 Annual Report on Form 10-K filed with the SEC on March 3, 2014. The condensed consolidated financial statement information as of December 31, 2013 has been derived from the 2013 audited consolidated financial statements. The results of operations for interim periods are not necessarily indicative of results for the entire year.

#### Principles of Consolidation, including Noncontrolling Interests

The condensed consolidated financial statements include the accounts of IBG, Inc. and its majority and wholly owned subsidiaries. As sole managing member of IBG LLC, IBG, Inc. exerts control over the Group's operations. In accordance with ASC 810, Consolidation, the Company consolidates the Group's financial statements and records the interests in the Group that IBG, Inc. does not own as noncontrolling interests.

The Company's policy is to consolidate all other entities in which it owns more than 50% unless it does not have control. All inter company balances and transactions have been eliminated.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the condensed consolidated financial statements and accompanying notes. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ materially

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

from those estimates. Such estimates include the allowance for doubtful accounts, compensation accruals, current and deferred income taxes, and estimated contingency reserves.

Fair Value

Substantially all of IBG, Inc.'s assets and liabilities, including financial instruments are carried at fair value based on published market prices and are marked to market, or are assets and liabilities which are short term in nature and are carried at amounts that approximate fair value.

IBG, Inc. applies the fair value hierarchy of ASC 820, Fair Value Measurement, to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 Prices or valuations that require inputs that are both significant to fair value measurement and unobservable. Financial instruments owned and financial instruments sold, not yet purchased are generally classified as Level 1 financial instruments. The Company's Level 1 financial instruments, which are valued using quoted market prices as published by exchanges and clearing houses or otherwise broadly distributed in active markets, include U.S. government and sovereign obligations, active listed securities, options, futures, options on futures and corporate and municipal debt securities. IBG, Inc. does not adjust quoted prices for Level 1 financial instruments, even in the event that the Company may hold a large position whereby a purchase or sale could reasonably impact quoted prices.

Currency forward contracts are valued using broadly distributed bank and broker prices, and are classified as Level 2 financial instruments as such instruments are not exchange traded. Other securities that are not traded in active markets are also classified in Level 2. Level 3 financial instruments are comprised of securities that have been delisted or otherwise are no longer tradable and have been valued by the Company based on internal estimates.

Other fair value investments, reported in other assets in the accompanying condensed consolidated statement of financial condition and in Note 6—Financial Assets and Financial Liabilities, are comprised of financial instruments that the Company does not carry in its market making business, which were comprised of listed stocks and options, and corporate debt securities. These investments are generally reported as Level 2 financial instruments, except for unrestricted listed equities, which are classified as Level 1 financial instruments. Other fair value liabilities are comprised of unrestricted listed equities which are classified as Level 1 financial instruments.

Earnings Per Share

Earnings per share (“EPS”) are computed in accordance with ASC 260, Earnings per Share. Shares of Class A and Class B common stock share proportionately in the earnings of IBG, Inc. Basic earnings per share are calculated utilizing net income available for common stockholders divided by the weighted average number of shares of Class A and Class B common stock outstanding for that period. Diluted earnings per share are calculated utilizing the Company’s basic net income available for common stockholders divided by diluted weighted average shares outstanding with no adjustments to net income available to common stockholders for dilutive potential common shares.

#### Stock Based Compensation

IBG, Inc. follows ASC 718, Compensation—Stock Compensation, to account for its stock based compensation plans. ASC 718 requires all share based payments to employees to be recognized in the condensed consolidated financial statements using a fair value based method. Grants, which are denominated in U.S. dollars, are communicated to employees in the year of grant, thereby establishing the fair value of each grant. The fair value of awards granted to employees are generally expensed as follows—50% in the year of grant in recognition of plan forfeiture provisions (described below) and the remaining 50% over the related vesting period utilizing the “graded vesting” method permitted under ASC 718 10. In the case of “retirement eligible” employees (those employees older than 59), 100% of awards are expensed when granted.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

Awards granted under stock based compensation plans are subject to forfeiture in the event an employee ceases employment with the Company. The plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans' post employment provisions will forfeit 50% of unvested previously granted awards unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of unvested awards previously granted.

Cash and Cash Equivalents

The Company considers all highly liquid investments, with maturities of three months or less, that are not segregated and deposited for regulatory purposes or to meet margin requirements at clearing houses to be cash equivalents.

Cash and Securities—Segregated for Regulatory Purposes

As a result of customer activities, certain Operating Companies are obligated by rules mandated by their primary regulators to segregate or set aside cash or qualified securities to satisfy such regulations, which regulations have been promulgated to protect customer assets. In addition, substantially all of the Operating Companies are members of various clearing organizations at which cash or securities are deposited as required to conduct day to day clearance activities. Securities segregated for regulatory purposes consisted of U.S. Treasury Bills of \$3.43 billion and \$1.30 billion at June 30, 2014 and December 31, 2013, respectively, which are recorded as Level 1 financial assets and securities purchased under agreements to resell in the amount of \$5.91 billion and \$6.73 billion as of June 30, 2014 and December 31, 2013, respectively, which amounts approximate fair value.

Securities Borrowed and Securities Loaned

Securities borrowed and securities loaned are recorded at the amount of collateral advanced or received. Securities borrowed transactions require the Company to provide counterparties with collateral, which may be in the form of cash, letters of credit or other securities. With respect to securities loaned, IBG, Inc. receives collateral, which may be in the form of cash or other securities in an amount generally in excess of the fair value of the securities loaned. IBG, Inc. monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as permitted contractually. Receivables and payables with the same counterparty are not offset in the condensed consolidated statements of financial condition.

Securities lending fees received or paid by IBG, Inc. are recorded as interest income or interest expense in the condensed consolidated statements of comprehensive income.

Securities Purchased Under Agreements to Resell

Securities purchased under agreements to resell, which are reported as collateralized financing transactions, are recorded at contract value, plus accrued interest, which approximates fair value. To ensure that the fair value of the underlying collateral remains sufficient, this collateral is valued daily with additional collateral obtained or excess collateral returned, as permitted under contractual provisions. The Company does not net securities purchased under

agreements to resell transactions with securities sold under agreements to repurchase transactions entered into with the same counterparty.

#### Financial Instruments Owned and Sold But Not Yet Purchased

Financial instrument transactions are accounted for on a trade date basis. Financial instruments owned and financial instruments sold but not yet purchased are recorded at fair value based upon quoted market prices. All firm owned financial instruments pledged to counterparties where the counterparty has the right, by contract or custom, to sell or repledge the financial instruments are classified as financial instruments owned and pledged as collateral in the condensed consolidated statements of financial condition.

IBG, Inc. also enters into currency forward contracts. These transactions, which are also accounted for on a trade date basis, are agreements to exchange a fixed amount of one currency for a specified amount of a second currency at completion of the currency forward contract term. Unrealized mark to market gains and losses on currency forward contracts are reported as components of financial instruments owned or financial instruments sold but not yet purchased in the condensed consolidated statements of financial condition.

#### Customer Receivables and Payables

Customer securities transactions are recorded on a settlement date basis and customer commodities transactions are recorded on a trade date basis. Receivables from and payables to customers include amounts due on cash and margin transactions, including futures contracts transacted on behalf of customers. Securities owned by customers, including those that collateralize margin loans or

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

other similar transactions, are not reported in the condensed consolidated statements of financial condition. Amounts receivable from customers that are determined by management to be uncollectible are expensed as a component of general and administrative expense.

Receivables from and Payables to Brokers, Dealers and Clearing Organizations

Receivables and payables to brokers, dealers and clearing organizations include net receivables and payables from unsettled trades, including amounts related to futures and options on futures contracts executed on behalf of customers, amounts receivable for securities not delivered by IBG, Inc. to the purchaser by the settlement date (“fails to deliver”) and cash margin deposits. Payables to brokers, dealers and clearing organizations also include amounts payable for securities not received by IBG, Inc. from a seller by the settlement date (“fails to receive”).

Investments

IBG, Inc. makes certain strategic investments related to financial services and accounts for these investments under the cost method of accounting or under the equity method of accounting as required under ASC 323, Investments—Equity Method and Joint Ventures. Investments accounted for under the equity method, including where the investee is a limited partnership or limited liability company, are recorded at the fair value amount of IBG, Inc.’s initial investment and adjusted each period for IBG, Inc.’s share of the investee’s income or loss. IBG, Inc.’s share of the income or losses from equity investments is reported as a component of other income in the condensed consolidated statements of comprehensive income. The recorded amounts of IBG, Inc.’s equity method investments, \$24.7 million at June 30, 2014 (\$27.5 million at December 31, 2013), which are reported as a component of other assets in the condensed consolidated statements of financial condition, increase or decrease accordingly. Contributions paid to and distributions received from equity investees are recorded as additions or reductions, respectively, to the respective investment balance.

A judgmental aspect of accounting for investments is evaluating whether an other than temporary decline in the value of an investment has occurred. The evaluation of an other than temporary impairment is dependent on specific quantitative and qualitative factors and circumstances surrounding an investment, including recurring operating losses, credit defaults and subsequent rounds of financing. IBG, Inc.’s equity investments do not have readily determinable market values. All investments are reviewed for changes in circumstances or occurrence of events that suggest IBG, Inc.’s investment may not be recoverable. If an unrealized loss on any investment is considered to be other than temporary, the loss is recognized in the period the determination is made.

IBG, Inc. also holds exchange memberships and investments in equity securities of certain exchanges as required to qualify as a clearing member, and strategic investments in corporate stock that do not qualify for equity method accounting. Such investments, \$27.5 million at June 30, 2014 (\$27.6 million at December 31, 2013), are recorded at cost or, if an other than temporary impairment in value has occurred, at a value that reflects management’s estimate of the impairment, and are also components of other assets in the condensed consolidated statements of financial condition. Dividends received from cost basis investments are recognized as a component of other income when such dividends are received.

The Company also makes other fair value investments (which are not considered core business activities) that are accounted for at fair value (Note 6), with gains and losses recorded as a component of other income.

#### Property and Equipment

Property and equipment, which is a component of other assets, consists of purchased technology hardware and software, internally developed software, leasehold improvements and office furniture and equipment. Property and equipment are recorded at historical cost, less accumulated depreciation and amortization. Additions and improvements that extend the lives of assets are capitalized, while expenditures for repairs and maintenance are expensed as incurred. Depreciation and amortization are computed using the straight line method. Equipment is depreciated over the estimated useful lives of the assets, while leasehold improvements are amortized over the lesser of the estimated economic useful life of the asset or the term of the lease. Computer equipment is depreciated over three to five years and office furniture and equipment are depreciated over five to seven years. Qualifying costs for internally developed software are capitalized and amortized over the expected useful life of the developed software, not to exceed three years.

#### Comprehensive Income and Foreign Currency Translation

The Company's operating results are reported in the condensed consolidated statement of comprehensive income pursuant to Accounting Standards Update 2011 05, Comprehensive Income.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

Comprehensive income consists of two components: net income and other comprehensive income (“OCI”). OCI is comprised of revenues, expenses, gains and losses that are reported in the comprehensive income section of the statement of comprehensive income, but are excluded from reported net income. IBG, Inc.’s OCI is comprised of foreign currency translation adjustments, net of related income taxes, where applicable. In general, the practice and intention of the Company is to reinvest the earnings of its non U.S. subsidiaries in those operations.

IBG, Inc.’s non U.S. domiciled subsidiaries have a functional currency that is other than the U.S. dollar. Such subsidiaries’ assets and liabilities are translated into U.S. dollars at period end exchange rates, and revenues and expenses are translated at average exchange rates prevailing during the period. Adjustments that result from translating amounts from a subsidiary’s functional currency are reported as a component of accumulated OCI.

Revenue Recognition

—Trading Gains

Trading gains and losses are recorded on trade date and are reported on a net basis. Trading gains are comprised of changes in the fair value of financial instruments owned and financial instruments sold but not yet purchased (i.e., unrealized gains and losses) and realized gains and losses. Included in trading gains are net gains and losses on exchange traded options, futures and other derivative instruments. Dividends are integral to the valuation of stocks and interest is integral to the valuation of fixed income instruments. Accordingly, both dividends and interest income and expense attributable to financial instruments owned and financial instruments sold but not yet purchased are reported on a net basis as a component of trading gains in the accompanying condensed consolidated statements of comprehensive income.

—Commissions and Execution Fees

Commissions charged for executing and clearing customer transactions are recorded on a trade date basis and are reported as commissions and execution fees in the condensed consolidated statements of comprehensive income, and the related expenses are reported as execution and clearing expenses.

—Interest Income and Expense

The Company earns interest income and incurs interest expense primarily in connection with its electronic brokerage customer business and its securities lending activities. Such interest is recorded on the accrual basis.

—Foreign Currency Transaction Gains and Losses

Foreign currency transaction gains and losses from market making are reported as a component of trading gains in the condensed consolidated statements of comprehensive income. Electronic brokerage foreign currency transaction gains and losses are included in interest (if arising from currency swap transactions) or other income.



## Income Taxes

IBG, Inc. accounts for income taxes in accordance with ASC 740, Income Taxes. The Company's income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits are based on enacted tax laws (Note 10) and reflect management's best assessment of estimated future taxes to be paid. The Company is subject to income taxes in both the United States and numerous foreign jurisdictions. Determining income tax expense requires significant judgments and estimates.

IBG, Inc. recognizes interest related to income tax matters as interest income or expense and penalties related to income tax matters as income tax expense.

Deferred income tax assets and liabilities arise from temporary differences between the tax and financial statement recognition of the underlying assets and liabilities. In evaluating the ability to recover deferred tax assets within the jurisdictions from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and results of recent operations. In projecting future taxable income, historical results are adjusted for changes in accounting policies and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

consistent with the plans and estimates the Company is using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, three years of cumulative operating income (loss) are considered. Deferred income taxes have not been provided for U.S. tax liabilities or for additional foreign taxes on the unremitted earnings of foreign subsidiaries that have been indefinitely reinvested.

The calculation of the Company’s tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company’s global operations. Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. The Company is not aware of any such changes that would have a material effect on the Company’s results of operations, cash flows, or financial position.

ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company records tax liabilities in accordance with ASC 740 and adjusts these liabilities when management’s judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in payments that are different from the current estimates of these tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information becomes available.

Recently Issued Accounting Pronouncements

Subsequent to the adoption of the ASC, the FASB will issue Accounting Standards Updates (“ASUs”) as the means to add to or delete from, or otherwise amend the ASC. In 2014, prior to the issuance of the Company’s condensed consolidated financial statements, ASUs 2014-01 through 2014-14 have been issued. Following is a summary of recently issued ASUs that have affected or may affect the Company’s condensed consolidated financial statements:

	Affects	Status
ASU 2013-05	Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity	Effective for fiscal periods beginning on or after December 15, 2013.
ASU 2014-06	Technical Corrections and Improvements Related to Glossary Terms	Effective on issuance in March 2014.

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

ASU 2014-09	Revenue from Contracts with Customers (Topic 606)	Effective for fiscal periods beginning on or after December 15, 2016.
ASU 2014-11	Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures.	Effective for the first interim or annual period beginning after December 15, 2014.

Adoption of those ASUs that became effective during 2014, prior to the issuance of the Company's condensed consolidated financial statements, did not have a material effect on those financial statements.

### 3. Trading Activities and Related Risks

IBG, Inc.'s trading activities include providing securities market making and brokerage services. Trading activities expose IBG, Inc. to market and credit risks. These risks are managed in accordance with established risk management policies and procedures. To accomplish this, management has established a risk management process that includes:

- a regular review of the risk management process by executive management as part of its oversight role;
- defined risk management policies and procedures supported by a rigorous analytic framework; and

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

•articulated risk tolerance levels as defined by executive management that are regularly reviewed to ensure that IBG, Inc.'s risk taking is consistent with its business strategy, capital structure, and current and anticipated market conditions.

Market Risk

IBG, Inc. is exposed to various market risks. Exposures to market risks arise from equity price risk, foreign currency exchange rate fluctuations and changes in interest rates. IBG, Inc. seeks to mitigate market risk associated with trading inventories by employing hedging strategies that correlate rate, price and spread movements of trading inventories and related financing and hedging activities. IBG, Inc. uses a combination of cash instruments and exchange traded derivatives to hedge its market exposures. The following discussion describes the types of market risk faced:

Equity Price Risk

Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. IBG, Inc. is subject to equity price risk primarily in financial instruments owned and sold but not yet purchased. IBG, Inc. attempts to limit such risks by continuously reevaluating prices and by diversifying its portfolio across many different options, futures and underlying securities and avoiding concentrations of positions based on the same underlying security.

Currency Risk

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the value of financial instruments. The Company manages this risk using spot (i.e., cash) currency transactions, currency futures contracts and currency forward contracts.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. IBG, Inc. is exposed to interest rate risk on cash and margin balances, positions carried in equity securities, options, and futures and on its debt obligations. These risks are managed through investment policies and by entering into interest rate futures contracts.

Credit Risk

IBG, Inc. is exposed to risk of loss if an individual, counterparty or issuer fails to perform its obligations under contractual terms ("default risk"). Both cash instruments and derivatives expose IBG, Inc. to default risk. IBG, Inc. has established policies and procedures for mitigating credit risk on principal transactions, including reviewing and establishing limits for credit exposure, maintaining collateral, and continually assessing the creditworthiness of counterparties.

The Company's credit risk is limited in that substantially all of the contracts entered into are settled directly at securities and commodities clearing houses and a small portion is settled through member firms and banks with substantial financial and operational resources. IBG, Inc. seeks to control the risks associated with its customer margin activities by requiring customers to maintain collateral in compliance with regulatory and internal guidelines.

In the normal course of business, IBG, Inc. executes, settles, and finances various customer securities transactions. Execution of these transactions includes the purchase and sale of securities by IBG, Inc. that exposes IBG, Inc. to default risk arising from the potential that customers or counterparties may fail to satisfy their obligations. In these situations, IBG, Inc. may be required to purchase or sell financial instruments at unfavorable market prices to satisfy obligations to customers or counterparties. Liabilities to other brokers and dealers related to unsettled transactions (i.e., securities fails to receive) are recorded at the amount for which the securities were purchased, and are paid upon receipt of the securities from other brokers or dealers. In the case of aged securities fails to receive, IBG, Inc. may purchase the underlying security in the market and seek reimbursement for any losses from the counterparty.

For cash management purposes, IBG, Inc. enters into short term securities purchased under agreements to resell and securities sold under agreements to repurchase transactions ("repos") in addition to securities borrowing and lending arrangements, all of which may result in credit exposure in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Repos are collateralized by securities with a market value in excess of the obligation under the contract. Similarly, securities lending

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

agreements are collateralized by deposits of cash or securities. IBG, Inc. attempts to minimize credit risk associated with these activities by monitoring collateral values on a daily basis and requiring additional collateral to be deposited with or returned to IBG, Inc. as permitted under contractual provisions.

Concentrations of Credit Risk

IBG, Inc.'s exposure to credit risk associated with its trading and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentrations of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established and exposure is monitored in light of changing counterparty and market conditions. As of June 30, 2014, the Company did not have any material concentrations of credit risk.

Off Balance Sheet Risks

IBG, Inc. may be exposed to a risk of loss not reflected in the condensed consolidated financial statements to settle futures and certain over the counter contracts at contracted prices, which may require repurchase or sale of the underlying products in the market at prevailing prices. Accordingly, these transactions result in off balance sheet risk as IBG, Inc.'s cost to liquidate such contracts may exceed the amounts reported in IBG, Inc.'s condensed consolidated statements of financial condition.

