

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

ANNUAL REPORTS
FORM X-17A-5
PART III

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FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/22 AND ENDING 12/31/22
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: MTS Securities, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

623 Fifth Avenue 14th Floor

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Dennis Conroy

212-887-2171

Conroy@mtspartners.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Marcum LLP

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

730 Third Avenue 11th Floor

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

10/16/2003

688

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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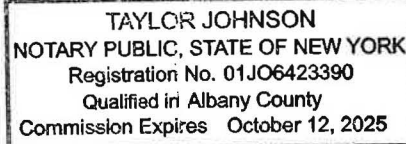
* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.


Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Dennis Conroy, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of MTS Securities, LLC, as of 12/31, 2022, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.


Notary Public



Signature: 

Title:

Chief Financial Officer

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

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated statement of financial condition.
- ☒ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☒ (d) Statement of cash flows.
- ☒ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☒ (g) Notes to consolidated financial statements.
- ☒ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☒ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☒ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

MTS SECURITIES, LLC
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
(CONFIDENTIAL PER RULE 17a-5(e)(3))
FOR THE YEAR ENDED DECEMBER 31, 2022

MTS SECURITIES, LLC

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
MTS Securities, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of MTS Securities, LLC (the "Company") as of December 31, 2022, the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes (collectively referred to as 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, 2022, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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.

Supplemental Information

Schedule I - Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission, Schedule II - Computation for Determination of Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission, and Schedule III - Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission (the “supplemental information”) 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company’s auditor since 2009.

Marcum LLP

New York, NY
February 17, 2023

MTS SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2022

Assets

Cash and cash equivalents	\$ 13,070,723
Marketable securities	5,345,951
Non-marketable securities	674,412
Accounts receivable	100,000
Prepaid expenses	<u>146,886</u>

Total Assets \$ 19,337,972

Liabilities and Member's Equity

Liabilities

Accounts payable and accrued expenses	\$ 38,885
Payable to Parent	<u>1,911,834</u>

Total Liabilities \$ 1,950,719

Member's Equity 17,387,253

Total Liabilities and Member's Equity \$ 19,337,972

The accompanying notes are an integral part of these financial statements.

MTS SECURITIES, LLC

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

Revenues

Revenues from contracts with customers	
Advisory and consulting fees	45,093,512
Other revenues	
Unrealized gains on securities, net	2,630,666
Interest	<u>200,757</u>
	2,831,423

Total Revenues \$ 47,924,935

Expenses

Service fees - MTS Health Partners, L.P.	6,899,820
Regulatory fees	239,969
Professional fees	31,498
Insurance expense	11,385
State Franchise Taxes	<u>12,800</u>

Total Expenses 7,195,472

Income before Provision for Income Taxes 40,729,463

Provision for Income Taxes --

Net Income \$ 40,729,463

The accompanying notes are an integral part of these financial statements.

MTS SECURITIES, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

Balance - January 1, 2022	\$ 10,157,790
Distributions to Parent	(33,500,000)
Net income	<u>40,729,463</u>
Balance - December 31, 2022	<u>\$ 17,387,253</u>

The accompanying notes are an integral part of these financial statements.

MTS SECURITIES, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities

Net income \$ 40,729,463

Adjustments to reconcile net income to
net cash provided by operating activities:

Unrealized gains on securities, net (2,630,666)

Changes in operating assets and liabilities:

Accounts receivable 1,853,225

Prepaid expenses (10,368)

Accounts payable and accrued expenses 28,728

Due to Parent - MTS Health Partners, L.P. (235,180)

Total Adjustments (994,261)

Net Cash Provided by Operating Activities 39,735,202

Cash Used in Financing Activities

Distributions to Parent (33,500,000)

Net Increase in Cash and Cash Equivalents 6,235,202

Cash and Cash Equivalents - January 1, 2022 6,835,521

Cash and Cash Equivalents - December 31, 2022 \$ 13,070,723

The accompanying notes are an integral part of these financial statements.

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - NATURE OF BUSINESS

MTS Securities, LLC (the “Company”) was organized on August 10, 2001 as a Delaware limited liability company for the purpose of providing financial consulting services, which includes financial valuation and modeling, the preparation of financial and marketing materials, financial structuring and strategic consulting. The Company is a wholly owned subsidiary of MTS Health Partners, L.P. (the “Parent”) and all of the Company’s services are provided in conjunction with, or on behalf of its Parent.

