

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION

John Hancock Investment Management Distributors LLC  
Year Ended December 31, 2022  
With Report of Independent Registered Public  
Accounting Firm

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

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PART III

FACING PAGE

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

FILING FOR THE PERIOD BEGINNING 01/01/2022 AND ENDING 12/31/2022  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: John Hancock Investment Management Distributors, 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.)

200 Berkeley Street

(No. and Street)

Boston

MA

02116

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Jeffrey Long

617-663-4343

JLong@jhancock.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)

200 Clarendon Street

Boston

MA

02116

(Address)

(City)

(State)

(Zip Code)

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

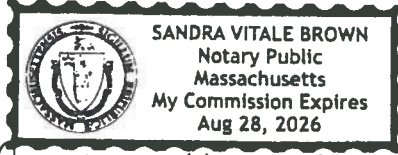
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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii),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

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Jeffrey Long, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of John Hancock Investment Management Distributors, LLC, as of 12/31, 2022, is true and correct. I further swear (or 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.



Sandra Vitale Brown 2/22/23  
Notary Public

Signature: \_\_\_\_\_

Title: Chief Financial Officer

### 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.**

**JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**YEAR ENDED DECEMBER 31, 2022**

**Contents**

Report of Independent Registered Public Accounting Firm.....	1
Financial Statements	
Statement of Financial Condition .....	2
Statement of Operations.....	3
Statement of Changes in Shareholder's Equity .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements.....	6
Supplemental Information	
Schedule I – Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission.....	15
Schedule II - Statement Pursuant to Rule 15c3-3 of the Securities and Exchange Commission .....	16



Ernst & Young LLP  
200 Clarendon Street  
Boston, MA 02116

Tel: +1 617 266 2000  
Fax: +1 617 266 5843  
ey.com

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of  
John Hancock Investment Management Distributors LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of John Hancock Investment Management Distributors LLC (the "Company") as of December 31, 2022, the related statements of operations, changes in shareholder'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 at December 31, 2022, and the results of its operations, changes in shareholder's equity, and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

### 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. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Supplemental Information

The accompanying information contained in Schedules I and II has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. Such information is the responsibility of the Company's management. Our audit procedures included determining whether the 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. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Ernst & Young LLP*

*We have served as the Company's auditor since 1991.*

February 24, 2023

**JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2022**

**Assets**

Cash & cash equivalents	\$ 378,229
Money market securities - trading (cost \$48,054,682)	48,054,683
Accounts receivable	1,229,248
Deferred selling commissions	534,491
Due from affiliated companies	4,267,574
Intangible assets, net	1,539,665
Software, net	621,274
Other assets	632,556
Total assets	<u>\$ 57,257,720</u>

**Liabilities**

Accounts payable and accrued expenses	\$ 16,536,788
Commissions and distribution expenses payable	5,144,108
Due to affiliated companies	11,525,896
Deferred income taxes, net	309,681
Total liabilities	<u>33,516,473</u>

**Shareholder's equity**

Common stock (\$1.00 par value; 1,000 shares authorized, issued and outstanding)	1,000
Additional paid-in capital	1,796,251,129
Retained earnings (deficit)	<u>(1,772,510,882)</u>
Total shareholder's equity	<u>23,741,247</u>
Total liabilities & shareholder's equity	<u>\$ 57,257,720</u>

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

**JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2022**

**Revenues**

Selling commissions	\$ 12,968,415
Rule 12b-1 service fees	108,288,790
Other revenue	<u>653,336</u>
Total revenues	121,910,541

**Expenses**

Selling commissions	23,267,504
Rule 12b-1 service fees	81,177,624
Marketing support expenses	45,086,820
Administrative Services Expense	142,965,936
Other selling, general, and administrative expenses	<u>15,264,377</u>
Total expenses	307,762,261

Income (loss) before income taxes	(185,851,720)
Income tax expense (benefit)	<u>(38,720,444)</u>
Net income (loss)	<u><u>\$ (147,131,276)</u></u>

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

**JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC**

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**

**YEAR ENDED DECEMBER 31, 2022**

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Shareholder's Equity
<b>Balance at January 1, 2022</b>	\$ 1,000	\$ 1,644,651,129	\$ (1,625,379,746)	\$ 19,272,383
Currency translation adjustment	-	-	140	140
Net income (loss)	-	-	(147,131,276)	(147,131,276)
Capital contributions by Parent	-	151,600,000	-	151,600,000
<b>Balance at December 31, 2022</b>	<u>\$ 1,000</u>	<u>\$ 1,796,251,129</u>	<u>\$ (1,772,510,882)</u>	<u>\$ 23,741,247</u>

