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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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Section

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8-52538

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Newbridge Securities Corporation

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5200 Town Center Circle Tower One Suite 306

(No. and Street)

Boca Raton

FL

33309

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Robert P. Spittler

(954) 278-8119

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Liggett & Webb P.A.

(Name - if individual, state last, first, middle name)

1901 South Congress Ave. Suite 110 Boynton Beach

FL

33426

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

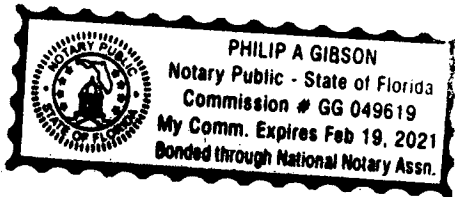
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SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Robert P. Spittler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Newbridge Securities Corporation, as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Notary Public

Signature of Robert P. Spittler

Chief Financial Officer

Title

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**NEWBRIDGE SECURITIES CORPORATION
(A MAJORITY OWNED SUBSIDIARY OF
NEWBRIDGE FINANCIAL, INC.)**

**REPORT PURSUANT TO RULE 17A-5
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

NEWBRIDGE SECURITIES CORPORATION
(A MAJORITY OWNED SUBSIDIARY OF NEWBRIDGE FINANCIAL, INC.)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Newbridge Securities Corporation
(A majority owned subsidiary of Newbridge Financial, Inc.)

We have audited the accompanying statement of financial condition of Newbridge Securities Corporation as of December 31, 2016, and the related statements of operations, changes in shareholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended. These financial statements are the responsibility of Newbridge Securities Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newbridge Securities Corporation as of December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has recurring losses and net cash used in operating activities. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The required supplemental information contained in the computation of net capital, basic net capital requirement and aggregate indebtedness and reconciliation between audited and unaudited net capital has been subjected to audit procedures performed in conjunction with the audit of Newbridge Securities Corporation's financial statements. The supplemental information is the responsibility of Newbridge Securities Corporation's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with §17 C.F.R. 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Liggett & Webb, P.A.

Certified Public Accountants
Boynton Beach, Florida
February 27, 2017

NEWBRIDGE SECURITIES CORPORATION
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$	452,754
Deposit held at clearing broker		125,832
Cash held in accounts at clearing broker		100,059
Receivable from clearing broker		1,413,808
Securities at market value		31,059
Current Portion of Loans receivable, less allowance for doubtful accounts of \$188,521		143,000
Employee advances and non-allowable accounts receivable		5,708
Interest Receivable		19,910
Prepaid expenses		28,012

TOTAL CURRENT ASSETS 2,320,142

PROPERTY & EQUIPMENT, NET OF ACCUMULATED DEPRECIATION 8,915
LOANS RECEIVABLE, NET OF CURRENT PORTION 191,250

TOTAL ASSETS \$ 2,520,307

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Payable to clearing broker	\$	2,414
Accounts payable, accrued expenses, and other liabilities		593,510
Commissions payable		1,305,341
Subordinated borrowings		238,889

TOTAL CURRENT LIABILITIES 2,140,154

TOTAL LIABILITIES 2,140,154

COMMITMENT AND CONTINGENCIES (NOTE 11)

SHAREHOLDERS' EQUITY

Common stock--Class A--no par value, 5,000 shares authorized, issued and outstanding	4,981,977
Common stock--Class B--no par value, 25,000 shares authorized, 20,125 shares issued and outstanding	3,775,000
Accumulated deficit	<u>(8,376,824)</u>

TOTAL SHAREHOLDERS' EQUITY 380,153

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$ 2,520,307

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES:	
Commissions	\$ 21,516,907
Investment banking and consulting income	1,156,845
Private placement income	680,137
Trading income	293,329
Interest	289,829
Firm commission	800,866
Corporate product marketing and due diligence fees	862,046
Other revenue	<u>572,687</u>
TOTAL REVENUES	<u>26,172,646</u>
EXPENSES:	
Employee compensation and benefits	22,238,119
Clearing charges	282,366
Management fees	2,450,000
Communications	184,683
Customer and employee settlements	268,499
Professional fees	459,677
Regulatory fees and expenses	226,685
Interest expense	45,411
Other operating expenses	<u>502,894</u>
TOTAL OPERATING EXPENSES	<u>26,658,334</u>
NET LOSS BEFORE INCOME TAXES	(485,688)
Provision for Income Taxes	<u>(2,050)</u>
NET LOSS	\$ <u>(487,738)</u>

