

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

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

OMB APPROVAL	
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SEC FILE NUMBER
8-69396

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 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Quantitative Brokers, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

489 5th Avenue, 23 Fl

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Michael Coglianese CPA, P.C.

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

125 E Lake Street, Ste 303 Bloomingdale

IL

60108

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

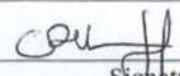
**FOR OFFICIAL USE ONLY**

\*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)



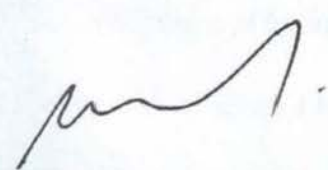
## OATH OR AFFIRMATION

I, Christian Hauff, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Quantitative Brokers, LLC and Subsidiary, as of December 31, 20 16, 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

CEO

Title

  
Notary Public

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).



**Quantitative Brokers, LLC and Subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2016



# Quantitative Brokers, LLC and Subsidiaries

## CONTENTS

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<b>Report of Independent Registered Public Accounting Firm</b>	<b>1</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Condition	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Members' Equity	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 10
<b>Supplemental Information</b>	
Schedule I	11
Computation of Net Capital under Rule 15c3-1	
Reconciliation with Company's Net Capital Computation	
Schedule II	12
Computation of Net Capital under Regulation 1.17 of the CFTC	
Reconciliation with Company's Net Capital Computation	
Reconciliation between Audited and Unaudited Statement of Financial Condition	
Schedule III	13
Computation for Determination of Reserve Requirement Pursuant to Rule 15c3-3	
Information for Possession or Control Requirements under Rule 15c3-3	
Reconciliation between Audited and Unaudited Statement of Financial Condition	
<b>Independent Auditors' Report on Applying Agreed-Upon Procedures</b>	
Related to SIPC Assessment Reconciliation	14
SIPC Assessment Reconciliation From SIPC-7	15 - 16
<b>Report of Independent Registered Public Accounting Firm on Exemption Report</b>	<b>17</b>
Exemption Report for SEC Rule 15c3-3	18
<b>MI Letter - Independent Auditors' Report on Internal Control</b>	<b>19 - 20</b>



## Report of Independent Registered Public Accounting Firm

To the Members of Quantitative Brokers, LLC

We have audited the accompanying financial statements of Quantitative Brokers, LLC which comprise the consolidated statement of financial condition as of December 31, 2016, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. These financial statements are the responsibility of the Quantitative Brokers, LLC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quantitative Brokers, LLC as of December 31, 2016, 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.

The supplemental information listed in the accompanying table of contents has been subjected to audit procedures performed in conjunction with the audit of Quantitative Brokers, LLC's financial statements. The supplemental information is the responsibility of Quantitative Brokers, LLC'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 17 C.F.R §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 28, 2017

# Quantitative Brokers, LLC and Subsidiaries

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

**December 31, 2016**

### **Assets**

Cash	\$	4,123,005
Accounts receivable		1,418,654
Property and equipment, net		470,611
Restricted Cash		129,872
Security Deposits		60,191
Prepaid Expenses & Other assets		<u>249,119</u>
Total assets	\$	<u>6,451,452</u>

### **Liabilities and members' equity**

#### **Liabilities**

Accounts payable	\$	231,690
Payroll liabilities		1,678,551
Taxes payable		205,863
Other accrued expenses and liabilities		<u>203,709</u>
Total liabilities		<u>2,319,813</u>

#### **Members' equity**

Members' equity		<u>4,131,639</u>
Total members' equity		<u>4,131,639</u>
Total liabilities and members' equity	\$	<u>6,451,452</u>

# Quantitative Brokers, LLC and Subsidiaries

## CONSOLIDATED STATEMENT OF OPERATIONS

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**For the year ended December 31, 2016**

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### Revenue

Commissions and fees	\$ 12,986,032
Other income	<u>61,904</u>
Total revenue	<u>13,047,936</u>

### Expenses

EE Compensation & Benefits	5,277,200
Technology, data & communications costs	1,505,801
Commission expense	541,085
Professional Services fees	529,553
G&A	356,400
Promotional Fees	285,119
Rent	254,224
Equipment Expense	169,927
Travel & Entertainment	169,508
Regulatory fees and expenses	8,034
Other operating expenses	<u>-</u>
Total expenses	<u>9,096,851</u>