4. Equity and Earnings Per Share

In connection with its initial public offering of Class A common stock ("IPO") in May 2007, IBG, Inc. purchased 10.0% of the membership interests in IBG LLC from Holdings, became the sole managing member of IBG LLC and began to consolidate IBG LLC's financial results into its financial statements. Holdings wholly owns all Class B common stock, which common stock has voting rights in proportion to its ownership interests in IBG LLC, approximately 85.9% as of June 30, 2014. The condensed consolidated financial statements reflect the results of operations and financial position of IBG, Inc., including consolidation of its investment in IBG LLC. The noncontrolling interests in IBG LLC attributable to Holdings are reported as a component of total equity, as described below.

Recapitalization and Post IPO Capital Structure

Immediately prior to and immediately following the consummation of the IPO, IBG, Inc., Holdings, IBG LLC and the members of IBG LLC consummated a series of transactions collectively referred to herein as the "Recapitalization." In connection with the Recapitalization, IBG, Inc., Holdings and the historical members of IBG LLC entered into an exchange agreement, dated as of May 3, 2007 (the "Exchange Agreement"), pursuant to which the historical members of IBG LLC received membership interests in Holdings in exchange for their membership interests in IBG LLC. Additionally, IBG, Inc. became the sole managing member of IBG LLC.

In connection with the consummation of the IPO, Holdings used the net proceeds to redeem 10.0% of members' interests in Holdings in proportion to their interests. Immediately following the Recapitalization and IPO, Holdings owned approximately 90% of IBG LLC and 100% of IBG, Inc.'s Class B common stock, which has voting power in IBG, Inc. in proportion to Holdings' ownership of IBG LLC.

Since consummation of the IPO and Recapitalization, IBG, Inc.'s equity capital structure has been comprised of Class A and Class B common stock. All shares of common stock have a par value of \$0.01 per share and have identical rights to earnings and dividends and in liquidation. As described previously in this Note 4, Class B common stock has voting power in IBG, Inc. proportionate to the extent of Holdings' and IBG, Inc.'s respective ownership of IBG LLC. At June 30, 2014 and December 31, 2013, 1,000,000,000 shares of Class A common stock were authorized, of which 57,220,459 and 54,788,049 shares have been issued; and 57,098,889 and 54,664,095 shares were outstanding, respectively. Class B common stock is comprised of 100 authorized shares, of which 100 shares were issued and outstanding as of June 30, 2014 and December 31, 2013, respectively. In addition, 10,000 shares of preferred stock have been authorized, of which no shares are issued or outstanding as of June 30, 2014 and December 31, 2013, respectively.

As a result of a federal income tax election made by IBG LLC applicable to the acquisition of IBG LLC member interests by IBG, Inc., the income tax basis of the assets of IBG LLC acquired by IBG, Inc. have been adjusted based on the amount paid for such interests. Deferred tax assets were recorded as of the IPO date and in connection with the 2011 and 2013 redemptions of Holdings member interests in exchange for common stock, which deferred tax assets are a component of other assets in the condensed consolidated statement of financial condition and are being amortized as additional deferred income tax expense over 15 years from

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

the IPO date and from the 2011 and 2013 redemption dates, respectively, as allowable under current tax law. As of June 30, 2014 and December 31, 2013, the unamortized balance of these deferred tax assets was \$283.5 million and \$294.7 million, respectively.

IBG, Inc. also entered into an agreement (the "Tax Receivable Agreement") with Holdings to pay Holdings (for the benefit of the former members of IBG LLC) 85% of the tax savings that IBG, Inc. actually realizes as the result of tax basis increases. These payables, net of payments made to Holdings, are reported as payable to affiliate in the condensed consolidated statement of financial condition.

The remaining 15% is accounted for as a permanent increase to additional paid in capital in the condensed consolidated statement of financial condition.

The cumulative amounts of deferred tax assets, payables to Holdings and credits to additional paid in capital arising from stock offerings from the date of the IPO through June 30, 2014 were \$420.4 million, \$357.4 million and \$63.1 million, respectively. Amounts payable under the Tax Receivable Agreement are payable to Holdings annually following the filing of IBG, Inc.'s federal income tax return. The Company has paid Holdings a cumulative total of \$86.2 million of which \$15.7 million was paid in the six months ended June 30, 2014, pursuant to the terms of the Tax Receivable Agreement.

The Exchange Agreement, as amended June 6, 2012, provides for future redemptions of member interests and for the purchase of member interests in IBG LLC by IBG, Inc. from Holdings, which could result in IBG, Inc. acquiring the remaining member interests in IBG LLC that it does not own. On an annual basis, holders of Holdings member interests are able to request redemption of such member interests over a minimum eight (8) year period following the IPO; 12.5% annually for seven (7) years and 2.5% in the eighth year.

At the time of the Company's IPO in 2007, three hundred sixty (360) million shares of authorized Common Stock were reserved for future sales and redemptions. From 2008 through 2010, Holdings redeemed 5,013,259 IBG LLC shares with a total value of \$114.0 million, which redemptions were funded using cash on hand at IBG LLC. Upon cash redemption these IBG LLC shares were retired. In 2013 and 2011, respectively, the Company issued 4,683,415 shares and 1,983,624 shares of Common Stock directly to Holdings in exchange for an equivalent number of shares of member interests in IBG LLC.

As a consequence of these redemption transactions, and distribution of shares to employees (Note 9), IBG, Inc.'s interest in IBG LLC has increased to approximately 14.1%, with Holdings owning the remaining 85.9% as of June 30, 2014. The redemptions also resulted in an increase in the Holdings interest held by Thomas Peterffy and his affiliates from approximately 84.6% at the IPO to approximately 87.6% at June 30, 2014.

Earnings per Share

Basic earnings per share are calculated utilizing net income available for common stockholders divided by the weighted average number of shares of Class A and Class B common stock outstanding for that period:



	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic earnings per share:				
Net income available for common stockholders	\$ 15,161	\$ 10,378	\$ 34,250	\$ 16,935
Weighted average shares of common stock outstanding:				
Class A	56,079,713	48,929,248	55,375,829	48,218,472
Class B	100	100	100	100
	56,079,813	48,929,348	55,375,929	48,218,572
Basic earnings per share	\$ 0.27	\$ 0.21	\$ 0.62	\$ 0.35

Diluted earnings per share are calculated utilizing the Company's basic net income available for common stockholders divided by diluted weighted average shares outstanding with no adjustments to net income available to common stockholders for potentially dilutive common shares:

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

	Three Months Ended		Six Months Ended	
	June 30,	2013	June 30,	2013
	2014		2014	
Diluted earnings per share:				
Net income available for common stockholders	\$ 15,161	\$ 10,378	\$ 34,250	\$ 16,935
Weighted average shares of common stock outstanding:				
Class A:				
Issued and outstanding	56,079,713	48,929,248	55,375,829	48,218,472
Potentially dilutive common shares issuable pursuant to employee incentive plans	1,220,417	83,219	1,298,737	135,526
Class B	100	100	100	100
	57,300,230	49,012,567	56,674,666	48,354,098
Diluted earnings per share	\$ 0.26	\$ 0.21	\$ 0.60	\$ 0.35

## Member Distributions and Stockholder Dividends

For the six months ended June 30, 2014, IBG LLC made distributions totaling \$235.8 million to its members, of which IBG, Inc.'s proportionate share was \$32.3 million. In March and June 2014, the Company paid cash dividends of \$0.10 per share of Common Stock, totaling \$5.5 million and \$5.7 million, respectively.

On July 15, 2014, the Company declared a cash dividend of \$0.10 per common share, payable on September 12, 2014 to shareholders of record as of August 29, 2014.

## 5. Comprehensive Income

The following table presents comprehensive income and earnings per share on comprehensive income:

	Three months ended	Six Months Ended
	June 30,	June 30,

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

	2014	2013	2014	2013
Comprehensive income available for common stockholders, net of tax	\$ 16,639	\$ 6,774	\$ 36,096	\$ 9,589
Earnings per share on comprehensive income:				
Basic	\$ 0.30	\$ 0.14	\$ 0.65	\$ 0.20
Diluted	\$ 0.29	\$ 0.14	\$ 0.64	\$ 0.20
Weighted average common shares outstanding:				
Basic	56,079,813	48,929,348	55,375,929	48,218,572
Diluted	57,300,230	49,012,567	56,674,666	48,354,098

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

## 6. Financial Assets and Financial Liabilities

## Fair Value

The following tables set forth, by level within the fair value hierarchy (Note 2), financial assets and liabilities, primarily financial instruments owned and financial instruments sold, but not yet purchased at fair value as of June 30, 2014 and December 31, 2013. As required by ASC 820, financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the respective fair value measurement.

## Financial Assets At Fair Value as of June 30, 2014

	Level 1	Level 2	Level 3	Total
Securities segregated for regulatory purposes	\$ 3,427,880	\$ -	\$ -	\$ 3,427,880
Financial instruments owned:				
Stocks	1,151,367	-	260	1,151,627
Options	1,072,980	-	-	1,072,980
Warrants and discount certificates	34,345	-	-	34,345
U.S. and foreign government securities	16,049	3,866	-	19,915
Corporate and municipal bonds	91,243	19,920	-	111,163
Currency forward contracts	-	8,595	-	8,595
Total financial instruments owned	2,365,984	32,381	260	2,398,625
Financial instruments owned and pledged as collateral:				
Stocks	759,705	-	-	759,705
Warrants	273	-	-	273
U.S. and foreign government securities	78,012	-	-	78,012
Corporate and municipal bonds	1,477	-	-	1,477
Total financial instruments owned and pledged as collateral	839,467	-	-	839,467
Total financial instruments owned	3,205,451	32,381	260	3,238,092
Other fair value investments, included in other assets:				
Stocks and options	33,159	-	106	33,265
Corporate and municipal bonds	-	1,696	-	1,696
Total other fair value investments, included in other assets	33,159	1,696	106	34,961
Total Financial Assets at Fair Value	\$ 6,666,490	\$ 34,077	\$ 366	\$ 6,700,933

Financial Liabilities At Fair Value as of June 30, 2014

	Level 1	Level 2	Level 3	Total
Financial instruments sold, not yet purchased:				
Stocks	\$ 1,370,830	\$ -	\$ 77	\$ 1,370,907
Options	1,168,783	-	-	1,168,783
Warrants and discount certificates	603	-	-	603
U.S. and foreign government securities	1,840	1,049	-	2,889
Corporate bonds	77,047	10,556	-	87,603
Currency forward contracts	-	-	-	-
Total financial instruments sold, not yet purchased	2,619,103	11,605	77	2,630,785
Other fair value liabilities, included in accounts payable, accrued expenses and other liabilities				
Stocks and options	132,036	-	-	132,036
Total other fair value liabilities, included in accounts payable, accrued expenses and other liabilities	132,036	-	-	132,036
Total Financial Liabilities at Fair Value	\$ 2,751,139	\$ 11,605	\$ 77	\$ 2,762,821

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

Financial Assets At Fair Value as of December 31, 2013				
	Level 1	Level 2	Level 3	Total
Securities segregated for regulatory purposes	\$ 1,300,016	\$ -	\$ -	\$ 1,300,016
Financial instruments owned:				
Stocks	1,243,914	-	57	1,243,971
Options	1,880,481	-	-	1,880,481
Warrants and discount certificates	57,144	-	-	57,144
U.S. and foreign government securities	4,641	2,102	-	6,743
Corporate and municipal bonds	72,750	18,476	-	91,226
Currency forward contracts	-	5,748	-	5,748
Total financial instruments owned	3,258,930	26,326	57	3,285,313
Financial instruments owned and pledged as collateral:				
Stocks	1,097,734	-	-	1,097,734

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

Warrants	233	-	-	233
U.S. and foreign government securities	64,439	-	-	64,439
Corporate and municipal bonds	1,125	-	-	1,125
Total financial instruments owned and pledged as collateral	1,163,531	-	-	1,163,531
Total financial instruments owned	4,422,461	26,326	57	4,448,844
Other fair value investments, included in other assets:				
Stocks	25,604	419	101	26,124
Corporate and municipal bonds	1,776	47,896	-	49,672
Mortgage backed securities	-	26,892	-	26,892
Other asset backed securities	-	22,734	-	22,734
Other	-	5,328	-	5,328
Total other fair value assets	27,380	103,269	101	130,750
Total Financial Assets at Fair Value	\$ 5,749,857	\$ 129,595	\$ 158	\$ 5,879,610

Financial Liabilities At Fair Value as of  
December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial instruments sold, not yet purchased:				
Stocks	\$ 1,266,429	\$ -	\$ 3	\$ 1,266,432
Options	1,793,248	-	-	1,793,248
Warrants and discount certificates	1,215	-	-	1,215
U.S. and foreign government securities	-	4,412	-	4,412
Corporate bonds	77,936	9,628	-	87,564
Currency forward contracts	-	802	-	802
Total financial instruments sold, not yet purchased	\$ 3,138,828	\$ 14,842	\$ 3	\$ 3,153,673
Transfers between Level 1 and Level 2				

Transfers of financial instruments owned and sold, not yet purchased to or from Levels 1 and 2 arise where the market for a specific security has become active or inactive during the period. The fair values transferred are ascribed as if the financial assets or financial liabilities had been transferred as of the end of the period.

During the six months ended June 30, 2014, the Company reclassified approximately \$0.7 million of financial instruments owned from Level 1 to Level 2 and reclassified approximately \$1.5 million from Level 2 to Level 1. Financial instruments sold, but not yet purchased of approximately \$1.4 million were reclassified from Level 1 to Level 2 and approximately \$4.5 million were reclassified from Level 2 to Level 1. The Company reclassified approximately \$1.7 million of other fair value investments, recorded in other assets, from Level 1 to Level 2.

During the six months ended June 30, 2013, the Company reclassified approximately \$1.9 million of financial instruments owned from Level 1 to Level 2 and reclassified approximately \$1.6 million from Level 2 to Level 1. Financial instruments sold, but



Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

not yet purchased of approximately \$0.8 million were reclassified from Level 1 to Level 2 and approximately \$0.9 million were reclassified from Level 2 to Level 1.

Level 3 Financial Assets and Financial Liabilities

The Company's Level 3 financial assets and financial liabilities are comprised of delisted securities reported within financial instruments owned and financial instruments sold, not yet purchased. The following tables report Level 3 activities for the three months ended June 30, 2014:

Financial assets—Level 3 activities:

Balance, January 1, 2014	\$ 158
Total gains or losses (realized/unrealized) - Included in earnings	43
Purchases, issuances and settlements	(38)
Transfers in and/or out of Level 3	203
Balance, June 30, 2014	\$ 366

Financial liabilities—Level 3 activities:

Balance, January 1, 2014	\$ 3
Total gains or losses (realized/unrealized) - Included in earnings	-
Purchases, issuances and settlements	-
Transfers in and/or out of Level 3	74
Balance, June 30, 2014	\$ 77

There were no Level 3 activities, including transfers, for the six months ended June 30, 2013.

#### Trading Gains from Market Making Transactions

Trading gains, net from market making transactions reported in the statements of comprehensive income, by major product type, are comprised of:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Equities	\$ 56,564	\$ 92,992	\$ 151,709	\$ 161,516
Fixed Income	6,361	6,703	12,091	14,471
Foreign Exchange	21,095	(40,677)	47,732	(98,002)
Commodities	-	88	-	115
Total Trading Gains	\$ 84,020	\$ 59,106	\$ 211,532	\$ 78,100

These transactions are related to the Company's financial instruments owned and financial instruments sold, not yet purchased (all at fair value) and include both derivative and non-derivative financial instruments, including exchange traded options and futures. These gains and losses also include market making related dividend and fixed income trading interest income and expense.

The gains (losses) in the above table are not representative of the integrated trading strategies applied by the Company, which utilize financial instruments across various product types. Gains and losses in one product type frequently offset gains and losses in other product types.

#### Netting of Financial Assets and Financial Liabilities

The Company adopted the guidance in ASU 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities and ASU 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities for periods beginning after January 1, 2013. This authoritative guidance requires companies to report disclosures of offsetting assets and liabilities.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

The Company does not net securities segregated for regulatory purposes, and securities borrowed and securities loaned are presented on a gross basis in the condensed consolidated statements of financial condition. In the tables below, the amounts of derivative financial instruments owned that are not offset in the condensed consolidated statements of financial condition, but could be netted against financial liabilities with specific counterparties under master netting agreements, including clearing houses (exchange traded options, warrants and discount certificates) or over the counter currency forward contract counterparties, are presented to provide financial statement readers with the Company's estimate of its net exposure to counterparties for these derivative financial instruments.

The following table sets forth the netting of financial assets and of financial liabilities as of June 30, 2014 and December 31, 2013, pursuant to the requirements of ASU 2011 11 and ASU 2013 01 (millions).

	June 30, 2014						
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Condensed Consolidated Statement of Financial Condition	Net Amounts of Assets Presented in the Condensed Consolidated Statement of Financial Condition	Gross Amounts Not Offset in the Condensed Consolidated Statement of Financial Condition	Cash Collateral Pledged	Net Amount	
Offsetting of Financial Assets:							
Securities segregated for regulatory purposes -purchased under agreements to resell	\$ 5,913.9	\$ -	\$ 5,913.9	\$ (5,913.9)	\$ -	\$ -	
Securities borrowed	3,499.2	-	3,499.2	(3,419.0)	-	80.2	
Securities purchased under agreements to resell	274.3	-	274.3	(274.3)	-	-	
Financial Instruments owned:	-	-	-	-	-	-	
Options	1,073.0	-	1,073.0	(1,032.5)	-	40.5	
Warrants and discount certificates	34.6	-	34.6	(0.6)	-	34.0	
Currency forward contracts	8.6	-	8.6	-	-	8.6	

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

Total \$ 10,803.6 \$ - \$ 10,803.6 \$ (10,640.3) \$ - \$ 163.3

	Gross Amounts Offset in the Condensed Consolidated Statement of Recognized Liabilities	Gross Amounts Offset in the Condensed Consolidated Statement of Financial Condition	Net Amounts of Liabilities Presented in the Condensed Consolidated Statement of Financial Condition	Gross Amounts Not Offset in the Condensed Consolidated Statement of Financial Condition Financial Instruments	Cash Collateral Received	Net Amount
Offsetting of Financial Liabilities:						
Securities loaned	\$ 2,932.4	\$ -	\$ 2,932.4	\$ (2,932.0)	\$ -	\$ 0.4
Financial instruments sold, not yet purchased:						
Options	1,168.8	-	1,168.8	(1,032.5)	-	136.3
Warrants and discount certificates	0.6	-	0.6	(0.6)	-	-
Currency forward contracts	-	-	-	-	-	-
Total	\$ 4,101.8	\$ -	\$ 4,101.8	\$ (3,965.1)	\$ -	\$ 136.7

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

December 31, 2013

	Gross Amounts of Offset in the Condensed Consolidated Statement of Recognized Assets	Gross Amounts Offset in the Condensed Consolidated Statement of Financial Condition	Net Amounts of Assets Presented in the Condensed Consolidated Statement of Financial Condition	Gross Amounts Not Offset in the Condensed Consolidated Statement of Financial Condition Financial Instruments	Cash Collateral Pledged	Net Amount
Offsetting of Financial Assets:						
Securities segregated for regulatory purposes - purchased under agreements to resell	\$ 6,734.2	\$ -	\$ 6,734.2	\$ (6,734.2)	\$ -	\$ -
Securities borrowed	2,751.5	-	2,751.5	(2,694.6)	-	56.9
Securities purchased under agreements to resell	386.3	-	386.3	(386.3)	-	-
Financial Instruments owned:						
Options	1,880.5	-	1,880.5	(1,652.8)	-	227.7
Warrants and discount certificates	57.4	-	57.4	(1.2)	-	56.2
Currency forward contracts	5.7	-	5.7	-	-	5.7
Total	\$ 11,815.6	\$ -	\$ 11,815.6	\$ (11,469.1)	\$ -	\$ 346.5

Gross Amounts	Net Amounts of Liabilities	Gross Amounts Not Offset in the Condensed Consolidated
------------------	----------------------------------	---

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

	Gross Amounts of Recognized Liabilities	Offset in the Condensed Consolidated Statement of Financial Condition	Presented in the Condensed Consolidated Statement of Financial Condition	Statement of Financial Instruments	Cash Collateral Received	Net Amount
Offsetting of Financial Liabilities:						
Securities loaned	\$ 2,563.7	\$ -	\$ 2,563.7	\$ (2,544.6)	\$ -	\$ 19.1
Financial instruments sold, not yet purchased:						
Options	1,793.2	-	1,793.2	(1,652.8)	-	140.4
Warrants and discount certificates	1.2	-	1.2	(1.2)	-	-
Currency forward contracts	0.8	-	0.8	-	-	0.8
Total	\$ 4,358.9	\$ -	\$ 4,358.9	\$ (4,198.6)	\$ -	\$ 160.3

- (1) As of June 30, 2014 and December 31, 2013, the Company had \$5.91 billion and \$6.73 billion, respectively, of securities purchased under agreements to resell that were segregated to satisfy regulatory requirements. These securities are included in “Cash and securities—segregated for regulatory purposes” in the condensed consolidated statements of financial condition.