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Year Ended December 31, 2016

COMMON STOCK

	CLASS A:		CLASS B:		ACCUMULATED		TOTAL
	SHARES	AMOUNT	SHARES	AMOUNT	DEFICIT	DEFICIT	
Balance - January 1, 2016	5,000	\$ 4,981,977	15,470	\$ 3,375,000	\$ (7,889,086)	\$	467,891
Additional Capitalization	-	-	4,655	400,000	-	-	400,000
Net Loss	-	-	-	-	(487,738)	(487,738)	(487,738)
Balance December 31, 2016	5,000	\$ 4,981,977	20,125	\$ 3,775,000	\$ (8,376,824)	\$	380,153

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES

Net Loss	\$ (487,738)
Adjustment to reconcile net loss to net cash used in operating activities:	
Depreciation	5,834
Forgiveness of subordinated loan	(238,889)
Decrease in deposits and cash at clearing broker	928
Increase in receivable from clearing broker	(361,525)
Decrease in securities at market value	34,390
Decrease in accounts receivable	48,357
Decrease in loans receivable	42,484
Decrease in employee advances	500
Decrease in interest receivable	6,788
Decrease in prepaid expenses	8,257
Decrease in payable to clearing broker	(10,622)
Increase in accounts payable, accrued expenses and other liabilities	33,206
Increase in commissions payable	68,887
Net cash used in operating activities	<u>(849,143)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Additional Capitalization	<u>400,000</u>
Net cash provided by financing activities	<u>400,000</u>

Net decrease in cash (449,143)

CASH AT JANUARY 1, 2016 901,897
CASH AT DECEMBER 31, 2016 \$ 452,754

Supplemental disclosure of cash flow information

Cash paid during the year for:	
Income taxes	<u>\$ 2,050</u>
Interest	<u>\$ 45,411</u>

The accompanying notes are an integral part of these financial statements

**NEWBRIDGE SECURITIES CORPORATION
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Subordinated borrowings at January 1, 2016	\$ 477,778
Decreases:	
Forgiveness of subordinated loan	<u>(238,889)</u>
Subordinated borrowings at December 31, 2016	<u>\$ 238,889</u>

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – BUSINESS AND ORGANIZATION

Incorporation

The Company was incorporated in Virginia on December 17, 1997 as Ludwig Investments, Inc. In 2000, Newbridge Financial, Inc. (formerly Financial Holdings & Investments Corp.) acquired the Company and renamed the Company Newbridge Securities Corporation. The Company is a majority (99.22%) owned subsidiary of Newbridge Financial, Inc. (the “Parent”). The Company is registered as a broker-dealer under the Securities Exchange Act of 1934 as amended, and is a member of The Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Nature of business

The Company acts as an introducing broker through a fully disclosed clearing arrangement with a clearing broker-dealer. This broker-dealer provides clearing services, handles funds of the Company’s customers, holds securities, and remits customer account activity statements to the Company’s customers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and related notes are prepared in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are as follows:

Revenue recognition

The Company generally acts an agent or as a principal in executing customer orders to buy or sell securities that include exchange listed and over the counter (mostly Nasdaq) equities, listed option contracts, mutual funds, corporate and government bonds, closed end funds, exchange traded funds (ETF’s), variable annuities, registered REITS and alternative investments. The Company charges commissions and fees based on the services the Company provides to its customers. Commissions are determined by the client’s registered representative on a transaction by transaction basis but must conform to the Company’s guidelines which are in compliance with regulatory guidance established by FINRA. Commission guidelines are established for individual transactions and for cumulative fees charged to clients during certain periods of time. Commission activity in all accounts is monitored by the registered representative’s supervisory principal and by the Company’s compliance and surveillance departments. The Company may also recognize a mark-up or mark-down on transactions in which it acts as a principal. Mark-ups and mark-downs, are generally priced competitively based upon the services the Company provides to its customers and are also in compliance with guidelines established by FINRA.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Revenue recognition – (continued)

Fees charged to clients may include Firm Commissions for administering fee eligible transactions, inactivity fees for certain client accounts, maintenance fees for qualified retirement accounts, ACAT fees for transferring accounts to another broker dealer, and periodic fees for holding certain assets such as alternative investments in client accounts. Customers who are financing their transaction on margin are charged interest, which is billed on the average daily balance of the margin account. The Company's margin requirements are in accordance with the terms and conditions mandated by its clearing firm, COR Clearing, LLC ("COR").

