

Amerant Investments, Inc.

(Formerly Known as Mercantil Investment Services, Inc.)

**(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as
Mercantil Bank, N.A.)**

**Financial Statements and
Supplementary Information
December 31, 2018**

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

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

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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 01/01/2018 AND ENDING 12/31/2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Amerant Investments, Inc.

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

220 Alhambra Circle

(No. and Street)

Coral Gables

Florida

33134

(City)

(State)

(Zip Code)

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

Raphael Vina (305) 460-4030

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

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

333 S.E. 2nd Avenue, Suite 3000 Miami

Florida

33131

(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

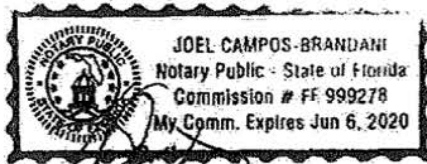
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential 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, Raphael Vina, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Amerant Investments, Inc., as of December 31, 2018, 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

A handwritten signature in black ink, appearing to be 'R. Vina', written over a horizontal line.

Signature

Chief Compliance Officer

Title

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

- ☒ (a) Facing Page.
- ☒ (b) 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 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).*

Amerant Investments, Inc.

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(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)

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December 31, 2018

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of
Amerant Investments, Inc.
(formerly Mercantil Investment Services, Inc.)

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Amerant Investments, Inc. (formerly Mercantil Investment Services, Inc.) (the "Company") as of December 31, 2018, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended, including 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, 2018, 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 of these financial statements 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.

Supplemental Information

The accompanying Schedule I is supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934, and 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 Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the information in Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.



Fort Lauderdale, Florida
February 27, 2019

We have served as the Company's auditor since 2003.

Amerant Investments, Inc.
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(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)
Statement of Financial Condition
December 31, 2018

Assets

Cash and due from banks	\$ 123,086
Cash due from clearing broker	2,013,204
Deposits with clearing broker	100,000
Total cash and cash equivalents	<u>2,236,290</u>
Receivable from clearing broker	2,050,000
Receivable from affiliates	188,461
Other assets	<u>441,814</u>
Total assets	<u><u>\$ 4,916,565</u></u>

Liabilities and Stockholder's Equity

Dividend payable	\$ -
Accrued expenses and other liabilities	<u>1,568,900</u>
	<u>1,568,900</u>

Commitments and contingencies (Note 4)

Stockholder's equity

Common stock, \$0.01 par value, 10,000 shares authorized, 100 shares issued and outstanding	1
Additional paid in capital	3,021,360
Accumulated earnings	<u>326,304</u>
	<u>3,347,665</u>

Total liabilities and stockholder's equity	<u><u>\$ 4,916,565</u></u>
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The accompanying notes are an integral part of these financial statements.

Amerant Investments, Inc.**(Formerly known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Statement of Operations****Year Ended December 31, 2018**

Revenues

Commissions	\$ 9,883,313
Fees and other income	4,445,940
Total revenues	<u>14,329,253</u>

Expenses

Employee compensation and benefits	6,427,010
Fees and services	3,417,751
Occupancy	166,740
Other expenses	440,594

Total expenses	<u>10,452,095</u>
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Net income before income taxes	3,877,158
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Income taxes	<u>(933,509)</u>
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Net income	<u><u>\$ 2,943,649</u></u>
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The accompanying notes are an integral part of these financial statements.

Amerant Investments, Inc.**(Formerly known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Statement of Changes in Stockholder's Equity****Year Ended December 31, 2018**

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid in</u>	<u>Earnings</u>	<u>Stockholder's</u>
			<u>Capital</u>		<u>Equity</u>
Balances at December 31, 2017	100	1	3,018,932	182,655	3,201,588
Net income	-	-	-	2,943,649	2,943,649
Dividends declared	-	-	-	(2,800,000)	(2,800,000)
Stock-based compensation expense	-	-	2,428	-	2,428
Balances at December 31, 2018	<u>100</u>	<u>\$ 1</u>	<u>\$ 3,021,360</u>	<u>\$ 326,304</u>	<u>\$ 3,347,665</u>

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

Amerant Investments, Inc.**(Formerly known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Statement of Cash Flow****Year Ended December 31, 2018**

Cash flows from operating activities

Net income	\$ 2,943,649
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	74,037
Deferred tax (benefit) expense	(135,142)
Stock-based compensation expense	2,428
Change in operating assets and liabilities	
Receivable from clearing broker	70,000
Receivable from affiliates	216,558
Other assets	(101,023)
Accrued expenses and other liabilities	(68,594)
Net cash provided by operating activities	3,001,913

Cash flows used in financing activities

Dividends paid	(5,300,000)
Net (decrease) increase in cash and cash equivalents	(2,298,087)

Cash and cash equivalents

Beginning of the year	4,534,377
End of the year	<u>\$ 2,236,290</u>

Supplemental disclosures of cash flow information

Income taxes paid	\$ 1,022,467
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The accompanying notes are an integral part of these financial statements.

