

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

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

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| OMB APPROVAL  |
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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2017 AND ENDING 12/31/2017  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Conning Investment Products, Inc**

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

**One Financial Plaza**

|                 |                  |                   |
|-----------------|------------------|-------------------|
|                 | (No. and Street) |                   |
| <b>Hartford</b> | <b>CT</b>        | <b>06103-2167</b> |
| (City)          | (State)          | (Zip Code)        |

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

**Thomas Forella** (860)299-2167  
(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) |              |
| <b>185 Asylum Street, Suite 2400</b> | <b>Hartford</b>  | <b>CT</b>    |
| (Address)                            | (City)   | (State)      |
|                                      |  | <b>06103</b> |
|                                      |  | (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)

## OATH OR AFFIRMATION

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
Chief Financial Officer

Title

City/County of Hartford  
State of Connecticut  
Subscribed and sworn to before me  
this 28 day of February, 2018  
by Janet L. Lewis  
\_\_\_\_\_  
Notary Public  
My commission expires 1/31/21

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).**

# **Conning Investment Products, Inc.**

**Financial Statements and**

**Supplementary Schedules pursuant to**

**Securities and Exchange Commission Rule 17a-5**

**For the year ended December 31, 2017**

# Conning Investment Products, Inc.

December 31, 2017

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

To the Board of Directors of Conning Investment Products, Inc.

### ***Opinion on the Financial Statements***

We have audited the accompanying balance sheet of Conning Investment Products, Inc. as of December 31, 2017, and the related statements of operations, shareholder'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, 2017, 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 computation of net capital for brokers and dealers pursuant to rule 15c3-1 and computation of determination of reserve requirements and information relating to possession or control requirements pursuant to rule 15c3-3 are supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934. The supplemental information is the responsibility of the Company's management. The supplemental information has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. 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 computation of net capital for brokers and dealers pursuant to rule 15c3-1 and computation of determination of reserve requirements and information relating to possession or control



requirements pursuant to rule 15c3-3 are fairly stated, in all material respects, in relation to the financial statements as a whole.

*PricewaterhouseCoopers LLP*

February 27, 2018

We have served as the Company's auditor since 2001.

**CONNING INVESTMENT PRODUCTS, INC.**  
**BALANCE SHEET**  
**AT DECEMBER 31, 2017**

|  | <u>2017</u>                    |
|--|--------------------------------|
| <b>ASSETS</b>  |                                |
| Current Assets:  |                                |
| Cash and cash equivalents  | \$ 933,678                     |
| Accounts receivable, net   | 89,214                         |
| Prepaid expenses   | <u>15,159</u>                  |
| Total current assets   | <u>1,038,051</u>               |
| Deferred income taxes  | <u>53,439</u>                  |
| Total assets   | <u><u>\$ 1,091,490</u></u>     |
| <br><b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>                                    |                                |
| Current Liabilities:   |                                |
| Due to affiliates  | \$ 99,516                      |
| Income taxes payable   | 1,717                          |
| Other liabilities and accrued expenses   | <u>37,536</u>                  |
| Total current liabilities  | <u>138,769</u>                 |
| <br>Common stock, \$.01 par value: 1,000 shares authorized, issued and outstanding | <br>10                         |
| Additional paid in capital   | 832,108                        |
| Retained earnings  | <u>120,603</u>                 |
| Total shareholder's equity   | <u>952,721</u>                 |
| <br>Total liabilities and shareholder's equity                                     | <br><u><u>\$ 1,091,490</u></u> |

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

**CONNING INVESTMENT PRODUCTS, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                   | <u>2017</u>         |
|-----------------------------------|---------------------|
| <b>REVENUE</b>                    |                     |
| Asset management fees             | \$ 255,224          |
| Sales and marketing fees          | 69,085              |
| Interest income and other revenue | <u>2,237</u>        |
| Total revenues                    | <u>326,546</u>      |
| <b>EXPENSES</b>                   |                     |
| Professional fees                 | 517,891             |
| Marketing and production          | 10,000              |
| Other operating expenses          | <u>27,160</u>       |
| Total expenses                    | <u>555,051</u>      |
| Loss before income taxes          | (228,505)           |
| Income tax benefit                | <u>(47,198)</u>     |
| Net loss                          | <u>\$ (181,307)</u> |