Customer security transactions conducted through COR and the related commission income and expense are recorded on a trade date basis. Commissions earned from the sale of a portion of certain financial products such as REITS and variable annuities are paid to the Company directly by the product provider via check or wire transfer. These revenues and all corresponding liabilities are recorded as of the date of receipt of funds. Products such as REITS and alternative investments are classified as "Corporate Products" because they must be approved by a Corporate Products committee and added to an approved product list in order to be offered to clients by a registered representative of the Company. These Corporate Products also generate marketing and due diligence fees that are paid to the Company and are recorded as revenue on the date of receipt.

Investment banking revenues include gains, losses, and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues also include fees earned from providing financial advisory and consulting services. Investment banking management fees are recorded on the offering date, sales concessions on the trade date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Net trading profits result from mark-ups and mark-downs in securities transactions entered into for the account of the Company. Some of these transactions may involve the Company taking a position in securities that may expose the company to losses. Net trading profits are recorded on a trade date basis.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Securities and brokerage transactions

Proprietary inventory transactions and the related gains and losses are recorded on a trade date basis. Securities owned are reported at fair value and any fluctuations are reported as a component of trading income. Commission revenue and related expenses are also recorded on a trade date basis.

Receivable from clearing broker

Clearing broker receivables are commissions receivable that are uncollateralized trade obligations due under normal trade terms that require payments within approximately 10 days of the month end. Unpaid balances do not bear interest. Commissions receivable are stated at the amount settled with the Company's clearing broker and payments are remitted monthly. The Company considers commissions receivable to be substantially all collectible. Accordingly, management believes that an allowance for doubtful accounts is not required at December 31, 2016.

Valuation of securities owned

Securities owned use the fair market value as reported by stock exchanges and published quoted prices. Management considers these short-term investments as trading securities and any changes in the market value are recognized in operations.

Loans receivable and interest income

The Company records certain unearned payments to registered representatives as loans receivable. These loans are evidenced by promissory notes and are typically earned over time in accordance with the terms of the employment agreement and promissory note. The firm establishes a reserve for the remaining principal amount of any loan upon termination of the registered representative's employment regardless of the reason for termination or collectability of the remaining balance. The reserve amount is recorded as bad debt expense included in the statement of income. Any subsequent recoveries are credited to bad debt expense in the period of recovery. The company has reserved \$188,521 as of December 31, 2016.

The promissory notes, referred to above, include a stated rate of simple interest ranging from four percent (4%) to five percent (5%) annually. The Company's balance sheet reflects interest accrued on the remaining principal balance of all loans receivable from active registered representatives as of December 31, 2016.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Property and equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided based upon the estimated useful lives of the assets, ranging from 5 to 7 years, at the time the assets were placed in service. Depreciation of leasehold improvements are based upon the remaining term of the applicable office lease in place as of the date of completion of the improvement.

Income taxes

The Company files a consolidated income tax return with its Parent and other affiliated companies. The Company computes its income taxes on a separate return basis.

The Company evaluates uncertain tax positions under ASC 740 “Income Taxes”. ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken, or expected to be taken, in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as “unrecognized benefits.” A liability is recognized (or amount of net operating loss carry forward or amount tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise’s potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

In accordance with ASC 740, interest costs related to unrecognized tax benefits are required to be calculated (if applicable) and would be classified as “Interest expense, net” in the statements of operations. Penalties would be recognized as a component of “General and administrative expenses.”

The Company has no uncertain tax positions related to tax years that remain subject to examination by relevant tax authorities. The Company files income tax returns in the United States (federal) and in Florida and various other states and local jurisdictions. The Company is no longer subject to federal, state and local income tax examinations by tax authorities for years prior to 2012. As of December 31, 2016, no liability for unrecognized tax benefits was required to be recorded, and no change in assessment is expected within the next 12 months.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Statement of cash flows

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, and are not held for sale in the ordinary course of business.

Recently issued accounting standards

Recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC, did not, or are not believed by management, to have material impact on the Company's present or future financial statements.