Amerant Investment Services, Inc.
(Formerly Known as Mercantil Investment Services, Inc.)
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Notes to the Financial Statements
December 31, 2018

1. Organization and Summary of Significant Accounting Policies

Amerant Investments, Inc. (the "Company"), organized in July 2001 and operating since May 2002, is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's principal office is in the City of Coral Gables, Florida. In 2018, the Company changed its legal name to Amerant Investments, Inc from the former Mercantil Investment Services, Inc.

The Company is a wholly owned subsidiary of Amerant Bank, N.A. (formerly known as Mercantil Bank N.A.) (the "Bank"). The Company's ultimate parent company is Mercantil Bank Holding Corporation (the "Holding Company"). As of December 31, 2017, the Holding Company was a wholly owned subsidiary of Mercantil Servicios Financieros, C.A. ("MSF"). In March 2018, the Holding Company was split-off from MSF and its common stock was listed on the Nasdaq Stock Market (the "Spin-off"). In August 2018, the Holding Company became a separate company.

The Company provides introductory brokerage and investment services primarily for customers of the Bank. The Company also provides its customers with transaction services. All security transactions are settled through a third party clearing broker on a fully disclosed basis. Revenues derived from these services are recognized in the accompanying statements of operations. Custody of securities owned by customers of the Company is maintained by third parties.

The effects of significant subsequent events, if any, have been adequately recognized or disclosed in these financial statements. Subsequent events have been evaluated through February 27, 2019, the date when these financial statements were available to be issued.

The following is a description of the significant accounting policies and practices followed by the Company in the preparation of the accompanying financial statements. These policies conform with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Management believes that these estimates are appropriate. Actual results could differ from those estimates.

Commissions

Commissions earned are related to the dollar amount of trading volume of customers' transactions. Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Fees

Fees are derived from investment advisory fees and account administrative services. Investment advisory fees are recorded as earned on a pro rata basis over the term of the contracts, based on a percentage of the average value of assets managed during the period. These fees are assessed and collected at least quarterly. Account administrative fees are charged to customers for the maintenance of their accounts and are earned and collected on a quarterly basis.

Amerant Investment Services, Inc.

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Notes to the Financial Statements

December 31, 2018

Cash and Cash Equivalents

The Company classifies as cash equivalents highly liquid instruments purchased with original maturities of three months or less. Cash and cash equivalents include primarily cash deposits held in firm accounts at the clearing broker and cash held at the Bank, including amounts generally considered as restricted.

Income Taxes

Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the resulting net deferred tax asset is determined based on the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. The effect of changes in tax laws or rates is recognized in results in the period that includes the legislation enactment date. A valuation allowance is established against the deferred tax asset to the extent that management believes that it is more likely than not that any tax benefit will not be realized. Income tax expense is recognized on the periodic change in deferred tax assets and liabilities at the current statutory rates.

The results of operations of the Company are included in the consolidated income tax return of the Holding Company and its subsidiaries as members of the same consolidated tax group. Under the intercompany income tax allocation policy, the Company and the entities included in the consolidated tax group are allocated current and deferred taxes as if they were separate taxpayers. As a result, the Company and the entities included in the consolidated group, pay their allocation of income taxes to the Holding Company, or receive payments from the Holding Company to the extent that tax benefits are realized.

Recently Issued Accounting Pronouncements

Presentation of Restricted Cash on the Statement of Cash Flows

In November 2016, the Financial Accounting Standards Board ("FASB") issued amendments to the presentation of cash flows guidance. These amendments require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this guidance did not provide a definition of restricted cash or restricted cash equivalents. This guidance became effective for the Company on January 1, 2018 and the Company determined that the adoption of these amendments did not have a material impact on the Company's financial statements.

Accounting for Credit Losses on Financial Instruments

In June 2016, the FASB issued new guidance for the accounting for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The standard is effective for fiscal years beginning after December 15, 2020, for private companies, and for fiscal years beginning after December 15, 2019 for public companies. Early adoption is permitted for fiscal years beginning after December 15, 2018. The Company is in the process of determining whether these changes will have a material impact on its financial position or results of operations or disclosures.

Amerant Investment Services, Inc.