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

**CONNING INVESTMENT PRODUCTS, INC.  
STATEMENT OF SHAREHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                            | Common<br>Stock | Additional<br>Paid in<br>Capital | Retained<br>Earnings | Total<br>Shareholder's<br>Equity |
|----------------------------|-----------------|----------------------------------|----------------------|----------------------------------|
| Balance, December 31, 2016 | 10              | 832,108                          | 301,910              | 1,134,028                        |
| Net loss                   | -               | -                                | (181,307)            | (181,307)                        |
| Balance, December 31, 2017 | <u>\$ 10</u>    | <u>\$ 832,108</u>                | <u>\$ 120,603</u>    | <u>\$ 952,721</u>                |

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

**CONNING INVESTMENT PRODUCTS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | <u>2017</u>       |
|--|-------------------|
| Cash flows from operating activities:                                    |                   |
| Net Loss   | \$ (181,307)      |
| Adjustments to reconcile net loss to net cash<br>provided by operations: |                   |
| Deferred income taxes  | (64,457)          |
| Changes in assets and liabilities:                                       |                   |
| Accounts receivable  | 560,166           |
| Due to affiliates  | (687,356)         |
| Prepaid expenses   | (1,869)           |
| Other liabilities and accrued expenses                                   | 6,554             |
| Income tax payable   | (49,320)          |
| Net cash used in operating activities                                    | <u>(417,589)</u>  |
| <br>Net change in cash and cash equivalents                              | <br>(417,589)     |
| Cash and cash equivalents, beginning of the year                         | <u>1,351,267</u>  |
| Cash and cash equivalents, end of the year                               | <u>\$ 933,678</u> |
| <br>Supplemental disclosures:  |                   |
| Income tax payments  | \$ 66,580         |
| Income tax refund  | -                 |

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

**CONNING INVESTMENT PRODUCTS, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – ORGANIZATION**

Conning Investment Products, Inc. (the “Company”) is a securities broker-dealer registered with the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Company serves as an introducing broker-dealer for the purpose of placing institutional investors and does not receive customer funds or securities during the course of its operations and is exempt from the calculation of a reserve requirement pursuant to Rule 15c3-3 subparagraph (k)(2)(i) under the Securities Exchange Act of 1934.

The Company also provides asset management services primarily for institutional clients that are located in Canada. The Company is registered as an investment adviser with the SEC pursuant to section 203(c)(2)(A) of the Investment Advisors Act of 1940 and is registered with the Ontario Securities Commission as an investment adviser under the provisions of the Securities Act (Ontario) in the category of investment counsel and portfolio management.

The Company is a wholly-owned subsidiary of Conning & Company (the “Parent”). The Parent is a wholly-owned subsidiary of Conning Holdings Corp. (“CHC”). CHC is a wholly owned subsidiary of Conning U.S. Holdings, Inc. (“CUSH”) and CUSH is a wholly owned subsidiary of Conning Holdings Limited (“CHL”), which is the ultimate parent of all Conning entities. CHL is a wholly owned subsidiary of Cathay Life Insurance Co., Ltd. (“Cathay Life”), a life insurance company based in Taipei, Taiwan, ROC. Cathay Life is a wholly owned subsidiary of Cathay Financial Holding Co., Ltd (“Cathay”), which is also based in Taipei, Taiwan, ROC. Cathay is the ultimate parent of the Company and is publicly traded on the Taiwan Stock Exchange.

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by the Company are summarized below.

*Revenue Recognition* – In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The objective of the amendments in this update was to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 for entities that file financial statements with the Securities and Exchange Commission to fiscal years beginning after December 15, 2017. The Company has evaluated the effect of ASU 2014-09 and determined that it will not have an impact on the financial statement of the Company.

Asset management fees are determined based on contractual provisions and are earned based on percentages of the assets under management. Asset management fees are accrued into income in the period in which the service is provided. Sales and marketing fees are recognized when earned under the terms of placement or partnership agreements.

*Cash and Cash Equivalents* – Cash and cash equivalents represent cash and highly liquid investments with original maturities of three months or less.

*Concentration of Credit Risk* – Financial instruments which potentially expose the Company to concentration of credit risk consist primarily of cash and cash equivalents held at a creditworthy financial institution. During the year, cash was in excess of the Federal Deposit Insurance Corporation insurance limit of \$250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

*Income Taxes* – Income tax expense or benefit is based on income or loss reported in the financial statements. In accordance with FASB's income tax guidance (ASC 740), deferred federal and state income taxes are provided based on an asset and liability approach which requires the recognition of deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The future benefits of deferred tax assets are recognized when the realization of such benefits is more likely than not. The Company records a valuation allowance against the deferred income tax asset for that portion of the asset that may not be realized. As of December 31, 2017, the Company recorded a valuation allowance of \$19,437 (Note 5).