NOTE 3 – GOING CONCERN

The Company has incurred recurring losses and net use of cash in operations. As of December 31, 2016, the Company has an accumulated deficit of \$8,376,824 and net cash used in operations of \$849,143 for the year ended December 31, 2016.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized by major classifications as follows:

	<u>Cost</u>	<u>Life</u>
Furniture and Fixtures	\$253,624	7 Years
Computers & Equipment	505,480	5 Years
Software	107,550	5 Years
Leasehold Improvements	<u>27,439</u>	7 Years
	894,093	
Less: accumulated depreciation	<u>885,178</u>	
	<u>\$ 8,915</u>	

Total depreciation expense amounted to \$5,834 for the year ended December 31, 2016 and is included in other operating expenses.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – FAIR VALUE

The cost of certain financial instruments of the Company approximates fair value because of their short maturities. The financial instruments includes cash, accounts receivable, loans receivable, commission payable, and other accrued liabilities. The Company measures and reports fair value in accordance with ASC 820, “Fair Value Measurements and Disclosure.” ASC 820 defines fair value as establishing a frame work for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value investments.

Fair value, as defined in ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or in-exchange valuation premise. The fair value of a liability should reflect the risk of non-performance, which includes, among other things, the Company’s credit risk.

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

Level 1

Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data from substantially the full term of the assets or liabilities; and

Level 3

Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair values.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – FAIR VALUE – (continued)

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earnings are presented in the statement of operations.

The following table presents the Company's fair value hierarchy for those assets and liabilities measure at fair value on a recurring basis as of December 31, 2016.

	December 31, 2016			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level3</u>
Assets				
Securities				
Equities	\$ 31,059	\$ 23,823	\$ 7,200	\$ 36
Bonds	-	-	-	-
Total assets at fair value	<u>\$ 31,059</u>	<u>\$ 23,823</u>	<u>\$ 7,200</u>	<u>\$ 36</u>
Liabilities				
Financial instruments sold, not yet purchased:				
Equities	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 – NET CAPITAL REQUIREMENT

The Company is subject to the Securities & Exchange Commission's uniform Net Capital Rule (Rule 15c3-1), which requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed fifteen to one. Net capital and the related net capital ratio fluctuates on a daily basis. As of December 31, 2016, the ratio of aggregate indebtedness to net capital was 14.07:1 and net capital was \$191,188, which exceeded the minimum net capital requirement by \$11,830.

NOTE 7 – DEPOSIT WITH CLEARING BROKER

In accordance with the terms of its clearing arrangement, the Company is required to maintain a minimum balance of \$125,000 in a deposit account retained by COR. The deposit account is interest earning, is held in the name of the Company, and the funds are not available for inclusion by the clearing broker dealer in its computation of net capital or for other operating purposes.

NOTE 8 – RELATED PARTY TRANSACTIONS

Under an agreement between the Company and Newbridge Financial, Inc. (majority shareholder and Parent Company), the Company pays a management fee to the Parent. The management fee is a mutually agreed upon amount and may not represent the cost of obtaining the aforementioned items from an unrelated party. The management fees are paid for financial, consulting and administrative services, and for providing office facilities including furniture, fixtures, and equipment. For the year ended December 31, 2016, the total management fee paid to the affiliate was \$2,450,000. The Company will be filing a consolidated income tax return with its affiliated group members for the year ended December 31, 2016.

Some of the officers of the Company are also the officers of the Parent and have a direct ownership interest in the Parent. At December 31, 2016, the Company had amounts due from officers of \$0. During 2016, the Company paid \$110,000 to a consulting firm owned by the owners of the parent. These payments are reflected in the Company's operating results in other operating expenses.

COR held 195 shares of non-voting common stock of the Company as of December 31, 2016 which represents less than one percent (<1%) of total shares outstanding. In addition, COR holds a forgivable subordinated note from the Company with a balance payable of \$238,889 as of December 31, 2016. See Note 12 – Equity, Note 13 – Subordinated Borrowings and Note 16 – Subsequent Events.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the credit-worthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each of its counterparties.

The Company maintains cash balances in several bank accounts that often exceed \$250,000. Cash in any individual account in excess of \$250,000 is not insured by the FDIC and may be exposed to risk. At December 31, 2016, the Company had approximately \$263,000 of cash that was not insured by the FDIC.

