

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
8-67376

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 01/01/19 AND ENDING 12/31/19  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: BIDS Trading L.P.

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

1 Liberty Plaza, 165 Broadway, 23rd Floor

(No. and Street)

New York

NY

10006

(City)

(State)

(Zip Code)

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

Ira Leibowitz

(212)618-2086

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Grant Thornton LLP

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

757 Third Avenue, 9th Floor

New York

NY

10017

(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)

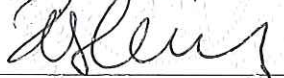
## OATH OR AFFIRMATION

I, Timothy J. Mahoney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BIDS Trading L.P., as of December 31,, 20 19, 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:

\_\_\_\_\_

\_\_\_\_\_

**ZOE NORINSKY**  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01NO6172830  
Qualified in New York County  
My Commission Expires 08-20-2023

  
Notary Public

  
Signature

CEO

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).**

Statement of Financial Condition and  
Report of Independent Registered Public Accounting Firm

**BIDS TRADING L.P.**

December 31, 2019

---

**GRANT THORNTON LLP**

757 Third Ave., 9<sup>th</sup> Floor  
New York, NY 10017-2013

**D** +1 212 599 0100

**F** +1 212 370 4520

**S** [linkd.in/GrantThorntonUS](https://www.linkedin.com/company/grantthorntonus)  
[twitter.com/GrantThorntonUS](https://twitter.com/GrantThorntonUS)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Partners  
**BIDS Trading, L.P.**

**Opinion on the financial statements**

We have audited the accompanying statement of financial condition of BIDS Trading, L.P. (a Delaware Limited Partnership) (the "Company") as of December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

**Basis for opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made

by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Grant Thornton LLP*

We have served as the Company's auditor since 2012.

New York, New York  
February 20, 2020

**BIDS TRADING L.P.**  
**Statement of Financial Condition**  
**December 31, 2019**

---

**ASSETS**

Cash	\$11,923,913
Accounts receivable	4,753,569
Deposit with clearing broker	260,902
Deferred tax asset	67,683
Other assets	<u>274,741</u>
Total assets	<u><u>\$17,280,808</u></u>

**LIABILITIES AND PARTNERS' CAPITAL**

**LIABILITIES**

Due to parent	1,136,705
Due to affiliates	901,202
Accounts payable	376,741
Other liabilities and accrued expenses	<u>455,092</u>
Total liabilities	<u>2,869,740</u>

Commitments and Contingencies (Note 7)

**PARTNERS' CAPITAL**

General partner	1
Limited partner	<u>14,411,067</u>
Total partners' capital	<u>14,411,068</u>
Total liabilities and partners' capital	<u><u>\$17,280,808</u></u>

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

**BIDS TRADING L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2019**

---

**1. ORGANIZATION AND NATURE OF BUSINESS**

BIDS Trading L.P. (the “Company”) was formed as a Delaware Limited Partnership on June 14, 2006. The Company is an agency broker/dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

The Company is owned by BIDS Holdings, L.P. (the “Parent”) and BIDS Holdings, G.P., LLC. The Parent is owned by 11 broker/dealers or their affiliates (the “Broker/Dealer Owners”), NYSE Euronext Inc. and Bloomberg L.P. The Broker/Dealer Owners execute trades on which the Company earns brokerage transaction fees. The Parent has developed a proprietary alternative trading system (the “ATS”), which is used by the Company to facilitate the execution of equity securities trades. The ATS facilitates trading between the buy-side and sell-side entities seeking to complete large block orders and generates brokerage transaction fees for the Company for facilitating such transactions.

BIDS Trading Technologies, Ltd. (“BIDS Canada”), a Canadian corporation registered in the Province of British Columbia, is a wholly owned subsidiary of the Parent and is an affiliate of the Company. BIDS Global Services LLC is registered in the state of Delaware, is a wholly owned subsidiary of the Parent, and is an affiliate of the Company. BIDS Trading Limited is incorporated in England and Wales and is a wholly owned subsidiary of BIDS Global Services LLC.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of this financial statement, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statement. Actual results could differ from those estimates.

**Income Taxes**

As a partnership, the Company is not subject to U.S. Federal, state and local income taxes. In general, each partner is individually liable for income taxes, if any, on its share of the Company’s net taxable income. The Company is subject to the New York City unincorporated business tax (“UBT”).

Income taxes are provided under the provisions of ASC Section 740, “Income Taxes”. Deferred income taxes are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established to reduce the deferred tax assets when, based on the weight of available evidence, it is more likely than not that such assets will not be realized in future years.

For the year ended December 31, 2019, the Company had no uncertain tax positions and, therefore, no reserves for such positions have been included in the Company’s financial statements. The following are the major tax jurisdictions for the Company and the earliest tax year subject to examination: United States - 2016, New York State - 2016, New York City - 2016.

**BIDS TRADING L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2019**

---

**New Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires that, for leases longer than one year, a lessee recognize in the statements of financial condition a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments. In addition, this ASU requires expanded disclosures about the nature and terms of lease agreements. The standard is effective for fiscal years beginning after December 15, 2018, for public entities and one year later for all other entities. The Company evaluated certain leases and determined it does not have the primary right-of-use and accordingly will exclude the lease obligations from the Statement of Financial Condition presentation.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments. This ASU amends several aspects of the measurement of credit losses on financial instruments, including replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses (CECL) model. The ASU is effective for the Company for periods beginning after December 15, 2019, the ultimate impact of adoption of this ASU on the Company's Statement of Financial Condition, will depend on, among other things, the economic environment and the type of financial assets held by the Company on the date of adoption.