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



**JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2022**

**Operating Activities**

Net income (loss) \$ (147,131,276)

Adjustments to reconcile net income to net cash provided by operating activities:

Net currency translation (gains) losses 140

Net (subscriptions) redemptions of money market securities 2,719,072

Amortization of deferred selling commissions 1,863,929

Amortization of software and other intangible assets 2,383,436

Change in operating assets and liabilities:

Accounts receivable 744,414

Deferred selling commissions, excluding amortization (1,285,693)

Deferred income taxes (100,133)

Due to/from affiliated companies (5,929,523)

Other assets 163,501

Accounts payable and accrued expenses (3,037,912)

Commissions and distribution expenses payable (1,752,608)

Net cash provided by (used in) operating activities (151,362,653)

**Financing Activity**

Capital contributed by Parent 151,600,000

Net cash provided by (used in) financing activities 151,600,000

Net increase (decrease) in cash 237,347

Cash and cash equivalents at beginning of year 140,882

Cash and cash equivalents at end of year \$ 378,229

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

# JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Organization and Description of Business

John Hancock Investment Management Distributors LLC ( the “Company”) is a direct wholly-owned subsidiary of John Hancock Investment Management LLC (“JHIM” or “Parent”). JHIM is a direct wholly-owned subsidiary of John Hancock Subsidiaries, LLC (“Subsidiaries”). Subsidiaries is a direct wholly-owned subsidiary of John Hancock Life Insurance Company (U.S.A.) (“JHUSA”). JHUSA is an indirect, wholly-owned subsidiary of John Hancock Financial Corporation (“JHFC”). JHFC is an indirect, wholly-owned subsidiary of Manulife Financial Corporation (“MFC”), a Canadian-based, publicly traded financial services holding company.

The Company is a registered broker dealer under the Securities Exchange Act of 1934 (the “Act”) and a Securities and Exchange Commission (“SEC”) registered investment advisor under the Investment Advisers Act of 1940. The Company is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Company was incorporated in the State of Delaware on January 19, 1991. The Company serves as the wholesale distributor and/or underwriter throughout the United States for the registered investment companies (the “Funds”) managed by JHIM.

The Company is a member of the Securities Investor Protection Corporation (“SIPC”) through which customer accounts are protected in the event of the Company’s insolvency up to \$500,000; including a maximum of \$250,000 for free cash balances. The Company does not open customer accounts or affect customer transactions and does not accept any customer funds or securities for deposit into any of the Company’s accounts. The Company is a member of SIPC as a requirement of its membership in the Municipal Securities Rulemaking Board.

### Note 2 – Summary of Significant Accounting Policies

**Basis of Presentation.** These financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”), which require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The Company’s results and operations currently have not been impacted but may be adversely impacted by COVID-19 and the economic environment. The adverse effects include but are not limited to significant market volatility, low interest rates, increase in credit risk, foreign currency exchange rate volatility, increases in redemptions, and disruption of business operations.

**Cash and cash equivalents.** Cash and cash equivalents includes cash and all highly liquid debt investments with a remaining maturity of three months or less when purchased. At times, cash may exceed the insurance limits of the Federal Deposit Insurance Corporation. Management believes its risk of loss is mitigated by investing through major financial institutions.

**Money Market Securities.** The Company classifies its money market securities as trading securities and records these securities at fair value. Any change in fair value related to trading

## JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

### NOTES TO FINANCIAL STATEMENTS

securities is included in other revenue in the Statement of Operations. These securities include investments in money market registered investment companies.

**Deferred Selling Commissions.** The Company pays a selling commission to the selling broker dealer for Class C-Shares. C-Share selling commissions are capitalized as deferred selling commissions and are amortized on a straight-line basis over a period not to exceed one year.

The amortization periods are intended to approximate the period of time expected to be benefited, that is the period during which fees earned pursuant to Rule 12b-1 distribution plans are received from the Funds and Contingent Deferred Sales Charge (CDSC) payments are received from shareholders of the Funds upon redemption of C-shares. Upon receipt of CDSC payments, the Company records additional amortization to arrive at an estimate of the remaining unamortized deferred selling commission applicable to the shares redeemed. On an annual basis, the Company tests for impairment and none was noted for the year ended December 31, 2022.

**Intangible Assets.** Intangible assets include the distribution network of sales agents and producers responsible for procuring business. As a result of the acquisition of John Hancock by MFC in 2004, \$16,936,000 was initially recognized as the fair value of the distribution networks. Distribution networks are amortized over their respective estimated lives in other selling, general, and administrative expenses. Management determined at inception that these other intangible assets have an estimated definite life of 28 years.