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Notes to the Financial Statements

December 31, 2018

Accounting for Leases

In February 2016, the FASB issued guidance for the recognition and measurement of all leases. The new guidance requires lessees to recognize a right-of-use asset and a lease liability for most leases within the scope of the guidance. There were no significant changes to the guidance for lessors. The standard is effective for fiscal years beginning after December 15, 2019, for private companies, and for fiscal periods beginning after December 15, 2018 for public companies. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition at the beginning of the earliest comparative period presented, and provides for certain practical expedients. The Company expects to adopt this guidance in 2019 and is in the process of determining whether this new guidance will have a material impact on its financial position, results of operations and disclosures, when adopted.

Recognition and Measurement of Financial Instruments

In January 2016, the FASB issued changes to the guidance on the recognition and measurement of financial instruments. The changes include, among others, the removal of the available-for-sale category for equity securities and updates to certain disclosures requirements. This standard is effective for annual reporting periods beginning after December 15, 2018, for private companies, and for fiscal periods beginning December 15, 2017, for public companies, with limited early adoption permitted. The Company is in the process of determining whether these changes will have a material impact on its financial position or results of operations or disclosures.

Revenue from Contracts with Customers

In May 2014, the FASB issued a common revenue standard for recognizing revenue from contracts with customers. This new standard establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the guidance is that an entity should 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 amended effective date is annual reporting periods beginning after December 15, 2018, for private companies, and for annual reporting periods beginning after December 15, 2017 for public companies. This guidance became effective on January 1, 2018 and the Company determined that there is no material change on how the Company recognizes its revenue streams and the adoption of this guidance did not have a material impact on the Company's financial statements.

2. Cash Segregated Under Federal Regulations

Rule 15c3-3 under the Securities and Exchange Act of 1934 (the "Rule") specifies certain conditions under which brokers and dealers carrying customer accounts are required to maintain cash or qualified securities in a special reserve bank account for the exclusive benefit of customers. Amounts to be maintained, if any, are computed in accordance with a formula defined in the Rule. The Company claims exemption from Rule 15c3-3 pursuant to the provisions of subparagraph k(2)(ii).

Amerant Investment Services, Inc.**(Formerly Known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Notes to the Financial Statements****December 31, 2018**

3. Related Party Transactions

Included in the statement of financial condition and statement of operations amounts with related parties are as follows:

	<u>December 31,</u> <u>2018</u>
Assets	
Cash and cash equivalents	\$ 123,086
Receivable from affiliates	<u>188,461</u>
	<u>311,547</u>
Liabilities	
Accrued expenses	<u>141,799</u>
Net asset (liability) position	<u><u>\$ 169,748</u></u>
	<u>December 31,</u> <u>2018</u>
Expenses	
Fees and services	
Compliance	\$ 567,816
Wealth management	772,656
Administrative services	434,028
Occupancy and others	<u>167,057</u>
	<u><u>\$ 1,941,557</u></u>

The Company maintains some of its cash deposited with the Bank for amounts that, at times, may be in excess of federally-insured limits mandated by the Federal Deposit Insurance Corporation.

In 2018, the Company paid to the Bank \$434,028 for accounting and certain administrative services received from the Bank.

Amerant Investment Services, Inc.**(Formerly Known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Notes to the Financial Statements****December 31, 2018**

4. Commitments and Contingencies

The Company occupies office premises under a noncancelable operating lease agreement with the Bank that expires in December 2022. Rent expense for the year ended December 31, 2018 amounted to \$166,740. Future minimum lease payments under this agreement as of December 31, 2018 are as follows:

Year Ending	Amount
2019	166,740
2020	166,740
2021	166,740
2022	166,740
	<u>\$ 666,960</u>

In the normal course of business, the Company enters into transactions involving financial instruments with off-balance sheet risk. These financial instruments include elements of market risk in excess of the amounts recognized in the statements of financial condition. In addition, risks arise from the possible inability of counter parties to meet the terms of their contracts.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends collateralized credit to its customers, subject to various regulatory and internal margin requirements. Such transactions may expose the Company to off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company regularly monitors margin levels and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

The Company may be required, in the event of the nondelivery of customers' securities owed to the Company by other broker-dealers or by its customers, to purchase the securities in the open market to correct a failed settlement. These correction transactions to buy and sell may result in losses that are not reflected in the accompanying financial statements.

5. Fair Value of Financial Instruments

The Company's financial instruments at December 31, 2018 consisted of cash and cash equivalents, deposits with clearing broker, and receivables from and payables to third parties and affiliates. The carrying amounts of the Company's financial instruments approximate fair value because of the short maturity of the instruments.