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*. This ASU requires all deferred tax assets and liabilities to be classified as non-current. ASU 2015-17 is effective for fiscal years and interim periods within those years beginning after December 15, 2016 with an early adoption permitted. The Company elected to prospectively adopt ASU 2015-17 as of December 31, 2016. The adoption of this guidance did not have an impact on our statement of operations or cash flows.

The Company is a member of an affiliated group and files a consolidated federal income tax return and combined state and local income tax returns with CUSH. Under a tax allocation agreement, the separate return basis is utilized, whereby each member computes and pays its tax liability on a separate return basis. In computing their income tax liability on a separate return basis, member companies have the ability to recover taxes paid in a prior year or offset future taxable income to the extent net operating losses or other tax attributes that they generated are carried back or forward in any manner permitted under the Internal Revenue Code.

The Company has applied Accounting for Uncertainty in Income Taxes (ASC 740) which clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the

financial statements. ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The impact of the provisions of ASC 740 is described in greater detail within the income taxes footnote (Note 5).

*Use of Estimates* – Management of the Company has made a number of estimates and assumptions relating to the reporting 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. Actual results could differ from these estimates.

### **NOTE 3 – VARIABLE INTEREST ENTITIES**

The Company is a significant shareholder in two Variable Interest Entities, European Clean Energy Fund GP, Ltd and Clean Energy Partners, LLC, which are not consolidated because the Company is not considered to be the primary beneficiary.

European Clean Energy Fund GP Ltd (“ECEF GP”), a Cayman Islands limited liability company, is the general partner for the European Clean Energy Fund, L.P. (“ECEF”). The Company owns 25% and another unaffiliated shareholder owns 75% of ECEF GP. The Company continues to receive management fees for its role as a 25% shareholder of ECEF GP. The Company’s participation in ECEF GP began on January 31, 2013 when it replaced Clean Energy Partners, LLC as the GP of ECEF. The Company has no exposure to loss as a result of its involvement with ECEF GP as it has not committed capital to ECEF GP. The purpose of the Company’s participation in ECEF GP is to generate sales and marketing fees for the Company. The Company accounts for ECEF GP using the equity method of accounting. Total equity in earnings recognized by the Company for the year ended December 31, 2017 were \$69,085 and are reported as a component of sales and marketing fees.

Clean Energy Partners, LLC (“CEP”), a Cayman Islands limited liability company, is a Special Limited Partner of ECEF and the former general partner of ECEF up until January 31, 2013. The Company owns 25% of CEP and another unaffiliated shareholder owns 75%. CEP has been inactive since ECEF GP became the general partner of ECEF. The Company has no exposure to loss as a result of its involvement with CEP as it has not committed capital to CEP. As a 25% shareholder of CEP, the Company previously received management fees through January 31, 2013 and placement fees through 2010 for placing investors with ECEF, and carbon advisory services fees through 2009 for advising CEP on the monetization of carbon credits and renewable energy certificates. The Company’s participation in CEP began in the second quarter of 2006 until January 31, 2013 when ECEF GP became the general partner of ECEF. The Company accounts for CEP using the equity method of accounting. No equity in earnings was recognized by the Company for the year ended December 31, 2017.

#### NOTE 4 – RECEIVABLES

Sales and Marketing fees receivable for the year ended December 31, 2017 were \$23,190. The balance at December 31, 2017 consists of monthly rebates from Securis Fund I (“Securis”).

Asset management fees receivable for the year ended December 31, 2017 were \$66,024. These fees represent amounts due for asset management services.

An allowance for doubtful accounts for receivables would be established based on management’s judgment of the ultimate collectability of accounts receivable. For December 31, 2017, no allowances for doubtful accounts were necessary or recorded.

