

The History Of The Buttonwood Agreement—And Why It Matters For Orion Eclipse™



Sixteen years after the founding of America, in 1792, one of the country's most important institutions was founded: the Stock Exchange.

The founding of the Stock Exchange did not take place in one of America's great landmark buildings or the home of a patriot like Alexander Hamilton. Instead it happened in a simpler setting, under the leaf-filled branches of a Buttonwood tree on Wall Street.

Long before skyscrapers dominated the scene, twenty-four individuals—business owners, stockbrokers, and more—came together beneath that tree and signed the Buttonwood Agreement, which would set forth the necessary guidelines in the first iteration of the New York Stock Exchange.

The agreement itself was an effort to create order after the 1792 financial panic, which had seen prices fall, deals reneged on and bank runs. The idea was to create a club where everyone who traded stocks were governed by the same set of rules. The agreement set out that brokers could only deal with each other and moderated the amount that they could charge in commissions.

Here's the full text those pioneers of finance signed:

We the Subscribers, Brokers for the Purchase and Sale of Public Stock, do hereby solemnly promise and pledge ourselves to each other, that we will not buy or sell from this day for any person whatsoever, any kind of Public Stock, at a less rate than one quarter per cent Commission on the Specie value and that we will give a preference to each other in our Negotiations. In Testimony whereof we have set

our hands this 17th day of May at New York. 1792.

And from there, as they say, the rest is history.

Over the years, the start of the Stock Exchange under a Buttonwood tree has become a fun footnote or an answer to a trivia question that would frustrate the average person. But in 2017, the story of the Buttonwood Agreement took on a new significance for Orion.

We launched our Eclipse™ trading and rebalancing platform with the hope that its features would give our advisors an advantage, both in how their internal teams operate and in how they serve their clients and provide better asset management options.

After years of working on the product, we were excited to finally share it and all its industry-changing glory. We knew our clients would be thrilled that Eclipse™ offered the ability to create tax efficient portfolios at scale, improve trade desk efficiency, and streamline business processes when it came to fiduciary responsibilities. But before we brought Eclipse™ to all our advisors, we started with a small beta group.

One of those beta clients was Buttonwood Financial Group, LLC, a financial advisory firm out of Missouri. We won't call it destiny or fate, and we certainly didn't plan it, but when the time came for the first trades to be placed through Eclipse™, Buttonwood was the first firm to enact real trades in the system.

They say that history repeats itself, and this time at least, that appears to be the case.

While we think this chance occurrence is pretty special, the capabilities that Eclipse™ can give your firm are even better.

Eclipse™ Features Tax Efficient Trading for the Modern Advisor's Needs

In the age of fintech, no one meets under a buttonwood tree anymore to trade stocks, but the core principle of the Buttonwood Agreement remains - that of trust. Your clients trust you to help them achieve their life's goals and take care of

their families for generations, and you trust Orion to provide the technology to help you do that.

As we began to build Eclipse™, we knew we wanted to create financial technology that could create a better way forward for our advisors. We wanted to go beyond the basics with tax-efficient tools in Eclipse™, so we added the features in to make sure you can adjust and personalize your settings to accommodate each of your clients' unique situations.

Needless to say, this is a feature those initial stockbrokers didn't need when they signed the Buttonwood Agreement, but today, the tools to account for each client's unique tax situation is a critical component of your service offering as a fiduciary advisor.

Avoiding short term gains and wash sales, location optimization, lot depletion methods and limiting trade costs are all preferences that can be used to customize your clients' trading goals in Eclipse™. Adding these custom settings to the rebalance and cash needs tool, along with the additional tax loss harvesting tools, Eclipse™ will assist in adding tax efficiencies to your business.

Tax loss harvesting is also a process that can be done efficiently with Eclipse™. The Tax Loss Harvester tool informs you of harvesting opportunities prior to entering the trade, while the Tax Harvester tool will identify positions with gains or losses, and suggest an alternate product to buy on the fly.

In Eclipse™, you can customize the short-term gain avoidance, depletion method and tax sensitivity preference for a single client. Once all the preferences have been updated, rebalancing, cash needs, and tax harvesting can be done en masse, while respecting each portfolio's custom preferences.

Starting with Eclipse™

It feels exciting to be part of this new era in our industry—almost like we are creating a new Buttonwood Agreement—just like the 24 men who signed the Buttonwood Agreement once did many years ago.

Eclipse™ is available for all of our advisors, right now, and we want you to join us in this exciting new endeavor to enhance trading for all advisory firms.

If you'd like to get started, or you want to get a demo to further explore the platform's features, please login to Orion Social to chat with the Orion Trading Team.

And if you're not a client yet? You can grab a free copy of our white paper on tax alpha [here](#).

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