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Notes to the Financial Statements
December 31, 2018

6. Incentive Compensation and Benefit Plans

a) Employee Benefit Plans

The Mercantil Bank U.S.A. Retirement Benefit Plan (the "401 (k) Plan") is a 401(k) benefit plan covering substantially all employees of the Company.

The Company matches 100% of each participant's contribution up to a maximum of 5% of their annual salary. Contributions by the Company to the 401 (k) Plan are based upon a fixed percentage of participants' salaries as defined by the 401 (k) Plan. The Plan enables Highly Compensated employees to contribute up to the maximum allowed without further restrictions. All contributions made by the Company to the participants' accounts are vested immediately. In addition, employees with at least three months of service and who have reached the age of 21 may contribute a percentage of their salaries to the 401 (k) Plan as elected by each participant.

The Company's matching contributions to the 401 (k) Plan amounted to \$177,019 in 2018.

The Bank maintains a non-qualified deferred compensation plan for eligible highly compensated employees (the "Deferred Compensation Plan"). The Deferred Compensation Plan permits deferrals of compensation above the amounts that can be contributed for retirement under the 401 (k) Plan. Under the Deferred Compensation Plan, eligible employees may elect to defer all or a portion of their annual salary and cash incentive awards and allows them to receive matching contributions up to 5% of their annual salary. All deferrals, employer contributions, earnings, and gains on each participant's account in the Deferred Compensation Plan are vested immediately. The Spin-off caused an unexpected early distribution for U.S. federal income tax purposes from the Deferred Compensation Plan. The Company partially compensated plan participants, in the aggregate amount of \$80,568, for the higher tax expense they will incur as a result of the distribution increasing the plan participants' estimated effective federal income tax rates by recording a contribution to the plan on behalf of its participants.

b) Stock-based Incentive Compensation Plan

On March 12, 2018, MSF, the Company's ultimate parent at that time, approved the Mercantil Bank Holding Corporation 2018 Equity and Incentive Compensation Plan (the "2018 Equity Plan"). Under the 2018 Equity Plan, certain number of common shares of the Holding Company are reserved for issuance pursuant the grant of options rights, appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash incentive awards or other share-based awards.

On December 21, 2018, certain Company employees were granted 10,790 restricted Class A common stock shares of the Holding Company under the 2018 Equity Plan. These shares of restricted stock will vest in three approximately equal amounts on each of December 21, 2019, 2020 and 2021. The fair value of the restricted stock granted was based on the market price of the Holding Company's common stock class A at the grant date which was \$13.45. The total unearned deferred compensation expense of \$142,697 for all unvested restricted stock outstanding as of December 31, 2018 will be recognized over a weighted average period of 2 years.

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Notes to the Financial Statements
December 31, 2018

7. Income Taxes

The components of the income tax expense for the year ended December 31, 2018 is as follows:

	<u>December 31,</u> <u>2018</u>
Current provision	
Federal	\$ 832,459
State	236,192
Deferred tax (benefit) expense	<u>(135,142)</u>
	<u>\$ 933,509</u>

On December 22, 2017, the legislation known as the Tax Cuts and Jobs Act of 2017 ("the 2017 Tax Act") was signed into law. This law significantly changes U.S. tax law by, among other things, lowering corporate federal income tax rates and implementing a territorial tax system. The legislation permanently reduces the U.S. corporate income tax rate from 35% to 21%, effective January 1, 2018. As a result of the reduction in the U.S. corporate federal income tax rate from 35% to 21%, the Company re-measured its ending net deferred tax assets at December 31, 2017 and recognized a total of \$55,234 tax expense in the Company's statement of income for the year ended December 31, 2017.

The composition of the net deferred tax asset, included in other assets on the Statement of Financial Condition, is as follows:

	<u>December 31,</u> <u>2018</u>
Tax effect of temporary differences	
Deferred compensation expense	\$ 220,669
Other	<u>(703)</u>
	<u>\$ 219,966</u>

The Company evaluates the deferred tax asset for recoverability using a consistent approach which considers the relative impact of negative and positive evidence, including historical financial performance and projections of future taxable income. This evaluation involves significant judgment by management about assumptions that are subject to change from period to period. Management believes that the weight of all the positive evidence currently available exceeds the negative evidence in support of the realization of the future tax benefits associated with the federal net deferred tax asset. As a result, management has concluded that the federal net deferred tax asset in its entirety will more likely than not be realized. Therefore, a valuation allowance is not considered necessary. If future results differ significantly from the Company's current projections, a valuation allowance against the net deferred tax asset may be required.