The Company is a broker-dealer registered with the Securities and Exchange Commission (the “SEC”) under the Securities and Exchange Act of 1934. The Company operates under a membership agreement with the Financial Industry Regulatory Authority (“FINRA”) and is a member of the Securities Investor Protection Corp (“SIPC”). The term of the Company shall continue in perpetuity unless dissolved in accordance with the provisions of its articles of organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

SUBSEQUENT EVENTS

The Company has evaluated events that occurred subsequent to December 31, 2022, through the date these financial statements were issued, for matters that required adjustment to or disclosure in these financial statements. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment to or disclosure in the financial statements.

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2022, the Company had cash equivalents totaling \$13,039,278.

MARKETABLE AND NON-MARKETABLE SECURITIES

The Company periodically receives shares of common stock of public companies as compensation for investment banking services. The common stock is restricted and is classified as non-marketable until it may be freely traded, which is conditioned upon the effectiveness of a registration statement covering the securities or upon the satisfaction of the requirements of Rule 144 under the Securities Act of 1933, including the requisite holding period.

Realized gains and losses on the sale of securities are determined based on the identified cost and are credited or charged to investment income. Interest and dividends on investments are recognized when earned.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company extends unsecured credit in the normal course of business to its clients. The allowance for doubtful accounts reflects management's best estimates of probable losses inherent in the accounts receivable balance. Management determines the allowance based on known troubled accounts, historical experience and other currently available evidence. At December 31, 2022, no allowance for doubtful accounts has been provided for, since in the opinion of management, no accounts are deemed uncollectible.

FAIR VALUE

Accounting Standards Codification ("ASC") 820 – Fair Value Measurement defines fair value, establishes a framework for measuring fair value and establishes a hierarchy of fair value inputs. Fair value 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

REVENUE FROM CONTRACTS WITH CUSTOMERS

ASC Topic 606 – Revenue from Contracts with Customers requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Revenue from contracts with customers includes advisory and consulting fees and investment banking fees. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

Revenues are recognized when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Advisory and Consulting Fee Revenues – The Company provides financial advisory and consulting services to its clients in connection with proposed business acquisitions, including financial analysis, planning, structuring and other advisory services. For transaction related services with fixed consideration or a variable consideration not subject to a constraint, the Company determined such services are ongoing and performed over a period of time, and the client is able to benefit from the services as those services are delivered. When the Company is engaged to advise a client on a potential transaction, the performance obligation is satisfied only when the client enters into a signed definitive agreement. It is at this time that the Company has generally completed substantially all its work with the transaction. For opinion services, the rendering of a fairness opinion is a single deliverable that is delivered at a point in time, at which time the customer has accepted the service and the Company has a right to payment for that service. Therefore, the opinion fee is recognized upon delivery of the fairness opinion.

Investment Banking Fee Revenues – Investment banking fee revenues include underwriting fees earned through the Company's participation in both the public offering and private placement of equity and convertible debt securities and fees earned as a financial advisor in mergers and acquisitions and similar transactions. Underwriting revenue is earned in securities offerings in which the Company acts as an underwriter and includes management fees, underwriting fees and selling concessions. Fee revenue relating to underwriting commitments is recorded when all significant items relating to the underwriting transaction have been completed and the amount of the underwriting revenue has been determined.

INCOME TAXES

The Company is a Delaware Limited Liability Company ("LLC") and files consolidated federal, state and local tax returns with its Parent, which is a limited partnership ("LP"). The members of an LLC and partners in an LP are taxed on their proportionate share of a company's federal and state taxable income. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements. The Company records its share of the consolidated group's New York City Unincorporated Business Tax ("NYCUBT"). The NYCUBT is calculated as if the Company files on a separate return basis and tax payments are paid to the Parent for the Company's proportionate share of taxes. For the year ended December 31, 2022, the Company's share of the consolidated group's NYCUBT was de minimis.

The Company recognizes and measures its unrecognized tax benefits in accordance with ASC 740 – Income Taxes. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

The Company recognizes the accrual of any interest and penalties related to unrecognized tax benefits in income tax expense. As of December 31, 2022, and for the year then ended, no liability for unrecognized tax benefits was required to be recorded and no interest or penalties were recognized, respectively.

The Parent files income tax returns in its local jurisdictions. Generally, taxing authorities may examine the Company's tax returns for three years from the date of filing. There were no tax examinations in progress as of December 31, 2022.

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers were \$45,093,512 all of which were derived from advisory and consulting fees generated from the United States.

NOTE 4 - FAIR VALUE

Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses.