Amortizing intangible assets are reviewed for impairment only upon the occurrence of certain triggering events. Impairments are recorded whenever the other intangible asset's fair value is deemed to be less than its carrying value.

**Software.** Software consists of customer relationship management software and other software development costs for internal-use which are amortized on a straight-line basis up to a 5-year useful life. The amortization period commences when the software is ready for use, and is intended to approximate the period of time over which the Company will benefit from the functionality of the software. The Company assesses the expected future benefit of the software at least annually to determine whether the value of the asset should be impaired.

**Fair Value Measurements.** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (not a forced liquidation or distressed sale) between market participants at the measurement date; that is, an exit value.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

1. Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date.

## JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

### NOTES TO FINANCIAL STATEMENTS

2. Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
3. Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets that are derived using data, some or all of which is not market observable data, including assumptions about risk.

Money market securities are classified within Level 1 of the fair value hierarchy and based on quoted market prices. Additionally, there were no transfers into or out of Level 1, Level 2, or Level 3 during the year ended December 31, 2022.

**Revenue Recognition.** Selling commissions are recorded on the trade date. CDSC commissions are recognized as income when received. Fees earned pursuant to Rule 12b-1 distribution plans are recorded in the period in which the service is rendered. Other revenue includes interest income which is recognized on an accrual basis.

**Income Taxes.** The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the liability method, resulting from temporary differences between the tax and financial statement bases of assets and liabilities. A valuation allowance is established for deferred tax assets when it is more likely than not that an amount will not be realized. In accordance with the income tax sharing agreement in effect for the applicable tax year, the income tax provision (or benefit) is computed as if each entity filed a separate federal income tax return with tax benefits provided for operating losses and tax credits when utilized and settled by the consolidated group. Intercompany settlements of income taxes are made through an increase or reduction to due from affiliated companies. Such settlements occur on a periodic basis in accordance with the tax sharing agreements.

**Foreign Currency Translation.** Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). Transactions in a foreign currency are initially recorded at the functional currency rate prevailing at the date of the transaction. Revenues and expenses are translated using the average exchange rates during the year. Gains or losses on foreign currency transactions are reflected in earnings.

#### Note 3 – Related Party Transactions

Management believes the allocation methods used are reasonable and appropriate in the circumstances; however, the Company’s Statement of Financial Condition and Statement of Operations may not necessarily be indicative of the financial condition and results that would have existed if the Company operated as an unaffiliated entity.

**Rule 12b-1 Distribution Plans.** The Company receives payments from Rule 12b-1 distribution plans adopted by certain Funds pursuant to Rule 12b-1 of the Investment Company Act of 1940, as amended. These plans are subject to annual review and approval by the independent trustees of each of the Funds. Under the terms of the distribution plans, each Fund makes monthly payments

# JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

## NOTES TO FINANCIAL STATEMENTS

(fees earned pursuant to Rule 12b-1 distribution plans) which will not exceed the lesser of a set percentage of each Fund's average daily net assets on an annual basis or the pro rata share of the Company's costs of distribution incurred on behalf of each Fund. The Company incurred and paid John Hancock Distributors LLC ("Distributors") Rule 12b-1 distribution fees for distributing certain funds on behalf of the Company of \$18,683,234 for the year ended December 31, 2022 and are included in Rule 12b-1 service fees paid in the Statement of Operations.

**Service Agreements.** The Company reimburses JHUSA payroll, rent, shared services, and other administrative expenses. These expenses amounted to \$142,988,137 for the year ended December 31, 2022 and are included in other selling, general, and administrative expenses and administrative service expense in the Statement of Operations.

**Due from/to Affiliated Companies.** Due from affiliated companies at December 31, 2022 included certain operating expenses paid by the Company on behalf of JHIM. Generally, these are settled monthly.

Due to affiliated companies at December 31, 2022 includes 12b-1 fee expenses, broker support expenses, payroll related expenses and other administrative expenses paid on behalf of the Company by Distributors, John Hancock Signature Services, Inc. ("Signature Services"), JHUSA, Manufacturers Life Insurance Company ("MLI") and MFC. Generally, these are settled monthly.

**Capital Contributions.** For the year ended December 31, 2022, the Company received cash capital contributions of \$151,600,000 from JHIM.