#### NOTE 5 – INCOME TAXES

The provision for federal and state income taxes for the year ended December 31, 2017 is as follows:

|                             | <u>2017</u>        |
|-----------------------------|--------------------|
| Current income tax benefit  |                    |
| Federal                     | \$ 13,569          |
| State                       | 3,690              |
| Deferred income tax benefit |                    |
| Federal                     | (67,939)           |
| State                       | 3,482              |
| Total income tax benefit    | <u>\$ (47,198)</u> |

The provision for federal income taxes incurred is different from that which could be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows as of December 31, 2017:

|                              | <u>2017</u>        | <u>Effective<br/>Tax Rate</u> |
|------------------------------|--------------------|-------------------------------|
| Federal Tax Rate             | \$ (77,691)        | 34.0%                         |
| State and Local Income Taxes | 513                | -0.2%                         |
| Valuation Allowance          | 6,475              | -2.8%                         |
| Revisions to Estimates       | (6,971)            | 3.1%                          |
| Tax Rate Change              | 30,476             | -13.3%                        |
| Total                        | <u>\$ (47,198)</u> | <u>20.7%</u>                  |

The Components of the net deferred tax assets as of December 31, 2017 are as follows:

|                               | <u>2017</u>                 |
|-------------------------------|-----------------------------|
| Deferred tax assets:          |                             |
| Other accrued expenses        | \$ 7,741                    |
| Federal net operating losses  | 47,385                      |
| State net operating losses    | <u>25,557</u>               |
| Gross deferred tax assets     | 80,683                      |
| Valuation allowance           | <u>(19,437)</u>             |
| Gross deferred tax assets     | 61,246                      |
| <br>Deferred tax liabilities: |                             |
| Partnerships                  | <u>7,807</u>                |
| <br>Net deferred tax assets   | <br><u><u>\$ 53,439</u></u> |

On December 22, 2017, the United States President signed tax reform legislation known as the Tax Cuts and Jobs Act (the “Act”), which resulted in significant modifications to existing tax law. The Company’s financial statements for the year ended December 31, 2017 reflect the effects of the Act which includes a reduction in the U.S. Federal corporate tax rate 21%, effective January 1, 2018. The Company revalued its deferred tax assets and liabilities at the newly enacted tax rate resulting in a net deferred tax expense of \$30,476.

The Company has available Federal net operating losses of \$225,641 as of December 31, 2017 and state net operating losses of approximately \$428,103 as of December 31, 2017. Realization of the deferred tax asset is dependent upon the continued generation of sufficient taxable income prior to expiration of loss carryforwards. Due to changes in state tax laws, limiting the Company’s ability to utilize state loss carryforwards, management maintains a valuation allowance to reflect the portion of its state loss carryforwards expected to expire unused beginning in 2028.

Although realization is not assured, management believes that, with the exception of its state loss carryforwards, it is more likely than not that the net carrying value of deferred tax assets will be realized.

As of December 31, 2017, the total amount of unrecognized tax benefits, including interest and penalties was zero. The Company does not anticipate any significant changes with respect to unrecognized tax benefits within the next 12 months. The earliest federal tax year open for assessment by the Internal Revenue Service is 2009, as net operating losses from 2009 could be denied for tax years in which the benefit was

utilized. For New York state tax purposes, the 2014-2016 tax years remain open for audit and are currently under audit.

The Company does not anticipate any audit related adjustments that would result in a material adverse effect on the Company's balance sheets, statement of operations, shareholder's equity, and cash flows, and as such, holds no reserves for uncertain tax provisions.

## **NOTE 6 – RELATED PARTY TRANSACTIONS**

Conning, Inc. ("CINC"), a registered investment adviser owned by the Parent, provides accounting, legal and compliance, and sales and marketing services to the Company related to the Company's operations as a registered securities broker dealer. Fees for these services for the year ended December 31, 2017 were \$295,000 and are reflected in the Company's statement of operations.

The Company receives various other services from CINC. The services provided by CINC include portfolio management, trade execution, credit research and investment accounting and reporting services relating to Canadian dollar assets managed by the Company. Fees for these services for the year ended December 31, 2017 were \$157,260 and are reflected in the Company's statement of operations.

The Company's operating expenses were \$102,790 for the year ended December 31, 2017. These expenses were originally paid by CINC and reimbursed by CIP. The Company settles the due to affiliate balances generated by these operating expense transactions monthly.

The Company became a placement agent for Octagon Credit Investors, LLC ("Octagon") on February 1, 2016 under a new placement agreement after the Parent acquired 82% of Octagon on the same date. Octagon is a U.S. based manager of specialty fixed income asset classes with expertise in collateralized loan obligations, bank loans, and high yield bonds. As of December 31, 2017, no placement fees have been earned under this Octagon placement agreement.