## 7. Collateralized Transactions

The Company enters into securities borrowing and lending transactions and agreements to repurchase and resell securities to finance trading inventory, to obtain securities for settlement and to earn residual interest rate spreads. In addition, the Company’s customers pledge their securities owned to collateralize margin loans. Under these transactions, the Company either receives or provides collateral, including equity, corporate debt and U.S. government securities. Under many agreements, the Company is permitted to sell or repledge securities received as collateral and use these securities to secure repurchase agreements, enter into securities lending transactions or deliver these securities to counterparties to cover short positions.

The Company also engages in securities financing transactions with and for customers through margin lending. Customer receivables generated from margin lending activity are collateralized by customer owned securities held by the Company. Customers’ required margin levels and established credit limits are monitored continuously by risk management staff using automated systems. Pursuant to Company policy and as enforced by such systems, customers are required to deposit additional collateral or reduce positions, when necessary to avoid automatic liquidation of their positions.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

Margin loans are extended to customers on a demand basis and are not committed facilities. Factors considered in the acceptance or rejection of margin loans are the amount of the loan, the degree of leverage being employed in the customer account and an overall evaluation of the customer's portfolio to ensure proper diversification or, in the case of concentrated positions, appropriate liquidity of the underlying collateral. Additionally, transactions relating to concentrated or restricted positions are limited or prohibited by raising the level of required margin collateral (to 100% in the extreme case). Underlying collateral for margin loans is evaluated with respect to the liquidity of the collateral positions, valuation of securities, volatility analysis and an evaluation of industry concentrations. Adherence to the Company's collateral policies significantly limits the Company's credit exposure to margin loans in the event of a customer's default. Under margin lending agreements, the Company may request additional margin collateral from customers and may sell securities that have not been paid for or purchase securities sold but not delivered from customers, if necessary. At June 30, 2014 and December 31, 2013, approximately \$15.33 billion and \$13.60 billion, respectively, of customer margin loans were outstanding.

Amounts relating to collateralized transactions at June 30, 2014 and December 31, 2013 are summarized as follows (millions):

	June 30, 2014		December 31, 2013	
	Permitted to Repledge	Sold or Repledged	Permitted to Repledge	Sold or Repledged
Securities lending transactions	\$ 10,023.5	\$ 3,170.3	\$ 9,331.9	\$ 2,504.3
Agreements to resell 1	6,187.0	6,183.8	7,116.1	7,099.6
Customer margin assets	14,122.6	5,564.4	11,753.3	4,602.9
	\$ 30,333.1	\$ 14,918.5	\$ 28,201.3	\$ 14,206.8

(1) At June 30, 2014, \$5.91 billion or 96% (at December 31, 2013, \$6.73 billion, or 95%, of securities acquired through agreements to resell that are shown as repledged have been deposited in a separate bank account for the exclusive benefit of customers in accordance with SEC Rule 15c3-3.

In the normal course of business, the Company pledges qualified securities with clearing organizations to satisfy daily margin and clearing fund requirements. At June 30, 2014 and December 31, 2013, the majority of the Company's government securities owned were pledged to clearing organizations.

Financial instruments owned and pledged, including amounts pledged to affiliates, where the counterparty has the right to repledge, at June 30, 2014 and December 31, 2013 consisted of the following (millions):

	June 30, 2014	December 31, 2013
Stocks	\$ 759.7	\$ 1,097.8
Warrants	0.3	0.2
U.S. and foreign government obligations	78.0	64.4
Corporate and municipal bonds	1.5	1.1
	\$ 839.5	\$ 1,163.5

#### 8. Senior Secured Revolving Credit Facility

On May 17, 2012, IBG LLC entered into a \$100 million three year senior secured revolving credit facility with Bank of America, N.A. as administrative agent and Citibank, N.A., as syndication agent. This credit facility replaced a similar two year facility that expired on May 18, 2012. On August 8, 2014 the Group elected to terminate this credit facility.

IBG LLC is the sole borrower under this credit facility. The facility's interest rate is indexed to the overnight federal funds rate or to the British Bankers Association LIBOR rate for the relevant term, at the borrower's option, and is secured by a first priority interest in all of the capital stock of each entity owned directly by IBG LLC (subject to customary limitations with respect to foreign subsidiaries). The facility may be used to finance working capital needs and general corporate purposes, including downstreaming funds to IBG LLC's regulated broker dealer subsidiaries as regulatory capital. This allows IBG LLC to take advantage of market opportunities when they arise, while maintaining substantial excess regulatory capital. The financial condition covenants contained in this credit facility include the following:



Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

- minimum consolidated shareholders' equity, as defined, of \$3.6 billion, with quarterly increases equal to 25% of positive consolidated net income;
- maximum total debt to capitalization ratio of 30%;
- minimum liquidity ratio of 1.0 to 1.0; and
- maximum total debt to net regulatory capital ratio of 35%.

At June 30, 2014 and December 31, 2013, no borrowings were outstanding under this credit facility and IBG LLC was in compliance with all of the covenants. At maturity, subject to meeting certain terms of the facility, the Company will have an option to convert the facility to a one year term loan.

## 9. Employee Incentive Plans

### Return on Investment Dollar Units ("ROI Dollar Units")

From 1998 through January 1, 2006, IBG LLC granted all non member employees ROI Dollar Units, which are redeemable under the amended provisions of the plan, and in accordance with regulations issued by the Internal Revenue Service (Section 409A of the Internal Revenue Code). Upon redemption, the grantee is entitled to accumulated earnings on the face value of the certificate, but not the actual face value. For grants made in 1998 and 1999, grantees may redeem the ROI Dollar Units after vesting on the fifth anniversary of the date of their grant and prior to the tenth anniversary of the date of their grant. For grants made between January 1, 2000 and January 1, 2005, grantees must elect to redeem the ROI Dollar Units upon the fifth, seventh or tenth anniversary date. These ROI Dollar Units have vested at the fifth anniversary of the date of their grant and will continue to accumulate earnings until the elected redemption date. For grants made on or after January 1, 2006, all ROI Dollar Units vested on the fifth anniversary date of their grant and were or will be automatically redeemed. Subsequent to the IPO, no additional ROI Dollar Units have been or will be granted, and non cash compensation to employees will consist primarily of grants of shares of Common Stock as described below under "2007 Stock Incentive Plan."

As of June 30, 2014 and December 31, 2013, payables to employees for ROI Dollar Units were \$3.1 million and \$5.6 million, respectively, all of which were vested. These amounts are included in accounts payable, accrued expenses and other liabilities in the condensed consolidated statements of financial condition. Compensation expense for the ROI Dollar Unit plan, included in the condensed consolidated statements of comprehensive income was \$0.3 million and \$0.2 million for the six months ended June 30, 2014 and 2013, respectively.

### 2007 ROI Unit Stock Plan

In connection with the IPO, IBG, Inc. adopted the Interactive Brokers Group, Inc. 2007 ROI Unit Stock Plan (the “ROI Unit Stock Plan”). Under this plan, certain employees of the Group who held ROI Dollar Units, at the employee’s option, elected to invest their ROI Dollar Unit accumulated earnings as of December 31, 2006 in shares of Common Stock. An aggregate of 1,271,009 shares of Common Stock (consisting of 1,250,000 shares issued under the ROI Unit Stock Plan and 21,009 shares under the 2007 Stock Incentive Plan, as described below), with a fair value at the date of grant of \$38.1 million were issued to IBG LLC and held as treasury stock, to be distributed to employees in accordance with the following schedule and subject to the conditions below:

- 10% on the date of the IPO (or on the first anniversary of the IPO, in the case of U.S. ROI Unit holders who made the above-referenced elections after December 31, 2006); and
- an additional 15% on each of the first six anniversaries of the date of the IPO, assuming continued employment with IBG, Inc. and compliance with other applicable covenants.

Of the fair value at the date of grant, \$17.8 million represented the accumulated ROI Dollar Unit value elected to be invested by employees in Common Stock and such amount was accrued for as of December 31, 2006. The remainder is being ratably accrued as compensation expense by the Company from the date of the IPO over the requisite service period represented by the aforementioned distribution schedule

As of December 31, 2012, compensation costs for the ROI Unit Stock Plan had been fully accrued and as of December 31, 2013, all shares issued to current employees under the ROI Unit Stock Plan had been distributed.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

2007 Stock Incentive Plan

Under the Interactive Brokers Group, Inc. 2007 Stock Incentive Plan (the “Stock Incentive Plan” or “SIP”), up to 30 million shares (20 million shares at December 31, 2013) of common stock may be granted and issued to directors, officers, employees, contractors and consultants of IBG, Inc. and its subsidiaries. The 10 million increase in shares allocated to the SIP was approved by the Company’s Compensation Committee and Board of Directors in February 2014. The Board of Directors’ approval was ratified by a vote of the stockholders at the Company’s 2014 Annual Meeting on April 24, 2014. The purpose of the Stock Incentive Plan is to promote IBG, Inc.’s long term financial success by attracting, retaining and rewarding eligible participants.

As a result of the Company’s organizational structure, a description of which can be found on page 4 of the Company’s 2013 Annual Report on Form 10-K, filed with the SEC, there is no dilutive effect upon ownership of minority shareholders of issuing shares under the Stock Incentive Plan. The issuances do not dilute the book value of the ownership of minority shareholders because a) the restricted stock units are granted at market value and b) upon their vesting and the related issuance of shares of Common Stock, the ownership of the Company in its operating subsidiary, IBG LLC, increases proportionately to the shares issued. As a result of such proportionate increase in share ownership, the dilution upon issuance of Common Stock is borne by IBG LLC’s majority shareholder (i.e., noncontrolling interest), IBG Holdings LLC, and not by the Company or its minority shareholders. Additionally, dilution of earnings that may take place after issuance of Common Stock is reflected in the earnings per share (“EPS”) reported in the Company’s financial statements. The EPS dilution can be neither estimated nor projected, but historically it has not been material.

The Stock Incentive Plan is administered by the Compensation Committee of IBG, Inc.’s Board of Directors. The Compensation Committee has discretionary authority to determine which employees are eligible to participate in the Stock Incentive Plan and establishes the terms and conditions of the stock awards, including the number of awards granted to each employee and all other terms and conditions applicable to such awards in individual grant agreements. Awards are expected to be made primarily through grants of restricted Common Stock. Stock Incentive Plan awards are subject to issuance over time and may be forfeited upon an employee’s termination of employment or violation of certain applicable covenants prior to issuance, unless determined otherwise by the Compensation Committee.

The Stock Incentive Plan provides that, upon a change in control, the Compensation Committee may, at its discretion, fully vest any granted but not yet earned awards under the Stock Incentive Plan, or provide that any such granted but not yet earned awards will be honored or assumed, or new rights substituted therefore by the new employer on a substantially similar basis and on terms and conditions substantially comparable to those of the Stock Incentive Plan.

IBG, Inc. granted awards under the Stock Incentive Plan in connection with the IPO and is expected to continue to grant awards on or about December 31 of each year following the IPO, to eligible employees as part of an overall plan of equity compensation. Shares of common stock vest, and become distributable to employees in accordance with the following schedule:

- 10% on the first vesting date, which approximates the anniversary of the IPO; and

- an additional 15% on each of the following six anniversaries of the first vesting, assuming continued employment with IBG, Inc. and compliance with non-competition and other applicable covenants.

Awards granted to external directors vest, and are distributed, over a five year period (20% per year) commencing one year after the date of grant. A total of 20,423 shares have been granted to the external directors cumulatively since the IPO.

25

---

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

Stock Incentive Plan share grants (excluding 21,009 shares issued pursuant to the 2007 ROI Unit Stock Plan above) and the related fair values at the date of grant were:

	Shares	Fair Value at Date of Grant (\$ millions)
In connection with IPO	927,943	\$ 27.8
July 31, 2007	16,665	0.4
December 31, 2007	1,055,206	32.9
December 31, 2008	2,065,432	35.6
December 31, 2009	2,448,031	42.8
December 31, 2010	2,513,738	43.2
December 31, 2011	3,411,613	50.8
January 6, 2012	1,215,866	18.4
December 31, 2012	3,629,960	50.5
December 31, 2013	1,894,046	46.2
	19,178,500	\$ 348.6

Estimated future grants under the Stock Incentive Plan are accrued for ratably during each year (Note 2). In accordance with the vesting schedule, outstanding awards vest and are distributed to participants once each year on or about the Company's IPO anniversary. At the end of each year, there are no vested awards that remain undistributed.

Compensation expense recognized in the condensed consolidated statements of comprehensive income was \$21.6 million and \$24.1 million for the six months ended June 30, 2014 and 2013, respectively. Estimated future compensation costs for unvested awards at June 30, 2014 are \$32.5 million.

The following is a summary of stock plan activity for the six months ended June 30, 2014:

	Shares
	2007 Stock Incentive Plan
Balance, December 31, 2013	11,647,117
Granted	-
Forfeited	(143,185)
Distributed (1)	(2,434,794)
Balance, June 30, 2014	9,069,138

---

(1) Shares cumulatively distributed under the 2007 Stock Incentive Plan include 16,238 shares from Treasury representing shares acquired at the IPO to satisfy obligations under the 2007 ROI Unit Stock Plan.

Awards granted under the stock plans are subject to forfeiture in the event an employee ceases employment with the Company. The stock plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans' post employment provisions will forfeit 50% of unvested previously granted awards unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of unvested awards previously granted. Distributions of remaining awards granted on or before January 1, 2009 to former employees will occur within 90 days of the anniversary of the termination of employment date over a five (5) year vesting schedule, 12.5% in each of the first four years and 50% in the fifth year. Distributions of remaining awards granted on or after January 1, 2010 to former employees will occur over the remaining vesting schedule applicable to each grant. Through June 30, 2014, a total of 173,457 shares have been distributed under these post employment provisions. These distributions are included in the Stock Plans activity tables above.

#### 10. Income Taxes

Income tax expense for the six months ended June 30, 2014 and 2013 differs from the U.S. federal statutory rate primarily due to the taxation treatment of income attributable to noncontrolling interests in IBG LLC. These noncontrolling interests are subject to U.S. taxation as partnerships. Accordingly, the income attributable to these noncontrolling interests is reported in the condensed consolidated statements of comprehensive income, but the related U.S. income tax expense attributable to these noncontrolling

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

interests is not reported by the Company as it is the obligation of the individual partners. Income tax expense is also affected by the differing effective tax rates in foreign, state and local jurisdictions where certain of the Company's subsidiaries are subject to corporate taxation.

Deferred income taxes arise primarily due to the amortization of the deferred tax assets recognized in connection with the Common Stock offerings (Note 4), differences in the valuation of financial assets and liabilities, and for other temporary differences arising from the deductibility of compensation and depreciation expenses in different time periods for book and income tax return purposes.

As of and for the six months ended June 30, 2014 and 2013, the Company had no unrecognized tax liabilities as defined under ASC 740, Income Taxes and no valuation allowances on deferred tax assets were required. The Company is subject to taxation in the United States and various states and foreign jurisdictions. As of June 30, 2014, the Company is open to U.S. Federal and State income tax examinations for the tax years 2010 through 2012, and to non U.S. income tax examinations for the tax years 2006 through 2013.

At June 30, 2014, accumulated earnings held by non U.S. subsidiaries totaled \$1,082.9 million (at December 31, 2013 \$1,072.9 million). Of this amount, approximately \$405.6 million (at December 31, 2013 \$422.3 million) is attributable to earnings of the Company's foreign subsidiaries that are considered "pass through" entities for U.S. income tax purposes. Since the Company accounts for U.S. income taxes on these earnings on a current basis, no additional U.S. tax consequences would result from the repatriation of these earnings other than that which would be due arising from currency fluctuations between the time the earnings are reported for U.S. tax purposes and when they are remitted. With respect to certain of these subsidiaries' accumulated earnings (approximately \$303.7 million and \$318.7 million as of June 30, 2014 and December 31, 2013, respectively), repatriation would result in additional foreign taxes in the form of dividend withholding tax imposed on the recipient of the distribution or dividend distribution tax imposed on the payor of the distribution. The Company has not provided for its proportionate share of these additional foreign taxes as it does not intend to repatriate these earnings in the foreseeable future. For the same reason, the Company has not provided deferred U.S. tax on cumulative translation adjustments associated with these earnings.

The remainder of the accumulated earnings are attributable to non U.S. subsidiaries that are not considered "pass through" entities for U.S. tax purposes. The Company's U.S. tax basis in the stock of most of these entities exceeds its book basis. Establishing a deferred tax asset pursuant to ASC 740 is not permitted as this difference will not reverse in the foreseeable future. In the instances in which the Company's book basis exceeds its U.S. tax basis, no deferred tax liability has been established as the Company considers the earnings of those entities to be indefinitely reinvested.

#### 11. Commitments, Contingencies and Guarantees

In October 2013, a small number of the Company's brokerage customers had taken relatively large positions in four stocks listed on the Singapore Exchange. In early October, within a very short timeframe, these securities lost over

90% of their value. The customer accounts were margined and fell into deficits totaling \$64 million prior to the time the Company took possession of their securities positions. The Company has recognized a cumulative loss of approximately \$79.2 million from October 2013 through June 30, 2014. The maximum aggregate loss, which would occur if the securities' prices all fell to zero and none of the debts were collected, would be approximately \$84 million. The Company is currently pursuing the collection of the debts. The ultimate effect of this incident on the Company's results will depend upon market conditions and the outcome of the Company's debt collection efforts.