### Note 4 – Deferred Selling Commissions

The rollforward of deferred selling commissions as of December 31, 2022 is as follows:

Balance, beginning of year	\$ 1,112,727
Additions	1,285,693
Amortization	<u>(1,863,929)</u>
Balance, end of year	<u>\$ 534,491</u>

### Note 5 – Intangible Assets

Intangible assets are as follows:

December 31, 2022	Gross Carrying Amount	Accumulated Net Amortization	Net Carrying Amount
Subject to amortization:			
Distribution network	\$ 16,936,000	(15,396,335)	\$ 1,539,665
Total	<u>\$ 16,936,000</u>	<u>(15,396,335)</u>	<u>\$ 1,539,665</u>

# JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

## NOTES TO FINANCIAL STATEMENTS

Amortization expense was \$415,668 for the year ended December 31, 2022. The expense is recorded to other selling, general, and administrative expenses in the Statement of Operations. Amortization expense for other intangible assets is expected to be approximately \$355,812 in 2023, \$293,054 in 2024, \$238,756 in 2025, and \$191,702 in 2026. There were no intangible asset impairments in 2022.

### Note 6 – Software

Software is comprised of the following as of December 31, 2022:

Software	\$ 22,672,631
Less accumulated amortization	<u>(22,051,357)</u>
Software, net	<u>\$ 621,274</u>

Amortization expense for the year ended December 31, 2022 amounted to \$1,967,768 and is included in other selling, general, and administrative expenses in the Statement of Operations.

### Note 7 – Income Taxes

The Company is included in the consolidated federal income tax return of JHFC.

The components of income taxes for year ended December 31, 2022 were as follows:

Current taxes	
Federal	\$ (38,632,863)
State	<u>12,590</u>
Total	<u>(38,620,273)</u>
Deferred taxes	
Federal	<u>(100,171)</u>
Total	<u>(100,171)</u>
Total income tax expense (benefit)	<u>\$ (38,720,444)</u>

A reconciliation of income taxes at the federal income tax rate to income tax expense (benefit) charged to operations for year ended December 31, 2022 follows:

# JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

## NOTES TO FINANCIAL STATEMENTS

Tax at 21%	\$ (39,028,860)
Add (deduct):	
Nondeductible expenses, including meals and entertainment	298,470
State and local income taxes	9,946
Prior year true-up	
Total income tax expense (benefit)	<u>\$ (38,720,444)</u>

Deferred income tax assets and liabilities result from tax effecting the differences between the financial statement values and income tax values of assets and liabilities at the financial condition date. For December 31, 2022, deferred tax assets and liabilities consisted of the following:

### Deferred income tax assets:

Incentive compensation	<u>\$ 126,000</u>
Total deferred income tax assets	<u>126,000</u>

### Deferred income tax liabilities:

Deferred selling commissions	\$ (112,243)
Intangible assets, net	(323,330)
Other	<u>(108)</u>
Total deferred income tax liabilities	<u>(435,681)</u>
Net deferred tax assets (liabilities)	<u>\$ (309,681)</u>

The Company has not recorded a valuation allowance with respect to the realizability of its deferred tax assets. In assessing the need for a valuation allowance, management considered the future reversal of taxable temporary differences, future taxable income exclusive of reversing temporary differences, taxable income in the carry back period, as well as tax planning strategies. Tax planning strategies were considered to the extent they were both prudent and feasible and if implemented, would result in the realization of deferred tax assets. Based on management's assessment of all available information, management believes that it is more likely than not the Company will realize the full benefit of its deferred tax assets.

The Inflation Reduction Act (Act) was enacted on August 16, 2022 and included a new corporate alternative minimum tax ("CAMT") that goes into effect for tax years beginning after 2022. The Company has not determined as of the reporting date if it will be subject to the CAMT in 2023.

In 2022, the IRS completed their audit of 2016 through 2018 and no adjustments were raised for the Company. Tax year 2019 and 2020 are currently under examination.

The Company has no reserves for uncertain tax positions. Any related interest and penalty expense would be recorded in other selling, general and administrative expense in the Statement of Operations.



# JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

## NOTES TO FINANCIAL STATEMENTS

### Note 8 – Net Capital and Regulatory Requirements

As a registered broker dealer, the Company is subject to the SEC’s uniform net capital rule (“Rule 15c3-1”).

Pursuant to the net capital provisions of Rule 15c3-1 of the Act, the Company is required to maintain minimum net capital, as defined. The amount of net capital and the related net capital ratio may fluctuate on a daily basis. Also according to Rule 15c3-1, the Company is prohibited from withdrawing equity capital if such withdrawal would cause the Company’s aggregate indebtedness to net capital to exceed 10 times its net capital; its net capital to fall below 120 percent of its minimum dollar requirement; or net capital to be less than 25 percent of haircuts used in calculating net capital. This limitation includes withdrawals in the form of distributions, as well as unsecured loans or advances to the member, employees, or affiliates. At December 31, 2022, the Company had net capital, as defined, of \$14,265,026. The minimum net capital requirement at December 31, 2022 was \$250,000.