NOTE 10 – EMPLOYEE BENEFIT PLAN

After completing 60 days of employment, each Company employee is eligible to participate in a Section 401(k) plan ("the Plan") that the Parent sponsors. The Company did not make any discretionary matching contributions to the Plan during the year ended December 31, 2016. The Company is not required to contribute to the Plan.

NOTE 11 – CONTINGENCIES

At December 31, 2016, various customers have instituted arbitration proceedings against the Company. These claims result from the actions of registered representatives affiliated with the Company. In addition, a former employee had instituted a civil proceeding against the Company.

In one matter, the client and the Company have subsequently agreed to a settlement of \$6,500. In another matter, the client and the Company have subsequently agreed to a settlement of \$6,375. The financial statements reflect an accrual liability of \$12,875 for these matters.

In the civil matter, the Company and former employee have subsequently agreed to a settlement of \$90,000 through mediation. The financial statements reflect an accrual liability of \$90,000 for this matter.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 11 – CONTINGENCIES – (continued)

In addition, the Company has established liabilities for potential losses from customer arbitration hearings that have not been resolved. In establishing these liabilities, the Company's management uses its judgment to determine the probability that losses have been incurred and a reasonable estimate of the amount of the losses. In making these decisions, we base our judgments on our knowledge of the situations, consultations with legal counsel and our historical experience in resolving similar matters. In many arbitrations and lawsuits it is not possible to determine whether a liability has been incurred or to estimate the amount of that liability until the matter is close to resolution. However, accruals are reviewed regularly and are adjusted to reflect our estimates of the impact of developments, rulings, advice of counsel and any other information pertinent to a particular matter. In addition, under the Newbridge Securities Corporation Registered Representatives contract, each registered representative has indemnified the Company for these claims and is responsible for covering costs in connection with these claims. The Company also carries an errors and omissions insurance policy and fidelity bond policy which may provide coverage for non-recoverable losses incurred as a result of these customer arbitrations.

As of December 31, 2016, the Company had accrued \$134,904 for these unresolved matters. While we will vigorously defend ourselves in these matters and will assert insurance coverage and indemnification to the maximum extent possible, there can be no assurance that these arbitrations will not have a material adverse impact on our financial position.

If our judgments prove to be incorrect, our liability for losses and contingencies may not accurately reflect actual losses that result from these actions, which could materially affect results in the period other expenses are ultimately determined. The ultimate outcome of these matters could result in a loss of up to \$789,096 in excess of the amount accrued. This potential additional loss has been added to the Company's computation of aggregate indebtedness included in the supplementary information pursuant to SEC Rule 17a-5.

Leases

The Company has no future minimum commitments related to non-cancelable leases as of December 31, 2016.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 12 – EQUITY

The Company has two classes of common shares outstanding. Class A shares have no par value and do have voting rights. All Class A shares outstanding (5,000 shares) are held by the Parent. Class B shares have no par value and no voting rights. As of December 31, 2016, there were 20,125 shares of Class B common stock issued and outstanding of which 19,930 shares were held by the Parent and 195 shares were held by COR. During the year end December 31, 2016, a total of 4,655 Class B shares were issued to the Parent as consideration for \$400,000 in additional capitalization paid to the Company.

NOTE 13 – SUBORDINATED BORROWINGS

The borrowings under the subordination agreement at December 31, 2016, are due to COR. The subordinated borrowings bear interest at 8 percent per annum, payable monthly, and such interest payments are current at December 31, 2016. The subordinated borrowings are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

The subordinated-borrowings note payable had an effective date of September 17, 2008 and an original principal balance of \$2,900,000, of which \$750,000 was converted to equity, in the form of Class B common stock. This conversion resulted in the clearing broker's having an equity interest of 0.78% of the total number of outstanding shares of the Company. The remaining outstanding shares are all held by the Parent.

As part of the above-mentioned conversion, the principal of the subordinated loan was reduced to \$2,150,000, which is forgivable in the amount of \$238,889 per year beginning 12 months after the effective date of the loan agreement and ending 9 years after the effective date of the loan agreement. The remaining principal balance as of December 31, 2016 is \$238,889.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 14 – INCOME TAXES

The provision (benefit) for income taxes from continued operations for the year ended December 31, 2016 consist of the following:

Current:		
Federal	\$	-
State		<u>(2,050)</u>
		-
Deferred:		
Federal	\$ (127,000)
State		<u>-</u>
		(129,050)
Provision from the operating Loss		<u>127,000</u>
Provision (benefit) for income Taxes, net	\$	<u>2,050</u>

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

Statutory federal income tax rate	26.00%
State income taxes and other	<u>0.42%</u>
Combined statutory income tax rate	26.42%
Valuation allowance	<u>(26.00%)</u>
Effective tax rate	<u>0.42%</u>

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

Net operating loss	\$2,160,000
Valuation allowance	<u>(2,160,000)</u>
Deferred income tax asset	<u>\$ -</u>

The Company has a net operating loss carry forward of approximately \$5,660,000 available to offset future income through 2036.