#### Litigation

The Company is subject to certain pending and threatened legal actions which arise out of the normal course of business. Litigation is inherently unpredictable, particularly in proceedings where claimants seek substantial or indeterminate damages, or which are in their early stages. IBG, Inc. has not been able to quantify the actual loss or range of loss related to such legal proceedings, the manner in which they will be resolved, the timing of final resolution or the ultimate settlement. Management believes that the resolution of these actions will not have a material effect, if any, on the Company's business or financial condition, but may have a material impact on the results of operations for a given period.

On February 3, 2010, Trading Technologies International, Inc. ("Trading Technologies") filed a complaint in the United States District Court for the Northern District of Illinois, Eastern Division, against Interactive Brokers Group, Inc., IBG LLC, Holdings, and Interactive Brokers LLC. Thereafter, Trading Technologies dismissed Interactive Brokers Group, Inc. and Holdings from the case, leaving only IBG LLC and Interactive Brokers LLC as defendants ("Defendants"). The operative complaint, as amended, alleges that the Defendants have infringed and continue to infringe twelve U.S. patents held by Trading Technologies. Trading Technologies is seeking, among other things, unspecified damages and injunctive relief. The case is in the early stages and



Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

discovery has yet to begin. While it is too early to predict the outcome of the matter, we believe we have meritorious defenses to the allegations made in the complaint and intend to defend ourselves vigorously against them. However, litigation is inherently uncertain and there can be no guarantee that the Company will prevail or that the litigation can be settled on favorable terms.

IBG, Inc. accounts for potential losses related to litigation in accordance with ASC 450, Contingencies. As of June 30, 2014 and December 31, 2013, reserves provided for potential losses related to litigation matters were not material.

Guarantees

Certain of the Operating Companies provide guarantees to securities clearing houses and exchanges which meet the accounting definition of a guarantee under ASC 460, Guarantees. Under standard membership agreements, clearing house and exchange members are required to guarantee collectively the performance of other members. Under the agreements, if a member becomes unable to satisfy its obligations, other members would be required to meet shortfalls. In the opinion of management, the Operating Companies' liability under these arrangements is not quantifiable and could exceed the cash and securities they have posted as collateral. However, the potential for these Operating Companies to be required to make payments under these arrangements is remote. Accordingly, no contingent liability is carried in the condensed consolidated statements of financial condition for these arrangements.

In connection with its retail brokerage business, IB LLC or other electronic brokerage Operating Companies perform securities and commodities execution, clearance and settlement on behalf of their customers for whom they commit to settle trades submitted by such customers with the respective clearing houses. If a customer fails to fulfill its settlement obligations, the respective Operating Company must fulfill those settlement obligations. No contingent liability is carried on the condensed consolidated statements of financial condition for such customer obligations.

Other Commitments

Certain clearing houses and clearing banks and firms used by certain Operating Companies are given a security interest in certain assets of those Operating Companies held by those clearing organizations. These assets may be applied to satisfy the obligations of those Operating Companies to the respective clearing organizations.

12. Segment and Geographic Information

IBG, Inc. operates in two business segments: electronic brokerage and market making. IBG, Inc. conducts its electronic brokerage business through its Interactive Brokers subsidiaries, which provide electronic execution and clearing services to customers worldwide. The Company conducts its market making business principally through its Timber Hill subsidiaries on the world's leading exchanges and market centers, primarily in exchange traded equities, equity options and equity index options and futures.

Significant transactions and balances between the Operating Companies occur, primarily as a result of certain Operating Companies holding exchange or clearing organization memberships, which are utilized to provide execution and clearing services to affiliates. Charges for transactions between segments are designed to approximate full costs. Intra segment and intra region income and expenses and related balances have been eliminated in this segment and geographic information to reflect the external business conducted in each segment or geographical region. Corporate items include non allocated corporate income and expenses that are not attributed to segments for performance measurement, corporate assets and eliminations.

28

---

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

Management believes that the following information by business segment provides a reasonable representation of each segment's contribution to total net revenues and income before income taxes for the three months ended June 30, 2014 and 2013, and to total assets as of June 30, 2014 and December 31, 2013 (millions):

	Three Months		Six Months Ended	
	Ended June 30, 2014	2013	June 30, 2014	2013
Net revenues:				
Electronic brokerage	\$ 220.6	\$ 212.5	\$ 444.3	\$ 407.8
Market making	91.9	67.4	225.0	91.0
Corporate and eliminations	(3.2)	4.0	(5.1)	1.2
Total net revenues	\$ 309.3	\$ 283.9	\$ 664.2	\$ 500.0
Income before income taxes:				
Electronic brokerage	\$ 131.4	\$ 123.3	\$ 265.7	\$ 234.3
Market making	46.5	7.6	134.6	(21.4)
Corporate and eliminations	(3.7)	3.0	(8.0)	3.2
Total income before income taxes	\$ 174.2	\$ 133.9	\$ 392.3	\$ 216.1

	June 30, 2014	December 31, 2013
Assets:		
Electronic brokerage	\$ 34,560.6	\$ 31,333.5
Market making	12,190.7	12,139.5
Corporate and eliminations	(6,595.8)	(5,602.3)
Total assets	\$ 40,155.5	\$ 37,870.7

The Company operates its automated global business in U.S. and international markets on more than 100 exchanges and market centers. A significant portion of IBG, Inc.'s net revenues are generated by subsidiaries operating outside

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

the United States. International operations are comprised of electronic brokerage and market making activities in 24 countries in Europe, Asia and the Americas (outside the United States). The following table presents total net revenues and income before income taxes by geographic area for the three months ended June 30, 2014 and 2013 (millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net revenues:				
United States	\$ 252.5	\$ 193.4	\$ 535.3	\$ 331.9
International	60.5	87.4	134.8	167.7
Corporate and eliminations	(3.7)	3.1	(5.9)	0.4
Total net revenues	\$ 309.3	\$ 283.9	\$ 664.2	\$ 500.0
Income before income taxes:				
United States	\$ 165.1	\$ 99.0	\$ 362.1	\$ 151.0
International	13.1	32.7	38.8	62.6
Corporate and eliminations	(4.0)	2.2	(8.6)	2.5
Total income before income taxes	\$ 174.2	\$ 133.9	\$ 392.3	\$ 216.1

### 13. Regulatory Requirements

At June 30, 2014, aggregate excess regulatory capital for all of the Operating Companies was \$3.23 billion.

TH LLC and IB LLC are subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Exchange Act and the CFTC's minimum financial requirements (Regulation 1.17), and THE is subject to the Swiss Financial Market Supervisory Authority eligible

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

(dollars in thousands, except shares and per share amounts, unless otherwise noted)

equity requirement. Additionally, THSHK is subject to the Hong Kong Securities Futures Commission liquid capital requirement, THA is subject to the Australian Stock Exchange liquid capital requirement, THC and IBC are subject to the Investment Industry Regulatory Organization of Canada risk adjusted capital requirement, IBUK is subject to the U.K. Financial Conduct Authority Capital Requirements Directive, IBI is subject to the National Stock Exchange of India net capital requirements and IBSJ is subject to the Japanese Financial Supervisory Agency capital requirements. The following table summarizes capital, capital requirements and excess regulatory capital (millions):

	Net Capital/ Eligible Equity	Requirement	Excess
IB LLC	\$ 2,262.1	\$ 332.6	\$ 1,929.5
TH LLC	436.0	60.3	375.7
THE	706.8	197.2	509.6
Other regulated Operating Companies	465.3	47.1	418.2
	\$ 3,870.2	\$ 637.2	\$ 3,233.0

Regulatory capital requirements could restrict the Operating Companies from expanding their business and declaring dividends if their net capital does not meet regulatory requirements. Also, certain entities within IBG, Inc. are subject to other regulatory restrictions and requirements.

At June 30, 2014, all of the regulated Operating Companies were in compliance with their respective regulatory capital requirements.

## 14. Related Party Transactions

Receivable from affiliate represents amounts advanced to Holdings and payable to affiliate represents amounts payable to Holdings under the Tax Receivable Agreement (Note 4).

Included in receivables from and payables to customers in the accompanying condensed consolidated statements of financial condition as of June 30, 2014 and December 31, 2013 were accounts receivable from directors, officers and their affiliates of \$1.8 million and \$0.4 million and payables of \$409.8 million and \$815.5 million, respectively.

15. Subsequent Events

As required by ASC 855, Subsequent Events, the Company has evaluated subsequent events for adjustment to or disclosure in its condensed consolidated financial statements through the date the condensed consolidated financial statements were issued.

No recordable or disclosable events, not otherwise reported in these financial statements or the notes thereto, occurred.

\*\*\*\*\*

30

---

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements and the related notes in Item 1, included elsewhere in this report. In addition to historical information, the following discussion also contains forward looking statements that include risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors, including those set forth under the heading "Risk Factors" in our Annual Report on Form 10-K filed with the Securities Exchange Commission ("SEC") on March 3, 2014 and elsewhere in this report.

Introduction

IBG, Inc. is a holding company whose primary asset is ownership of approximately 14.1% of the membership interests of the Group.

We are an automated global electronic broker and market maker specializing in executing and clearing trades in securities, futures, foreign exchange instruments, bonds and mutual funds on more than 100 electronic exchanges and trading venues around the world and offering custody, prime brokerage, stock and margin borrowing services to our customers. Since our inception in 1977, we have focused on developing proprietary software to automate broker dealer functions. The advent of electronic exchanges in the last 24 years has provided us with the opportunity to integrate our software with an increasing number of exchanges and trading venues into one automatically functioning, computerized platform that requires minimal human intervention.

Business Segments

The Company reports its results in two business segments: electronic brokerage and market making. These segments are analyzed separately as we derive our revenues from these two principal business activities as well as allocate resources and assess performance.

· **Electronic Brokerage.** We conduct our electronic brokerage business through our Interactive Brokers ("IB") subsidiaries. As an electronic broker, we execute, clear and settle trades globally for both institutional and individual customers. Capitalizing on the technology originally developed for our market making business, IB's award-winning systems provide our customers with the capability to monitor multiple markets around the world simultaneously and to execute trades electronically in these markets at a low cost, in multiple products and currencies from a single trading account. We offer our customers access to all classes of tradable, exchange-listed products, including stocks, bonds, options, futures, forex and mutual funds traded on more than 100 exchanges and market centers and in 23 countries around the world across 21 currencies seamlessly.

Our customer base is diverse, with respect to geography and segments. Currently, more than half of our customers are located outside the U.S., residing in over 190 countries. More than 50% of our customers' equity is from institutional accounts, including hedge funds, financial advisors, proprietary trading desks and introducing brokers. We have developed specialized products and services that have been successful in attracting these accounts. For example, we offer prime brokerage services including capital introduction and securities lending to hedge funds; and our model portfolio technology, automated share allocation and rebalancing tools are particularly attractive to financial advisors. We provide a host of analytical tools such as the Probability Lab, which allows our customers to analyze option strategies under various market assumptions. The IB Money Manager Marketplace allows wealth advisors to search for money managers and assign them to client accounts based on their investment strategy. In addition, IBEmployeeTrackSM is widely used by compliance officers of financial institutions to streamline the process of tracking their employees' brokerage activities.

We also provide information services through the Interactive Brokers Information System ("IBIS"). IBIS offers subscribers and our brokerage customers a robust suite of informational tools at a fraction of the cost of traditional research platforms. It includes live quotes, newswire feeds, calendars of economic and earnings events, fundamental research data, charts and more in an interface that can be configured to customers' needs.

· **Market Making.** We conduct our market making business through our Timber Hill subsidiaries. As one of the largest market makers on many of the world's leading exchanges, we provide liquidity by offering competitively tight bid/offer spreads over a broad base of over 908,000 tradable, exchange-listed products. As principal, we commit our own capital and derive revenues or incur losses from the difference between the price paid when securities are bought and the price received when those securities are sold. Because we provide continuous bid and offer quotations and we



Table of Contents

are continuously both buying and selling quoted securities, we may have either a long or a short position in a particular product at a given point in time. Our entire portfolio is evaluated each second and continuously rebalanced throughout the trading day, minimizing the risk of our portfolio at all times. This real-time rebalancing of our portfolio, together with our real-time proprietary risk management system, enables us to curtail risk and to be profitable in both up-market and down-market scenarios.

When we use the terms “we,” “us,” and “our,” we mean IBG, Inc. and its subsidiaries for the periods presented.

Executive Overview

Second Quarter Results: Diluted earnings per share on a comprehensive basis were \$0.29 for the quarter ended June 30, 2014 as compared to comprehensive diluted earnings per share of \$0.14 for the same period in 2013.

Reported results on a comprehensive basis reflect the GAAP convention that requires the reporting of currency translation results contained in other comprehensive income (“OCI”) as part of reportable earnings.

Currency translation effects are largely a result of our currency strategy. We have determined to base our net worth in GLOBALs, a self-defined basket of currencies in which we maintain our equity. As a result, approximately 62% of our equity is denominated in currencies other than U.S. dollars. The effects of our currency strategy appear in two places in the financial statements: (1) as a component of trading gains in the condensed consolidated statement of comprehensive income and (2) as OCI in the condensed consolidated statement of financial condition. As described above, the full effect of the GLOBAL is captured in comprehensive income. For the quarter ended June 30, 2014 the value of the GLOBAL as measured in U.S. Dollars increased 2% to \$1.083 as compared to the same quarter last year.

On a non-comprehensive basis, which excludes the effect of changes in the U.S. dollar value of the Company’s non-U.S. subsidiaries, diluted earnings per share were \$0.26 for the quarter ended June 30, 2014, as compared to \$0.21 for the quarter ended June 30, 2013.

Consolidated: For the three months ended June 30, 2014, our net revenues were \$309.3 million and income before income taxes was \$174.2 million, as compared to net revenues of \$283.9 million and income before income taxes of \$133.9 million for the corresponding period in 2013. This increase was driven by higher trading gains and net interest income. As a result of the weakening of the U.S. dollar and our currency diversification strategy, currency translation increased trading gains by \$15.2 million this quarter compared to a loss of \$42.9 million in the year-ago quarter. Net interest income increased 33% from the same period last year. Commissions and execution fees decreased 10% from the year-ago quarter, reflecting lower customer volumes in foreign exchange and futures. Our pretax margin for the three months ended June 30, 2014 was 56%, as compared to 47% for the corresponding period in 2013.

**Brokerage:** During the quarter ended June 30, 2014, income before income taxes in our electronic brokerage segment increased 7% to \$131.4 million from \$123.3 million in the year-ago quarter, driven by higher net interest income. The increase in net interest income was attributable to higher net interest earned on larger customer cash and margin balances compared to the year-ago period as well as an increase in net fees earned from securities lending transactions. Commissions decreased by 10% from the year-ago quarter on lower customer volume in foreign exchange and futures. Total customer Daily Average Revenue Trades (“DARTs”) increased by 5% from the same period last year. Customer equity grew by 44%, to \$53.9 billion, from the year-ago quarter. Pretax margin increased from 58% to 60% for the three months ended June 30, 2013 and 2014, respectively, as we continue to leverage our highly automated brokerage model.

**Market Making:** During the quarter ended June 30, 2014, income before income taxes in our market making segment increased \$38.9 million to \$46.5 million from \$7.6 million in the year-ago quarter. This reflects a \$24.9 million increase in trading gains from the year-ago quarter. Removing the effects of currency translation, the market making segment produced \$31.3 million pretax income in this quarter, compared to \$50.5 million for the same period last year. Currency translation gains were \$15.2 million this quarter, compared to a \$42.9 million loss in the year-ago quarter. The decrease in market making profits, excluding translation effects, was driven by decreased trading volume, lower volatility as measured by the CBOE Volatility Index, or VIX® and a lower actual to implied volatility ratio.

Execution and clearing expenses were 33% lower during the three months ended June 30, 2014 than in the year-ago quarter due to lower trading volume across all product classes from the year-ago quarter. Pretax margin increased to 51% in the second quarter of 2014 from 11% in the corresponding period of 2013.

Table of Contents

Six Month Results: Diluted earnings per share on a comprehensive basis were \$0.64 for the six months ended June 30, 2014 as compared to \$0.20 for the same period in 2013.

On a non-comprehensive basis, which excludes the effect of changes in the U.S. dollar value of the Company's non-U.S. subsidiaries, diluted earnings per share were \$0.60 for the six months ended June 30, 2014, as compared to \$0.35 for the six months ended June 30, 2013.

Consolidated: For the six months ended June 30, 2014, our net revenues were \$664.2 million and income before income taxes was \$392.3 million, as compared to net revenues of \$500.0 million and income before income taxes of \$216.1 million for the corresponding period in 2013. This increase was driven primarily by higher trading gains and net interest income. The increase in trading gains was a result of the weakening of the U.S. dollar and our currency diversification strategy. Currency translation increased trading gains by \$36.1 million for the six months ended June 30, 2014 compared to a loss of \$103.7 million in the year-ago period. Net interest increased 29 % due to higher net interest on customer balances and higher fees from securities lending transactions as compared to the year-ago period. Our pretax margin for the six months ended June 30, 2014 was 59%, as compared to 43% for the corresponding period in 2013.

Brokerage: During the six months ended June 30, 2014, income before income taxes in our electronic brokerage segment increased 13% to \$265.7 million from \$234.3 million in the six months ended June 30, 2013, driven by increased net interest income and higher commissions and execution fees. The increase in net interest income was attributable to higher net interest earned on larger customer cash and margin balances compared to the year-ago period as well as an increase in net fees earned from securities lending transactions. Commissions increased by 1% from the year-ago period on higher cleared customer volume in options and stocks, offset by lower volumes in foreign exchange and futures. Total customer Daily Average Revenue Trades ("DARTs") increased 14% from the same period last year. Customer equity grew by 44%, to \$53.9 billion, from the year-ago period. Pretax margin increased from 57% to 60% for the six months ended June 30, 2013 and 2014, respectively, as we continue to leverage our highly automated brokerage model.

Market Making: During the six months ended June 30, 2014, income before income taxes in our market making segment increased \$156.0 million to \$134.6 million from a loss of \$21.4 million in the six months ended June 30, 2013. This reflects a \$133.4 million increase in trading gains from the year-ago period. Removing the effects of currency translation, the market making segment produced \$98.5 million pretax income in six months ended June 30, 2014, compared to \$82.3 million for the same period last year. Currency translation gains were \$36.1 million for the first six months of the year as compared to a currency translation loss of \$103.7 million for the six months ended June 30, 2013.

Execution and clearing expenses were 29% lower during the six months ended June 30, 2014 than in same period last year due to lower trading volumes across all product classes. Pretax margin increased to 60% in the six months ended June 30, 2014 from -24% in the corresponding period of 2013.

33

---

Table of Contents

The following tables present historical trading volumes for our business. Volumes are among several drivers in our business.