The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3, and relies on Footnote 74 of the SEC Release No. 34-70073.

### Note 9 – Commitments and Legal Proceedings

**Commitments.** The Company has entered into operating leases with unrelated parties for office space. Minimum payments required under the leases are as follows:

		<u>Office Space</u>
Year ending December 31,	2023	\$23,816
	2024	24,351
	2025	10,621
		<u>\$ 58,788</u>

**Legal Proceedings.** The Company is involved in certain legal proceedings which arise in the normal course of business. Management believes the outcome of pending litigation will not have a material adverse effect on the Company. The Company is inherently subject to regulatory risk in that a change in laws and regulations could impact aspects of the Company’s business. A change in laws or regulations effected by the Securities and Exchange Commission or FINRA may increase operating costs, reduce the attractiveness of certain investments, and/or change the competitive landscape.

### Note 10 – Subsequent Events



# **JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC**

## **NOTES TO FINANCIAL STATEMENTS**

The Company evaluated the recognition and disclosure of subsequent events for its December 31, 2022 financial statements through February 24, 2023, the date on which the financial statements were issued.

## Supplemental Information

# JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS, LLC

## NOTES TO FINANCIAL STATEMENTS

John Hancock Investment Management Distributors LLC  
Schedule I - Computation of Net Capital Pursuant to Rule 15c3-1 of the  
Securities and Exchange Commission

December 31, 2022

### Computation of Net Capital

Total shareholder's equity (from Statement of Financial Condition)	\$ 23,741,247
Allowable credits:	
Deferred income taxes, net	309,681
Total capital and allowable credits	<u>24,050,928</u>
Nonallowable assets:	
Accounts receivable	1,229,248
Deferred selling commissions	534,491
Software, net	621,274
Due from affiliated companies	4,267,574
Intangible assets, net	1,539,665
Other assets	632,556
Total nonallowable assets	<u>8,824,808</u>
Net capital before haircuts on securities positions	<u>15,226,120</u>
Haircuts on securities:	
Investment in money market securities	961,094
Total haircuts on securities	<u>961,094</u>
Net capital	<u><u>\$ 14,265,026</u></u>

### Computation of Alternate Net Capital Requirement

Minimum net capital required (2% of aggregate debit items pursuant to Rule 15c3-3)	<u>\$ -</u>
Minimum dollar net capital requirement	<u>\$ 250,000</u>
Net capital requirement (greater of above amounts)	<u>\$ 250,000</u>
Excess net capital over requirement	<u><u>\$ 14,015,026</u></u>

*There were no material differences between the computation of net capital under Rule 15c3-1 included in this audited report and the computation included in the Company's corresponding unaudited Form X-17a-5, Part II A filing as of December 31, 2022.*

John Hancock Investment Management Distributors LLC  
Schedule II – Statement Pursuant to Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2022

The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3, and relies on Footnote 74 of the SEC Release No. 34-70073.



Ernst & Young LLP  
200 Clarendon Street  
Boston, MA 02116

Tel: +1 617 266 2000  
Fax: +1 617 266 5843  
ey.com

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Management of  
John Hancock Investment Management Distributors LLC

We have reviewed management's statements, included in the accompanying exemption report, in which John Hancock Investment Management Distributors LLC (the "Company") stated that:

- (1) The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3.
- (2) The Company is relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because, the Company limits its business activities exclusively to: (1) distribution of mutual funds and/or variable life insurance or annuities; (2) wholesale distribution and/or underwriting throughout the United States primarily for variable life insurance products, variable annuity products, and registered investment companies (the Funds) sponsored and managed by John Hancock Life Insurance Company (U.S.A) and their affiliated entities, and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3), throughout the most recent fiscal year ended December 31, 2022 without exception.

Management is responsible for compliance with 17 C.F.R. § 240.15c3-3 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 the Company's compliance with 17 C.F.R. § 240.15c3-3. 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, pursuant to footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the FINRA, other regulatory agencies that rely on Rule 17a-5 under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and other recipients specified by Rule 17a-5(d)(6) and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

February 24, 2023



**Manulife**



## **John Hancock Investment Management Distributors LLC's Exemption Report**

John Hancock Investment Management Distributors LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3, and
- (2) The Company is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to:
  - a. distribution of mutual funds and/or variable life insurance or annuities;
  - b. wholesale distribution and/or underwriting throughout the United States primarily for variable life insurance products, variable annuity products, and registered investment companies (the Funds) sponsored and managed by John Hancock Life Insurance Company (U.S.A) and their affiliated entities.