NEWBRIDGE SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 14 – INCOME TAXES – (continued)

A deferred tax asset and an increase in the valuation allowance in the amount of \$127,000 has been recorded to recognize the benefit of Federal and Florida net operating loss carry-forwards for financial-reporting purposes at December 31, 2016. This deferred tax asset is offset by a valuation allowance in the same amount because the Company believes it is likely that future benefits will not be realized. Realization of the deferred tax asset is dependent on generating sufficient taxable income in the future. The amount of the deferred tax asset considered realizable could change in the near term if estimates of future taxable income are increased. The Company's Federal and State net operating loss carry-forwards for financial-reporting purposes will expire in various years through 2036.

The tax provisions or benefits differ from amounts that would be calculated by applying federal statutory rates to income or loss before income taxes because the Company and its Parent are subject to both state and federal income taxes.

NOTE 15 – DIVIDENDS

The Company did not declare or pay any dividends on common shares during the year ended December 31, 2016.

NOTE 16 – SUBSEQUENT EVENTS

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 27, 2017, the date the financial statements were issued.

On January 25, 2017, the Company entered into an extension of its clearing agreement with COR that will expire on November 26, 2020. Under the terms of the extension the Parent purchased the 195 shares of the Company that were held by COR as of December 31, 2016. The purchase was completed on February 15, 2017 and the Company is now a wholly owned subsidiary of the Parent.

The terms of the extension agreement with COR also include a \$400,000 subordinated loan to be forgiven over the life of the extension agreement. The loan was funded by COR and approved by FINRA on February 15, 2017.

NEWBRIDGE SECURITIES CORPORATION
SCHEDULE I - SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5
AS OF DECEMBER 31, 2016

COMPUTATION OF NET CAPITAL

Total shareholders' equity		\$	380,153
Additions:			
Liabilities subordinated to claims of general creditors			238,889
Total capital and allowable subordinated liabilities			<u>619,042</u>
Deductions and/or charges			
Nonallowable assets:			
Accounts receivable	\$	5,208	
Loans receivable, less allowance for doubtful loans of \$188,521		334,250	
Employee advances		500	
Accrued interest		19,910	
Prepaid expenses		28,012	
Property and equipment, net of accumulated depreciation		<u>8,915</u>	<u>396,795</u>
Net capital before haircuts on securities positions			222,247
Less: Restricted stocks		31,059	
Less: Blockage charges		<u>-</u>	31,059
Less: Haircuts on securities (computed where applicable, pursuant to rule 15c3-1(f))			
Trading and investment securities - stocks, bonds and cd's		-	
Undue concentrations		<u>-</u>	<u>0</u>
NET CAPITAL		\$	<u><u>191,188</u></u>
 <u>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</u>			
Net capital required (greater of a or b)		\$	<u><u>179,358</u></u>
a. Minimum net capital required (6-2/3% of aggregate indebtedness)		\$	<u><u>179,358</u></u>
b. Minimum dollar amount of net capital required		\$	<u><u>100,000</u></u>
Excess Net Capital		\$	<u><u>11,830</u></u>

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
SCHEDULE II - SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5
AS OF DECEMBER 31, 2016

COMPUTATION OF AGGREGATE INDEBTEDNESS

Items included in statement of financial condition

Payable to clearing broker	\$ 2,414	
Accounts payable, accrued expenses and other liabilities	593,510	
Commissions payable	<u>1,305,341</u>	<u>1,901,265</u>

Items not included in statement of financial condition

Contingencies		<u>789,096</u>
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Total aggregate indebtedness		<u>\$ 2,690,361</u>
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Ratio of aggregate indebtedness to net capital		<u>14.07</u>
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The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
SCHEDULE III - SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5
AS OF DECEMBER 31, 2016