## TRADE VOLUMES:

(in 000's, except %)

Period	Market Making		Brokerage Cleared		Brokerage Non Cleared		Total		Avg. Trades per U.S. Trading Day
	Trades	% Change	Trades	% Change	Trades	% Change	Trades	% Change	
2011	63,602		160,567		19,187		243,356		968
2012	60,421	-5%	150,000	-7%	16,118	-16%	226,540	-7%	904
2013	65,320	8%	173,849	16%	18,489	15%	257,658	14%	1,029
2Q2013	18,794		46,509		4,968		70,271		1,098
2Q2014	14,897	-21%	48,622	5%	4,290	-14%	67,809	-4%	1,076
1Q2014	15,643		50,727		4,862		71,232		1,168
2Q2014	14,897	-5%	48,622	-4%	4,290	-12%	67,809	-5%	1,076

## CONTRACT AND SHARE VOLUMES:

(in 000's, except %)

## TOTAL

Period	Options (contracts)		Futures (contracts)		Stocks (shares)	
		% Change		% Change		% Change
2011	789,370		106,640		77,730,974	
2012	698,140	-12%	98,801	-7%	65,872,960	-15%
2013	659,673	-6%	121,776	23%	95,479,739	45%
2Q2013	184,215		34,824		23,792,808	

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

2Q2014	144,635	-21%	28,774	-17%	35,891,325	51%
1Q2014	161,578		30,661		44,707,956	
2Q2014	144,635	-10%	28,774	-6%	35,891,325	-20%

MARKET MAKING

Period	Options (contracts)	% Change	Futures (contracts)	% Change	Stocks (shares)	% Change
2011	503,053		15,519		11,788,769	
2012	457,384	-9%	12,660	-18%	9,339,465	-21%
2013	404,490	-12%	18,184	44%	12,849,729	38%
2Q2013	116,898		5,325		3,912,368	
2Q2014	78,641	-33%	4,088	-23%	2,836,471	-27%
1Q2014	89,079		4,575		2,958,853	
2Q2014	78,641	-12%	4,088	-11%	2,836,471	-4%

Notes:

---

(1) Futures contract volume includes options on futures

Table of Contents

## CONTRACT AND SHARE VOLUMES, continued:

(in 000's, except %)

## BROKERAGE TOTAL

Period	Options (contracts)	% Change	Futures (contracts)	% Change	Stocks (shares)	% Change
2011	286,317		91,121		65,942,205	
2012	240,756	-16%	86,141	-5%	56,533,495	-14%
2013	255,183	6%	103,592	20%	82,630,010	46%
2Q2013	67,317		29,499		19,880,440	
2Q2014	65,994	-2%	24,686	-16%	33,054,854	66%
1Q2014	72,499		26,086		41,749,103	
2Q2014	65,994	-9%	24,686	-5%	33,054,854	-21%

## BROKERAGE CLEARED

Period	Options (contracts)	% Change	Futures (contracts)	% Change	Stocks (shares)	% Change
2011	145,993		89,610		63,098,072	
2012	144,539	-1%	84,794	-5%	54,371,351	-14%
2013	180,660	25%	101,732	20%	78,829,785	45%
2Q2013	46,962		28,938		18,932,615	
2Q2014	50,732	8%	24,262	-16%	32,041,810	69%
1Q2014	54,367		25,694		40,576,558	
2Q2014	50,732	-7%	24,262	-6%	32,041,810	-21%

Notes:

---

(1) Futures contract volume includes options on futures

35

---



Table of Contents

## BROKERAGE STATISTICS:

(in 000's, except % and where noted)

Year over Year	2Q2014	2Q2013	% Change
Total Accounts	262	224	17%
Customer Equity (in billions) *	\$ 53.9	\$ 37.4	44%
Cleared DARTs	484	463	5%
Total Customer DARTs	529	506	5%
Cleared Customers (in \$'s, except DART per account)			
Commission per DART	\$ 4.00	\$ 4.50	-11%
DART per Avg. Account (Annualized)	473	526	-10%
Net Revenue per Avg. Account (Annualized)	\$ 3,360	\$ 3,659	-8%

Consecutive Quarters	2Q2014	1Q2014	% Change
Total Accounts	262	252	4%
Customer Equity (in billions) *	\$ 53.9	\$ 49.0	10%
Cleared DARTs	484	527	-8%
Total Customer DARTs	529	582	-9%
Cleared Customers (in \$'s, except DART per account)			
Commission per DART	\$ 4.00	\$ 4.14	-3%
DART per Avg. Account (Annualized)	473	539	-12%
Net Revenue per Avg. Account (Annualized)	\$ 3,360	\$ 3,661	-8%

\* Excludes non-customers.

## Business Environment

This quarter, the market environment was subdued compared to the first quarter, despite the continued rise in market valuations. We observed low volatility coupled with lighter trading volumes, both of which had a dampening effect

on profits for both our brokerage and market making segments. Customer trading activity declined, consistent with global exchange-traded volumes. Despite lighter customer trading levels, we maintained our position as the largest U.S. electronic broker as measured by number of customer revenue trades.

In the second quarter, the average volatility was the lowest since the first quarter of 2007. This contributed to lower trading volumes, since our customers tend to trade more actively during periods of higher volatility, and negatively impacted our market making trading gains, which benefit from higher volatility.

Despite lighter trading volumes, new account growth has not slowed. This quarter produced the second highest number of quarterly account additions, ending the quarter with 262,000, an increase of 17% over the prior year period. Nearly 60% of new accounts came from outside the U.S., a reflection of our global presence and lower pricing than brokers in other countries.

We have been successful in attracting hedge funds, professional advisors and introducing brokers which, combined with higher market values, drove an increase in customer equity of 44% to \$53.9 billion from the year-ago quarter. In comparison, the S&P 500 Index climbed 22% over its year ago level.

Customer margin loans reached a record level, rising 38% from \$11.2 billion at June 30, 2013 to \$15.4 billion as customers continued to take advantage of our low margin lending rates, which are indexed to benchmark rates in each currency and for U.S. dollars ranged from 0.5% to 1.6% during the second quarter. This contributed to an increase in net interest income of 32% over the same time period last year. While margin loans have been climbing at a healthy pace, margin loans as a percent of customer equity has remained fairly consistent at approximately 30% over the past several years.

Table of Contents

The following is a summary of the key profit drivers that affect our business and how they compared to the prior year:

**Global trading volumes.** According to data received from exchanges worldwide, volumes in exchange listed equity based options decreased by approximately 15.8% globally and 11.3% in the U.S. for the quarter ended June 30, 2014, as compared to the same period last year. During the second quarter of 2014 (2013), we accounted for approximately 8.7% (9.4%) of the exchange listed equity based options (including options on ETFs and stock index products) volume traded worldwide and approximately 11.4% (11.8%) of exchange listed equity based options volume traded in the U.S. It is important to note that this metric is not directly correlated with our profits.

**Volatility.** Our market making profits are generally correlated with market volatility since we typically maintain an overall long volatility position, which protects us against a severe market dislocation in either direction. Based on the Chicago Board Options Exchange Volatility Index (“VIX®”), the average volatility level fell to 12.8 during the second quarter of 2014, 14% lower than it was during the second quarter of 2013.

The ratio of actual to implied volatility is also meaningful to our results. The cost of hedging our positions is based on implied volatility, while our trading profits are, in part, based on actual market volatility; a higher ratio is generally favorable and a lower ratio generally has a negative effect on our trading gains. This ratio averaged approximately 73% during the second quarter of 2014, 22% lower than it was in the second quarter of 2013.

**Currency fluctuations.** As a global market maker trading on exchanges around the world in multiple currencies, we are exposed to foreign currency risk. We actively manage this exposure using hedging strategies that are based on a defined basket of 16 currencies we call the “GLOBAL.” These strategies minimize the fluctuation of our net worth as expressed in GLOBALs, thereby diversifying our risk in alignment with these global currencies weighted by our view of their importance. Because we report our financial results in U.S. dollars, the change in the value of the GLOBAL as expressed in U.S. dollars affects our earnings. The value of the GLOBAL, as measured in U.S. dollars, at June 30, 2014 rose 0.5% compared to its value at March 31, 2014. This increase had a positive impact on both our comprehensive and regular earnings in the second quarter. A discussion of our approach to managing foreign currency exposure is contained in Part I, Item 3 of this Quarterly Report on Form 10-Q entitled “Quantitative and Qualitative Disclosures about Market Risk.”

See the tables on pages 34-36 of this Quarterly Report on Form 10-Q for additional details regarding our trade volumes, contract and share volumes and brokerage statistics.

Table of Contents

Certain Trends and Uncertainties

We believe that our continuing operations may be favorably or unfavorably impacted by the following trends that may affect our financial condition and results of operations.

- Over the past several years, the effects of market structure changes, competition (in particular, from high frequency traders, or HFTs) and market conditions have, during certain periods, exerted downward pressure on bid/offer spreads realized by market makers.
- Retail broker dealer participation in the equity markets has fluctuated over the past few years due to investor sentiment, market conditions and a variety of other factors. Retail transaction volumes may not be sustainable and are not predictable.
- In recent years, in an effort to improve the quality of their executions as well as increase efficiencies, other market makers have increased the level of automation within their operations, which may allow them to compete more effectively with us.
- Scrutiny of equity and option market makers, hedge funds and soft dollar practices by regulatory and legislative authorities has increased. New legislation or modifications to existing regulations and rules could occur in the future.
- Additional consolidation among market centers may adversely affect the value of our smart routing software.
- A driver of our market making profits is the relationship between actual and implied volatility in the equities markets. The cost of maintaining our conservative risk profile is based on implied volatility, while our profitability, in part, is based on actual volatility. Hence, our profitability is increased when actual volatility runs above implied volatility and it is decreased when actual volatility falls below implied volatility. Implied volatility tends to lag actual volatility.

See “Risk Factors” in Part I, Item 1A of the Company’s Annual Report on Form 10-K filed with the SEC on March 3, 2014 and elsewhere in this report for a discussion of other risks that may affect our financial condition and results of operations.

Table of Contents

## Results of Operations

The tables in the period comparisons below provide summaries of our revenues and expenses. The period-to-period comparisons below of financial results are not necessarily indicative of future results. The following table sets forth our condensed consolidated results of operations for the indicated periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in millions except share and per share data)			
Revenues:				
Trading gains	\$ 84.0	\$ 59.1	\$ 211.5	\$ 78.1
Commissions and execution fees	124.4	138.0	261.0	257.6
Interest income	94.9	76.1	180.9	146.6
Other income	17.9	24.3	37.0	44.2
Total revenues	321.2	297.5	690.4	526.5
Interest expense	11.9	13.6	26.2	26.5
Total net revenues	309.3	283.9	664.2	500.0
Non-interest expenses:				
Execution and clearing	51.6	64.8	105.8	124.3
Employee compensation and benefits	53.6	58.0	107.1	104.3
Occupancy, depreciation and amortization	9.7	9.2	19.5	19.3
Communications	6.2	5.7	12.2	11.2
General and administrative	14.0	12.3	27.3	24.8
Total non-interest expenses	135.1	150.0	271.9	283.9
Income before income taxes	174.2	133.9	392.3	216.1
Income tax expense	13.5	13.9	30.4	20.8
Net income	160.7	120.0	361.9	195.3
Less net income attributable to noncontrolling interests	145.6	109.7	327.7	178.4
Net income available for common stockholders	\$ 15.1	\$ 10.3	\$ 34.2	\$ 16.9
Earnings per share:				
	\$	\$	\$	\$
Basic	\$ 0.27	\$ 0.21	\$ 0.62	\$ 0.35
	\$	\$	\$	\$
Diluted	\$ 0.26	\$ 0.21	\$ 0.60	\$ 0.35
Weighted average common shares outstanding:				
Basic	56,079,813	48,929,348	55,375,929	48,218,572

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

Diluted	57,300,230	49,012,567	56,674,666	48,354,098
Comprehensive income:				
Net income available for common stockholders	\$ 15.1	\$ 10.3	\$ 34.2	\$ 16.9
Other comprehensive income:				
Cumulative translation adjustment, before income taxes	1.6	(3.9)	2.1	(7.7)
Income taxes related to items of other comprehensive income	0.1	(0.4)	0.2	(0.4)
Other comprehensive income (loss), net of tax	1.5	(3.5)	1.9	(7.3)
Comprehensive income available for common stockholders	\$ 16.6	\$ 6.8	\$ 36.1	\$ 9.6
Comprehensive income attributable to noncontrolling interests:				
Net income attributable to noncontrolling interests	\$ 145.6	\$ 109.7	\$ 327.7	\$ 178.4
Other comprehensive income (loss) - cumulative translation adjustment	9.6	(28.0)	12.7	(55.6)
Comprehensive income attributable to noncontrolling interests	\$ 155.2	\$ 81.7	\$ 340.4	\$ 122.8

39

Table of Contents

Three Months Ended June 30, 2014 Compared to the Three Months Ended June 30, 2013

Net Revenues

Total net revenues for the quarter ended June 30, 2014 increased \$25.4 million or 9%, to \$309.3 million from \$283.9 million during the quarter ended June 30, 2013. The increase in net revenues was due to higher trading gains and net interest income. Trading volume is an important driver of revenues and costs for both our electronic brokerage and market making segments. During the quarter ended June 30, 2014, our volumes in options and futures decreased 21% and 17%, respectively, from prior year levels while stock shares volume increased 51% from prior year levels.

**Trading Gains.** Trading gains for the quarter ended June 30, 2014 increased \$24.9 million, or 42%, to \$84.0 million from \$59.1 million for the quarter ended June 30, 2013. Removing the effects of currency translation, the market making segment produced \$68.8 million in trading gains in the quarter ended June 30, 2014, compared to \$101.8 million in trading gains for the same period last year. As market makers, we provide liquidity by buying from sellers and selling to buyers. During the quarter ended June 30, 2014, our market making operations executed 14.9 million trades, a decrease of 21% as compared to the number of trades executed in the quarter ended June 30, 2013. Market making options and futures contract and stock share volumes decreased 33%, 23% and 27% respectively, as compared to the year ago quarter. The increase in trading gains was aided by a \$57.9 million increase in currency translation gains. Trading gains reflected a currency translation gain of \$15.2 million during the quarter ended June 30, 2014, compared to a \$42.9 million loss in the second quarter of 2013. Trading gains, after removing the effects of currency translation, were approximately 32% lower than in the second quarter of 2013. As part of managing our overall exposure to foreign currency fluctuations, we maintain our capital in a basket of currencies we call the GLOBAL. A discussion of our approach to managing foreign currency exposure is contained in Part I, Item 3 of this Quarterly Report on Form 10-Q entitled “Quantitative and Qualitative Disclosures about Market Risk.”

Trading gains were negatively impacted by a market making environment with decreased volatility and a lower ratio of actual to implied volatility. The VIX®, which measures perceived U.S. equity market volatility, decreased by 14% in the quarter ended June 30, 2014 as compared to the year ago quarter.

Included in trading gains are net dividends. Dividend income and expense arise from holding market making positions over dates on which dividends are paid to shareholders of record. When a stock pays a dividend, its market price is generally adjusted downward to reflect the value paid, which will not be received by those who purchase stock after the ex dividend date. Hence, the apparent gains and losses due to these price changes, reflecting the value of dividends paid to shareholders, must be taken together with the dividends paid and received, respectively, to accurately reflect the results of our market making operations.

**Commissions and Execution Fees.** Commissions and execution fees for the quarter ended June 30, 2014 decreased \$13.6 million, or 10%, to \$124.4 million, as compared to the quarter ended June 30, 2013, driven by lower foreign exchange and futures contract volumes. Cleared customer volume was mixed across product types, with options contracts and stock shares volumes increasing 8% and 69%, respectively, while futures contract volume decreased 16% as compared to the year-ago quarter. Total DARTs for cleared and execution only customers for the quarter ended June 30, 2014 increased 5% to 529 thousand, as compared to 506 thousand during the quarter ended June 30, 2013. DARTs for cleared customers, i.e., customers for whom we execute trades as well as clear and carry positions, increased 5% to 484 thousand, for the quarter ended June 30, 2014, as compared to 463 thousand for the

quarter ended June 30, 2013. Average commission per DART for cleared customers for the quarter ended June 30, 2014 decreased 11% to \$4.00, as compared to \$4.50 for the quarter ended June 30, 2013.

**Interest Income and Interest Expense.** Net interest income (interest income less interest expense) for the quarter ended June 30, 2014 increased \$20.5 million, or 33%, to \$83.0 million, as compared to the quarter ended June 30, 2013. The increase in net interest income was driven by higher customer cash and margin balances and higher net fees earned from securities lending transactions.

Net interest income on customer balances increased \$9.7 million compared to the year ago quarter. Average customer cash balances increased by 20%, to \$27.97 billion, while average customer fully secured margin borrowings increased 37% to \$15.60 billion, for the quarter ended June 30, 2014, as compared to \$23.22 billion and \$11.38 billion, respectively, for the quarter ended June 30, 2013. The average Fed Funds effective rate decreased by approximately three basis points to 0.09% for the quarter ended June 30, 2014 as compared to the year-ago quarter.

We earn fees on securities loaned and borrowed to support customer long and short stock holdings in margin accounts. In addition, our Stock Yield Enhancement Program provides an opportunity for customers with fully paid stock to



Table of Contents

allow IB to lend it out. In exchange for lending out their stock, our customers receive generally 50% of the stock loan fees. IB places cash collateral securing the loans in the customer's account.

In the market making segment, as a result of the way we have integrated our market making and securities lending systems, our trading income and our net interest income are interchangeable and depend on the mix of market making positions in our portfolio. When implied interest rates in the equity and equity options and futures markets exceed the actual interest rates available to us, our market making systems tend to buy stock and sell it forward, which produces higher trading gains and lower net interest income. When these rates are inverted, our market making systems tend to sell stock and buy it forward, which produces lower trading gains and higher net interest income.

Average securities borrowed decreased by 13%, to \$3.14 billion and average securities loaned increased by 26%, to \$2.85 billion, for the quarter ended June 30, 2014 from the same period last year. Net interest earned from securities lending is also affected by the level of demand for securities positions held by our market making companies and by our customers. During the quarter ended June 30, 2014, net fees earned by our brokerage and market making segments from securities lending transactions increased by 34%, or \$8.1 million, as compared to the quarter ended June 30, 2013. The bulk of the increase in securities lending transactions came from the brokerage segment.

Other Income. Other income, for the quarter ended June 30, 2014, decreased \$6.4 million, or 26%, to \$17.9 million, as compared to the quarter ended June 30, 2013, driven by losses on other investments and lower dividend income on an investment.

Non Interest Expenses

Non interest expenses, for the quarter ended June 30, 2014, decreased by \$14.9 million, or 10%, to \$135.1 million from \$150.0 million, during the quarter ended June 30, 2013. The decrease was primarily due to lower execution and clearing fees and employee compensation and benefits expenses. As a percentage of total net revenues, non interest expenses decreased to 44% for the quarter ended June 30, 2014 from 53% in the year-ago quarter.

Execution and Clearing. Execution and clearing expenses for the quarter ended June 30, 2014, decreased \$13.2 million, or 20%, to \$51.6 million, as compared to the quarter ended June 30, 2013. The decrease reflects lower volumes in options and futures.

Employee Compensation and Benefits. Employee compensation and benefits expenses, for the quarter ended June 30, 2014, decreased by \$4.4 million, or 8%, to \$53.6 million, as compared to the quarter ended June 30, 2013, largely a result of lower incentive compensation. The number of employees increased 3% to 922 for the quarter ended June 30, 2014, as compared to 892 for the second quarter in 2013. Within the operating segments, we continued to add staff in electronic brokerage and reduce staff in market making. As we continue to grow, our focus on automation has allowed us to maintain a relatively small staff. As a percentage of total net revenues, employee compensation and benefits expenses were 17% and 20% for the quarters ended June 30, 2014 and 2013, respectively.

General and Administrative. General and administrative expenses, for the quarter ended June 30, 2014, increased \$1.7 million, or 14%, to \$14.0 million, as compared to the quarter ended June 30, 2013. The increase in general and administrative expenses was primarily due to increases in advertising and professional services expenses.

Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013

## Net Revenues

Total net revenues for the six months ended June 30, 2014 increased \$164.2 million or 33%, to \$664.2 million from \$500.0 million during the six months ended June 30, 2013. The increase in net revenues was primarily due to higher trading gains and increases in net interest income and commissions and execution fees. Trading volume is an important driver of revenues and costs for both our electronic brokerage and market making segments. During the six months ended June 30, 2014 our volumes in options and futures decreased 13% and 6%, respectively, while stock shares volume increased 77%, as compared to the year-ago period.

**Trading Gains.** Trading gains for the six months ended June 30, 2014 increased \$133.4 million, or 171%, to \$211.5 million from \$78.1 million for the six months ended June 30, 2013. Removing the effects of currency translation, the market making segment produced \$175.4 million in trading gains in the six months ended June 30, 2014, compared to \$181.6 million in trading gains for the same period last year. As market makers, we provide liquidity by buying from sellers and selling to buyers. During the six months ended June 30, 2014, our market making operations executed 30.5 million trades, a decrease of 14% as compared to the number of trades executed in the six months ended June 30, 2013. Market making options and futures contract and stock share volumes decreased 25%, 10% and 16%, respectively, as compared to the

Table of Contents

year ago period. The increase in trading gains was driven by an \$139.6 million increase in currency translation gains. Trading gains reflected a currency translation gain of \$36.1 million during the six months ended June 30, 2014, compared to a \$103.7 million loss in same period in 2013. As part of managing our overall exposure to foreign currency fluctuations, we maintain our capital in a basket of currencies we call the GLOBAL. A discussion of our approach to managing foreign currency exposure is contained in Part I, Item 3 of this Quarterly Report on Form 10 Q entitled "Quantitative and Qualitative Disclosures about Market Risk."

Trading gains were negatively impacted by a market making environment with decreased average volatility and a lower ratio of actual to implied volatility. The VIX®, which measures perceived U.S. equity market volatility, decreased by 3% in the six months ended June 30, 2014 as compared to the year ago period. As a result, our trading gains, after removing the effects of currency translation, were approximately 3% lower than the first six months of 2013.

Included in trading gains are net dividends. Dividend income and expense arise from holding market making positions over dates on which dividends are paid to shareholders of record. When a stock pays a dividend, its market price is generally adjusted downward to reflect the value paid, which will not be received by those who purchase stock after the ex dividend date. Hence, the apparent gains and losses due to these price changes, reflecting the value of dividends paid to shareholders, must be taken together with the dividends paid and received, respectively, to accurately reflect the results of our market making operations.

Commissions and Execution Fees. Commissions and execution fees for the six months ended June 30, 2014 increased \$3.4 million, or 1%, to \$261.0 million, as compared to the six months ended June 30, 2013, driven by continued customer account growth and increased customer activity, but moderated by lower commissions per customer order. Cleared customer options contract and stock share volumes increased 18% and 97%, respectively, while futures contract volume decreased by 5% as compared to the same period last year. Total DARTs for cleared and execution only customers for the six months ended June 30, 2014 increased 14% to 555 thousand, as compared to 486 thousand during the six months ended June 30, 2013. DARTs for cleared customers, i.e., customers for whom we execute trades as well as clear and carry positions, increased 14% to 505 thousand, for the six months ended June 30, 2014, as compared to 443 thousand for the year-ago period. Average commission per DART for cleared customers, for the six months ended June 30, 2014, decreased by 11% to \$4.07, as compared to \$4.55 for the same period last year.

Interest Income and Interest Expense. Net interest income (interest income less interest expense) for the six months ended June 30, 2014 increased \$34.6 million, or 29%, to \$154.7 million, as compared to the six months ended June 30, 2013. The increase in net interest income was driven by higher customer cash and margin balances and higher net fees earned from securities lending transactions.

Net interest income on customer balances increased \$18.0 million compared to the year ago period. Average customer cash balances increased by 22%, to \$27.30 billion, while average customer fully secured margin borrowings increased 36% to \$15.20 billion, for the six months ended June 30, 2014, as compared to \$22.32 billion and \$11.15 billion, respectively, for the six months ended June 30, 2013. The average Fed Funds effective rate decreased by approximately five basis points to 0.08% for the six months ended June 30, 2014, as compared the same period last year.

We earn fees on securities loaned and borrowed to support customer long and short stock holdings in margin accounts. In addition, our Stock Yield Enhancement Program provides an opportunity for customers with fully paid stock to allow IB to lend it out. In exchange for lending out their stock, our customers receive generally 50% of the

stock loan fees. IB places cash collateral securing the loans in the customer's account.

In the market making segment, as a result of the way we have integrated our market making and securities lending systems, our trading income and our net interest income are interchangeable and depend on the mix of market making positions in our portfolio. When implied interest rates in the equity and equity options and futures markets exceed the actual interest rates available to us, our market making systems tend to buy stock and sell it forward, which produces higher trading gains and lower net interest income. When these rates are inverted, our market making systems tend to sell stock and buy it forward, which produces lower trading gains and higher net interest income.

Average securities borrowed decreased by 11%, to \$3.07 billion and average securities loaned increased by 30%, to \$2.81 billion, for the six months ended June 30, 2014 from the same period last year. Net interest earned from securities lending is also affected by the level of demand for securities positions held by our market making companies and by our customers. During the six months ended June 30, 2014, net fees earned by our brokerage and market making segments from securities lending transactions increased by 39%, or \$16.7 million, as compared to the six months ended June 30, 2013. The bulk of the increase in securities lending transactions came from the brokerage segment.

42

---

Table of Contents

Other Income. Other income, for the six months ended June 30, 2014, decreased \$7.2 million, or 16%, to \$37.0 million, as compared to the six months ended June 30, 2013, driven by losses on other investments and lower dividend income paid on an investment.

Non Interest Expenses

Non interest expenses, for the six months ended June 30, 2014, decreased by \$12.0 million, or 4%, to \$271.9 million from \$283.9 million, during the six months ended June 30, 2013. The decrease was primarily due to lower execution and clearing fees, partially offset by higher employee compensation and benefits and general and administrative expenses. As a percentage of total net revenues, non interest expenses decreased to 41% for the six months ended June 30, 2014 from 57% in the year-ago period.

Execution and Clearing. Execution and clearing expenses for the six months ended June 30, 2014, decreased \$18.5 million, or 15%, to \$105.8 million, as compared to the six months ended June 30, 2013. The decrease reflects lower volume in the market making segment across all products and lower futures contract volume in the electronic brokerage segment.

Employee Compensation and Benefits. Employee compensation and benefits expenses, for the six months ended June 30, 2014, increased by \$2.8 million, or 3%, to \$107.1 million, as compared to the six months ended June 30, 2013, largely a result of higher expenses for software development. The number of employees increased 3% to 922 for the six months ended June 30, 2014, as compared to 892 for the corresponding period in 2013. Within the operating segments, we continued to add staff in electronic brokerage and reduce staff in market making. As we continue to grow, our focus on automation has allowed us to maintain a relatively small staff. As a percentage of total net revenues, employee compensation and benefits expenses were 16% and 21% for the six months ended June 30, 2014 and 2013, respectively.

General and Administrative. General and administrative expenses, for the six months ended June 30, 2014, increased \$2.5 million, or 10%, to \$27.3 million, as compared to the six months ended June 30, 2013. The increase in general and administrative expenses was primarily due to increases in advertising and professional services expenses.

Table of Contents

## Business Segments

The following table sets forth the net revenues, non-interest expenses and income before income taxes of our business segments:

		Three Months		Six Months Ended	
		Ended		June 30,	
		June 30,		June 30,	
		2014	2013	2014	2013
		(in millions)			
Electronic Brokerage	Net revenues	\$ 220.6	\$ 212.5	\$ 444.3	\$ 407.8
	Non-interest expenses	89.2	89.2	178.6	173.5
	Income before income taxes	\$ 131.4	\$ 123.3	\$ 265.7	\$ 234.3
	Pre-tax profit margin	60%	58%	60%	57%
Market Making	Net revenues	\$ 91.9	\$ 67.4	\$ 225.0	\$ 91.0
	Non-interest expenses	45.4	59.8	90.4	112.4
	Income (loss) before income taxes	\$ 46.5	\$ 7.6	\$ 134.6	\$ (21.4)
	Pre-tax profit margin	51%	11%	60%	-24%
Corporate*	Net revenues	\$ (3.2)	\$ 4.0	\$ (5.1)	\$ 1.2
	Non-interest expenses	0.5	1.0	2.9	(2.0)
	Income (loss) before income taxes	\$ (3.7)	\$ 3.0	\$ (8.0)	\$ 3.2
Total	Net revenues	\$ 309.3	\$ 283.9	\$ 664.2	\$ 500.0
	Non-interest expenses	135.1	150.0	271.9	283.9
	Income before income taxes	\$ 174.2	\$ 133.9	\$ 392.3	\$ 216.1
	Pre-tax profit margin	56%	47%	59%	43%

\* Corporate includes corporate related activities as well as inter-segment eliminations.

The following sections discuss results of our operations by business segment, excluding a discussion of corporate income and expense. In the following tables, revenues and expenses directly associated with each segment are included in determining income before income taxes. Due to the integrated nature of the business segments, estimates and judgments have been made in allocating certain revenue and expense items. Transactions between segments generally result from one subsidiary facilitating the business of another subsidiary through the use of its existing trading memberships and clearing arrangements. In such cases, certain revenue and expense items are eliminated to accurately reflect the external business conducted in each segment. Rates on transactions between segments are designed to approximate full costs. In addition to execution and clearing expenses, which are the main cost driver for both the market making segment and the electronic brokerage segment, each segment's operating expenses include (i) employee compensation and benefits expenses that are incurred directly in support of the businesses, (ii) general and administrative expenses, which include directly incurred expenses for property leases, professional fees, travel and entertainment, communications and information services, equipment, and (iii) indirect support costs (including compensation and other related operating expenses) for administrative services provided by IBG LLC. Such administrative services include, but are not limited to, computer software development and support, accounting, tax, legal and facilities management.

Table of Contents

## Electronic Brokerage

The following table sets forth the results of our electronic brokerage operations for the indicated periods:

	Three Months		Six Months Ended	
	Ended		June 30,	
	June 30,	2013	2014	2013
	2014	2013	2014	2013
	(in millions)			
Revenues:				
Commissions and execution fees	\$ 124.4	\$ 138.0	\$ 261.0	\$ 257.6
Interest income	83.5	63.9	155.8	123.3
Other income	19.6	16.5	40.9	38.7
Total revenues	227.5	218.4	457.7	419.6
Interest expense	6.9	5.9	13.4	11.8
Total net revenues	220.6	212.5	444.3	407.8
Non-interest expenses:				
Execution and clearing	34.8	40.5	72.0	76.8
Employee compensation and benefits	20.3	19.2	40.1	38.3
Occupancy, depreciation and amortization	3.0	3.0	5.8	6.3
Communications	2.9	2.3	5.7	4.5
General and administrative	28.2	24.2	55.0	47.6
Total non-interest expenses	89.2	89.2	178.6	173.5
Income before income taxes	\$ 131.4	\$ 123.3	\$ 265.7	\$ 234.3

## Three Months Ended June 30, 2014 Compared to the Three Months Ended June 30, 2013

Electronic brokerage total net revenues for the quarter ended June 30, 2014 increased \$8.1 million, or 4%, to \$220.6 million from \$212.5 million during the quarter ended June 30, 2013, primarily due to higher net interest income. Commissions and execution fees decreased \$13.6 million or 10%, attributable to mixed cleared customer volume and a lower average commission per customer order. Cleared customer volume rose in options contracts and stocks 8% and 69% respectively, while futures contracts volume decreased 16% for the quarter ended June 30, 2014 from the corresponding period in 2013. Total DARTs from cleared and execution only customers for the quarter ended June 30, 2014 increased 5% to 529 thousand, as compared to 506 thousand during the quarter ended June 30, 2013. DARTs from cleared customers for the quarter ended June 30, 2014 increased 5% to 484 thousand, as compared to



463 thousand during the quarter ended June 30, 2013.

Net interest income increased \$18.6 million, or 32% in the quarter ended June 30, 2014 as compared to the second quarter in 2013. The increase in net interest income was attributable to higher net customer interest of \$13.2 million, due to a \$4.76 billion increase in average customer credit balances and a \$4.22 billion increase in average margin borrowings; as well as, higher net fees from securities lending transactions of \$7.7 million. The average Fed Funds effective rate decreased by approximately three basis points to 0.09% for the quarter ended June 30, 2014 from the year-ago quarter.

Electronic brokerage non interest expenses for the quarter ended June 30, 2014 totaled \$89.2 million, unchanged from the quarter ended June 30, 2013. Within non interest expenses, execution and clearing expenses decreased by \$5.7 million due to lower futures volume. Employee compensation and benefits expenses increased by \$1.1 million, or 6% during the quarter ended June 30, 2014 as compared to the second quarter in 2013. The increase in employee compensation and benefits expense reflects an average increase in the number of brokerage employees of 11%. General and administrative expenses increased \$4.0 million, during the quarter ended June 30, 2014 as compared to the year-ago quarter, primarily due to increased professional services expenses and higher administrative and consulting fees. As a percentage of total net revenues, non interest expenses decreased to 40% from 42% for the quarter ended June 30, 2014 as compared to the corresponding period in 2013.

45

---

Table of Contents

Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013

Electronic brokerage total net revenues for the six months ended June 30, 2014 increased \$36.5 million, or 9%, to \$444.3 million, from \$407.8 million during the six months ended June 30, 2013, primarily due to higher net interest income. Commissions and execution fees increased \$3.4 million, or 1%, as a result of mixed cleared customer volume, offset by a lower average commission per customer order. Cleared customer volume rose in options contracts and stock share volume by 18% and 97%, respectively, while futures contracts volume decreased by 5% for the six months ended June 30, 2014 from the corresponding period in 2013. Total DARTs from cleared and execution only customers for the six months ended June 30, 2014 increased 14% to 555 thousand, as compared to 486 thousand during the six months ended June 30, 2013. DARTs from cleared customers for the six months ended June 30, 2014 increased 14% to 505 thousand, as compared to 443 thousand during the six months ended June 30, 2013.

Net interest income increased \$30.9 million, or 28% in the six months ended June 30, 2014 as compared to the corresponding period in 2013. The increase in net interest income was attributable to higher net customer interest of \$18.0 million, due to a \$4.97 billion increase in average customer credit balances and a \$4.05 billion increase in average margin borrowings; as well as higher net fees from securities lending transactions of \$15.9 million. The average Fed Funds effective rate decreased by approximately five basis points to 0.08% for the six months ended June 30, 2014 from the prior year period.

Electronic brokerage non interest expenses for the six months ended June 30, 2014 increased \$5.1 million, or 3%, as compared to the six months ended June 30, 2013. Within non interest expenses, execution and clearing expenses decreased by \$4.8 million due to lower average overall daily trade volume from the year-ago period. Employee compensation and benefits expenses increased by \$1.8 million, or 5% during the six months ended June 30, 2014 as compared to the year-ago period. The increase in employee compensation and benefits expense reflects a 10% increase in the number of brokerage employees from the same period last year. General and administrative expenses increased \$7.4 million during the six months ended June 30, 2014 as compared to the year-ago period, primarily due to increased software development costs, professional services expenses and advertising costs. As a percentage of total net revenues, non interest expenses decreased to 40% from 43% for the six months ended June 30, 2014 as compared to the corresponding period in 2013.

Table of Contents

## Market Making

The following table sets forth the results of our market making operations for the indicated periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in millions)			
Revenues:				
Trading gains	\$ 84.0	\$ 59.1	\$ 211.5	\$ 78.1
Interest income	11.4	12.7	25.1	24.3
Other income	1.5	3.8	1.6	4.1
Total revenues	96.9	75.6	238.2	106.5
Interest expense	5.0	8.2	13.2	15.5
Total net revenues	91.9	67.4	225.0	91.0
Non-interest expenses:				
Execution and clearing	16.7	24.8	34.2	48.1
Employee compensation and benefits	11.5	17.0	22.7	26.3
Occupancy, depreciation and amortization	1.7	1.6	3.3	3.2
Communications	2.5	2.0	4.8	4.2
General and administrative	13.0	14.4	25.4	30.6
Total non-interest expenses	45.4	59.8	90.4	112.4
Income before income taxes	\$ 46.5	\$ 7.6	\$ 134.6	\$ (21.4)

## Three Months Ended June 30, 2014 Compared to the Three Months Ended June 30, 2013

Market making total net revenues for the quarter ended June 30, 2014 increased \$24.5 million, or 36%, to \$91.9 million, from \$67.4 million during the quarter ended June 30, 2013. Trading gains for the quarter ended June 30, 2014 increased \$24.9 million, or 42% from the year-ago quarter. As part of managing our overall exposure to foreign currency fluctuations, we maintain our capital in proportion to a basket of currencies we call the GLOBAL. The increase in trading gains was driven by a currency translation gain of \$15.2 million in the quarter ended June 30, 2014 as compared to a \$42.9 million loss in the second quarter last year. A discussion of our approach to managing foreign currency exposure is contained in Part I, Item 3 of this Quarterly Report on Form 10-Q entitled "Quantitative and Qualitative Disclosures about Market Risk."

Trading gains were negatively impacted by a 14% decrease in volatility, as measured by the VIX®, which decreased to 12.8, as well as by a 22% decrease in the ratio of actual to implied volatility for the quarter ended June 30, 2014 as compared to the year ago period. As a result, our trading gains, after removing the effects of currency translation, were 32% lower than those of the year-ago quarter.

Market making options and futures contract volumes and stock share volumes decreased 33%, 23% and 27%, respectively, in the quarter ended June 30, 2014 as compared the year-ago quarter.

Net interest income for the quarter ended June 30, 2014 increased by \$1.9 million, or 42%, to \$6.4 million, driven by higher interest earned on firm cash balances and an increase in net fees earned from securities lending transactions. As described above, our trading gains and our net interest income are interchangeable and depend on the mix of market making positions in our portfolio and on relative interest rates in the stock and options markets. In the quarter ended June 30, 2014, these factors, together with securities lending activity, produced more net interest income than in the second quarter of 2013.

Market making non interest expenses for the quarter ended June 30, 2014 decreased \$14.4 million, or 24%, as compared to the quarter ended June 30, 2013. The decrease primarily resulted from a \$8.1 million decrease in execution and clearing fees and a \$1.4 million decrease in general and administrative expenses during the quarter ended June 30, 2014 as compared to 2013. The decrease in execution and clearing fees was driven by lower volumes across all product classes. General and administrative expenses reflect reductions in administrative and consulting fees and transaction taxes from the year-ago quarter. As a percentage of total net revenues, market making non interest expenses were 49% and 89% for the quarters ended June 30, 2014 and 2013, respectively.

Table of Contents

Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013

Market making total net revenues for the six months ended June 30, 2014 increased in \$134.0 million, or 147%, to \$225.0 million, from \$91.0 million during the six months ended June 30, 2013. Trading gains for the six months ended June 30, 2014 increased \$133.4 million, or 171% from the year-ago period. As part of managing our overall exposure to foreign currency fluctuations, we maintain our capital in proportion to a basket of currencies we call the GLOBAL. The increase in trading gains was driven by a currency translation gain of \$36.1 million in the six months ended June 30, 2014 as compared to a \$103.7 million loss in the year-ago period. A discussion of our approach to managing foreign currency exposure is contained in Part I, Item 3 of this Quarterly Report on Form 10-Q entitled “Quantitative and Qualitative Disclosures about Market Risk.”

