

# **Westminster Research Associates LLC**

**Statement of Financial Condition**

**As of December 31, 2023**

*(SEC I.D. No. 8-28900)*

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2023 AND ENDING 12/31/2023  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Westminster Research Associates LLC

TYPE OF REGISTRANT (check all applicable boxes):

☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

599 Lexington Avenue

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Melissa Bowen-Farsewicz 646-690-3241 Melissa.Bowen@cowen.com  
(Name) (Area Code – Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Ernst & Young LLP

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

One Manhattan West

New York

NY

10001

(Address)

(City)

(State)

(Zip Code)

10/20/2003

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(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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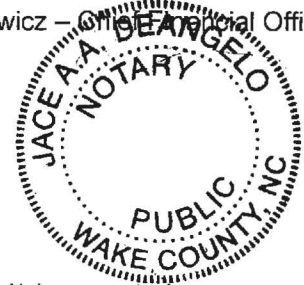
## OATH OR AFFIRMATION

I, Melissa Bowen-Farsewicz, affirm that, to the best of my knowledge and belief, the financial report pertaining to Westminster Research Associates LLC as of December 31, 2023, is true and correct. I further affirm that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Melissa Bowen-Farsewicz – Chief Financial Officer

Notary Public

Commission ends Date



### This filing\*\* contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated 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 cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other:

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

**Westminster Research Associates LLC**  
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**As of December 31, 2023**

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Ernst & Young LLP  
One Manhattan West  
New York, NY 10001

Tel: +1 212 773 3000  
Fax: +1 212 773 6350  
ey.com

## Report of Independent Registered Public Accounting Firm

To the Member and Those Charged with Governance of Westminster Research Associates LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Westminster Research Associates LLC (the Company) as of December 31, 2023 and the related notes (the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2023, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the Company’s auditor since 2023.

February 29, 2024

**Westminster Research Associates LLC**  
**Statement of Financial Condition**  
**As of December 31, 2023**  
*(In thousands of dollars)*

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**Assets**

Cash	\$	14,973
Cash segregated under federal regulations		87,322
Receivables from brokers		44,071
Prepaid research, net of allowance of \$635		5,863
Other assets		248
Total assets	\$	<u>152,477</u>

**Liabilities and Member's Equity**

Liabilities

Commission management payables	\$	99,970
Compensation payable		1,483
Due to related parties		859
Accrued expenses and other liabilities		391
Total liabilities		<u>102,703</u>

Member's equity		<u>49,774</u>
Total liabilities and member's equity	\$	<u>152,477</u>

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

**Westminster Research Associates LLC**  
**Notes to Statement of Financial Condition**  
**As of December 31, 2023**

*(In thousands of dollars, except where noted)*

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**1. Organization and Business**

Westminster Research Associates LLC (the "Company"), a Delaware single member limited liability company, is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") which operates under the Securities Exchange Act of 1934 ("SEA") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). FINRA serves as the Company's Designated Examining Authority. The Company is an indirect wholly-owned subsidiary of Cowen Execution Holdco LLC ("Parent"), which is an indirectly wholly-owned subsidiary of Cowen Inc. On March 1, 2023 (the "Acquisition Date"), Cowen Inc. and its consolidated subsidiaries, including the Company, became indirectly wholly-owned subsidiaries of The Toronto-Dominion Bank (the "Bank"), a bank chartered under the Bank Act (Canada).

The Company's principal operations include providing access to investment research and commission management solutions to U.S. and international institutional investors and commission recapture services to pension plan sponsor clients. The Company does not execute, clear or settle securities trades. Revenues are primarily derived from commission sharing arrangements ("CSA") with various brokers on their securities transactions.

**2. Significant Accounting Policies**

**Basis of Presentation**

The Company's statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as promulgated by the Financial Accounting Standards Board through the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles in the preparation of the accompanying statement of financial condition.

**Use of Estimates**

The preparation of the accompanying statement of financial condition, in conformity with US GAAP, requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accompanying statement of financial condition. Actual results could materially differ from those estimates.

**Cash**

Cash consists of cash held on deposit at BMO Harris Bank N.A.

**Cash Segregated Under Federal Regulations**

Cash segregated under federal regulations consists of cash deposited in special bank accounts for the exclusive benefit of customers under Rule 15c3-3(k)(2)(i) of the Securities Exchange Act of 1934. Cash segregated under federal regulations is concentrated at BMO Harris Bank N.A.