Amerant Investment Services, Inc.**(Formerly Known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Notes to the Financial Statements****December 31, 2018**

At December 31, 2018, the Company had approximately \$119 thousand of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. The unrecognized tax benefits relate to income tax exposures where the Company believes it is reasonably possible that, upon examination, tax authorities may take a position contrary to the position taken by the Company. The Company believes that resolution regarding its uncertain tax positions is reasonably possible within the next twelve months and could result in full recognition of the benefit in 2019.

8. Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule 15c3-1 under the Securities and Exchange Act of 1934, which requires the maintenance of minimum net capital as defined under such rule. At December 31, 2018, the Company had net capital of \$1,567,390, which was \$1,462,797, in excess of its required net capital of \$104,593. At December 31, 2018 the Company's percentage of aggregate indebtedness to net capital was 100.10%.

Supplementary Information

Amerant Investment Services, Inc.**(Formerly known as Mercantil Investment Services, Inc.)****(A wholly owned subsidiary of Amerant Bank, N.A., formerly known as Mercantil Bank, N.A.)****Schedule I - Computation of Net Capital Under Rule 15c3-1 and
Information Relating to Possession or Control Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission
December 31, 2018**

Computation of net capital

Total stockholder's equity	\$ 3,347,665
----------------------------	--------------

Deductions and/or charges**Nonallowable assets**

Receivable from clearing broker	\$ 1,150,000
---------------------------------	--------------

Receivable from affiliates	188,461
----------------------------	---------

Other assets	441,814
--------------	---------

Total deductions and/or charges	1,780,275
---------------------------------	-----------

Net capital	1,567,390
-------------	-----------

Computation of basic net capital requirement

Minimum net capital required	104,593
------------------------------	---------

Excess of net capital	\$ 1,462,797
-----------------------	--------------

Computation of aggregate indebtedness**Total aggregate indebtedness**

Accrued expenses and other liabilities	\$ 1,568,900
--	--------------

Ratio of aggregate indebtedness to net capital	100.10%
--	---------

No material differences exist between the above computation and the computation prepared by the Company and included in the Company's December 31, 2018 unaudited FOCUS Report filing dated January 27, 2019.

The Company claims exemption from Rule 15c3-3 pursuant to the provisions of subparagraph k(2)(ii).

Other Information

Amerant Investments, Inc. Exemption Report

Amerant Investments, 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 provision of 17 C.F.R. § 240.15c3-3 (k) (2) (ii);
- (2) The Company met the identified exemption provision in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year.

Amerant Investments, Inc.

I, Ralph Vina, swear (or affirm) that, to my best knowledge and belief, this Exemption

Report is true and correct.

By: 

Title: Chief Compliance Officer

February 27, 2019

Report of Independent Registered Public Accounting Firm



Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholder of Amerant Investments, Inc.
(Formerly Mercantil Investment Services, Inc.)

We have reviewed Amerant Investments, Inc.'s (formerly Mercantil Investment Services, Inc.) (the "Company") assertions, included in the accompanying Amerant Investments, Inc. Exemption Report, in which (1) the Company identified 17 C.F.R. § 240.15c3-3(k)(2)(ii) as the provision under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (the "exemption provision") and (2) the Company stated that it met the identified exemption provision throughout the year ended December 31, 2018 without exception. The Company's management is responsible for the assertions and for compliance with the identified exemption provision throughout the year ended December 31, 2018.

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 assertions. 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 assertions 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 17 C.F.R. § 240.15c3-3.

PricewaterhouseCoopers LLP

Fort Lauderdale, Florida
February 27, 2019



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder
of Amerant Investments, Inc.
(formerly Mercantil Investment Services, Inc.)

In accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Amerant Investments, Inc. (formerly Mercantil Investment Services, Inc.) and the Securities Investor Protection Corporation ("SIPC") (collectively, the "specified parties") with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Amerant Investments, Inc. for the year ended December 31, 2018, solely to assist the specified parties in evaluating Amerant Investments, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for Amerant Investments, Inc.'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) 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 the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as follows:

1. Compared the listed assessment payments on page 1, items 2B and 2G of Form SIPC-7 with the respective cash disbursement records entries, as follows: Payment dated July 6, 2018 in the amount of \$7,733 was compared to the wire transfer detail (Ref. #180706161707CR01) provided by the Wealth Management Operations Manager, noting no differences and payment dated January 7, 2019 in the amount of \$6,764 was compared to the wire transfer detail (Ref. #190107144307CR01) provided by the Wealth Management Operations Manager, noting no differences.
2. Compared the cumulative Total Revenue amount of \$14,329,253 reported, on page 5 of the audited Form X-17A-5 for each of the quarters ended in March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018 to the Total revenue amount of \$14,329,253 reported on page 2, item 2a of Form SIPC-7 for the year ended December 31, 2018, noting no differences.
3. Compared any adjustments reported on page 2, items 2b and 2c of Form SIPC-7 with the supporting schedules and working papers, as follows:
 - a. Compared deductions on line 2c(1), revenues from the distribution of shares of a registered open end investment company or unit investment trust of \$4,139,431 to "CIS_FastLeads_2018-12" provided by the Wealth Management Operations Manager, noting no differences.
 - b. Compared deductions on line 2c(3), Commissions, floor brokerage and clearance paid to other SIPC member in connection with securities transactions of \$420, 229 to