Conning Asset Management Ltd ("CAML"), a UK based investment adviser owned by CHL, provided placement services to the Company by soliciting European investors to commit capital to Securis. Fees that the Company receives from Securis that are associated with placements made by CAML are paid to CAML by the Company and are not recognized as revenue by the Company. The Company has a payable to CAML for monthly rebates and performance fees from Securis in the amount of \$23,107 for the year ended December 31, 2017. Total fees received from Securis and paid to CAML in 2017 were \$829,525.

Due to affiliates are comprised of the following:

|                         | 2017             |
|-------------------------|------------------|
| Due to CINC             | \$ 76,409        |
| Due to CAML             | 23,107           |
| Total due to affiliates | <u>\$ 99,516</u> |

It is possible that the terms of the transactions mentioned above are not the same as those that would result from transactions among wholly unrelated parties.

#### **NOTE 7 – OTHER LIABILITIES AND ACCRUED EXPENSES**

Other liabilities and accrued expenses are comprised of the following:

|  | 2017             |
|--|------------------|
| Audit fee payable                            | \$ 36,628        |
| Miscellaneous payable                        | 700              |
| Sales tax payable                            | 208              |
| Total other liabilities and accrued expenses | <u>\$ 37,536</u> |

#### **NOTE 8 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's (SEC) Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the basic method, permitted by Rule 15c3-1, which requires the maintenance of a minimum net capital, as defined, of \$9,251 at December 31, 2017. At December 31, 2017 the Company had net capital, as defined, of \$776,235 which was \$766,984 over the required minimum net capital. The Company's net capital ratio (aggregate indebtedness to net capital) was approximately .18 to 1. Net capital may fluctuate on a daily basis.

The Company claims exemption from the provisions of Rule 15c3-3 in accordance with Section k(2)(i).

#### **NOTE 9 – SUBSEQUENT EVENTS**

As of February 27, 2018, the date in which the financial statements were issued, management determined that no other subsequent events have occurred following the balance sheet date of December 31, 2017, which requires recognition or disclosure in the financial statements.

**SCHEDULE I**

**CONNING INVESTMENT PRODUCTS, INC.  
COMPUTATION OF NET CAPITAL REQUIREMENT FOR BROKERS AND  
DEALERS PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934  
DECEMBER 31, 2017**

|   |    |        |                  |
|---|----|--------|------------------|
| Total shareholder's equity  |    | \$     | 952,721          |
| Less non-allowable assets:  |    |        |                  |
| Account Receivable  | \$ | 89,214 |                  |
| Deferred Income Taxes   |    | 53,439 |                  |
| Prepaid Expenses  |    | 15,159 | 157,812          |
| Tentative Net Capital   |    |        | <u>794,909</u>   |
| Haircuts on Allowable Assets  |    |        | <u>18,674</u>    |
| Net capital   |    | \$     | <u>776,235</u>   |
| Total aggregate indebtedness  |    | \$     | <u>138,769</u>   |
| Minimum net capital requirement (6.6667% of<br>aggregate indebtedness or \$5,000, which<br>ever is greater) | \$ | 9,251  |                  |
| Net capital in excess of requirements   |    |        | <u>766,984</u>   |
| Net capital   |    | \$     | <u>776,235</u>   |
| Ratio of aggregate indebtedness to net capital  |    |        | <u>0.18 to 1</u> |

There are no material differences between this computation and the corresponding computation in the amended unaudited Part II FOCUS Report as of December 31, 2017.

**SCHEDULE II**

**CONNING INVESTMENT PRODUCTS, INC.  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS PURSUANT TO RULE 15c3-3 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934  
DECEMBER 31, 2017**

The Company claims exemption from the provision of Rule 15c3-3 in accordance with Section k(2)(i).



## Conning Investment Products, Inc. Exemption Report

Conning Investment Products, 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 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 claims an exemption from 17 C.F.R. §240.15c3-3 under the provision of 17 C.F.R. §240.15c3-3(k): (2)(i).
- 2) The Company met the identified exemption provision in 17 C.F.R. §240.15c3-3(k) throughout the most recent fiscal year without exception.

Conning Investment Products, Inc.

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

By:   
Chief Financial Officer & Operations Principal  
February 27, 2018



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

To the Board of Directors of Conning Investment Products, Inc.

We have reviewed Conning Investment Products, Inc.'s assertions, included in the accompanying Conning Investment Products, Inc. Exemption Report, in which (1) the Company identified 17 C.F.R. § 240.15c3-3(k)(2)(i) 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, 2017 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, 2017.

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)(i) of 17 C.F.R. § 240.15c3-3.

*PricewaterhouseCoopers LLP*

February 27, 2018