Trading gains were negatively impacted by a 3% decrease in average volatility, as measured by the VIX®, which decreased to 13.8, as well as, a 10% decrease in the ratio of actual to implied volatility for the six months ended June 30, 2014 as compared to the year ago period. As a result, our trading gains, after removing the effects of currency translation, were 3% lower than those of the year-ago period.

Market making options and futures contract volume and stock share volumes decreased 25%, 10%, and 16%, respectively, in the six months ended June 30, 2014 as compared the year-ago period.

Net interest income for the six months ended June 30, 2014 increased by \$3.1 million, or 35%, to \$11.9 million, driven by higher interest earned on firm cash balances and an increase in net fees earned from securities lending transactions. As described above, our trading gains and our net interest income are interchangeable and depend on the mix of market making positions in our portfolio and on relative interest rates in the stock and options markets. In the six months ended June 30, 2014, these factors, together with securities lending activity, produced more net interest income than in the first six months of 2013.

Market making non interest expenses for the six months ended June 30, 2014 decreased \$22.0 million, or 20%, as compared to the six months ended June 30, 2013. The decrease primarily resulted from a \$13.9 million decrease in execution and clearing fees and a \$5.2 million decrease in general and administrative expenses during the six months ended June 30, 2014 as compared to the same period last year. The decrease in execution and clearing fees was driven by lower volume across all product classes. General and administrative expenses reflect a reduction in administrative and consulting fees, primarily software development, of \$3.6 million from the year-ago period. As a percentage of total net revenues, market making non interest expenses were 40% and 124% for the six months ended June 30, 2014 and 2013, respectively.

Table of Contents

Liquidity and Capital Resources

We maintain a highly liquid balance sheet. The majority of our assets consist of exchange-listed marketable securities, which are marked-to-market daily, cash and securities segregated for customers, and collateralized receivables arising from customer-related and proprietary securities transactions. Collateralized receivables consist primarily of securities borrowed, customer margin loans, receivables from clearing houses for settlement of securities transactions and securities purchased under agreements to resell. At June 30, 2014, total assets were \$40.16 billion of which approximately \$39.71 billion, or 98.9%, were considered liquid and consisted predominantly of customers' cash, collateralized receivables and marketable securities.

Daily monitoring of liquidity needs and available collateral levels is undertaken to help ensure that an appropriate liquidity cushion, in the form of unpledged collateral, is maintained at all times. Our ability to quickly reduce funding needs by balance sheet contraction without adversely affecting our core businesses and to pledge additional collateral in support of secured borrowings is continuously evaluated to ascertain the adequacy of our capital base.

We actively manage our excess liquidity and we maintain significant borrowing facilities through the securities lending markets and with banks. As a general practice, we maintain sufficient levels of cash on hand to provide us with a buffer should we need immediately available funds for any reason. To provide additional liquidity and to further increase our regulatory capital reserves, we maintain a committed senior secured revolving credit facility from a syndicate of banks (see "Principal Indebtedness" below). As of June 30, 2014, we had no borrowings under these facilities.

Liability balances in connection with our payables to customers and securities loaned as of June 30, 2014 were higher than their respective average balances during the previous six months. Liability balances in connection with our short-term borrowings as of June 30, 2014 were lower than their respective average balances during the previous six months

Based on our current level of operations, we believe our cash flows from operations and available cash will be adequate to meet our future liquidity needs for more than the next twelve months.

Cash and cash equivalents held by the Company's non-U.S. operating companies at June 30, 2014 were \$459.0 million (\$421.2 million at December 31, 2013). These funds are primarily intended to finance each individual Operating Company's local operations, and thus would not be available to fund U.S. domestic operations unless repatriated through payment of dividends to IBG LLC. The Company currently has no intention to repatriate further amounts from non-U.S. operating companies. In the event dividends were to be paid to the Company in the future by a non-U.S. operating company, as occurred in connection with the special dividend in December 2010 and, in part, in December 2012, the Company would be required to accrue and pay income taxes on such dividends to the extent that U.S. income taxes had not been paid previously on the income of the paying company.

Historically, our consolidated equity has consisted primarily of accumulated retained earnings, which to date have been sufficient to fund our operations and growth. Our consolidated equity increased to \$5.28 billion at June 30, 2014 from \$4.90 billion at June 30, 2013 as a result twelve months of comprehensive earnings partially offset by dividends paid during the last four quarters.

## Cash Flows

The following table sets forth our cash flows from operating activities, investing activities and financing activities for the periods indicated:

	Six Months Ended	
	June 30,	
	2014	2013
Net cash used in operating activities	\$ (203.7)	\$ (172.3)
Net cash provided by investing activities	215.5	36.1
Net cash used in financing activities	(239.9)	(177.7)
Effect of exchange rate changes on cash and cash equivalents	14.5	(63.0)
Decrease in cash and cash equivalents	\$ (213.6)	\$ (376.9)

Our cash flows from operating activities are largely a reflection of the changes in customer cash and margin debit balances in our electronic brokerage business and the size and composition of trading positions held by our market making subsidiaries. Our cash flows from investing activities are primarily related to capitalized internal software development, purchases and sales of memberships at exchanges where we trade and strategic investments in exchanges where such investments will enable us to offer better execution alternatives to our current and prospective customers, or create new opportunities for ourselves as market makers or where we can influence exchanges to provide competing products at better prices using sophisticated technology, and other non-market making securities. Our cash flows from financing activities are

Table of Contents

comprised of short-term borrowings, long-term borrowings and capital transactions. Short-term borrowings from banks are part of our daily cash management in support of operating activities. Other borrowings provide us with flexible sources of excess liquidity and regulatory capital, including a committed three-year \$100.0 million senior secured revolving credit facility from a syndicate of banks. Capital transactions consist primarily of quarterly cash dividends paid to common stockholders, which commenced during the second quarter of 2011 and cash distributions paid to IBG Holdings LLC (“Holdings”).

Six months ended June 30, 2014: Our cash and cash equivalents decreased by \$213.6 million to \$999.6 million for the six months ended June 30, 2014. We used \$203.7 million in net cash in operating activities. We used net cash of \$24.4 million in investing and financing activities, primarily due to distributions made to Holdings, dividends paid to common stockholders and purchases of other investments, offset by the sale of other investments. Distributions paid to Holdings in the six months ended June 30, 2014 included \$102.7 million related to the funding of payments pursuant to the Tax Receivable Agreement (Note 4).

Six months ended June 30, 2013: Our cash and cash equivalents decreased by \$376.9 million to \$1,003.7 million for the six months ended June 30, 2013. We used \$172.3 million in net cash in operating activities. We used net cash of \$141.6 million in our investing and financing activities primarily due to a decrease in short-term borrowings and distributions made to Holdings and dividends paid to common stockholders.

Regulatory Capital Requirements

Our principal operating subsidiaries are subject to separate regulation and capital requirements in the United States and other jurisdictions. Timber Hill LLC and Interactive Brokers LLC are registered U.S. broker-dealers and futures commission merchants, and their primary regulators include the SEC, the Commodity Futures Trading Commission, the Chicago Board Options Exchange, the Chicago Mercantile Exchange, the Financial Industry Regulatory Authority and the National Futures Association. Timber Hill Europe AG is registered to do business in Switzerland as a securities dealer and is regulated by the Swiss Financial Market Supervisory Authority. Interactive Brokers (U.K.) Limited is subject to regulation by the U.K. Financial Conduct Authority. Our various other operating subsidiaries are similarly regulated.

At June 30, 2014, aggregate excess regulatory capital for all of the Operating Companies was \$3.23 billion. The following table summarizes capital, capital requirements and excess regulatory capital (millions):



	Net Capital/ Eligible Equity	Requirement	Excess
IB LLC	\$ 2,262.1	\$ 332.6	\$ 1,929.5
TH LLC	436.0	60.3	375.7
THE	706.8	197.2	509.6
Other regulated Operating Companies	465.3	47.1	418.2
	\$ 3,870.2	\$ 637.2	\$ 3,233.0

At June 30, 2014, all of the Operating Companies were in compliance with their respective regulatory capital requirements.

For additional information regarding our net capital requirements see note 13 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

#### Principal Indebtedness

IBG LLC is the borrower under a \$100.0 million senior secured revolving credit facility, which had no balance outstanding as of June 30, 2014. On August 8, 2014 IBG LLC elected to terminate this credit facility.

#### Senior Secured Revolving Credit Facility

On May 17, 2012, IBG LLC entered into a \$100 million three-year senior secured revolving credit facility with a syndicate of banks. This credit facility replaced a similar two-year facility that expired on May 17, 2012. IBG LLC is the sole borrower under this credit facility. The facility's interest rate is indexed to the British Bankers Association LIBOR rate or the overnight federal funds rate for the relevant term, at the borrower's option, and is secured by a first priority interest in all of the capital stock of each entity owned directly by IBG LLC (subject to customary limitations with respect to foreign subsidiaries). The facility may be used to finance working capital needs and general corporate purposes, including downstreaming funds to IBG LLC's regulated broker dealer subsidiaries as regulatory capital. This allows IBG LLC to take

## Table of Contents

advantage of market opportunities when they arise, while maintaining substantial excess regulatory capital. The financial covenants contained in this credit facility are as follows:

- minimum consolidated shareholders' equity, as defined, of \$3.6 billion, with quarterly increases equal to 25% of positive consolidated income;
- maximum total debt to capitalization ratio of 30%;
- minimum liquidity ratio of 1.0 to 1.0; and
- maximum total debt to net regulatory capital ratio of 35%.

At June 30, 2014, IBG LLC was in compliance with all of the covenants of this credit facility. At maturity, subject to meeting certain terms of the facility, the Company will have an option to convert the facility to a one-year term loan.

## Capital Expenditures

Our capital expenditures are comprised of compensation costs of our software engineering staff for development of software for internal use and expenditures for computer, networking and communications hardware. These expenditure items are reported as property and equipment. Capital expenditures for property and equipment were approximately \$9.5 million and \$7.9 million for the six months ended June 30, 2014 and 2013, respectively. We anticipate that our 2014 gross capital expenditures will be higher than in 2013 as we continue the expansion of our network, data center and backup facilities. In the future, we plan to meet capital expenditure needs as we continue our focus on technology infrastructure initiatives to further enhance our competitive position. We anticipate that we will fund capital expenditures with cash from operations and cash on hand. In response to changing economic conditions, we believe we have the flexibility to modify our capital expenditures by adjusting them (either upward or downward) to match our financial resources. If we pursue any strategic acquisitions, we may incur additional capital expenditures.

## Seasonality

Our businesses are subject to seasonal fluctuations, reflecting varying numbers of market participants at times during the year and varying numbers of trading days from quarter-to-quarter, including declines in trading activity due to

holidays. Typical seasonal trends may be superseded by market or world events, which can have a significant impact on prices and trading volume.

#### Inflation

Although we cannot accurately anticipate the effect of inflation on our operations, we believe that inflation has not impacted our operations for the three most recent years, and is not likely in the foreseeable future to have, a material impact on our results of operations.

#### Strategic Investments and Acquisitions

We periodically engage in evaluations of potential strategic investments and acquisitions. The Company holds strategic investments in electronic trading exchanges including: Boston Options Exchange, LLC; OneChicago LLC and CBOE Stock Exchange, LLC.

We intend to continue making acquisitions on an opportunistic basis, generally only when the acquisition candidate will, in our opinion, enable us to acquire either technology or customers faster than we could develop them on our own. At June 30, 2014, there were no definitive agreements with respect to any material acquisition.

#### Certain Information Concerning Off-Balance-Sheet Arrangements

IBG, Inc. may be exposed to a risk of loss not reflected in the condensed consolidated financial statements for futures products, which represent obligations of the Company to settle at contracted prices, which may require repurchase or sale in the market at prevailing prices. Accordingly, these transactions result in off-balance sheet risk as IBG, Inc.'s cost to liquidate such futures contracts may exceed the amounts reported in our condensed consolidated statements of financial condition.

## Table of Contents

### Critical Accounting Policies

#### Fair Value

Substantially all of IBG, Inc.'s assets and liabilities, including financial instruments are carried at fair value based on published market prices and are marked to market, or are assets and liabilities which are short term in nature and are carried at amounts that approximate fair value.

IBG, Inc. applies the fair value hierarchy of ASC 820, Fair Value Measurement, to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and
- Level 3 Prices or valuations that require inputs that are both significant to fair value measurement and unobservable. Financial instruments owned and financial instruments sold, not yet purchased are generally classified as Level 1 financial instruments. The Company's Level 1 financial instruments, which are valued using quoted market prices as published by exchanges and clearing houses or otherwise broadly distributed in active markets, include U.S. government and sovereign obligations, active listed securities, options, futures, options on futures and corporate and municipal debt securities. IBG, Inc. does not adjust quoted prices for Level 1 financial instruments, even in the event that the Company may hold a large position whereby a purchase or sale could reasonably impact quoted prices.

Currency forward contracts are valued using broadly distributed bank and broker prices, and are classified as Level 2 financial instruments as such instruments are not exchange traded. Other securities that are not traded in active markets are also classified in Level 2. Level 3 financial instruments are comprised of securities that have been delisted or otherwise are no longer tradable and have been valued by the Company based on internal estimates.

Other fair value investments, reported in other assets in the accompanying condensed consolidated statement of financial condition and in Note 6—Financial Assets and Financial Liabilities to the condensed consolidated financial statements in Part I Item 1 of this quarterly report of Form 10-Q, are comprised of financial instruments that the Company does not carry in its market making business, which were comprised of listed stocks and options, and corporate debt securities. These investments are generally reported as Level 2 financial instruments, except for unrestricted listed equities, which are classified as Level 1 financial instruments. Other fair value liabilities are comprised of unrestricted listed equities which are classified as Level 1 financial instruments.

#### Principles of Consolidation, including Noncontrolling Interests

The condensed consolidated financial statements include the accounts of IBG, Inc. and its majority and wholly owned subsidiaries. As sole managing member of IBG LLC, IBG, Inc. exerts control over the Group's operations. In accordance with ASC 810, Consolidation, the Company consolidates the Group's financial statements and records the interests in the Group that IBG, Inc. does not own as noncontrolling interests.

We are the sole managing member of IBG LLC and, as such, operate and control all of the business and affairs of IBG LLC and its subsidiaries and consolidate IBG LLC's financial results into our financial statements. We hold

approximately 14.1% ownership interest in IBG LLC. Holdings is owned by the original members of IBG LLC and holds approximately 85.9% ownership interest in IBG LLC. Our share of IBG LLC's net income is approximately 14.1% and similarly, outstanding shares of our common stock represent approximately 14.1% of the outstanding membership interests of IBG LLC.

#### Earnings per Share

Earnings per share ("EPS") are computed in accordance with ASC 260, Earnings per Share. Shares of Class A and Class B common stock share proportionately in the earnings of IBG, Inc. Basic earnings per share are calculated utilizing net income available for common stockholders divided by the weighted average number of shares of Class A and Class B

52

---

## Table of Contents

common stock outstanding for that period. Diluted earnings per share are calculated utilizing the Company's basic net income available for common stockholders divided by diluted weighted average shares outstanding with no adjustments to net income available to common stockholders for dilutive potential common shares.

### Stock Based Compensation

IBG, Inc. follows ASC 718, Compensation—Stock Compensation, to account for its stock based compensation plans. ASC 718 requires all share based payments to employees to be recognized in the condensed consolidated financial statements using a fair value based method. Grants, which are denominated in U.S. dollars, are communicated to employees in the year of grant, thereby establishing the fair value of each grant. The fair value of awards granted to employees are generally expensed as follows—50% in the year of grant in recognition of plan forfeiture provisions (described below) and the remaining 50% over the related vesting period utilizing the “graded vesting” method permitted under ASC 718 10. In the case of “retirement eligible” employees (those employees older than 59), 100% of awards are expensed when granted.

Awards granted under the stock based compensation plans are subject to forfeiture in the event an employee ceases employment with the Company. The plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans' post employment provisions will forfeit 50% of unvested previously granted awards unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of unvested awards previously granted.

### Contingencies

Our policy is to estimate and accrue for potential losses that may arise out of litigation and regulatory proceedings, to the extent that such losses are probable and can be estimated, in accordance with ASC 450, Contingencies. Potential losses that might arise out of tax audits, to the extent that such losses are “more likely than not,” would be estimated and accrued in accordance with ASC 740 10. Significant judgment is required in making these estimates and our final liabilities may ultimately be materially different. Our total liability accrued with respect to litigation and regulatory proceedings is determined on a case by case basis and represents an estimate of probable losses based on, among other factors, the progress of each case, our experience with and industry experience with similar cases and the opinions and views of internal and external legal counsel. Given the inherent difficulty of predicting the outcome of our litigation and regulatory matters, particularly in cases or proceedings in which substantial or indeterminate damages or fines are sought, or where cases or proceedings are in the early stages, we cannot estimate losses or ranges of losses for cases or proceedings where there is only a reasonable possibility that a loss may be incurred.

We have been from time to time subject to certain pending and legal actions which arise out of the normal course of business. Litigation is inherently unpredictable, particularly in proceedings where claimants seek substantial or indeterminate damages, or which are in their early stages. We cannot predict with certainty the actual loss or range of loss related to such legal proceedings, the manner in which they will be resolved, the timing of final resolution or the ultimate settlement. Consequently, we cannot estimate losses or ranges of losses related to such legal matters, even in instances where it is reasonably possible that a future loss will be incurred. As of June 30, 2014, we, along with certain of our subsidiaries, have been named parties to legal actions, which we and/or such subsidiaries intend to defend vigorously. Although the results of legal actions cannot be predicted with certainty, it is the opinion of management that the resolution of these actions is not expected to have a material adverse effect, if any, on our business or financial condition, but may have a material impact on the results of operations for a given period. As of June 30, 2014 and December 31, 2013, reserves provided for potential losses related to litigation matters were not material.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the condensed consolidated financial statements and accompanying notes. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ materially from those estimates. Such estimates include the allowance for doubtful accounts, compensation accruals, current and deferred income taxes and estimated contingency reserves.

### Income Taxes

IBG, Inc. accounts for income taxes in accordance with ASC 740, Income Taxes. The Company's income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits are based on enacted tax laws and reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in both the United States and numerous foreign jurisdictions. Determining income tax expense requires significant judgments and estimates.

Table of Contents

Deferred income tax assets and liabilities arise from temporary differences between the tax and financial statement recognition of the underlying assets and liabilities. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results adjusted for changes in accounting policies and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss). Deferred income taxes have not been provided for U.S. tax liabilities or for additional foreign taxes on the unremitted earnings of foreign subsidiaries that have been indefinitely reinvested.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on the Company's results of operations, cash flows, or financial position.

ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company records tax liabilities in accordance with ASC 740 and adjusts these liabilities when management's judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in payments that are different from our current estimates of tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

#### Recently Issued Accounting Pronouncements

Subsequent to the adoption of the ASC, the FASB will issue Accounting Standards Updates ("ASUs") as the means to add to or delete from, or otherwise amend the ASC. In 2014, prior to the issuance of the Company's condensed consolidated financial statements, ASUs 2014-01 through 2014-14 have been issued. Following is a summary of recently issued ASUs that have affected or may affect the Company's condensed consolidated financial statements. Adoption of those ASUs that became effective during 2014 prior to the issuance of the Company's condensed consolidated financial statements, did not have a material effect on those financial statements.

