

Compliance Report

Wedbush Securities Inc. (the Company) is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). As required by 17 C.F.R. § 240.17a-5(d)(1) and (3), the Company states as follows:

- (1) The Company has not established and maintained Internal Control Over Compliance, as that term is defined in paragraph (d)(3)(ii) of Rule 17a-5;
- (2) The Company's Internal Control Over Compliance was not effective during the most recent fiscal year ended June 30, 2018;
- (3) The Company's Internal Control Over Compliance was not effective as of the end of the most recent fiscal year ended June 30, 2018;
- (4) The Company was in compliance with 17 C.F.R. § 240.15c3-1 and 17 C.F.R. §240.15c3-3(e) as of the end of the most recent fiscal year ended June 30, 2018; and
- (5) The information the Company used to state that the Company was in compliance with 17 C.F.R. §240.15c3-1 and 17 C.F.R. §240.15c3-3(e) was derived from the books and records of the Company.

As required by 17 C.F.R. §240.17a-5, the Company hereby describes the following deficiencies, which aggregate to a material weakness, in the effectiveness of Internal Controls Over Compliance as of June 30, 2018.

The Company had a number of control deficiencies within Possession or Control during the fiscal year ended June 30, 2018. Although the Company took steps to strengthen its controls during the year, Management acknowledges the need to expand existing controls and implement new controls including: documentation and maintenance of evidence of deficit resolution; formalized reviews of deficit resolution; second-level approval of manual releases of segregated securities; and a SmartSeg Maintenance data validation process to ensure completeness and accuracy.

The Company did not have a formalized control in place to evaluate whether brokerage accounts are properly coded as customer or PAB. Subsequent to June 30, 2018, Management assessed the impact of classification inaccuracies concluding they were immaterial to the reserve calculations pursuant to 17 C.F.R. §240.15c3-3(e) at June 30, 2018. The Company is in the process of implementing a formalized periodic evaluation of account codification to ensure correct classification.

Wedbush Securities Inc.

I, Daniel E. Billings, swear (or affirm) that, to my best knowledge and belief, this Compliance Report is true and correct.



Daniel E. Billings
Executive Vice President and Chief Financial Officer

August 29, 2018