

**LORING WARD SECURITIES INC.**

Financial Statements and Supplemental Information

December 31, 2017

(With Report of Independent Registered Public Accounting Firm)

# **LORING WARD SECURITIES INC.**

## **Table of Contents**

	<b>Page(s)</b>
Annual Audited Report Form X-17A-5 Part III	
Oath or Affirmation	
California Jurat with Affiant Statement	
Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
Schedule I – Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission	10
Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	11
Schedule III – Information Relating to Possession or Control Requirements Pursuant to Rule 15c3-3	12
Report of Independent Registered Public Accounting Firm	13
Exemption Report	14
Report of Independent Registered Public Accounting Firm on Applying Agreed-upon Procedures Pursuant to SEC Rule 17a-5(e)(4)	15

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER
8-51381

**FACING PAGE**

**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 01/01/2017 AND ENDING 12/31/2017  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Loring Ward Securities Inc.**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

**10 Almaden Blvd., 15th Floor**

(No. and Street)

**San Jose**

**California**

**95113**

(City)

(State)

(Zip Code)

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

Michael Clinton

(800) 366-7266

(Area Code – Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**KPMG LLP**

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

**55 Second Street, Suite 1400**

**San Francisco**

**California**

**94105**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

☒

Certified Public Accountant

☐

Public Accountant

☐

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

**FOR OFFICIAL USE ONLY**

\*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)

## OATH OR AFFIRMATION

I, Michael Clinton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Loring Ward Securities Inc., as of December 31, 2017, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*See attached California Jurat  
with Affiant statement  
MBA 2/2/2018*

  
Signature

Chief Financial Officer

Title

  
Notary Public

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).**

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

**GOVERNMENT CODE § 8202**

- ☒ See Attached Document (Notary to cross out lines 1-6 below)  
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

1 \_\_\_\_\_  
 2 \_\_\_\_\_  
 3 \_\_\_\_\_  
 4 \_\_\_\_\_  
 5 \_\_\_\_\_  
 6 \_\_\_\_\_

Signature of Document Signer No. 1      Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Santa Clara

Subscribed and sworn to (or affirmed) before me

on this 26<sup>th</sup> day of February, 2018,  
 by \_\_\_\_\_  
 Date                      Month                      Year

(1) Michael Clinton

(and (2) \_\_\_\_\_),  
 Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



Signature Marlene A. Bass  
 Signature of Notary Public

Seal  
 Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document Annual Audited Report

Title or Type of Document: Form 171A-5 Part III Document Date: 02/26/2018

Number of Pages: 21 Signer(s) Other Than Named Above: \_\_\_\_\_



KPMG LLP  
Suite 1400  
55 Second Street  
San Francisco, CA 94105

## **Report of Independent Registered Public Accounting Firm**

The Stockholder and the Board of Directors  
Loring Ward Securities Inc.:

### *Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Loring Ward Securities Inc. (the Company) as of December 31, 2017, the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### *Accompanying Supplemental Information*

The supplemental information contained in Schedules I, II and III has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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 contained in Schedules I, II and III is fairly stated, in all material respects, in relation to the financial statements as a whole.

**KPMG LLP**

We have served as the Company's auditor since 2011.

San Francisco, California  
February 26, 2018

**LORING WARD SECURITIES INC.**

Statement of Financial Condition

December 31, 2017

**Assets**

Cash and cash equivalents	\$ 1,275,875
Prepaid expenses	41,223
Deposits and other current assets	547,447
Due from related party (notes 2(c) and 3)	<u>46,648</u>
Total assets	<u><u>\$ 1,911,193</u></u>

**Liabilities and Stockholder's Equity**

Accounts payable and accrued liabilities	\$ 33,476
Due to related party (notes 2(c) and 3)	<u>2,932</u>
Total liabilities	<u>36,408</u>
Stockholder's equity:	
Common stock, \$0.01 par value; 100 shares authorized; 100 shares issued and outstanding	1
Additional paid-in capital	99,999
Retained earnings	<u>1,774,785</u>
Total stockholder's equity	<u>1,874,785</u>
Total liabilities and stockholder's equity	<u><u>\$ 1,911,193</u></u>

See accompanying notes to financial statements.