"CIS_FastLeads_2018-12" provided by the Wealth Management Operations Manager, noting no differences.

- c. Compared deductions on line 2c (9ii), 40% of margin interest earned on customers securities accounts, of \$104,834 to "CIS_FastLeads_2018-12" provided by the Wealth Management Operations Manager, noting no differences.
- 4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers obtained in procedure 3, as follows:
 - a. Recalculated the mathematical accuracy of the SIPC Net Operating Revenues on page 2, line 2d and the General Assessment @ .0015 on page 2, line 2e, \$9,664,959 and \$14,497, respectively of the Form SIPC-7, noting differences.
 - b. Recalculated the mathematical accuracy of the deductions on line 2c(1), revenues from the distribution of shares of a registered open end investment company or unit investment trust of \$4,139,431 (2018 results) by summing the following December 31, 2018 account balances from the trial balance provided by the Wealth Management Operations Manager, noting no differences.

Account Number	Description
5330150	Trailer Fee 12B1 Brokerage
5330152	Trailer Fee 12B1 Advisory
5330250	Mutual Fund Concessions Earned

- c. Recalculated the mathematical accuracy of the deductions on line 2c(3), Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions of \$420,229 (2018 results) by summing the following December 31, 2018 account balances from the trial balance provided by the Wealth Management Operations Manager, noting no differences.

Account Number	Description
630210	Broker Clearing Cost 5VA FI
6302050	Mutual Funds CO Exchange Fees

- d. Recalculated the mathematical accuracy of the deductions on line 2c(9ii), 40% of margin interest earned on customers securities accounts of \$104,834, by multiplying the December 31, 2018 balance of account # 5330160 – Margin Participation in the amount of \$262,084 from the trial balance provided by the Wealth Management Operations Manager, by 40% noting no differences.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's preparation of Form SIPC-7 in accordance with the applicable instructions. 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 Management, the Board of Directors and Stockholder of Amerant Investments, Inc. (formerly Mercantil Investment Services, Inc.) and the Securities Investor Protection Corporation and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Brian W. Cooper".

Fort Lauderdale, Florida
February 27, 2019

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

General Assessment Reconciliation**SIPC-7**

(36-REV 12/18)

For the fiscal year ended _____

(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:

053612 FINRA DEC
 Amerant Investments, Inc.
 220 Alhambra Circle, 2nd Floor
 Coral Gables, FL 33134

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.

Sergio Guerrero, FINOP (305) 629-5881

WORKING COPY

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

\$14,497

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

(7,733)

07/06/2018

Date Paid

C. Less prior overpayment applied

(0)

D. Assessment balance due or (overpayment)

6,764

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)

\$6,764

G. PAYMENT: ☒ the box

Check mailed to P.O. Box ☐ Funds Wired ☒ ACH ☐ \$6,764
 Total (must be same as F above)

H. Overpayment carried forward

\$(0)

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

NONE

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.

Amerant Investments, Inc.

(Name of Corporation, Partnership or other organization)

[Signature]

(Authorized Signature)

Dated the 07 day of January, 2019FINOP

(Title)

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 _____
and ending _____

Item No.

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

Eliminate cents

\$14,329,253

2b. Additions:

(1) Total revenues 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.

4,139,431

(2) Revenues from commodity transactions.

0

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

420,229

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

0

(5) Net gain from securities in investment accounts.

0

(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.

0

(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).

0

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

None

0

(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.

\$ 0

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

\$104,834

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

104,834

Total deductions

4,664,494

2d. SIPC Net Operating Revenues

\$9,664,759

2e. General Assessment @ .0015

\$ 14,497

(to page 1, line 2.A.)

SIPC-7 Instructions

This form is to be filed by all members of the Securities Investor Protection Corporation whose fiscal years end in 2011 and annually thereafter. The form together with the payment is due no later than 60 days after the end of the fiscal year, or after membership termination. Amounts reported herein must be readily reconcilable with the member's records and the Securities and Exchange Commission Rule 17a-5 report filed. Questions pertaining to this form should be directed to SIPC via e-mail at form@sipc.org or by telephoning 202-371-8300.