**Income (loss) before interest and income taxes** 3,951,085

Interest income 1,121

Income tax provision (255,289)

**Net Income (loss)** \$ 3,696,917



## Quantitative Brokers, LLC and Subsidiaries

### CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY

**For the year ended December 31, 2016**

	Member's Equity	Accumulated Other Comprehensive Income (Loss)	
<b>Consolidated Members' equity</b> , beginning of year	1,899,888	(2,771)	1,897,117
Member contributions			-
Member withdrawals	-1,442,000		(1,442,000)
Net income (loss)	3,696,917		3,696,917
Foreign currency translation adjustment		(20,395)	(20,395)
<b>Members' equity</b> , end of year	<b>4,154,805</b>	<b>(23,166)</b>	<b>\$ 4,131,639</b>



# Quantitative Brokers, LLC and Subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS

**For the year ended December 31, 2016**

### Cash flows from operating activities

Net Income (loss) \$ 3,696,917

Adjustments to reconcile net income (loss) to net cash provided  
(used) by operating activities:

Depreciation expense 94,561

Net realized loss from marketable securities

Changes in assets and liabilities:

Accounts Receivable (467,615)

Security Deposits (53,172)

Other Assets (31,709)

Accounts Payable 143,983

Payroll liabilities 1,104,400

Accrued expenses 319,565

**Net cash provided by (used in) operating activities** 4,806,930

### Cash flows from investing activities

Purchase of property & equipment (452,928)

Security Deposit from Subtenant 24,000

**Net cash provided by (used in) investing activities** (428,928)

### Cash flows from financing activities

Member withdrawals (1,442,000)

**Net cash provided by (used in) financing activities** (1,442,000)

**Net change in cash and cash equivalents** 2,936,002

**Effect of exchange rate on cash** (14,876)

**Cash beginning of year** 1,201,879

**Cash end of year** \$ 4,123,005

### Supplemental disclosure of cash flow information

Cash paid during the year for interest \$ -

Income tax payments \$ 63,199

# Quantitative Brokers, LLC and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies

#### *Consolidation*

The consolidated financial statements include the accounts of “Quantitative Brokers, LLC” and its wholly owned subsidiaries, “Quantitative Brokers UK Limited” (“QB UK”) and “Quantitative Brokers Software India Private Limited” (“QB India”). All significant intercompany accounts and transactions have been eliminated in consolidation.

#### *Nature of Operations*

Quantitative Brokers, LLC (the “Company”) was formed as a limited liability company under the laws of the State of Delaware. Effective February 25, 2010, the Company was registered with the Commodity Futures Trading Commission (“CFTC”) and became a member of the National Futures Association (“NFA”). On December 1, 2014, Quantitative Brokers LLC became registered with the Securities and Exchange Commission (“SEC”) as a broker dealer and a member of the Financial Industry Regulatory Authority (“FINRA”). The principal operations of the Company are located in New York City. The Company conducts business as an Introducing Broker (“IB”). The Company does not clear any transactions nor accept any money or property to margin or secure any trades or contracts that result or may result there from. The Company conducts algorithmic trade execution for the accounts of institutional customers who are involved in fixed income and commodity futures, as well as US government securities transactions. The Company’s customers are located primarily in North America, the United Kingdom and Europe.

Quantitative Brokers UK Limited, is based in the United Kingdom as a Sales/support office for non-US clients.

Quantitative Brokers Software India Private Limited, is based in India as a Development office.

#### *Restricted Cash*

Restricted cash represents a compensating cash deposit with a financial institution (HSBC bank) for a standby letter of credit issued as a guarantee in connection with the Company’s lease agreement.

#### *Government and Other Regulation*

The Company’s business is subject to significant regulation by governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

#### *Basis of Presentation*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as detailed in the Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”).

#### *Translation of Foreign Currency*

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the year-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into United States dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.