**LORING WARD SECURITIES INC.**

Statement of Income

Year ended December 31, 2017

Revenues:

Brokerage commissions (note 3)	\$	950,101
Distribution fees (note 3)		100,000
Interest and dividend income		<u>5,205</u>

Total revenues		<u>1,055,306</u>
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Expenses:

Management fee to related party (note 3)		432,000
General		123,558
Licensing and brokerage transaction fees		30,979
Insurance		<u>26,984</u>

Total expenses		<u>613,521</u>
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Income before income taxes		441,785
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Income taxes (note 4)		<u>175,983</u>
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Net income	\$	<u><u>265,802</u></u>
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See accompanying notes to financial statements.



**LORING WARD SECURITIES INC.**

Statement of Changes in Stockholder's Equity

Year ended December 31, 2017

	<b>Common stock</b>	<b>Additional paid in capital</b>	<b>Retained earnings</b>	<b>Total stockholder's equity</b>
Balances, December 31, 2016	\$ 1	99,999	1,508,983	1,608,983
Net income	—	—	265,802	265,802
Balances, December 31, 2017	<u>\$ 1</u>	<u>99,999</u>	<u>1,774,785</u>	<u>1,874,785</u>

See accompanying notes to financial statements.

**LORING WARD SECURITIES INC.**

Statement of Cash Flows

Year ended December 31, 2017

Cash flows from operating activities:

Net income	\$ 265,802
Adjustments for change in operating assets and liabilities:	
Decrease in prepaid expenses	4,126
Decrease in deposits and other current assets	129,644
Decrease in due to related party	(126,646)
Decrease in due from related party	236,100
Decrease in accounts payable and accrued liabilities	<u>(18,734)</u>
Net increase in cash and cash equivalents	490,292
Cash and cash equivalents, beginning of year	<u>785,583</u>
Cash and cash equivalents, end of year	\$ <u><u>1,275,875</u></u>

See accompanying notes to financial statements.

# LORING WARD SECURITIES INC.

## Notes to Financial Statements

December 31, 2017

### (1) Organization and Nature of Operations

Loring Ward Securities Inc. (the Company) is a wholly owned subsidiary of Loring Ward Holdings Inc. (LWHI) (formerly Werba Reinhard Inc.). The Company is a registered broker-dealer under the *Securities Exchange Act* of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is subject to various governmental rules and regulations including the Net Capital Rule set forth in Rule 15c3-1 of the Securities Exchange Act of 1934. The Company is licensed to operate in all 50 states plus the District of Columbia and the U.S. Virgin Islands.

The Company is an introducing broker-dealer whose business includes the underwriting and distribution of the SA Funds – Investment Trust and introducing clients' securities accounts to its correspondent clearing firm, Pershing LLC, on a fully disclosed basis. The Company is exempt from Rule 15c3-3 of the U.S. Securities and Exchange Commission.

### (2) Significant Accounting Policies

#### (a) Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

#### (b) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include cash on hand, demand deposits and other investments with original maturities of three months or less. Cash and cash equivalents includes a restricted cash deposit of \$100,000 with Pershing LLC. Refer to note 6 for further details.

#### (c) Income Taxes

The Company is a member of the LWHI affiliated group and, accordingly, its federal taxable income or loss is included in the consolidated federal income tax return filed by LWHI. The Company may also be included in certain state and local tax returns of LWHI or its subsidiaries. The Company's tax sharing agreement with LWHI generally provides that current and deferred tax provision is calculated using a separate return method, without modification of a benefits for loss approach in which the net federal and state taxable loss of one entity is used in the consolidated federal tax return or combined state tax return to offset taxable income of another entity which reduces what otherwise would have been higher consolidated taxable income and taxes payable. This method resulted in an intercompany tax expense from the Company to LWHI of \$175,983 in 2017. The Company has outstanding related party payable of \$2,932 to LWHI as of December 31, 2017.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Where a deferred tax asset has

# LORING WARD SECURITIES INC.

## Notes to Financial Statements

December 31, 2017

been recognized, a valuation allowance is established if, based on the weight of available evidence, it is more than likely that the deferred tax asset will not be realized.