The company does not hold customer funds and/ or safekeep customer securities or does not carry accounts of or for customers.

John Hancock Investment Management Distributors LLC



I, \_\_\_\_\_ swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: Jeff Long

Title: Chief Financial Officer

February 24, 2023

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

To the Board of Directors and Management of John Hancock Investment Management Distributors 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 on the accompanying General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2022. Management of John Hancock Investment Management Distributors LLC (Company) is responsible for its Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7.

Management of the Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you and SIPC in evaluating the Company's compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2022. Additionally, SIPC has agreed to and acknowledged that the procedures performed are appropriate for their intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. 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 assessment payments made in accordance with the General Assessment Payment Form (Form SIPC-6) and applied to the General Assessment calculation on Form SIPC-7 with respective cash disbursement record entries in the eTreasury module of the Lawson general ledger application.

**No findings were found as a result of applying the procedure.**

2. Compared the amounts reported in the audited financial statements required by SEC Rule 17a-5 with the amounts reported in Form SIPC-7 for the fiscal year ended December 31, 2022.

**No findings were found as a result of applying the procedure.**

3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers supporting the adjustments included as part of management's SIPC revenue breakdown worksheet.

**No findings were found as a result of applying the procedure.**

4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the schedules and working papers supporting the adjustments.

**No findings were found as a result of applying the procedure.**

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and in accordance with the standards of the Public Company Accounting Oversight Board (United States). An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2022. 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.

We are required to be independent of John Hancock Investment Management Distributors LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.

*Ernst & Young LLP*

February 24, 2023



**SIPC-7**

(36-REV 12/18)

## SECURITIES INVESTOR PROTECTION CORPORATION

Mail Code: 8967 P.O. Box 7247 Philadelphia, PA 19170-0001

**General Assessment Reconciliation****12/31/2022**

For the fiscal year ended

(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:

FINRA 43582 - December 2022  
 JOHN HANCOCK INVESTMENT MANAGEMENT  
 DISTRIBUTORS LLC  
 200 BERKELEY STREET  
 BOSTON, MA 02116

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.

Jeffrey Long (617)663-4343

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

\$ 1,056

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

( 170 )

08/05/2022

Date Paid

C. Less prior overpayment applied

( 0 )

D. Assessment balance due or (overpayment)

886

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)

\$ 886

G. PAYMENT: ☒ the box

Check mailed to P.O. Box ☐

Funds Wired ☒

ACH ☐

\$ 886

Total (must be same as F above)

H. Overpayment carried forward

\$( 0 )

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.

JOHN HANCOCK INVESTMENT MANAGEMENT DISTRIBUTORS LLC

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Chief Financial Officer

(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 01/01/2022  
and ending 12/31/2022

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ <u>121,898,405</u>
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	<u>0</u>
(2) Net loss from principal transactions in securities in trading accounts.	<u>0</u>
(3) Net loss from principal transactions in commodities in trading accounts.	<u>0</u>
(4) Interest and dividend expense deducted in determining item 2a.	<u>0</u>
(5) Net loss from management of or participation in the underwriting or distribution of securities.	<u>0</u>
(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.	<u>0</u>
(7) Net loss from securities in investment accounts.	<u>0</u>
Total additions	<u>0</u>
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.	<u>121,194,643</u>
(2) Revenues from commodity transactions.	<u>0</u>
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	<u>0</u>
(4) Reimbursements for postage in connection with proxy solicitation.	<u>0</u>
(5) Net gain from securities in investment accounts.	<u>0</u>
(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.	<u>0</u>
(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).	<u>0</u>
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	<u>0</u>
<hr/>	
(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.	<u>\$ 0</u>
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	<u>\$ 0</u>
Enter the greater of line (i) or (ii)	<u>0</u>
Total deductions	<u>121,194,643</u>
2d. SIPC Net Operating Revenues	\$ <u>703,762</u>
2e. General Assessment @ .0015	\$ <u>1,056</u>
	(to page 1, line 2.A.)

## SIPC-7 Instructions

This form is to be filed by all members of the Securities Investor Protection Corporation whose fiscal years end in 2011 and annually thereafter. The form together with the payment is due no later than 60 days after the end of the fiscal year, or after membership termination. Amounts reported herein must be readily reconcilable with the member's records and the Securities and Exchange Commission Rule 17a-5 report filed. Questions pertaining to this form should be directed to SIPC via e-mail at [form@sipc.org](mailto:form@sipc.org) or by telephoning 202-371-8300.

