

THEMIS TRADING LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2017

FILED PURSUANT TO RULE 17A(5)(E)(3) OF THE  
SECURITIES ACT OF 1934 AS A PUBLIC DOCUMENT

**PUBLIC**

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

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-65260

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 January 1, 2017 AND ENDING December 31, 2017  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Themis Trading LLC**

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

**10 Town Square, Suite 100**

(No. and Street)

**Chatham**

**NJ**

**07928**

(City)

(State)

(Zip Code)

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

Paul Zajac (973) 665-9600

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**Sobel & Co, LLC**

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

**293 Eisenhower Parkway**

**Livingston**

**NJ**

**07039**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



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

FOR OFFICIAL USE ONLY

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

## OATH OR AFFIRMATION

I, Paul S. Zajac, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Themis Trading LLC, as of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

**ERIC B SIMMONS**  
Notary Public  
State of New Jersey  
My Commission Expires Sept. 12, 2022  
I.D.# 2425035

Notary Public

Paul S. Zajac  
Signature  
Managing Member  
Title

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

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

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



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

293 Eisenhower Parkway  
Livingston, NJ 07039-1711  
Office: 973.994.9494  
Fax: 973.994.1571  
www.sobel-cpa.com

**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

To the Members  
Themis Trading LLC  
Chatham, New Jersey

**Opinion on the Financial Statement**

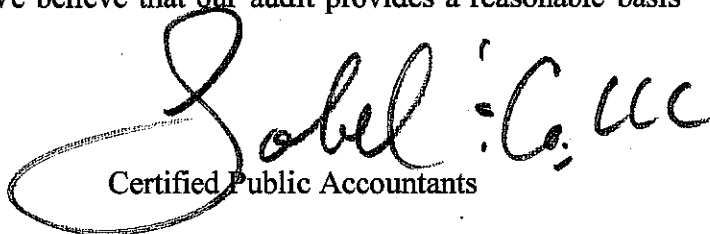
We have audited the accompanying statement of financial condition of Themis Trading LLC as of December 31, 2017, and the related notes (collectively, "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Themis Trading LLC as of December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of Themis Trading LLC's management. Our responsibility is to express an opinion on Themis Trading LLC's financial statement 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 Themis Trading LLC 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 statement is 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 statement, 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.

  
Certified Public Accountants

We have served as Themis Trading LLC's auditor since 2015.

Livingston, New Jersey  
February 20, 2018

THEMIS TRADING LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2017

ASSETS

Cash	\$ 819,884
Deposit with clearing broker	252,987
Commissions receivable	431,023
Fixed assets at cost, net of accumulated depreciation of \$151,365	19,219
Other assets	<u>31,357</u>
 TOTAL ASSETS	 <u><u>\$ 1,554,470</u></u>

LIABILITIES AND MEMBERS' CAPITAL

LIABILITIES	
Accrued expenses and other liabilities	\$ 398,840
Commitments and contingencies	
 MEMBERS' CAPITAL	 <u>1,155,630</u>
 TOTAL LIABILITIES AND MEMBERS' CAPITAL	 <u><u>\$ 1,554,470</u></u>

The accompanying notes are an integral part of this statement.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

1. ORGANIZATION AND NATURE OF BUSINESS

Themis Trading LLC (the "Company") was organized in the State of Delaware on February 21, 2002. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC"), Financial Industry Regulatory Authority, Inc. ("FINRA"), NYSE Arca, Inc., BATS Y-Exchange, Inc., BATS Z-Exchange, Inc., Investors' Exchange LLC, and 21 states. In this capacity it executes agency transactions for institutional customers and conducts soft dollar transactions. The Company operates on a fully disclosed basis through its clearing broker, Merrill Lynch, Pierce, Fenner & Smith, Incorporated ("Merrill Lynch"). In January 2018, the Company started the process of replacing Merrill Lynch by executing a new clearing agreement with Cowen Executive Services LLC ("Cowen").

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failure of the other party to the transaction to perform (credit risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker-dealer, clearing organization, customer and/or other counterparty with which it conducts business.