**Allowance for Credit Losses**

The Company measures the allowance for credit losses in accordance with ASC Topic 326, Financial Instruments – Credit Losses ("ASC 326"). ASC 326 prescribes the impairment model for certain financial assets by requiring a current expected credit loss methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. Under ASC 326, the Company has the ability to determine there are no expected credit losses in certain circumstances (e.g., based on collateral arrangements or based on the credit quality of the borrower or issuer). The guidance in ASC 326 does not

**Westminster Research Associates LLC**  
**Notes to Statement of Financial Condition**  
**As of December 31, 2023**

*(In thousands of dollars, except where noted)*

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apply to loans and receivables between entities under common control. The allowance for credit losses was not material for the period presented.

**Fair Value Measurements**

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1     Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2     Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3     Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. The determination of fair value for assets and liabilities in this category requires significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Company's perceived risk of that instrument.

All of the Company's financial instruments are carried at fair value or amounts that approximate fair value. These financial instruments are classified as Level 2.

**Receivables from Brokers**

Receivables from brokers consists of commissions related to commission management arrangements. The Company receives a gross commission from various brokers which is used to fund the commission management arrangements, less the portion retained as income to the Company.

**Prepaid Research, Net of Allowance**

A prepaid research asset is established for research and related services disbursed in advance of anticipated client commission volumes.

**Other Assets**

Other assets consist primarily of prepaid taxes to the Australian Taxation Office on behalf of the Company's Australian customers and services paid by the Company that will be reimbursed directly from its customers.

**Westminster Research Associates LLC**  
**Notes to Statement of Financial Condition**  
**As of December 31, 2023**

*(In thousands of dollars, except where noted)*

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**Commission Management Payables**

Commission management payables are portions of gross commissions received from various brokers that are accrued for the purpose of the Company's institutional clients to pay for research products under Section 28(e) of the SEA or other services provided by third parties.

**Accrued Expenses and Other Liabilities**

Accrued expenses and other liabilities primarily consist of accrued audit fees and tax payables.

**Income Taxes**

The Company is disregarded for income tax purposes. The Company is included in the consolidated federal and combined state and local tax returns filed by Toronto Dominion Holdings USA Inc a wholly-owned subsidiary of the Bank. Cowen Inc. elected not to allocate the consolidated amount of the current and deferred tax expenses to its disregarded subsidiaries, including the Company.

**Stock-Based Compensation**

Upon merger with the Bank on March 1, 2023, the Company ceased grants of new awards under Cowen Inc.'s Equity Incentive Plans (the "legacy plans"). Each legacy restricted stock unit ("RSU") due to employees, including performance-based RSUs, was converted to the right to receive cash if vested as of March 1, 2023. If unvested, such units were converted to RSUs that track the price of common shares of the Bank on the New York Stock Exchange. Pursuant to the merger agreement, all legacy RSUs due to directors, either vested or unvested, were converted to the right to receive cash.

Under the Bank's stock-based compensation plans, the Company issues RSUs equivalent to the Bank's common shares to certain employees. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units. The plan is managed, and the share price hedged, by the Bank.

On the statement of financial condition, unsettled portions of the RSU awards are reported in Due to related parties.

**Recent Pronouncements**

There are no recently issued or recently adopted pronouncements that are expected to have an impact to the Company's statement of financial condition.

**3. Segregated Cash**

As of December 31, 2023, cash segregated under federal regulations of \$87,322 in a Special Reserve Bank Account for the exclusive benefit of customers under SEA Rule 15c3-3.

**4. Commission Management Payable**

The Company accepts commission sharing trades from related and third-party brokers on behalf of their institutional clients to be used for future payments of research related expenses provided by third parties. As of December 31, 2023, the Company had accrued commission sharing payable of \$99,970 on the statement of financial condition.

**Westminster Research Associates LLC**  
**Notes to Statement of Financial Condition**  
**As of December 31, 2023**

*(In thousands of dollars, except where noted)*

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**5. Stock-Based Compensation**

Certain employees of the Company participate in the Bank's RSU plan. As of December 31, 2023, the outstanding number of awards granted was 3,203 shares. The associated liability is recorded in Due to related parties on the statement of financial condition and settled in the ordinary course of business (refer to Note 8, "Related Party Transactions", for additional information and disclosures). Under the legacy plans, amounts vested were stock settled. Under the Bank's RSU plan, vested awards track the price of the Bank's common shares and settle in cash.