A. For the purposes of this form, the term "SIPC Net Operating Revenues" shall mean gross revenues from the securities business as defined in or pursuant to the applicable sections of the Securities Investor Protection Act of 1970 ("Act") and Article 6 of SIPC's bylaws (see page 4), less item 2c(9) on page 2.

B. Gross revenues of subsidiaries, except foreign subsidiaries, are required to be included in SIPC Net Operating Revenues on a consolidated basis except for a subsidiary filing separately as explained hereinafter.

If a subsidiary was required to file a Rule 17a-5 annual audited statement of income separately and is also a SIPC member, then such subsidiary must itself file SIPC-7, pay the assessment, and should not be consolidated in your SIPC-7.

SIPC Net Operating Revenues of a predecessor member which are not included in item 2a, were not reported separately and the SIPC assessments were not paid thereon by such predecessor, shall be included in item 2b(1).

C. Your General Assessment should be computed as follows:

(1) Line 2a For the applicable period enter total revenue based upon amounts reported in your Rule 17a-5 Annual Audited Statement of Income prepared in conformity with generally accepted accounting principles applicable to securities brokers and dealers, or if exempted from that rule, use X-17A-5 (FOCUS Report) Line 12, Code 4030.

(2) Adjustments The purpose of the adjustments on page 2 is to determine SIPC Net Operating Revenues.

(a) Additions Lines 2b(1) through 2b(7) assure that assessable income and gain items of SIPC Net Operating Revenues are totaled, unreduced by any losses (e.g., if a net loss was incurred for the period from all transactions in trading account securities, that net loss does not reduce other assessable revenues). Thus, line 2b(4) would include all short dividend and interest payments including those incurred in reverse conversion accounts, rebates on stock loan positions and repo interest which have been netted in determining line 2(a).

(b) Deductions Line 2c(1) through line 2c(9) are either provided for in the statute, as in deduction 2c(1), or are allowed to arrive at an assessment base consisting of net operating revenues from the securities business. For example, line 2c(9) allows for a deduction of either the total of interest and dividend expense (not to exceed interest and dividend income), as reported on FOCUS line 22/PART IIA line 13 (Code 4075), plus line 2b(4) or 40% of interest earned on customers' securities accounts (40% of FOCUS Line 5 Code 3960). Be certain to complete both line (i) and (ii), entering the greater of the two in the far right column. Dividends paid to shareholders are not considered "Expense" and thus are not to be included in the deduction. Likewise, interest and dividends paid to partners pursuant to the partnership agreements would also not be deducted.

If the amount reported on line 2c (8) aggregates to \$100,000 or greater, supporting documentation must accompany the form that identifies these deductions. Examples of support information include: contractual agreements, prospectuses, and limited partnership documentation.

- (i) Determine your SIPC Net Operating Revenues, item 2d, by adding to item 2a, the total of item 2b, and deducting the total of item 2c.
- (ii) Multiply SIPC Net Operating Revenues by the applicable rate. Enter the resulting amount in item 2e and on line 2A of page 1.
- (iii) Enter on line 2B the assessment due as reflected on the SIPC-6 previously filed.
- (iv) Subtract line 2B and 2C from line 2A and enter the difference on line 2D. This is the balance due for the period.
- (v) Enter interest computed on late payment (if applicable) on line 2E.
- (vi) Enter the total due on line 2F and the payment of the amount due on line 2G.
- (vii) Enter overpayment carried forward (if any) on line 2H.

D. Any SIPC member which is also a bank (as defined in the Securities Exchange Act of 1934) may exclude from SIPC Net Operating Revenues dividends and interest received on securities in its investment accounts to the extent that it can demonstrate to SIPC's satisfaction that such securities are held, and such dividends and interest are received, solely in connection with its operations as a bank and not in connection with its operations as a broker, dealer or member of a national securities exchange. Any member who excludes from SIPC Net Operating Revenues any dividends or interest pursuant to the preceding sentence shall file with this form a supplementary statement setting forth the amount so excluded and proof of its entitlement to such exclusion.

E. Interest on Assessments If all or any part of assessment payable under Section 4 of the Act has not been postmarked within 15 days after the due date thereof, the member shall pay, in addition to the amount of the assessment, interest at the rate of 20% per annum on the unpaid portion of the assessment for each day it has been overdue.

F. Securities and Exchange Commission Rule 17a-5(e) (4) requires those who are not exempted from the audit requirement of the rule and whose gross revenues are in excess of \$500,000 to file a supplemental independent public accountants report covering this SIPC-7 no later than 60 days after their fiscal year ends.