The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2022:

Financial Assets:	Level 1	Level 2	Level 3	Total
Common stock	\$5,345,951	\$ --	\$ --	\$5,345,951
Restricted common stock	<u>167,181</u>	<u>--</u>	<u>507,231</u>	<u>674,412</u>
Total	<u>\$5,513,132</u>	<u>\$ --</u>	<u>\$507,231</u>	<u>\$6,020,363</u>

There were no transfers into or out of Level 3 during the year.

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The fair values of publicly traded equity securities are based on quoted market prices in active markets for identical assets and are classified as Level 1 in the fair value hierarchy.

Estimated fair values for privately held equity securities are determined using discounted cash flow, earnings multiple and other valuation models that require a substantial level of judgment around inputs and therefore are classified within Level 3 of the fair value hierarchy.

NOTE 5 - CONCENTRATIONS AND CREDIT RISK

The Company maintains checking and money market accounts in a financial institution. At times, cash may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limit. The Company has not experienced any losses in the account.

The Company performs certain credit evaluation procedures and generally does not require collateral. The Company believes that credit risk is limited because the Company routinely assesses the financial strength of its clients, and based upon factors surrounding the credit risk of its clients, establishes an allowance for uncollectible accounts and, therefore, believes that its accounts receivable credit risk exposure beyond such allowances is limited.

During the year ended December 31, 2022, the Company had eight clients, which accounted for approximately \$29.7 million or 65.9% of total revenue from contracts with customers. At December 31, 2022 the Company had one customer that accounted for 100% of accounts receivable.

NOTE 6 - RELATED-PARTY TRANSACTIONS

The Company maintains a services agreement with its Parent, under which the Parent provides various administrative and back-office services in the ordinary course of business, as well as office space, office equipment and supplies, to the extent required, in exchange for receiving a services fee. For the year ended December 31, 2022, service fees of \$6,899,820 were charged to the Company for services rendered by the Parent. As of December 31, 2022, the Company had a payable to Parent of \$1,911,834.

The accompanying financial statements have been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with affiliated entities, may not necessarily be indicative of the financial condition that would have existed or the results that would have been obtained from operations had the Company operated as an unaffiliated entity.

MTS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7 – COMMITMENTS AND CONTINGENCES

The Company's commitments and contingencies include the usual obligations of a registered broker-dealer in the normal course of business. Currently, the Company is not aware of any active commitments and contingencies as of December 31, 2022.

NOTE 8 - NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, should not exceed 15 to 1. At December 31, 2022, the Company had net capital of \$15,245,775, which was \$15,115,727 in excess of its required net capital of \$130,048. The Company's percentage of aggregate indebtedness to net capital was 12.80%.

NOTE 9 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 17, 2023, which is the date the financial statements were issued and determined that no additional recognition or disclosure is necessary.

MTS SECURITIES, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2022

Net Capital		
Total member's equity		\$ 17,387,253
Deductions and Charges		
Non-allowable assets:		
Non-marketable Securities	\$ 674,412	
Accounts receivable, net	100,000	
Prepaid expenses	<u>146,886</u>	
Total Deductions and Charges		<u>921,298</u>
Net Capital before Haircuts on Securities		16,465,955
Haircuts on Securities		
Marketable securities	865,481	
Undue concentration	<u>354,699</u>	
Total Haircuts on Securities		<u>1,220,180</u>
Net Capital		<u><u>\$ 15,245,775</u></u>
Aggregate Indebtedness (A.I.)		
Accounts payable and accrued expenses		<u><u>\$ 1,950,719</u></u>
Computation of Basic Net Capital Requirement		
(a) Minimum net capital required (6 2/3 % of total A.I.)		<u><u>\$ 130,048</u></u>
(b) Minimum net capital required of broker dealer		<u><u>\$ 100,000</u></u>
Net Capital Requirement (Greater of (a) or (b))		<u><u>\$ 130,048</u></u>
Excess Net Capital		<u><u>\$ 15,115,727</u></u>
Net Capital Less Greater of 10% of A.I. or 120% of Net Capital Requirement		<u><u>\$ 15,050,703</u></u>
Percentage of A.I. to Net Capital		<u><u>12.80%</u></u>

There are no material differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2022.

See report of independent registered public accounting firm.

MTS SECURITIES, LLC

**COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION (EXEMPTION)**

DECEMBER 31, 2022

The Company has no reserve deposit obligations under SEC Rule 15c3-3(e) because the Company does not hold customer funds or securities and is a "non-covered" firm pursuant to Footnote 74 to SEC Release 34-70073 and therefore is not subject to the Rule.

