

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

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

SEC FILE NUMBER
8-69797

**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 01/01/20 AND ENDING 12/31/20  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Leonis Securities, LLC**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

**230 Park Ave, 3rd Floor**

(No. and Street)

**New York**

**NY**

**10169**

(City)

(State)

(Zip Code)

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

Robert Koven

(212) 804-8816

(Area Code – Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Rubio CPA, PC**

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

**2727 Paces Ferry Rd SE, Suite 2-1680 Atlanta**

**GA**

**30339**

(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, Robert Koven, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Leonis Securities, LLC, as of December 31, 2020, 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:

\_\_\_\_\_

\_\_\_\_\_

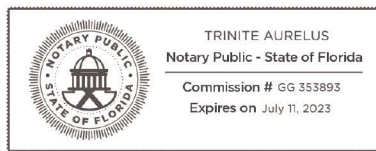
\_\_\_\_\_

*Robert Harold Wayne Koven*

Signature

CEO

Title



*[Signature]*

Notary Public  
Online Notary

Notarized online using audio-video communication

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).

# **LEONIS SECURITIES, LLC**

Financial Statements

As of December 31, 2020

With

Report of Independent Registered Public  
Accounting Firm

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Leonis Securities, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Leonis Securities, LLC (the "Company") as of December 31, 2020, the related statements of operations, changes in member's equity, and cash flows for the year then ended 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, 2020, 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 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 to 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 information contained in Schedules I, II and III has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the information in Schedules I, II and III 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 accompanying schedules. In forming our opinion on the accompanying schedules, 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 aforementioned supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2016.

February 12, 2021  
Atlanta, Georgia

A handwritten signature in black ink that reads "Rubio CPA, PC". The signature is written in a cursive, flowing style.

Rubio CPA, PC

Leonis Securities, LLC  
Statement of Financial Condition  
December 31, 2020

Assets

Cash	\$ 1,030,388
Prepaid expenses and deposits	<u>6,303</u>
Total assets	<u><u>\$ 1,036,691</u></u>

Liabilities and Member's Equity

Liabilities	
Accounts payable and accrued expenses	\$ 49,331
Commissions payable	22,705
Due to member	<u>2,498</u>
Total liabilities	<u>74,534</u>
Member's equity	<u>962,157</u>
Total liabilities and member's equity	<u><u>\$ 1,036,691</u></u>

See accompanying notes.

Leonis Securities, LLC  
Statement of Operations  
For the Year Ended December 31, 2020

Revenues	
Investment banking	\$ 9,730,975
Interest	255
Total revenues	<u>9,731,230</u>
Expenses	
Compensation and benefits	1,354,190
Occupancy	71,795
Professional services	51,833
Technology and communications	9,510
Other	74,270
Total expenses	<u>1,561,598</u>
Net income	<u>\$ 8,169,632</u>

See accompanying notes.

Leonis Securities, LLC  
Statement of Changes in Member's Equity  
For the Year Ended December 31, 2020

	<u>Total</u>
Balance, January 1, 2020	\$ 242,525
Net income	8,169,632
Distributions to member	<u>(7,450,000)</u>
Balance, December 31, 2020	<u><u>\$ 962,157</u></u>

See accompanying notes.



Leonis Securities, LLC  
Statement of Cash Flows  
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Net income	\$ 8,169,632
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in accounts receivable	406
Change in prepaid expenses and deposits	(1,323)
Change in accounts payable and accrued expenses	43,397
Change in commissions payable	22,705
Change in deferred revenue	(20,000)
Change in due to member	<u>(58,820)</u>
Net cash provided by operating activities:	<u>8,155,997</u>
Cash flows from financing activities:	
Distributions to member	<u>(7,450,000)</u>
Net cash used by financing activities:	<u>(7,450,000)</u>
Net increase in cash:	<u>705,997</u>
Cash Balance:	
Beginning of year	<u>324,391</u>
End of year	<u><u>\$ 1,030,388</u></u>

See accompanying notes.

**Leonis Securities, LLC**  
**Notes To Financial Statements**  
**December 31, 2020**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business: Leonis Securities, LLC is a Delaware limited liability company formed on May 25, 2016 and is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) since September 19, 2016. As a limited liability company, the member’s liability is limited to their investment.

Income Taxes: The Company is wholly-owned by Leonis Principal LLC (“Member”). As a limited liability company, the tax consequences of the Company’s operations all pass through to the member. Accordingly, the Company’s financial statements do not include a provision for income taxes.

The Company has adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes. Under this provision, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity’s status, including its status as a pass-through entity, and the decision not to file a return. The Company has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary.

Estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates in determining assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Cash: The Company maintains its bank accounts in a high credit quality financial institution. The balances at times may exceed federally insured limits.

Date of Management’s Review: Subsequent events were evaluated through the date the financial statements were issued.

Accounts Receivable: Accounts receivable consists primarily of trade receivables for investment banking services. The Company regularly reviews its accounts receivable for any uncollectible amounts. The review for uncollectible amounts is based on the Company’s collection experience, customer credit worthiness and current economic trends.

Revenue Recognition: Revenue from contracts with customers includes placement and advisory services. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on appropriate measure of the Company’s progress under the contract; whether revenue should be presented gross or net of certain costs; and whether constraints on variable consideration should be applied due to uncertain future events.

The Company provides placement and advisory services related to capital raising activities and mergers and acquisitions transactions. Revenue for advisory arrangements is generally recognized at the point in time that performance under the agreement is completed (the closing date of transaction)



**Leonis Securities, LLC**  
**Notes To Financial Statements**  
**December 31, 2020**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition (continued):

or the contract is cancelled. However, for certain contracts, revenue is recognized over time for advisory arrangements in which the performance obligations are simultaneously provided by the Company and consumed by the customer. In some circumstances, significant judgement is needed to determine the timing and measure of progress appropriate for revenue recognition under a specific contract. Retainers and other fees received from customers prior to recognizing the revenue are reflected as deferred revenue.

The Company recognizes success fee revenues from investment banking capital raising services and merger and acquisition advisory services upon completion of a success fee based transaction. The Company recognizes retainer revenue from contracts with customers upon delivery of a list of possible participants to the transaction and delivery of certain marketing materials as these are the performance obligations identified by the Company in accordance with this standard.

**NOTE 2 – NET CAPITAL REQUIREMENTS**

The Company is subject to SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of a minimum net capital, as defined, equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness as well as a ratio of aggregate indebtedness to net capital that shall not exceed 15 to 1. At December 31, 2020, the Company had net capital of \$955,854 which was \$950,854 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .08 to 1.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Company has an expense sharing agreement with its Member. Under the terms of this agreement, the Company pays the Member for allocated expenses such as personnel services, occupancy and other administrative costs provided to the Company. Allocated expenses amounted to \$907,101 for the year ended December 31, 2020. The balance due to the Member on the accompanying statement of financial condition arose from this expense sharing agreement.

The Company relies on referrals from its Member for its customers and revenue.

Financial position and results of operations might differ from the amounts in the accompanying financial statements if this agreement did not exist.

**NOTE 4 – CONTINGENCIES**

The Company is subject to litigation in the normal course of business. The Company has no litigation in progress at December 31, 2020.

**NOTE 5 – CONCENTRATIONS**

Approximately 79% of revenues earned during 2020 were from five customers.

**Leonis Securities, LLC**  
**Notes To Financial Statements**  
**December 31, 2020**

**Note 6 – Economic Risks**

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. This pandemic event has resulted in significant business disruption and uncertainty in both global and U.S. markets. While the Company believes that it is in an appropriate position to sustain the potential short-term effects of these world-wide events, the direct and long-term impact to the Company and its financial statements is undetermined at this time.

Leonis Securities, LLC  
Schedule I  
Computation of Net Capital Pursuant to Rule 15c3-1  
Of The Securities and Exchange Commission Act of 1934  
As of December 31, 2020

Net Capital:

Total member's equity	\$ 962,157
Deduction for non-allowable assets:	
Prepaid expenses and deposits	<u>6,303</u>
Total deductions and/or charges	<u>6,303</u>
Net capital before haircuts	955,854
Less haircuts	<u>-</u>
Net capital	955,854
Minimum net capital required (greater of \$5,000 or 6 2/3% of total aggregate indebtedness)	<u>5,000</u>
Excess net capital	<u>\$ 950,854</u>
Aggregate indebtedness	<u>\$ 74,534</u>
Percentage of aggregate indebtedness to net capital	<u>7.80%</u>

Reconciliation with Company's computation of net capital included in Part IIA of Form X-17A-5 as of December 31, 2020.

There is no significant difference between net capital reported in Part IIA of Form X-17A-5 as of December 31, 2020 and net capital as reported above.

Leonis Securities, LLC

Schedule II  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2020

The Company does not claim exemption from SEA Rule 15c3-3 in reliance upon Footnote 74 of the of the 2013 Release. The Company does not hold customer funds or securities.

Schedule III  
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2020

The Company does not claim exemption from SEA Rule 15c3-3 in reliance upon Footnote 74 of the of the 2013 Release. The Company does not hold customer funds or securities.