**3. VALUE OF FINANCIAL INSTRUMENTS**

The fair value of the Company's financial instruments, including the accounts receivable, accrued expenses and compensation and accounts payable, approximates the carrying value due to their short-term nature.

**4. ACCOUNTS RECEIVABLE**

The accounts receivable balance at December 31, 2019 was \$4,753,569. This consists mainly of brokerage transaction fees receivable. The collectability of trade receivable balances is regularly evaluated based on a combination of factors such as customer credit-worthiness, past transaction history with the customer, current economic industry trends. If it is determined that a customer will be unable to fully meet its financial obligation, such as in the case of a bankruptcy filing or other material events impacting its business, a specific reserve for bad debt is recorded to reduce the related receivable to the amount expected to be recovered. Provisions for doubtful accounts are charged to operations at the time management determines that the accounts may become uncollectible. The Company has determined that no reserve was necessary at December 31, 2019 as it believes that all its accounts receivable will be collected.

**5. DEPOSIT WITH CLEARING BROKER**

The Company has \$260,902 on deposit with its clearing broker. In accordance with the clearing agreement, the clearing broker has the right to charge the Company for certain losses that result from the Company or a counterparty's failure to fulfill certain contractual obligations. No such losses occurred in 2019.



**BIDS TRADING L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2019**

---

**6. EMPLOYEE BENEFIT PLAN**

The Company's employees participate in a 401(k) profit sharing plan (the "Plan") sponsored by the Parent, which covers substantially all of the employees in the Company. The cost of administering the Plan is borne by the employees, the Company has no obligation relating to the Plan.

**7. COMMITMENTS AND CONTINGENCIES**

The Company is a party to an expense sharing agreement with the Parent including among other items, office space.

The Company is subject to credit risk should the broker/dealers be unable to pay the amount receivable as reflected on the Statement of Financial Condition. However, the Company does not anticipate non-performance by these counterparties.

The Company had a cash balance of \$11,923,913 at December 31, 2019 which is maintained in 1 banking institution which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on its cash.

From time to time, the Company may become party to various legal actions and regulatory inquiries arising in the ordinary course of its business. As of December 31, 2019, there are no such matters open.

**8. RELATED PARTY TRANSACTIONS**

The Company has entered into a services and expense agreement (the "Agreement") dated December 15, 2006 with its Parent. In connection with the Agreement, the Company may reimburse its Parent for certain expenses paid by the Parent on behalf of the Company. The Agreement also allows the Parent to waive reimbursement of these expenses and therefore recognize them as additional capital contribution by the Parent to the Company. On April 1, 2011, the Agreement was revised to include a monthly service fee, as well as a monthly license fee, in addition to the ability to continue acting as paymaster for certain expenses. On January 1, 2017 the Agreement was revised to remove the monthly service fee and define a basis for allocation of the Parent's expenses among its subsidiaries, including the Company and the Company's affiliates BIDS Trading Technologies, Ltd., BIDS Global Services LLC, and BIDS Trading Limited.

On January 1, 2011, the Company entered into an additional services and expense agreement, (the "Reverse Agreement"), which allows the Parent to reimburse the Company for certain expenses paid by the Company on behalf of the Parent. The Reverse Agreement also allows the right of offset of any expenses against any amount owed by the Parent to the Company. On January 1, 2017 the Company revised the Reverse Agreement to define a basis for allocation of the Company's expenses among its Parent and its affiliates. The basis of the allocation is determined in accordance with the Agreements using a weighted average formula that takes employee salaries and allocation of time spent on behalf of each company as the inputs in that formula.

As of December 31, 2019, the balance due to the Parent was \$1,136,705.

**BIDS TRADING L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2019**

---

The Company has entered into an intercompany agreement with BIDS Canada who provides development, support and other services in connection with the ongoing support of the ATS. BIDS Canada charges the Company for its incurred costs plus a 7.86% mark-up for tax purposes as determined by a transfer pricing analysis that was conducted during the year. At December 31, 2019, the balance due to BIDS Canada was \$584,276 which is included in due to affiliates.

The Company has entered into an agreement with BIDS Global Services (“BGS”) which provides services (a “Hub”) to facilitate the use of the Company’s ATS by customers of the Company’s affiliates. The balance the Company owes BGS at December 31, 2019 is \$316,927 which is included in due to affiliates.

The Company had the following balances with its Broker/Dealer Owners, NYSE Euronext, Inc., Bloomberg, L.P., and their affiliates as of December 31, 2019:

Cash	\$11,923,913
Accounts receivable	2,742,794
Other assets	12,120
Accounts payable	304,824

**9. NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC’s Uniform Net Capital Rule (“Rule 15c3-1”), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$100,000 or 6 2/3% of aggregate indebtedness, as defined. At December 31, 2019, the Company had net capital of \$9,315,075, which was \$9,123,758 in excess of the amount required of \$191,317. The ratio of aggregate indebtedness to net capital was 30.81%.

The Company maintains a proprietary account with the clearing broker with a deposit for errors, accommodations and sundry expense purposes. The Company does not trade for its own account. This account is considered an allowable asset in the computation of net capital pursuant to an agreement between the Company and the clearing broker.

**10. INCOME TAXES**

As of December 31, 2019, the Company has a deferred tax asset of approximately \$67,700 related to accrued compensation.

**11. SUBSEQUENT EVENTS**

The Company has evaluated the possibility of subsequent events existing in the Company’s financial statement through the date the financial statement was issued, and has determined that there are no material events that would require disclosure in the Company’s financial statement.