

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

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

SEC FILE NUMBER
8-66276

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 01/01/17 AND ENDING 12/31/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Tradeworx Securities LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

151 Bodman Place, Suite 301
(No. and Street)

Red Bank NJ 07701
(City) (State) (Zip Code)

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

Christopher Ray (732) 450-7464
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WithumSmith + Brown, PC

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

1411 Broadway New York NY 10018
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

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*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 (3-91)

Tradeworx Securities LLC

(A wholly owned subsidiary of Thesys Technologies LLC)

Statement of Financial Condition

Pursuant to Rule 17a-5 under the

Securities Exchange Act of 1934

December 31, 2017

Tradeworx Securities LLC
(A wholly owned subsidiary of Thesys Technologies LLC)
TABLE OF CONTENTS

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

- ☒ Independent Auditors' Report.
- ☒ Facing Page.
- ☒ Statement of Financial Condition.
- ☐ Statement of Operations.
- ☐ Statement of Changes in Member's Equity.
- ☐ Statement of Cash Flows.
- ☐ Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).

- ☐ Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- ☐ Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- ☐ Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- ☐ A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 (included with item (g)) and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- ☐ A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- ☒ An Affirmation.
- ☐ A copy of the SIPC Supplemental Report.
- ☐ A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).
- ☐ Report of Independent Registered Public Accounting Firm regarding Rule 15c3-3 exemption report.
- ☐ Management Statement Regarding Compliance with the Exemption Provisions for SEC Rule 15c3-3

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

AFFIRMATION

I, Christopher Ray, affirm that, to the best of my knowledge and belief, the accompanying statement of financial condition pertaining to Tradeworx Securities LLC at December 31, 2017, is true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



Signature

President
Title

Subscribed and sworn
to before me

27th day of February 2018

SHEENA SANCHEZ
NOTARY PUBLIC-STATE OF NEW YORK
No. 01SA6309218
Qualified in Bronx County
My Commission Expires August 04, 2018



Tradeworx Securities LLC
(A wholly owned subsidiary of Thesys Technologies LLC)
Index
December 31, 2017

	Page(s)
Report of Independent Registered Public Accounting Firm.....	1
Financial Statements	
Statement of Financial Condition	2
Notes to Financial Statement	3–4

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of Tradeworx Securities LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Tradeworx Securities LLC (the "Company"), as of December 31, 2017, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company 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 the Company's management. Our responsibility is to express an opinion on this 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 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 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

WithumSmith+Brown, PC

We have served as the Company's auditor since 2013.

February 27, 2018

Tradeworx Securities LLC
(A wholly owned subsidiary of Thesys Technologies LLC)

Statement of Financial Condition
December 31, 2017

Assets	
Cash	\$ 420,060
Receivable from broker	109,235
Due from affiliate	30,000
Other assets	<u>3,488</u>
Total assets	<u><u>\$ 562,783</u></u>
 Liabilities and Member's Equity	
Liabilities - accounts payable and accrued expenses	\$ 58,741
Member's equity	<u>504,042</u>
Total liabilities and member's equity	<u><u>\$ 562,783</u></u>

The accompanying notes are an integral part of this financial statement.

Tradeworx Securities LLC
(A wholly owned subsidiary of Thesys Technologies LLC)

Statement of Financial Condition
December 31, 2017

1. Organization and Business

Tradeworx Securities, LLC (the “Company”), a wholly owned subsidiary of Thesys Technologies LLC (the “Parent”), is a limited liability company. The Company is a broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company’s operations consist primarily of developing a fee based trading platform to be utilized by third party broker dealers.

2. Summary of Significant Accounting Policies

Basis of Presentation

This financial statement was prepared in conformity with accounting principles generally accepted in the United States of America which 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

Income Taxes

The Company is a single member limited liability company, and is treated as a disregarded entity for federal income tax reporting purposes. The Internal Revenue Code (“IRC”) provides that any income or loss is passed through to the ultimate beneficial individual member for federal, state and certain local income taxes. Accordingly, the Company has not provided for federal and state income taxes.

At December 31, 2017, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require.

3. Transactions with related parties

The Company maintains an administrative services agreement with its Parent whereby the Parent is to provide office space, administrative support, utilities and communications. The Company was charged \$8,678 for the year ended December 31, 2017.

Additionally, the Company licenses the technology for the trading platform pursuant to a license and support agreement with an affiliate. For the year ended December 31, 2017, the Company incurred \$360,000 under the licensing and support agreement. There are no balances payable to the affiliate for the technology costs as of December 31, 2017.

Tradeworx Securities LLC
(A wholly owned subsidiary of Thesys Technologies LLC)

Statement of Financial Condition
December 31, 2017

The Company was also reimbursed by an affiliate for certain consulting and compliance fees which totaled \$85,680 for the year ended December 31, 2017.

The Company entered into a written agreement with its affiliate, Tradeworx LUSP LLC ("LUSP"), effective June 30, 2015 where it has discretion to engage in equity trading activities on LUSP's behalf. The Company will also provide LUSP with use of its trading software and maintain and provide the books and records of such transactions. LUSP will pay the Company an advisory fee of \$100 per month, payable in advance. The Company has waived this fee. The agreement is renewed automatically for one year periods.

The Company also has an oral agreement with its affiliate, Tradeworx Inc. ("Tradeworx") that Tradeworx will reimburse the Company for regulatory costs that are in the form of fines by FINRA. The receivable from affiliate is a result of such regulatory fines currently levied upon the Company. The Company is currently in legal discussions with FINRA over additional fines that may be levied related to trade reporting, the outcome of which is uncertain and the amount of the fine uncertain. The potential range of loss is between \$30,000 and \$250,000. The Company has accrued \$30,000 with respect to the fine. The Company does not believe it will have a material effect on the financial statements.

The terms of this arrangement may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

4. Regulatory Requirements

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, 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 \$361,000 which exceeded the required net capital by \$356,000.

The Company does not handle cash or securities on behalf of customers. Accordingly, it is not affected by SEC Rule 15c3-3.