Leonis Partners  
230 Park Avenue  
New York, NY 10169  
212.804.8816



**EXEMPTION REPORT  
SEA RULE 17a-5(d)(4)  
EXEMPTION REPORT  
SEA RULE 17a-5(d)(4)**

February 9, 2021

RUBIO CPA, PC  
2727 Paces Ferry Rd. SE  
Building 2, Suite 1680  
Atlanta, GA 30339

To Whom It May Concern:

We, as members of management of Leonis Securities, LLC (the "Company") are responsible for complying with Rule 17a-5, "Reports to be made by certain brokers and dealers". We have performed an evaluation of the Company's compliance with the requirements of Rule 17a-5 and the exemption provisions in Rule 15c3-3(k) (the "exemption provisions") and of the 2013 Release adopting amendments to Rule 17a-5, including Footnote 74 of the 2013 Release.

We have determined that the Company does not meet any of the exemption conditions of paragraph (k) of Rule 15c3-3 (i.e., paragraph (k)(1), (k)(2)(i) or (k)(2)(ii) but also (1) does not directly or indirectly receive, hold or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Exchange Act Rule 15c2-4 ("Rule 15c2-4"); (2) does not carry accounts of or for customers; and (3) does not carry PAB accounts (as defined in Rule 15c3-3) and therefore is covered by Footnote 74 of the 2013 Release.

Accordingly, based on our evaluation we make the following statements to the best knowledge and belief of the Company:

1. We reviewed the provisions of Rule §15c3-3 and related guidance stated in the SEC Staff's FAQ and confirmed that the Company relied on Footnote 74 of the 2013 Release.
2. The Company conducted business activities involving merger and acquisitions advisory services activity throughout the year ended December 31, 2020 without exception.
3. The Company met the identified conditions for such reliance throughout the period January 1, 2020 to December 31, 2020 without exception.

Signed: 

Name: Robert Koven  
Title: CEO

# RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

2727 Paces Ferry Road SE  
Building 2, Suite 1680  
Atlanta, GA 30339  
Office: 770 690-8995  
Fax: 770 838-7123

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Leonis Securities, LLC

We have reviewed management's statements included in the accompanying Broker Dealers Annual Exemption Report in which (1) Leonis Securities, LLC did not claim an exemption from Rule 15c3-3 in reliance upon Footnote 74 of the 2013 Release, and (2) Leonis Securities, LLC stated that Leonis Securities, LLC met the identified conditions for such reliance throughout the most recent fiscal year without exception. Leonis Securities, 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 Leonis Securities, 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 provisions set forth in Footnote 74 of the 2013 Release.

February 12, 2021  
Atlanta, GA



Rubio CPA, PC

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
APPLYING AGREED-UPON PROCEDURES**

To the Member of  
Leonis Securities, LLC

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below and were agreed to by Leonis Securities, LLC and the SIPC, solely to assist you and SIPC in evaluating Leonis Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2020. Leonis Securities, LLC's management is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2020 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2020, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Recalculated 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 or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Leonis Securities, LLC's compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2020. Accordingly, we do not express such an opinion or conclusion. 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 Leonis Securities, LLC and the SIPC and is not intended to be and should not be used by anyone other than these specified parties.

February 12, 2021  
Atlanta, GA



Rubio CPA, PC



**SIPC-7**

(36-REV 12/18)

**SECURITIES INVESTOR PROTECTION CORPORATION**

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

202-371-8300

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

(36-REV 12/18)

For the fiscal year ended 12/31/20

(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:

069797**LEONIS SECURITIES, LLC**  
230 PARK AVE, 10TH FLOOR  
NEW YORK, NY 10169

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.

Rick Alvarez 770-263-7300**WORKING COPY**

2. A. General Assessment (item 2e from page 2)

\$ 14,597

B. Less payment made with SIPC-6 filed (exclude interest)

( 6,188 )7/27/20

Date Paid

C. Less prior overpayment applied

( 0 )

D. Assessment balance due or (overpayment)

8,409

E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum

0

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 8,409G. PAYMENT: ☒ the boxCheck mailed to P.O. Box ☐ Funds Wired ☐ ACH ☒ \$8,409

Total (must be same as F above)

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.

**LEONIS SECURITIES, LLC**

(Name of Corporation, Partnership or other organization)

*Robert J. P. K...*

(Authorized Signature)

CEO

(Title)

Dated the 4 day of February, 20 21.

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 1/1/20  
and ending 12/31/20

**Item No.**

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

Eliminate cents

\$ 9,731,230

**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

0

**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)

- (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

0

0

**2d. SIPC Net Operating Revenues**

\$ 9,731,230

**2e. General Assessment @ .0015**

\$ 14,597

(to page 1, line 2.A.)