A. For the purposes of this form, the term "SIPC Net Operating Revenues" shall mean gross revenues from the securities business as defined in or pursuant to the applicable sections of the Securities Investor Protection Act of 1970 ("Act") and Article 6 of SIPC's bylaws (see page 4), less item 2c(9) on page 2.

B. Gross revenues of subsidiaries, except foreign subsidiaries, are required to be included in SIPC Net Operating Revenues on a consolidated basis except for a subsidiary filing separately as explained hereinafter.

If a subsidiary was required to file a Rule 17a-5 annual audited statement of income separately and is also a SIPC member, then such subsidiary must itself file SIPC-7, pay the assessment, and should not be consolidated in your SIPC-7.

SIPC Net Operating Revenues of a predecessor member which are not included in item 2a, were not reported separately and the SIPC assessments were not paid thereon by such predecessor, shall be included in item 2b(1).

C. Your General Assessment should be computed as follows:

(1) Line 2a For the applicable period enter total revenue based upon amounts reported in your Rule 17a-5 Annual Audited Statement of Income prepared in conformity with generally accepted accounting principles applicable to securities brokers and dealers, or if exempted from that rule, use X-17A-5 (FOCUS Report) Line 12, Code 4030.

(2) Adjustments The purpose of the adjustments on page 2 is to determine SIPC Net Operating Revenues.

(a) Additions Lines 2b(1) through 2b(7) assure that assessable income and gain items of SIPC Net Operating Revenues are totaled, unreduced by any losses (e.g., if a net loss was incurred for the period from all transactions in trading account securities, that net loss does not reduce other assessable revenues). Thus, line 2b(4) would include all short dividend and interest payments including those incurred in reverse conversion accounts, rebates on stock loan positions and repo interest which have been netted in determining line 2(a).

(b) Deductions Line 2c(1) through line 2c(9) are either provided for in the statute, as in deduction 2c(1), or are allowed to arrive at an assessment base consisting of net operating revenues from the securities business. For example, line 2c(9) allows for a deduction of either the total of interest and dividend expense (not to exceed interest and dividend income), as reported on FOCUS line 22/PART IIA line 13 (Code 4075), plus line 2b(4) or 40% of interest earned on customers' securities accounts (40% of FOCUS Line 5 Code 3960). Be certain to complete both line (i) and (ii), entering the greater of the two in the far right column. Dividends paid to shareholders are not considered "Expense" and thus are not to be included in the deduction. Likewise, interest and dividends paid to partners pursuant to the partnership agreements would also not be deducted.

*If the amount reported on line 2c (8) aggregates to \$100,000 or greater, supporting documentation must accompany the form that identifies these deductions. Examples of support information include; contractual agreements, prospectuses, and limited partnership documentation.*

- (i) Determine your SIPC Net Operating Revenues, item 2d, by adding to item 2a, the total of item 2b, and deducting the total of item 2c.
- (ii) Multiply SIPC Net Operating Revenues by the applicable rate. Enter the resulting amount in item 2e and on line 2A of page 1.
- (iii) Enter on line 2B the assessment due as reflected on the SIPC-6 previously filed.
- (iv) Subtract line 2B and 2C from line 2A and enter the difference on line 2D. This is the balance due for the period.
- (v) Enter interest computed on late payment (if applicable) on line 2E.
- (vi) Enter the total due on line 2F and the payment of the amount due on line 2G.
- (vii) Enter overpayment carried forward (if any) on line 2H.

D. Any SIPC member which is also a bank (as defined in the Securities Exchange Act of 1934) may exclude from SIPC Net Operating Revenues dividends and interest received on securities in its investment accounts to the extent that it can demonstrate to SIPC's satisfaction that such securities are held, and such dividends and interest are received, solely in connection with its operations as a bank and not in connection with its operations as a broker, dealer or member of a national securities exchange. Any member who excludes from SIPC Net Operating Revenues any dividends or interest pursuant to the preceding sentence shall file with this form a supplementary statement setting forth the amount so excluded and proof of its entitlement to such exclusion.

E. Interest on Assessments. If all or any part of assessment payable under Section 4 of the Act has not been postmarked within 15 days after the due date thereof, the member shall pay, in addition to the amount of the assessment, interest at the rate of 20% per annum on the unpaid portion of the assessment for each day it has been overdue.

F. Securities and Exchange Commission Rule 17a-5(e) (4) requires those who are not exempted from the audit requirement of the rule and whose gross revenues are in excess of \$500,000 to file a supplemental independent public accountants report covering this SIPC-7 no later than 60 days after their fiscal year ends.