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL

The adjustments to FOCUS Report, Part IIA, Form X - 7A5 (Liabilities and ownership equity) as filed for the period ended December 31, 2016 are as follows:

	Unaudited	Adjustments	Audited
Liabilities Included in Aggregate Indebtedness			
Increase in accounts payable, accrued expenses and other liabilities	\$ 545,731	\$ 47,779	\$ 593,510
Commissions payable	1,305,341	-	1,305,341
Other liabilities included in aggregate indebtedness	2,414	-	2,414
	<u>1,853,486</u>	<u>47,779</u>	<u>1,901,265</u>
Non A.-I. Liabilities			
Liabilities subordinated to claims of general creditors	\$ 238,889	\$ -	\$ 238,889
Other liabilities	-	-	-
	<u>238,889</u>	<u>-</u>	<u>238,889</u>
Total Liabilities	<u>\$ 2,092,375</u>	<u>\$ 47,779</u>	<u>\$ 2,140,154</u>
Ownership Equity			
The effect of audit adjustments on retained earnings	(8,329,045)	(47,779)	(8,376,824)
Common Stock/APIC	8,756,977	-	8,756,977
	<u>427,932</u>	<u>(47,779)</u>	<u>380,153</u>
Total Liabilities and Ownership Equity	<u>\$ 2,520,307</u>	<u>\$ -</u>	<u>\$ 2,520,307</u>

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
SCHEDULE IV - SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5
AS OF DECEMBER 31, 2016

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL

The adjustments to FOCUS Report, Part IIA, Form X - 7A5 (Computation of Net Capital) as filed for the period ended December 31, 2016 are as follows:

	Unaudited	Adjustments	Audited
Total Ownership Equity			
The effect of income adjustments on retained earnings	\$ 427,932	\$ (47,779)	\$ 380,153
Additions			
Liabilities subordinated to claims of general creditors	238,889	-	238,889
Total Capital and allowable subordinated liabilities	666,821	(47,779)	619,042
Deductions and/or charges			
Non-Allowable Assets	\$ 396,795	\$ -	\$ 396,795
Other Deductions and/or Haircuts	31,059	-	31,059
Total Deductions and/or charges	427,854	-	427,854
Net Capital	\$ 238,967	\$ (47,779)	\$ 191,188

NEWBRIDGE SECURITIES CORPORATION
SCHEDULE V - SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5
AS OF DECEMBER 31, 2016

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL

The adjustments to FOCUS Report, Part IIA, Form X - 7A5 (Computation of Aggregate Indebtedness) as filed for the period ended December 31, 2016 are as follows:

	Unaudited	Adjustments	Audited
Total A.I. Liabilities from Statement of Financial Condition			
The effect of income adjustments on aggregate indebtedness	\$ 1,853,486	\$ 47,779	\$ 1,901,265
Additions			
Other unrecorded amounts	479,000	310,096	789,096
Total Aggregate Indebtedness	\$ 2,332,486	\$ 357,875	\$ 2,690,361

The accompanying notes are an integral part of these financial statements

NEWBRIDGE SECURITIES CORPORATION
SCHEDULE VI - SUPPLEMENTARY INFORMATION PURSUANT TO SEC RULE 17a-5
AS OF DECEMBER 31, 2016

EXEMPTIVE PROVISIONS UNDER RULE 15c3-3

With respect to the Computation for Determination of Reserve Requirements and Information relating to the Possession or Control Requirements under Rule 15c3-3, Newbridge Securities Corporation qualified for exemption under subparagraph (k) (2) (ii) of the Rule.

The accompanying notes are an integral part of these financial statements

INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF
ASSESSMENT AND PAYMENTS (FORM SIPC-7)

Board of Directors and Shareholders of Newbridge Securities Corporation
(A Majority owned subsidiary of Newbridge Financial, Inc.)

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to Newbridge Securities Corporation and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC solely to assist you and the other specified parties in evaluating Newbridge Securities Corporation's compliance with the applicable instructions of Form SIPC-7.

Newbridge Securities Corporation's management is responsible for Newbridge Securities Corporation's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries in the general ledger, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016 with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers supporting year end balances, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting year end balances and supporting the adjustments, noting no differences; and

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants
Boynton Beach, Florida
February 27, 2017

SEC
Mail Processing
Section
MAR - 1 2017
Washington DC
414

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM –
EXEMPTION REPORT REVIEW

To the Board of Directors and Shareholders of Newbridge Securities Corporation
(A majority owned subsidiary of Newbridge Financial, Inc.)