# Quantitative Brokers, LLC and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *Income Taxes*

The Company does not record a provision for Federal and State income taxes because the members report their share of the Company's income or loss on their income tax returns. The financial statements reflect the Company's transactions without adjustment, if any, required for Federal and State income tax purposes.

The Company records a provision for New York City Unincorporated Business Tax. The financial statements include a provision of approximately \$215,000 for 2016.

The Company's wholly owned subsidiary is subject to United Kingdom corporate income tax. The financial statements include a provision of approximately \$23,000 for 2016.

The Company's wholly owned subsidiary is subject to India corporate income tax. The financial statements include a provision of approximately \$12,000 for 2016.

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognized results in the Company recording a tax liability that reduces ending partners' capital. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2016. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states and foreign jurisdictions. Generally, the Company is no longer subject to income tax examinations by major taxing authorities for years before 2013.

#### *Revenue Recognition*

The company generates commission income from providing execution services. Commission income and related expenses are recognized when earned or incurred.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

#### *Fixed Assets*

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

# Quantitative Brokers, LLC and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 2. Net capital requirement

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 or 6<sup>2/3</sup> % of aggregate indebtedness, and a ratio of aggregate indebtedness to net capital not exceeding 8 to 1, both as defined.

The Company is also subject to the net capital requirements under Regulation 1.17 of the Commodity Exchange Act. Under these provisions, the Company is required to maintain minimum net capital as defined of the higher of \$45,000 or \$3,000 per Associated Person or \$6,000 per branch office. At December 31, 2016 the Company has 9 APs and 1 branch offices, including the home office.

At December 31, 2016, the Company had a net capital requirement of approximately \$66,000 and the Company's adjusted net capital under SEA Rule 15c3-1 and Regulation 1.17 was approximately \$3,488,000, which exceeded the requirement by approximately \$3,422,000.

Quantitative Brokers, LLC's consolidated subsidiary, QB UK, has total assets of \$569,995 and member's equity of \$189,698. Net current assets after consolidation are \$219,199 (total assets of QB UK less the intercompany receivable from Quantitative Brokers, LLC).

Quantitative Brokers, LLC's consolidated subsidiary, QB India, has total assets of \$89,008 and member's equity of \$50,579. Net current assets after consolidation are \$40,491 (total assets of QB India less the intercompany receivable from Quantitative Brokers, LLC).

The accounts of Quantitative Brokers, LLC's consolidated subsidiary are not included in Quantitative Brokers, LLC's computation of net capital as the assets of the consolidated subsidiaries are not readily available for protection of Quantitative Brokers, LLC's counterparties and other creditors, and the liabilities of the consolidated subsidiary are not guaranteed by Quantitative Brokers, LLC.

### 3. Operating Lease Commitment

The Company leases its office facilities under a non-cancelable operating lease expiring June 29, 2019. The lease calls for minimum lease payments and established increases based on operating expenses.

Following is a schedule of future minimum lease payments for each calendar year under this operating lease as of December 31, 2016:

<u>Year</u>	<u>Amount</u>
2017	299,280
2018	306,762
2019	<u>157,216</u>
Total	\$ 763,258

The lease requires the Company to maintain a security deposit of approximately \$50,000

The Company also leases office facilities under a non-cancelable operating lease expiring June 30, 2020. The lease calls for minimum lease payments and established increases based on operating expenses.

Following is a schedule of future minimum lease payments for each calendar year under this operating lease as of December 31, 2016:



# Quantitative Brokers, LLC and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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<u>Year</u>	<u>Amount</u>
2017	170,932
2018	175,632
2019	180,462
2020	91,878
Total	<u>\$ 618,904</u>

The lease requires the Company to maintain a Letter of Credit / security deposit of \$129,352.

The above-mentioned lease expiring on June 30, 2020 has been assigned via a non-cancelable sublease agreement. The total amount of minimum rentals to be received in the future under non-cancelable sublease is \$522,094.

<u>Year</u>	<u>Amount</u>
2017	144,000
2018	147,960
2019	152,029
2020	78,105
Total	<u>\$ 522,094</u>

Rental expense charged to operations for the year ended December 31, 2016 was approximately \$254,000.