The Company introduces its customer transactions on a fully disclosed basis to Merrill Lynch for correspondent clearing services in accordance with the terms of a clearance agreement. In connection with the agreement Merrill Lynch has agreed to perform clearing and depository operations, and the Company has agreed to indemnify Merrill Lynch for losses that it may sustain related to the Company's customers. At December 31, 2017, the deposit with clearing broker reflected on the statement of financial condition was substantially in cash. Under the newly signed clearing agreement mentioned above, Cowen will continue the services provided by Merrill Lynch.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(continued)

## 2. SIGNIFICANT ACCOUNTING POLICIES

Security transactions with Merrill Lynch are classified as operating activities on the statement of cash flows since this is the Company's principal business.

The Company maintains its books and records on an accrual basis in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

Depreciation is charged to operations over the estimated useful lives of the assets on a straight-line basis.

The Company records commissions, soft dollar revenues and fees and related expenses on a trade date basis as transactions occur.

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

The Company maintains cash accounts with a financial institution. At times the balance may exceed the Federal Deposit Insurance Corporation insurance limits. At year end, amounts over the insurance limit were approximately \$544,996.

## 3. INCOME TAXES

The Company has elected to be recognized as an S-corporation by the Internal Revenue Service for tax purposes only. As an S-corporation, the Company is not subject to income taxes. The Company's income or loss is reportable by its shareholders on their individual tax returns.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(continued)

3. INCOME TAXES (continued)

The Financial Accounting Standards Board provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ended December 31, 2017 management has determined that there are no material uncertain income tax positions.

4. SOFT DOLLAR TRANSACTIONS

The Company's customers are permitted to allocate a portion of their gross commissions to pay for third party research that is consistent with the guidelines set forth in Section 28(e) of the Securities Exchange Act of 1934 ("SEA"). Soft dollar expenses of \$897,312 included in the financial statements represent these commission payments or accruals for future commission payments. At December 31, 2017, approximately \$93,731 is included in other liabilities related to these accrued commission payments.

5. PROFIT SHARING PLAN

The Company has a profit-sharing plan covering all qualified employees. Contributions to the plan are determined annually by the Company's members. Profit sharing plan expenses of \$7,827 included in the statement of operations represent these contributions. There were no contribution accruals on the statement of financial condition for the plan year ended December 31, 2017.

6. BUY/SELL AGREEMENT

Under the terms of an agreement between the Company's members and upon the death of a member, the surviving members are required to purchase the deceased member's interest in the Company. The purchase price of a membership interest is based on the value of the related insurance policy, as defined in the agreement. Each of the Company's members maintains insurance policies on the lives of the other members to fund these obligations.



THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(continued)

7. COMMITMENTS AND CONTINGENT LIABILITIES

The Company occupies space in Chatham, New Jersey under a lease expiring December 31, 2019. Future minimum lease payments pertaining to this agreement are as follows:

Year Ended December 31		
2018	\$	60,720
2019		60,720
Total	\$	<u>121,440</u>

The Company had no contingent liabilities and has not been named as a defendant in any lawsuit at December 31, 2017 or during the year then ended.

8. RULE 15C3-3

The Company is exempt from the provisions of the SEC customer protection SEA Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for or owe money or securities to customers and effectuates all financial transactions on behalf of customers on a fully disclosed basis to its clearing firm.

9. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC's net capital rule (SEA 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, shall not exceed 15 to 1. At December 31, 2017, the Company had net capital of \$1,105,054, which exceeded the minimum requirement of \$100,000 by \$1,005,054. The Company's ratio of aggregate indebtedness to net capital was 0.36 to 1.

10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

As a securities broker and dealer, the Company is engaged in various securities trading and brokerage activities servicing a diverse group of institutional investors. These activities may expose the Company to off-balance-sheet credit risk in the event a customer is unable to fulfill its contracted obligation.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(continued)

11. SUBSEQUENT EVENTS

Events have been evaluated subsequent to December 31, 2017 and through February 20, 2018, the date that these financial statements were available to be issued and no further information is required to be disclosed.