We have reviewed management's statements, included in the accompanying Exemption Report for SEC Rule §15c3-3 Reserve Requirements, in which (1) Newbridge Securities Corporation identified the following provisions of 17 C.F.R. §15c3-3(k) under which Newbridge Securities Corporation claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Newbridge Securities Corporation stated that Newbridge Securities Corporation met the identified exemption provisions throughout the most recent fiscal year without exception. Newbridge Securities Corporation's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Newbridge Securities Corporation's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Liggett & Webb, P.A.

LIGGETT & WEBB, P.A.
Certified Public Accountants
Boynton Beach, FL
February 27, 2017



February 27, 2016

Liggett & Webb, P.A.
1500 Gateway Boulevard, Suite 202
Boynton Beach, Florida 33426

RE: Newbridge Securities Corporation – 2016 Exemption Report

Dear Sirs:

To our best knowledge and belief, Newbridge Securities Corporation is operating under the k(2)(ii) exemption of SEC Rule 15c3-3. Newbridge Securities Corporation is a limited-purpose broker dealer and we have met the identified exemption provisions in SEC Rule 15c3-3(k) throughout the most recent fiscal year without exception, and thus qualify for the exemption under the rule.

A handwritten signature in black ink, appearing to read "R. Spitler", is written over a horizontal line.

Robert P. Spitler, CPA

Chief Financial Officer

SIPC-7

1993 REV 7-10

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300
General Assessment Reconciliation

SIPC-7

1993 REV 7-10

For the fiscal year ended 12/31/2016

(Please print name and address of your Member Organization on the back of this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examination Authority, 1934 Act registration number and date in which fiscal year ends for purposes of the audit requirement of SEC Rule 17c-5.

1616*****2085*****MIXED AADC 220
52538 FINRA DEC
NEWBRIDGE SECURITIES CORPORATION
5200 TOWN CENTER CIRCLE TOWER 1 SUITE 306
BOCA RATON FL 33486

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form

Robert Spittler
954-278-8119

- 2. A. General Assessment (item 2a from page 2) \$ 55,426
B. Less payment made with SIPC-6 filed (exclude interest) (26,483
Date Paid 8/2/2016
C. Less prior overpayment applied 0
D. Assessment balance due or (overpayment) 28,943
E. Interest computed on late payment (see instruction E) for 0 days at 20% per annum 0
F. Total assessment balance and interest due (or overpayment) carried forward \$ 28,943
G. PAYMENT: Y the box
Check mailed to P.O. Box [] Funds Wired [X]
Total (must be same as F above) \$ 28,943
H. Overpayment carried forward \$ 0

3. Subsidiaries (S) and predecessors (P), included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Newbridge Securities Corporation
Robert P. Spittler
Robert P. Spittler, CPA
Chief Financial Officer

Dated the 1st day of February, 2017.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

Table with columns: Dates (Postmarked, Received, Reviewed), Calculations, Documentation, Forward Copy. Includes SIPC REVIEWER label.

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2016
and ending 12/31/2016

Item No.

2a. Total revenue (FOCUS Line 12; Part IIA Line 9, Code 4030)

Eliminate cents
\$ 26,172,646

2b. Additions:

- (1) Total revenue from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. 0
 - (2) Net loss from principal transactions in securities in trading accounts. 0
 - (3) Net loss from principal transactions in commodities in trading accounts. 0
 - (4) Interest and dividend expense deducted in determining item 2a. 0
 - (5) Net loss from management of or participation in the underwriting or distribution of securities. 0
 - (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities. 0
 - (7) Net loss from securities in investment accounts. 0
- Total additions 0

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. 2,973,442
- (2) Revenues from commodity transactions. 0
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. 0
- (4) Reimbursements for postage in connection with proxy solicitation. 0
- (5) Net gain from securities in investment accounts. 293,329
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date. 33,006
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(b)(1) of the Act). 0
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

Corporate product due diligence review fees and misc. fees charged to registered reps for administrative services 586,680
(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22-PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ 45,411
- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ 115,932

Enter the greater of line (i) or (ii)

Total deductions

115,932
4,003,388
\$ 22,170,257
\$ 55,426

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

(to page 1, line 2.A.)