The Company is required to determine whether its tax positions are “more-likely-than-not” to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a “more-likely-than-not” threshold would be recorded as a tax expense in the current year. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2017.

On December 22, 2017, the Tax Act was signed into law. While the Company does not believe that any of the Tax Act provisions impact us as of 2017, generally accepted accounting principles requires that the impact of the provisions of the Tax Act be accounted for in the period of enactment. The main impact going forward we believe is the replacement of the graduated corporate tax rates applicable under prior law, which imposed a maximum tax rate of 35%, with a reduced 21% flat tax rate. The reduced tax rate generally should be favorable to us by resulting in increased earnings beginning in 2018. As we do not have deferred tax assets or liabilities on the books, there's no impact to 2017 and no income tax expense recorded by the Company in the fourth quarter of 2017 is related to the Tax Act.

**(d) Revenues**

**Brokerage Commissions**

The Company earns brokerage fees and commissions on the sale of securities. Commission revenues, net of expenses, are recorded on a trade date basis.

**Interest and Dividend Income**

Interest income is recorded using the accrual method of accounting and dividend income is recorded on the ex-dividend date.

**(e) Licensing and Brokerage Transaction Fees**

The Company pays licensing fees to FINRA for individual and state registration. Additionally, the Company pays transaction fees in relation to being an underwriter for the sale or purchase of certain funds to clients.

**(f) Use of Estimates**

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

**(g) Recent Accounting Pronouncements**

In May 2014, the FASB issued a new accounting standard update (ASU 2014-09, Revenue from Contracts with Customers (Topic 606)), which provides revenue recognition guidance that is intended to create greater consistency with respect to how and when revenue from contracts with

# **LORING WARD SECURITIES INC.**

## **Notes to Financial Statements**

December 31, 2017

customers is shown in the income statement. The guidance requires that revenue from contracts with customers be recognized when transfer of control over goods or services is passed to customers in the amount of consideration expected to be received. Subsequent Accounting Standard Updates have been issued clarifying the original pronouncement (ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20). The new standard and amendments were effective January 1, 2018, either on a full retrospective approach or a modified retrospective approach. We adopted the revenue guidance accordingly, and, for the first quarter of 2018, will be using the full retrospective approach to contracts which were not completed as of January 1, 2018. There will be no changes to the timing or amount of revenue recognized or to the accounting for contract costs as a result of the adoption of this guidance. In addition, there was no difference requiring an adjustment to opening retained earnings.

### **(3) Related Party Transactions**

The Company routinely engages in various financial transactions with affiliated companies. The Company receives credit for the collection of its receivables and is charged for the settlement of its liabilities through intercompany accounts with affiliates. The nature of these transactions was as follows:

- As per the administrative service agreement between the Company and LWIF, LWIF paid the Company \$100,000 in 2017 as fees for the distribution services provided by the Company. This fee is included in distribution fees in the accompanying statement of income.
- LWIF also pays fixed transaction fees for all trades the Company introduces to the clearing broker on behalf of LWIF. The fee is multiplied to the actual number of transactions for each month and totaled \$612,369 in 2017. This fee is included in brokerage commissions in the accompanying statement of income. Subsequent to year end of 2017, the Company eliminated its introducing broker dealer services currently being provided to LWIF. In January 2018, the Company started the process of transferring the accounts that it introduces to the clearing broker on behalf of LWIF to its new service provider. The Company expects a majority of the transfer to be completed by the end of February 2018.

The Company bears expenses directly related to its operations, while LWIF bears expenses on behalf of the Company and other commonly controlled entities, including, but not limited to personnel, office space and other support services. The Company pays a monthly management fee of \$36,000 (\$432,000 for 2017), under an agreement between the parties to compensate LWIF for these common expenses.

Related party payable due from LWIF on demand as of December 31, 2017 was \$46,648.

As noted in footnote 2(c), the Company paid intercompany tax expenses to LWHI in 2017 per its tax sharing agreement.

### **(4) Income Taxes**

The current income taxes for the year ended December 31, 2017 were \$175,983. There were no deferred income taxes during the year ended December 31, 2017.