Mail this completed form to SIPC together with a check for the amount due, made payable to SIPC, using the enclosed return PO BOX envelope, pay via ACH Debit Authorization through SIPC's ACH system at www.sipc.org/for-members/assessments or wire the payment to:

On the wire identify the name of the firm and its SEC Registration # and label it as "for assessment." Please fax a copy of the assessment form to (202)-223-1679 or e-mail a copy to form@sipc.org on the same day as the wire.

From Section 16(9) of the Act:

The term "gross revenues from the securities business" means the sum of (but without duplication)—

- (A) commissions earned in connection with transactions in securities effected for customers as agent (net of commissions paid to other brokers and dealers in connection with such transactions) and markups with respect to purchases or sales of securities as principal;
- (B) charges for executing or clearing transactions in securities for other brokers and dealers;
- (C) the net realized gain, if any, from principal transactions in securities in trading accounts;
- (D) the net profit, if any, from the management of or participation in the underwriting or distribution of securities;
- (E) interest earned on customers' securities accounts;
- (F) fees for investment advisory services (except when rendered to one or more registered investment companies or insurance company separate accounts) or account supervision with respect to securities;
- (G) fees for the solicitation of proxies with respect to, or tenders or exchanges of, securities;
- (H) income from service charges or other surcharges with respect to securities;
- (I) except as otherwise provided by rule of the Commission, dividends and interest received on securities in investment accounts of the broker or dealer;
- (J) fees in connection with put, call, and other options transactions in securities;
- (K) commissions earned for transactions in (i) certificates of deposit, and (ii) Treasury bills, bankers acceptances, or commercial paper which have a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof, the maturity of which is likewise limited, except that SIPC shall by bylaw include in the aggregate of gross revenues only an appropriate percentage of such commissions based on SIPC's loss experience with respect to such instruments over at least the preceding five years; and
- (L) fees and other income from such other categories of the securities business as SIPC shall provide by bylaw.

Such term includes revenues earned by a broker or dealer in connection with a transaction in the portfolio margining account of a customer carried as securities accounts pursuant to a portfolio margining program approved by the Commission. Such term does not include revenues received by a broker or dealer in connection with the distribution of shares of a registered open end investment company or unit investment trust or revenues derived by a broker or dealer from the sales of variable annuities, the business of insurance, or transactions in security futures products.

From Section 16(14) of the Act:

The term "Security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, any collateral trust certificate, preorganization certificate or subscription, transferable share, voting trust certificate, certificate of deposit, certificate of deposit for a security, or any security future as that term is defined in section 78c(a)(55)(A) of this title, any investment contract or certificate of interest or participation in any profit-sharing agreement or in any oil, gas or mineral royalty or lease (if such investment contract or interest is the subject of a registration statement with the Commission pursuant to the provisions of the Securities Act of 1933 [15 U.S.C. 77a et seq.]), any put, call, straddle, option, or privilege on any security, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, any certificate of interest or participation in, temporary or Interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase or sell any of the foregoing, and any other instrument commonly known as a security. Except as specifically provided above, the term "security" does not include any currency, or any commodity or related contract or futures contract, or any warrant or right to subscribe to or purchase or sell any of the foregoing.

From SIPC Bylaw Article 6 (Assessments):

Section 1(f):

The term "gross revenues from the securities business" includes the revenues in the definition of gross revenues from the securities business set forth in the applicable sections of the Act.

Section 3:

For purpose of this article:

- (a) The term "securities in trading accounts" shall mean securities held for sale in the ordinary course of business and not identified as having been held for investment.
- (b) The term "securities in investment accounts" shall mean securities that are clearly identified as having been acquired for investment in accordance with provisions of the Internal Revenue Code applicable to dealers in securities.
- (c) The term "fees and other income from such other categories of the securities business" shall mean all revenue related either directly or indirectly to the securities business except revenue included in Section 16(9)(A)-(L) and revenue specifically excepted in Section 4(c)(3)(C)[Item 2c(1), page 2].

Note: If the amount of assessment entered on line 2e of SIPC-7 is greater than 1/2 of 1% of "gross revenues from the securities business" as defined above, you may submit that calculation along with the SIPC-7 form to SIPC and pay the smaller amount, subject to review by your Examining Authority and by SIPC.

SIPC Examining Authorities:

ASE American Stock Exchange, LLC
CBOE Chicago Board Options Exchange, Incorporated
CHX Chicago Stock Exchange, Incorporated

FINRA Financial Industry Regulatory Authority
NYSE Arca, Inc.
NASDAQ OMX PHLX
SIPC Securities Investor Protection Corporation