**Mail this completed form to SIPC together with a check for the amount due, made payable to SIPC, using the enclosed return PO BOX envelope, pay via ACH Debit Authorization through SIPC's ACH system at [www.sipc.org/for-members/assessments](http://www.sipc.org/for-members/assessments) or wire the payment to:**

**On the wire identify the name of the firm and its SEC Registration 8-# and label it as "for assessment."**  
**Please fax a copy of the assessment form to (202)-223-1679 or e-mail a copy to [form@sipc.org](mailto:form@sipc.org) on the same day as the wire.**

## From Section 16(9) of the Act:

The term “gross revenues from the securities business” means the sum of (but without duplication)—

- (A) commissions earned in connection with transactions in securities effected for customers as agent (net of commissions paid to other brokers and dealers in connection with such transactions) and markups with respect to purchases or sales of securities as principal;
- (B) charges for executing or clearing transactions in securities for other brokers and dealers;
- (C) the net realized gain, if any, from principal transactions in securities in trading accounts;
- (D) the net profit, if any, from the management of or participation in the underwriting or distribution of securities;
- (E) interest earned on customers’ securities accounts;
- (F) fees for investment advisory services (except when rendered to one or more registered investment companies or insurance company separate accounts) or account supervision with respect to securities;
- (G) fees for the solicitation of proxies with respect to, or tenders or exchanges of, securities;
- (H) income from service charges or other surcharges with respect to securities;
- (I) except as otherwise provided by rule of the Commission, dividends and interest received on securities in investment accounts of the broker or dealer;
- (J) fees in connection with put, call, and other options transactions in securities;
- (K) commissions earned for transactions in (i) certificates of deposit, and (ii) Treasury bills, bankers acceptances, or commercial paper which have a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof, the maturity of which is likewise limited, except that SIPC shall by bylaw include in the aggregate of gross revenues only an appropriate percentage of such commissions based on SIPC’s loss experience with respect to such instruments over at least the preceding five years; and
- (L) fees and other income from such other categories of the securities business as SIPC shall provide by bylaw.

Such term includes revenues earned by a broker or dealer in connection with a transaction in the portfolio margining account of a customer carried as securities accounts pursuant to a portfolio margining program approved by the Commission. Such term does not include revenues received by a broker or dealer in connection with the distribution of shares of a registered open end investment company or unit investment trust or revenues derived by a broker or dealer from the sales of variable annuities, the business of insurance, or transactions in security futures products.

## From Section 16(14) of the Act:

The term “Security” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, any collateral trust certificate, preorganization certificate or subscription, transferable share, voting trust certificate, certificate of deposit, certificate of deposit for a security, or any security future as that term is defined in section 78c(a)(55)(A) of this title, any investment contract or certificate of interest or participation in any profit-sharing agreement or in any oil, gas or mineral royalty or lease (if such investment contract or interest is the subject of a registration statement with the Commission pursuant to the provisions of the Securities Act of 1933 [15 U.S.C. 77a et seq.]), any put, call, straddle, option, or privilege on any security, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase or sell any of the foregoing, and any other instrument commonly known as a security. Except as specifically provided above, the term “security” does not include any currency, or any commodity or related contract or futures contract, or any warrant or right to subscribe to or purchase or sell any of the foregoing.

## From SIPC Bylaw Article 6 (Assessments): Section 1(f):

The term “gross revenues from the securities business” includes the revenues in the definition of gross revenues from the securities business set forth in the applicable sections of the Act.

## Section 3:

For purpose of this article:

- (a) The term “securities in trading accounts” shall mean securities held for sale in the ordinary course of business and not identified as having been held for investment.
- (b) The term “securities in investment accounts” shall mean securities that are clearly identified as having been acquired for investment in accordance with provisions of the Internal Revenue Code applicable to dealers in securities.
- (c) The term “fees and other income from such other categories of the securities business” shall mean all revenue related either directly or indirectly to the securities business except revenue included in Section 16(9)(A)-(L) and revenue specifically excepted in Section 4(c)(3)(C)[Item 2c(1), page 2].

Note: If the amount of assessment entered on line 2e of SIPC-7 is greater than 1/2 of 1% of “gross revenues from the securities business” as defined above, you may submit that calculation along with the SIPC-7 form to SIPC and pay the smaller amount, subject to review by your Examining Authority and by SIPC.

### SIPC Examining Authorities:

ASE	American Stock Exchange, LLC
CBOE	Chicago Board Options Exchange, Incorporated
CHX	Chicago Stock Exchange, Incorporated

FINRA	Financial Industry Regulatory Authority
NYSE	Arca, Inc.
NASDAQ	OMX PHLX
SIPC	Securities Investor Protection Corporation