See report of independent registered public accounting firm.

MTS SECURITIES, LLC

**INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION (EXEMPTION)**

DECEMBER 31, 2022

The Company has no possession or control obligations under SEC Rule 15c3-3(b) because the Company does not hold customer funds or securities and is a "non-covered" firm pursuant to Footnote 74 to SEC Release 34-70073 and therefore is not subject to the Rule.

See report of independent registered public accounting firm.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
MTS Securities

We have reviewed management's statements, included in the accompanying Management's Exemption Report, in which (1) MTS Securities, LLC (the "Company") did not claim an exemption under paragraph (k) of 17 C.F.R. §240.15c3-3, and (2) the Company is filing this exemption report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17a-5 because the Company limits its business activities exclusively to private placements of securities, engaging in "tender offer/exchange offer" activities, selling group participant, manager or selected dealer in best efforts or firm commitment public offerings of securities, financial consulting, including mergers and acquisitions transactions analysis, standard due diligence work, industry research and valuation, and service the buying and/or selling parties of the merger and acquisition activities. In addition, the Company did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company; did not carry accounts of or for customers; and did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

The Company'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 Company'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 upon the Company's business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17a-5, and related SEC Staff Frequently Asked Questions.

Marcum LLP

New York, NY
February 17, 2023

Management's Exemption Report

MTS Securities, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (the "SEC") (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 does not claim an exemption under paragraph (k) of 17 C.F.R. §240.15c3-3, and
- (2) The Company is filing this Exemption Report relying on Footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to private placements of securities, engaging in "tender offer/exchange offer" activities, selling group participant, manager or selected dealer in best efforts or firm commitment public offerings of securities, financial consulting, including mergers and acquisitions transactions analysis, standard due diligence work, industry research and valuation, and service the buying and/or selling parties of the merger and acquisition activities, and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, (other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company); (2) did not carry accounts of or for customers; and
- (3) Did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

I, Dennis Conroy, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.



Dennis Conroy
Principal Financial Officer
MTS Securities, LLC

February 17, 2023

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
APPLYING AGREED-UPON PROCEDURES**

To the Member of
MTS Securities, LLC

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below, and were agreed to by MTS Securities, LLC (the “Company”) and the SIPC, solely to assist you and the SIPC in evaluating the Company’s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2022. Management of the Company is responsible for its Form SIPC-7 and for its 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.

Management of the Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you and SIPC in evaluating the Company’s compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2022. Additionally, SIPC has agreed to and acknowledged that the procedures performed are appropriate for their intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.. 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, noting no differences;
2. Compared the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2022 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2022, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;

4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
5. Noted there was no overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed.

We were not engaged to and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2022. 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 Company and SIPC and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

New York, NY
February 17, 2023

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION

Mail Code: 8967 P.O. Box 7247 Philadelphia, PA 19170-0001

SIPC-7

(36-REV 12/18)

General Assessment Reconciliation**12/31/2022**

(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:

MTS Securities LLC
 623 5th Ave FL 14
 New York, NY 10022-9131

52515 FINRA DEC

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.

Dennis Conroy 914-435-0170

2. A. General Assessment (item 2e from page 2)

\$ 67,640

B. Less payment made with SIPC-6 filed (exclude interest)

(28,755)

7/19/2022

Date Paid

C. Less prior overpayment applied

(-0-)

D. Assessment balance due or (overpayment)

38,885

E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum

-0-

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 38,885

G. PAYMENT: ☒ the boxCheck mailed to P.O. Box ☒Funds Wired ☐ACH ☐

Total (must be same as F above)

\$

H. Overpayment carried forward

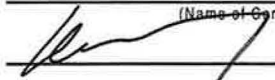
\$ ()

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.

MTS Securities LLC

(Name of Corporation, Partnership or other organization)



(Authorized Signature)

Chief Financial Officer

(Title)

Dated the 20 day of January, 2023

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 01/01/2022
and ending 12/31/2022

Item No.

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

Eliminate cents
\$ 47,924,936

2b. Additions:

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

-0-
-0-
-0-
-0-
-0-
-0-
2,276,938
2,276,938

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.
- (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):

-0-
-0-
-0-
-0-
4,907,603
-0-
-0-
200,758

Interest

(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

5,108,361
45,093,513
67,640

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0015

(to page 1, line 2.A.)