# LORING WARD SECURITIES INC.

## Notes to Financial Statements

December 31, 2017

### (5) Financial Instruments

#### (a) *Risk Management Activities*

The Company earns distribution fees based on the administrative services agreement. The distribution fees are received from LWIF. Therefore, termination of this relationship with LWIF could adversely affect the Company's revenue.

#### (b) *Fair Values*

The carrying amount of the Company's financial instruments, which include cash deposited with the Company's Clearing Broker, other current assets, and accounts payable, approximate their fair value because of the short-term maturity of these instruments.

### (6) Clearing Agreement

The Company is an introducing broker and clears transactions with and for customers on a fully disclosed basis with Pershing LLC, a Bank of New York Mellon company. The Company promptly transmits all customer funds and securities to Pershing LLC, and is required to maintain a \$100,000 minimum cash deposit which is included in cash and cash equivalents on the statement of financial condition. The Company also maintains various accounts at Pershing LLC to fund its transaction expenses. These fund balances are included in deposits and other current assets on the statement of financial condition.

### (7) Regulatory Requirements

The Company is subject to the U.S. Securities and Exchange Commission (SEC) *Uniform Net Capital Rule* (Rule 15c3-1), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2017, the Company was in compliance with Rule 15c3-1, with net capital of \$1,784,575, which was \$1,779,575 in excess of its required net capital of \$5,000. The Company's aggregate indebtedness to net capital ratio was 0.02 to 1.

The Company is exempt from Rule 15c3 3 under paragraph (k)(2)(ii) (for the year ended December 31, 2017) and paragraph (k)(2)(i) (for the period from December 15, 2017 to December 31, 2017) of the Securities Exchange Act of 1934 relating to the determination of reserve requirements because it does not maintain customer accounts or take possession of customer securities.

### (8) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through February 26, 2018 the date at which the financial statements were available to be issued, and determined there were no events, other than those noted in footnote 3, that required disclosure.

**LORING WARD SECURITIES INC.**

Schedule I - Computation of Net Capital under Rule 15c3-1 of  
the Securities and Exchange Commission

December 31, 2017

Net capital:		
Total stockholder's equity	\$	1,874,785
Less nonallowable assets		<u>90,210</u>
Net capital		<u>1,784,575</u>
Aggregate indebtedness:		
Total liabilities		<u>36,408</u>
Total aggregate indebtedness		<u>36,408</u>
Computation of net capital requirements:		
Net capital required – greater of \$5,000 or 6-2/3% of aggregate indebtedness of \$36,408		<u>5,000</u>
Net capital in excess of requirements	\$	<u><u>1,779,575</u></u>
Ratio of aggregate indebtedness to net capital		0.02 to 1

A reconciliation between the above computation and the Company's corresponding unaudited Form X-17A-5, Part IIA, filed with the Financial Industry Regulatory Authority, Inc. on January 23, 2018, is not required as no differences exist.

See accompanying independent registered public accounting firm's report.

**LORING WARD SECURITIES INC.**

**Schedule II – Computation for Determination of Reserve Requirements  
Pursuant of Rule 15c3-3**

**December 31, 2017**

A computation of the reserve requirement is not applicable to Loring Ward Securities Inc. because the Company qualifies for an exemption under Rule 15c3-3(k)(2)(ii) (for the year ended December 31, 2017) and Rule 15c3-3(k)(2)(i) (for the period December 15, 2017 to December 31, 2017).

See accompanying independent registered public accounting firm's report.



**LORING WARD SECURITIES INC.**

**Schedule III – Information Relating to Possession or Control Requirements  
Pursuant of Rule 15c3-3**

**December 31, 2017**

Information relating to possession or control requirements is not applicable to Loring Ward Securities Inc. because the Company qualifies for an exemption under Rule 15c3-3(k)(2)(ii) (for the year ended December 31, 2017) and Rule 15c3-3(k)(2)(i) (for the period December 15, 2017 to December 31, 2017).

See accompanying independent registered public accounting firm's report.