	Affects	Status
ASU 2013-05	Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain	Effective for fiscal periods beginning on or after



Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

	Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity	December 15, 2013.
ASU 2014-06	Technical Corrections and Improvements Related to Glossary Terms	Effective on issuance in March 2014.
ASU 2014-09	Revenue from Contracts with Customers (Topic 606)	Effective for fiscal periods beginning on or after December 15, 2016.
ASU 2014-11	Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures.	Effective for the first interim or annual period beginning after December 15, 2014.

Adoption of those ASUs that became effective during 2014 prior to the issuance of the Company's condensed consolidated financial statements, did not have a material effect on those financial statements.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks. Our exposures to market risks arise from assumptions built into our pricing models, equity price risk, foreign currency exchange rate fluctuations related to our international operations, changes in interest rates which impact our variable rate debt obligations, and risks relating to the extension of margin credit to our customers.

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. Generally, the Company incurs trading related market risk as a result of activities in the market making segment, where the substantial majority of the Company's Value at Risk ("VaR") for market risk exposures is generated. In addition, the Company incurs non trading related market risk primarily from investment activities and foreign currency exposure held in the equity of the Company's non market making foreign affiliates, i.e., its non U.S. brokerage affiliates and information technology affiliates.

The Company uses various risk management tools in managing its market risk, which are embedded in its real time market making systems. We employ certain hedging and risk management techniques to protect us from a severe market dislocation. Our risk management policies are developed and implemented by our Chairman and our steering committee, which is comprised of senior executives of our various companies. Our market-making strategy is to calculate quotes a few seconds ahead of the market and execute small trades at a tiny but favorable differential as a result. This is made possible by our proprietary pricing model, which evaluates and monitors the risks inherent in our portfolio, assimilates market data and reevaluates the outstanding quotes in our portfolio each second. Our model automatically rebalances our positions throughout each trading day to manage risk exposures both on our options and futures positions and the underlying securities, and will price the increased risk that a position would add to the overall portfolio into the bid and offer prices we post. Under risk management policies implemented and monitored primarily through our computer systems, reports to management, including risk profiles, profit and loss analysis and trading performance, are prepared on a real time basis as well as daily and periodical bases. Although our market making is completely automated, the trading process and our risk are monitored by a team of individuals who, in real time, observe various risk parameters of our consolidated positions. Our assets and liabilities are marked to market daily for financial reporting purposes and revalued continuously throughout the trading day for risk management and asset/liability management purposes.

The Company uses a covariant VaR methodology to measure, monitor and review the market risk of its market making portfolios, with the exception of fixed income products, and its currency exposures. The risk of fixed income products, which comprise U.S. corporate bonds and U.S. Treasury securities, is measured using a stress test.

Pricing Model Exposure

As described above, our proprietary pricing model, which continuously evaluates and monitors the risks inherent in our portfolio, assimilates market data and reevaluates the outstanding quotes in our entire portfolio each second. Certain aspects of the model rely on historical prices of securities. If the behavior of price movements of individual securities diverges substantially from what their historical behavior would predict, we might incur trading losses. We attempt to limit such risks by diversifying our portfolio across many different options, futures and underlying securities and avoiding concentrations of positions based on the same underlying security. Historically, our losses from such events have been immaterial in comparison to our annual trading profits.

## Foreign Currency Exposure

As a result of our international market making activities and accumulated earnings in our foreign subsidiaries, our income and net worth is exposed to fluctuations in foreign exchange rates. Our European operations and some of our Asian operations are conducted by our Swiss subsidiary, THE. THE is regulated by the Swiss Financial Market Supervisory Authority as a securities dealer and its financial statements are presented in Swiss francs. Accordingly, THE is exposed to certain foreign exchange risks as described below:

- THE buys and sells futures contracts and securities denominated in various currencies and carries bank balances and borrows and lends such currencies in its regular course of business. At the end of each accounting period THE's assets and liabilities are translated into Swiss francs for presentation in its stand-alone financial statements. The resulting gains or losses are reported as translation gain or loss in THE's income statement. When we prepare our condensed consolidated financial statements, THE's Swiss franc balances are translated into U.S. dollars for U.S. GAAP purposes. THE's translation gains or losses are reported in on IBG, Inc.'s consolidated statement of comprehensive income, included in trading gains.

- THE's net worth is carried on THE's books in Swiss francs in accordance with Swiss accounting standards. At the end of each accounting period, THE's net worth is translated at the then prevailing exchange rate into U.S. dollars and the

Table of Contents

resulting gain or loss is reported as OCI in our consolidated statement of financial condition and consolidated statement of comprehensive income. To a smaller extent, our other non U.S. subsidiaries also generate OCI.

We have taken the approach of not hedging the above exposures to the U.S. dollar, based on the notion that the cost of constantly hedging over the years would amount to more than the random impact of rate changes on our non U.S. dollar balances. For instance, an increase in the value of the Swiss franc would be unfavorable to the earnings of THE but would be counterbalanced to some extent by the fact that the yearly translation gain or loss into U.S. dollars is likely to move in the opposite direction.

Since 2005, we have expanded our market making systems to incorporate cash forex and forex options to hedge our currency exposure at little or no cost and to hedge our currency exposure throughout each day on a continuous basis. In connection with the development of our currency strategy, we determined to base our net worth in GLOBALs, a basket of currencies. Periodically, we re evaluate the composition of the GLOBAL; in 2011 we expanded the composition of the GLOBAL from six to 16 currencies. The table below shows a comparison of the U.S. dollar equivalent of the GLOBAL as June 30, 2013 and 2014.

Currency	Composition	FX Rate	As of 6/30/2013			FX Rate	As of 6/30/2014			CHANGE in % of
			GLOBAL in USD Equiv.	% of Comp.	Net Equity (in USD millions)		GLOBAL in USD Equiv.	% of Comp.	Net Equity (in USD millions)	
USD	0.41	1.0000	0.410	38.6%	1,889.2	1.0000	0.410	37.8%	1,996.3	-0.8%
EUR	0.17	1.3010	0.221	20.8%	1,019.1	1.3692	0.233	21.5%	1,133.4	0.7%
JPY	10.00	0.0101	0.101	9.5%	464.7	0.0099	0.099	9.1%	480.5	-0.4%
GBP	0.03	1.5213	0.046	4.3%	210.3	1.7107	0.051	4.7%	249.9	0.4%
CAD	0.04	0.9507	0.038	3.6%	175.2	0.9372	0.037	3.5%	182.5	-0.1%
BRL	0.08	0.4480	0.036	3.4%	165.1	0.4516	0.036	3.3%	175.9	0.0%
CHF	0.03	1.0583	0.032	3.0%	146.3	1.1276	0.034	3.1%	164.7	0.1%
INR	2.00	0.0168	0.034	3.2%	154.8	0.0167	0.033	3.1%	162.1	-0.1%
HKD	0.25	0.1289	0.032	3.0%	148.5	0.1290	0.032	3.0%	157.1	-0.1%
AUD	0.03	0.9140	0.027	2.6%	126.3	0.9433	0.028	2.6%	137.8	0.0%
KRW	28.00	0.0009	0.025	2.3%	112.9	0.0010	0.028	2.6%	134.7	0.2%
MXN	0.30	0.0772	0.023	2.2%	106.8	0.0771	0.023	2.1%	112.6	0.0%
SEK	0.09	0.1492	0.013	1.3%	61.9	0.1496	0.013	1.2%	65.6	0.0%
NOK	0.06	0.1648	0.010	0.9%	45.5	0.1630	0.010	0.9%	47.6	0.0%
SGD	0.01	0.7886	0.008	0.7%	36.3	0.8021	0.008	0.7%	39.1	0.0%
DKK	0.04	0.1744	0.007	0.7%	32.2	0.1837	0.007	0.7%	35.8	0.0%
			\$ 1.062	100.0%	\$ 4,895.1		\$ 1.083	100.0%	\$ 5,275.6	0.0%

Because we conduct business in many countries and many currencies, we consider ourselves a global enterprise rather than a U.S. dollar based company. Accordingly, we actively manage our currency exposure by maintaining our equity in GLOBALs. The U.S. dollar value of the GLOBAL increased to \$1.083 from \$1.062, or 2%, at June 30, 2014 as

compared to June 30, 2013. At June 30, 2014, approximately 62% of our equity was denominated in currencies other than U.S. dollars.

The effects of our currency strategy appear in two places in the financial statements: (1) as a component of trading gains in the condensed consolidated statement of comprehensive income and (2) as OCI in the condensed consolidated statement of financial condition. The full effect of the GLOBAL is captured in comprehensive income.

Reported results on a comprehensive basis reflect the U.S. GAAP convention adopted in 2011 that requires the reporting of currency translation results contained in OCI as part of reportable earnings. Previously, currency translation results were reported only as a component of changes in Total Equity in the condensed consolidated statement of financial condition.

#### Interest Rate Risk

We had no variable rate debt outstanding at June 30, 2014. Under our senior secured revolving credit facility, we have the ability to choose borrowing tenors from overnight to twelve months, which permits us to minimize the risk of interest rate fluctuations.

We pay our electronic brokerage customers interest based on benchmark overnight interest rates in various currencies. We typically invest a portion of these funds in U.S. government treasury securities with maturities of up to two years. Under these circumstances, if interest rates were to increase rapidly and substantially, in increments that were not reflected in the yields on these treasury securities, our net interest income from customer deposits would decrease.

## Table of Contents

We also face the potential for reduced net interest income from customer deposits due to interest rate spread compression in a low rate environment. Due to a currently low rate environment, a decrease of benchmark interest rates by 0.05%, would reduce our net interest income by approximately \$13.1 million on an annualized basis.

We also face substantial interest rate risk due to positions carried in our market making business to the extent that long or short stock positions may have been established for future or forward dates on options or futures contracts and the value of such positions are impacted by interest rates. We hedge such risks by entering into interest rate futures contracts. To the extent that these futures positions do not perfectly hedge this interest rate risk, our trading gains may be adversely affected. The amount of such risk cannot be quantified.

### Dividend Risk

We face dividend risk in our market making business as we derive significant revenues and incur significant expenses in the form of dividend income and expense, respectively, from our substantial inventory of equity securities, and must make significant payments in lieu of dividends on short positions in securities in our portfolio. Projected future dividends are an important component of pricing equity options and other derivatives, and incorrect projections may lead to trading losses. The amount of these risks cannot be quantified.

### Margin Credit

We extend margin credit to our customers, which is subject to various regulatory requirements. Margin credit is collateralized by cash and securities in the customers' accounts. The risks associated with margin credit increase during periods of fast market movements or in cases where collateral is concentrated and market movements occur. During such times, customers who utilize margin credit and who have collateralized their obligations with securities may find that the securities have a rapidly depreciating value and may not be sufficient to cover their obligations in the event of a liquidation. We are also exposed to credit risk when our customers execute transactions, such as short sales of options and equities, that can expose them to risk beyond their invested capital.

We expect this kind of exposure to increase with growth in our overall business. Because we indemnify and hold harmless our clearing firms from certain liabilities or claims, the use of margin credit and short sales may expose us to significant off balance sheet risk in the event that collateral requirements are not sufficient to fully cover losses that customers may incur and those customers fail to satisfy their obligations. As of June 30, 2014, we had \$15.32 billion in margin credit extended to our customers. The amount of risk to which we are exposed from the margin credit we extend to our customers and from short sale transactions by our customers is unlimited and not quantifiable as the risk is dependent upon analysis of a potential significant and undeterminable rise or fall in stock prices. Our account level margin credit requirements meet or exceed those required by Regulation T of the Board of Governors of the Federal Reserve. As a matter of practice, we enforce real time margin compliance monitoring and liquidate customers' positions if their equity falls below required margin requirements.

We have a comprehensive policy implemented in accordance with regulatory standards to assess and monitor the suitability of investors to engage in various trading activities. To mitigate our risk, we also continuously monitor customer accounts to detect excessive concentration, large orders or positions, patterns of day trading and other activities that indicate increased risk to us.

Our credit exposure is to a great extent mitigated by our policy of automatically evaluating each account throughout the trading day and closing out positions automatically for accounts that are found to be under margined. While this methodology is effective in most situations, it may not be effective in situations where no liquid market exists for the

relevant securities or commodities or where, for any reason, automatic liquidation for certain accounts has been disabled.

#### Value at Risk

The Company estimates VaR using an historical approach, which uses the historical daily price returns of underlying assets as well as estimates of the end of day implied volatility for options. The Company's one day VaR is defined as the unrealized loss in portfolio value that, based on historically observed market risk factors, would have been exceeded with a frequency of one percent, based on a calculation with a confidence interval of 99%.

The Company's VaR model generally takes into account exposures to equity and commodity price risk and foreign exchange rates.

The Company uses VaR as one of a range of risk management tools. Among their benefits, VaR models permit estimation of a portfolio's aggregate market risk exposure, incorporating a range of varied market risks and portfolio assets. One key element of the VaR model is that it reflects risk reduction due to portfolio diversification or hedging activities. However, VaR has various strengths and limitations, which include, but are not limited to: use of historical changes in market risk factors, which may not be accurate

Table of Contents

predictors of future market conditions, and may not fully incorporate the risk of extreme market events that are outsized relative to observed historical market behavior or reflect the historical distribution of results beyond the confidence interval; and reporting of losses in a single day, which does not reflect the risk of positions that cannot be liquidated or hedged in one day. A small proportion of market risk generated by trading positions is not included in VaR. The modeling of the risk characteristics of some positions relies on approximations that, under certain circumstances, could produce significantly different results from those produced using more precise measures. VaR is most appropriate as a risk measure for trading positions in liquid financial markets and will understate the risk associated with severe events, such as periods of extreme illiquidity.

The VaR calculation simulates the performance of the portfolio based on several years of the daily price changes of the underlying assets and determines the VaR as the calculated loss that occurs at the 99th percentile.

Since the reported VaR statistics are estimates based on historical data, VaR should not be viewed as predictive of the Company's future revenues or financial performance or of its ability to monitor and manage risk. There can be no assurance that the Company's actual losses on a particular day will not exceed the indicated VaR or that such losses will not occur more than one time in 100 trading days. VaR does not predict the magnitude of losses which, should they occur, may be significantly greater than the VaR amount.

Stress Test

The Company estimates the market risk to its fixed income portfolio using a risk analysis model provided by a leading external vendor. This stress test is configured to calculate the change in value of each bond in the portfolio over one day in eight scenarios each of which represents a parallel shift of the U.S. Treasury yield curve. The scenarios are shifts of +/-100, +/-200 and +/-300 basis points.



Table of Contents

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports it files or submits under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and our CFO, we conducted an evaluation of our disclosure controls and procedures as such term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, our CEO and our CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. IBG, Inc.’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of IBG, Inc.; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of IBG, Inc.’s management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including our CEO and our CFO, assessed the effectiveness of IBG, Inc.’s internal control over financial reporting as of June 30, 2014. In making this assessment, management used the criteria set forth in Internal Control Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on management’s assessment and those criteria, management concluded that IBG, Inc. maintained effective internal control over financial reporting as of June 30, 2014.

Changes to Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting for the three months ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

59

---

Table of Contents

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes to the legal proceedings disclosed under Part 1, Item 3 of our Annual Report on Form 10-K filed with the SEC on March 3, 2014. During our normal course of business, the Company's regulated operating companies are in discussions with regulators about matters raised during regulatory examinations or otherwise subject to their inquiry. These matters could result in censures, fines or other sanctions. Management believes the outcome of any resulting actions will not be material to the Company's financial condition, results of operations or cash flows. However, the Company is unable to predict the outcome of these matters.

The Company believes, based on current knowledge and after consultation with counsel, that the outcome of the pending matters will not have a material adverse effect on the condensed consolidated financial condition of the Company. Legal reserves have been established in accordance with ASC 450, Contingencies. The ultimate resolution may differ from the amounts reserved.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in under Part 1, Item 1A of our Annual Report on Form 10-K filed with the SEC on March 3, 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 5. OTHER INFORMATION

None

60

---

Table of Contents

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Interactive Brokers Group, Inc. (filed as Exhibit 3.1 to Amendment No. 2 to the Registration Statement on Form S-1 filed by the Company on April 4, 2007).**
3.2	Amended Bylaws of Interactive Brokers Group, Inc. (filed as Exhibit 3.1 to the Form 8-K filed by the Company on March 5, 2014).**
10.1	Amended and Restated Operating Agreement of IBG LLC (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the Quarterly Period Ended March 31, 2007 filed by the Company on June 15, 2007).**
10.2	Form of Limited Liability Company Operating Agreement of IBG Holdings LLC (filed as Exhibit 10.5 to Amendment No. 1 to the Registration Statement on Form S-1 filed by the Company on February 12, 2007).**
10.3	Exchange Agreement by and among Interactive Brokers Group, Inc., IBG Holdings LLC, IBG LLC and the Members of IBG LLC (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the Quarterly Period Ended September 30, 2009 filed by the Company on November 11, 2009).**
10.4	Tax Receivable Agreement by and between Interactive Brokers Group, Inc. and IBG Holdings LLC (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the Quarterly Period Ended March 31, 2007 filed by the Company on June 15, 2007).**
10.5	Interactive Brokers Group, Inc. 2007 Stock Incentive Plan (filed as Exhibit 10.8 to Amendment No. 2 to the Registration Statement on Form S-1 filed by the Company on April 4, 2007).**+
10.6	Interactive Brokers Group, Inc. 2007 ROI Unit Stock Plan. (filed as Exhibit 10.9 to Amendment No. 2 to the Registration Statement on Form S-1 filed by the Company on April 4, 2007).**+
10.7	Interactive Brokers Group, Inc. Amendment to the Exchange Agreement (filed as Exhibit 10.1 to the Form 8-K filed by the Company on June 6, 2012).**+
11.1	Statement Re; Computation of Earnings per Common Share (the calculation of per share earnings is disclosed in Part II, Item 8, Note 4 to the Consolidated Financial Statements “Equity and Earnings per Share” and is omitted in accordance with Item 601 Section (b)(11) of Regulation S-K).
21.1	Subsidiaries of the registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Edgar Filing: Eaton Vance Tax-Managed Buy-Write Opportunities Fund - Form N-2/A

- 31.2 Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document\*
- 101.SCH XBRL Extension Schema\*
- 101.CAL XBRL Extension Calculation Linkbase\*
- 101.DEF XBRL Extension Definition Linkbase\*
- 101.LAB XBRL Extension Label Linkbase\*
- 101.PRE XBRL Extension Presentation Linkbase\*

\*\* Previously filed; incorporated herein by reference.

+ These exhibits relate to management contracts or compensatory plans or arrangements.

\* Attached as Exhibit 101 to this Quarterly Report on Form 10-Q for the annual period ending June 30, 2014, are the following materials formatted in XBRL (Extensible Business Reporting Language) (i) the Unaudited Condensed Consolidated Statements of Financial Condition, (ii) the Unaudited Condensed Consolidated Statements of Comprehensive Income, (iii) the Unaudited Condensed Consolidated Statements of Cash Flows, (iv) the Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity and (v) Notes to the Unaudited Condensed Consolidated Financial Statements tagged in detail levels 1-4.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERACTIVE BROKERS GROUP, INC.

/s/ Paul J. Brody

Name: Paul J. Brody

Title: Chief Financial Officer, Treasurer and Secretary

(Signing both in his capacity as a duly authorized officer and as principal financial officer of the registrant)

Date: August 11, 2014