#### 4. Fixed Assets

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Furniture and equipment at December 31, 2016 consists of following:

Appliances	657
Computer Equipment	278,734
Furniture	30,684
Software	356,974
	<u>667,048</u>
Less Accumulated Depreciation	<u>-196,437</u>
	<u>470,612</u>

Depreciation expense for the year ended December 31, 2016 was \$94,561.

# **Quantitative Brokers, LLC and Subsidiaries**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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### **5. Off balance sheet risk and concentration of credit**

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

### **6. Subsequent events**

These financial statements were approved by management and available for issuance on February 27, 2017. Subsequent events have been evaluated through this date. There were no subsequent events requiring disclosures and or adjustments.

# Quantitative Brokers, LLC and Subsidiaries

## SUPPLEMENTAL INFORMATION

December 31, 2016

### Schedule I Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission

Net capital:	
Total Member's Equity reflected in Consolidated Statement of Financial Condition	\$ 4,131,639
Less equity of consolidated subsidiaries	(240,277)
Total Members' Equity qualified for net capital	\$ 3,891,362
Add: discretionary liability of bonuses payable	1,316,726
Less: Non allowable assets	
Accounts receivable	(862,230)
Property and equipment, net	(459,991)
Restricted Cash	(129,872)
Other assets	(263,680)
Total Non allowable assets	(1,715,773)
Net capital	3,492,315
Haircut on foreign currency billing	(4,797)
Adjusted net capital	3,487,518
Net minimum capital requirement of 6 2/3 % of aggregate indebtedness of \$983,224.35 or \$5,000 whichever is greater	65,548
Excess net capital	\$ 3,421,970

### Reconciliation with Company's Net Capital Computation (included in Part II of Form X-17A-5)

Net capital as reported in Company's Part II of Form X-17A-5 as of December 31, 2016, as amended	\$ 3,487,519
Rounding	(1)
Net capital per above computation	\$ 3,487,518

There are no material differences between the above computation and the Company's corresponding unaudited Focus Report (form X-17A-5) filing as of December 31, 2016, as amended.

# Quantitative Brokers, LLC and Subsidiaries

## SUPPLEMENTAL INFORMATION

December 31, 2016

### Schedule II Computation of Net Capital under Regulation 1.17 of the Commodity Futures Trading Commission

Net capital:	
Total Member's Equity reflected in Consolidated Statement of Financial Condition	\$ 4,131,639
Less equity of consolidated subsidiaries	(240,277)
Total Members' Equity qualified for net capital	\$ 3,891,362
Add: discretionary liability of bonuses payable	1,316,726
Less: Non allowable assets	
Accounts receivable	(862,230)
Property and equipment, net	(459,991)
Restricted Cash	(129,872)
Other assets	(263,680)
Total Non allowable assets	(1,715,773)
Net capital	3,492,315
Haircut on foreign currency billing	(4,797)
Adjusted net capital	3,487,518
Net minimum capital requirement of 6 2/3 % of aggregate indebtedness of \$983,224.35 or \$45,000 whichever is greater	65,548
Excess net capital	\$ 3,421,970

### Reconciliation with Company's Net Capital Computation (included in Part II of Form X-17A-5)

Net capital as reported in Company's Part II of Form X-17A-5 as of December 31, 2016, as amended	\$ 3,487,519
Rounding	(1)
Net capital per above computation	\$ 3,487,518

There are no material differences between the above computation and the Company's corresponding unaudited Focus Report (form X-17A-5) filing as of December 31, 2016, as amended.



# Quantitative Brokers, LLC and Subsidiaries

## SUPPLEMENTAL INFORMATION

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December 31, 2016

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**Schedule III  
Computation of Determination of Reserve Requirements  
Pursuant to Rule 15c3-3**

Not applicable

**Information for Possession or Control  
Requirements under Rule 15c3-3**

Not applicable

**Reconciliation between Audited and Unaudited  
Statement of Financial Condition  
with respect to methods of consolidation**

Consolidated Member's Equity per audit report		4,131,639
Less: Subsidiary Net Assets		
Cash	\$203,888	
Accounts receivable	398,863	
Property and equipment, net	10,620	
Other Assets	45,632	
Less:		
Payroll liabilities	345,591	
Other accrued expenses and liabilities	<u>64,135</u>	
Subsidiary equity		<u>240,277</u>
Members' Equity qualified for Net Capital		<u><u>3,891,362</u></u>



## Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures

Members  
Quantitative Brokers, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, solely to assist you and the other specified parties in evaluating Quantitative Brokers, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Quantitative Brokers, LLC's management is responsible for the Company'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). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (Focus Report) for the year ended December 31, 2016, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. 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 the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 28, 2017

**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**

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

202-371-8300

**General Assessment Reconciliation****SIPC-7**

(33-REV 7/10)

For the fiscal year ended 2016

(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:

Quantitative Brokers, LLC  
489 5th Avenue, 23 Fl  
New York, NY 10017FINRA  
8-69396  
December 2016

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.

Beatrice Derian (646) 293-181

**WORKING COPY**

2. A. General Assessment (item 2e from page 2) \$ 1,382
- B. Less payment made with SIPC-6 filed (exclude interest) ( 649 )  
07/15/2016  
Date Paid
- C. Less prior overpayment applied ( )
- D. Assessment balance due or (overpayment) 733
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 733
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 733
- H. Overpayment carried forward \$(   )

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

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.

Quantitative Brokers, LLC

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 26 day of January, 20 2017.FINOP

(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 01/01/2016  
and ending 12/31/2016

**Item No.**

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

**Eliminate cents**  
**\$13,049,057**

**2b. Additions:**

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (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.
- (7) Net loss from securities in investment accounts.

Total additions

**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.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (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.
- (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).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

**12,433,574**

**63,025**

- (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.

\$ \_\_\_\_\_

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

\$ \_\_\_\_\_

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

Total deductions

**12,496,599**

2d. SIPC Net Operating Revenues

**\$552,458**

2e. General Assessment @ .0025

**\$1,382**

(to page 1, line 2.A.)





**Report of Independent Registered Public Accounting Firm**

To the Members of Quantitative Brokers, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Quantitative Brokers, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Quantitative Brokers, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Quantitative Brokers, LLC stated that Quantitative Brokers, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Quantitative Brokers, LLC's management is responsible for compliance with the exemption provisions and its statements.

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 Quantitative Brokers, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. 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 statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 28, 2017



489 5<sup>th</sup> Avenue, 23 Fl  
New York, NY 10017

February 21, 2017

Securities & Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Exemption Report for SEC Rule 15c3-3 for Fiscal Year 2016

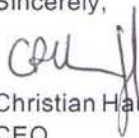
Dear Sir/Madame:

For the fiscal year ending December 31, 2016, Quantitative Brokers LLC claimed exemption from SEC Rule 15c3-3 as outlined under paragraph (k)(2)(ii) of the respective rule. This section states the following:

The provisions of this section shall not be applicable to a broker or dealer who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Sections 240.17a-3 and 240.17a-4 of this chapter, as are customarily made and kept by a clearing broker or dealer.

Quantitative Brokers LLC met the exemption provided above for the period ending December 31, 2016.

Sincerely,



Christian Hauff  
CEO





## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Members of Quantitative Brokers, LLC

In planning and performing our audit of the financial statements of Quantitative Brokers, LLC (the "Company") as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("Internal Control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. Accordingly, we do not express an opinion on the effectiveness of the Company's Internal Controls.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission ("CFTC"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company including consideration of control activities for safeguarding customer and firm assets. This study included test of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the following:

- (1) the periodic computations of minimum financial requirements pursuant to Regulation 1.17.

The management of the Company is responsible for establishing and maintaining Internal Control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the CFTC's above mentioned objectives. Two of the objectives of Internal Control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in Internal Control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's Internal Control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's Internal Control.

Our consideration of Internal Control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in Internal Control that might be material weaknesses. We did not

identify any deficiencies in Internal Control and control activities for safeguarding assets and certain regulated commodity customer or firm assets that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for its purposes in accordance with the Commodity Exchange Act, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures as described in the second paragraph of this report were adequate at December 31, 2016, to meet the CFTC's objectives.

This report is intended solely for the use of the members, management, the CFTC, and other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of introducing brokers, and is not intended to be and should not be used for anyone other than these specified parties.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 28, 2017