**6. Contingencies**

In accordance with ASC Topic 450, Disclosure for Certain Loss Contingencies, the Company establishes reserves for contingencies when the Company believes that it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. The Company discloses a contingency if there is at least a reasonable possibility that a loss may have been incurred and there is no reserve for the loss because the conditions above are not met. The Company's disclosure includes an estimate of the reasonably possible loss or range of loss for those matters, for which an estimate can be made. Neither a reserve nor disclosure is required for losses that are deemed remote.

In the ordinary course of business, the Company and its affiliates and current and former officers, directors and employees (the "Company and Related Parties") can be named as defendants in, or as parties to, various legal actions and proceedings. Certain of these actions and proceedings assert claims or seek relief in connection with alleged violations of securities, banking, anti-fraud, anti-money laundering, employment and other statutory and common laws. Certain of these actual or threatened legal actions and proceedings include claims for substantial or indeterminate compensatory or punitive damages, or for injunctive relief.

In the ordinary course of business, the Company and Related Parties are also subject to governmental and regulatory examinations, information gathering requests (both formal and informal), certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The Company is subject to regulation by various U.S., state, foreign and other regulators. In connection with formal and informal inquiries by these regulators, the Company receives requests, and orders seeking documents and other information in connection with various aspects of their regulated activities.

The Company seeks to resolve all litigation and regulatory matters in the manner management believes is in the best interests of the Company, and contests liability, allegations of wrongdoing and, where applicable, the amount of damages or scope of any penalties or other relief sought as appropriate in each pending matter.

The Company has evaluated all adverse litigation claims and based on the information currently available, the Company has not established any reserves for such claims, since in the opinion of management, the likelihood of liability is not probable nor reasonably estimable.

**7. Regulatory Requirements**

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 ("SEA Rule 15c3-1"), which requires the maintenance of minimum net capital. The Company computes net capital

**Westminster Research Associates LLC**  
**Notes to Statement of Financial Condition**  
**As of December 31, 2023**

*(In thousands of dollars, except where noted)*

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under the alternative method and is required to maintain minimum net capital as defined in (a)(1)(ii) of SEA Rule 15c-3-1(a), equal to the greater of \$250 or 2% of aggregate debits arising from customer transactions. As of December 31, 2023, the Company's net capital was \$23,533, which was \$23,283 in excess of its minimum net capital requirement. Advances to affiliates, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the net capital rule of the SEC and other regulatory bodies.

## **8. Related Party Transactions**

In the normal course of business, the Company enters into transactions with related parties.

Due to related parties is presented net on the statement of financial condition, pursuant to a netting agreement in place between the Company and its affiliates and per the agreement is settled net with Cowen Services Company, LLC ("CSC"). These amounts settle in the ordinary course of business.

Balances with related parties included in the statement of financial condition are as follows:

	<b>December 31, 2023</b>
<b>Assets</b>	
Receivables from Brokers	\$ 494
<b>Liabilities</b>	
Due to related parties	\$ 859

## **Revolving Credit Agreement**

Effective March 1, 2023, Cowen Inc. entered into a revolving credit facility with Toronto Dominion Holdings (U.S.A.), Inc. Amounts drawn under the facility bear interest at agreed upon benchmark rates plus applicable spreads. Capital received under this facility is subsequently allocated to certain subsidiaries of Cowen Inc., including the Company.

The unsettled portion of the Company's interest payable is recorded in Due to related parties on the statement of financial condition.

## **Support Arrangements**

The Company previously entered into service level agreements with CSC, in which the employment of certain of the Company's employees was assigned and transferred to CSC. Under this agreement CSC is responsible for the compensation-related payments to these employees for their performance of services provided to the Company and the Company reimburses CSC, recording the related amounts payable to CSC in Due to related parties on the statement of financial condition. CSC also agreed to provide certain administrative and other support services to the Company.

Cowen Execution Services Limited has employees that support the Company's business operations. During 2023, employees of Cowen International Limited provided support to the Company under similar arrangements.

**Westminster Research Associates LLC**  
**Notes to Statement of Financial Condition**  
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*(In thousands of dollars, except where noted)*

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**9. Off-Balance Sheet Risk**

**Concentration of Credit Risk**

The Company may maintain cash and cash segregated under federal regulations at financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to significant credit risks.

**Off-Balance Sheet Arrangements**

The Company does not have any material off-balance sheet arrangements as of December 31, 2023.

**10. Subsequent Events**

The Company has evaluated events through February 29, 2024, date the statement of financial condition was issued, and has determined that there were no subsequent events requiring adjustment or disclosure to the statement of financial condition.

On January 16, 2024, the Company paid a dividend of \$2,000 to the Parent.