KPMG LLP  
Suite 1400  
55 Second Street  
San Francisco, CA 94105

## **Report of Independent Registered Public Accounting Firm**

The Stockholder and the Board of Directors  
Loring Ward Securities Inc.:

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Loring Ward Securities Inc. (the Company) identified the following provisions of 17 C.F.R. § 15c3-3 (k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (k)(2)(ii) (for the year ended December 31, 2017) and paragraph (k)(2)(i) (for the period from December 15, 2017 to December 31, 2017) (the exemption provisions); and (2) the Company stated that it met the identified exemption provisions throughout the year ended December 31, 2017 without exception. The Company's management is responsible for compliance with the exemption provision 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 the Company's compliance with the exemption provision. 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 paragraphs (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

**KPMG LLP**

San Francisco, California  
February 26, 2018

### Loring Ward Securities Inc.'s Exemption Report

Loring Ward 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"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(ii) for year ended December 31, 2017.
- (2) The Company also claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i) for the period December 15, 2017 through December 31, 2017.
- (3) The Company had no obligations under 17 C.F.R. § 240.15c3-3 throughout the most recent fiscal year without exception.

Loring Ward Securities Inc.

I, Michael Clinton, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 

Title: Chief Financial Officer

Date: 2/26/18



KPMG LLP  
Suite 1400  
55 Second Street  
San Francisco, CA 94105

**Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures  
Pursuant to SEC Rule 17a-5(e)(4)**

The Stockholder and the Board of Directors  
Loring Ward Securities Inc.:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the Securities Investor Protection Corporation (SIPC) Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2017, which were agreed to by Loring Ward Securities Inc. (the Company) and SIPC, solely to assist you and SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 and the associated findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, and noted no differences;
2. Compared the Total Revenue amount reported on the Annual Audited Form X-17A-5 Part III for the year ended December 31, 2017, with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2017, and noted no difference;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, and noted no differences; and
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related supporting schedules and working papers supporting the adjustments, and noted no differences.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Accordingly, we do not express such an opinion or conclusion. 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 referred to in the first paragraph of this report, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

San Francisco, California  
February 26, 2018

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**SIPC-7**

(35-REV 6/17)

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

**General Assessment Reconciliation****SIPC-7**

(35-REV 6/17)

For the fiscal year ended December 31, 2017

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

8-51381 FINRA DEC  
Loring Ward Securities Inc.  
10 Almaden Blvd.  
15th Floor  
San Jose, CA 95113-2226

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.

Cody Freeman (800) 366-7266

**WORKING COPY**

2. A. General Assessment (item 2e from page 2) \$ 1,433
- B. Less payment made with SIPC-6 filed (exclude interest) 865  
July 25, 2017  
Date Paid
- C. Less prior overpayment applied
- D. Assessment balance due or (overpayment) 568
- E. Interest computed on late payment (see instruction E) for            days at 20% per annum
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 568
- G. PAYMENT: ☒ the box ☐ Check mailed to P.O. Box ☐ Funds Wired ☒  
Total (must be same as F above) \$ 568
- H. Overpayment carried forward \$(                      )

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.

**Loring Ward Securities Inc.**

(Name of Corporation, Partnership or other organization)

*[Signature]*

(Authorized Signature)

Chief Compliance Officer

(Title)

Dated the 31<sup>st</sup> day of January, 20 18.

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.

**SIPC REVIEWER**

Dates:                      Postmarked                      Received                      Reviewed                     

Calculations                      Documentation                      Forward Copy                     

Exceptions:                     

Disposition of exceptions:

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

Amounts for the fiscal period  
beginning January 1, 2017  
and ending December 31, 2017

**Item No.**

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

**Eliminate cents**  
\$ \_\_\_\_\_

**2b. Additions:**

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

1,055,306

(2) Net loss from principal transactions in securities in trading accounts.

(3) Net loss from principal transactions in commodities in trading accounts.

(4) Interest and dividend expense deducted in determining Item 2a.

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(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.

(7) Net loss from securities in investment accounts.

Total additions

**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.

100,000

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

(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.

(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(9)(L) of the Act).

(8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

(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.

\$ \_\_\_\_\_

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ \_\_\_\_\_

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

Total deductions

100,000

2d. SIPC Net Operating Revenues

\$ 955,306

2e. General Assessment @ .0015      Rate effective 1/1/2017

\$ 1,433  
(to page 1, line 2.A.)