

Eaton Vance Distributors, Inc.
(SEC I.D. NO. 8-47939)

Financial Statements and Supplemental
Schedules as of and for the year ended October 31, 2017
and Independent Auditors' Report
Filed Pursuant to Rule 17a-5(e)(3)
as a PUBLIC DOCUMENT

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

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

SEC FILE NUMBER
8-047939

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 11/01/16 AND ENDING 10/31/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Eaton Vance Distributors, Inc.

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

Two International Place

(No. and Street)

Boston

MA

02110

(City)

(State)

(Zip Code)

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

Daniel C. Cataldo, Chief Financial Officer

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

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

200 Berkeley Street

Boston

MA

02116

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



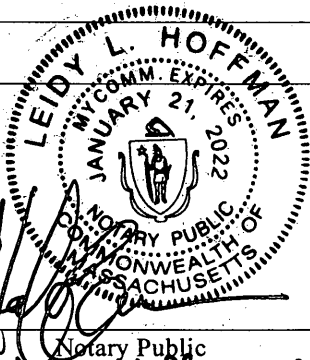
Accountant not resident in United States or any of its possessions.

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*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, Daniel C. Cataldo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Eaton Vance Distributors, Inc., as of October 31, 20 17, 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:



Daniel C. Cataldo

Signature

Chief Financial Officer

Title

Notary Public

Leidy L. Hoffman, My Comm Exp. January 21, 2022

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).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders' of
Eaton Vance Distributors, Inc.:

We have audited the accompanying statement of financial condition of Eaton Vance Distributors, Inc. (a wholly owned subsidiary of Eaton Vance Corp.) (the Company) as of October 31, 2017, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Eaton Vance Distributors, Inc. as of October 31, 2017, 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.

As discussed in Note 1 to the financial statements, the financial statements include significant transactions with Eaton Vance Corp. subsidiaries and are not necessarily indicative of the conditions that would have existed had the Company been operated as an unaffiliated company.

The supplemental schedules (g, h and i) listed in the accompanying table of contents have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental schedules are the responsibility of the Company's management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in compliance with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, such schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Deloitte + Touche LLP

December 20, 2017

Eaton Vance Distributors, Inc.

Statement of Financial Condition As of October 31, 2017

Assets

Cash and cash equivalents	\$	73,103,075
Investments at fair value		51,401,884
Deposits with clearing organization		247,322
Accounts receivable from sales of investment company shares		147,762
Accounts receivable from affiliates		1,166,872
Distribution fees and other receivables		17,868,658
Deferred income taxes		8,406,320
Prepaid expenses		4,274,126
Total assets	\$	<u>156,616,019</u>

Liabilities and Stockholder's Equity

Liabilities:

Accrued compensation	\$	23,288,553
Accounts payable and accrued liabilities		29,067,258
Accounts payable to affiliates		1,127,930
Accounts payable for investment company shares sold		246,719
Other liabilities		971,283
Total liabilities		<u>54,701,743</u>

Commitments and contingencies (Note 8)

Stockholder's Equity:

Common stock, \$1 par value; 200,000 shares authorized; 20,000 shares issued and outstanding		20,000
Additional paid-in capital		83,118,749
Retained earnings		18,775,527
Total stockholder's equity		<u>101,914,276</u>
Total liabilities and stockholder's equity	\$	<u>156,616,019</u>

See notes to Financial Statements.

Eaton Vance Distributors, Inc.

Statement of Income

For the Year Ended October 31, 2017

Revenue:

Service agreement income	\$ 225,303,411
Service fees	112,666,864
Distribution and underwriter fees	7,297,028
Interest and other revenue	<u>16,133,496</u>
Total revenue	<u>361,400,799</u>

Expenses:

Distribution expense	121,010,039
Compensation and related costs	110,046,064
Service fee expense	101,640,927
Other expenses	<u>21,027,012</u>
Total expenses	<u>353,724,042</u>

Income before income taxes	<u>7,676,757</u>
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Provision for income taxes:

Current	(3,032,363)
Deferred	<u>(278,408)</u>
Total provision for income taxes	<u>(3,310,771)</u>
Net income	<u><u>\$ 4,365,986</u></u>

See notes to Financial Statements.

Eaton Vance Distributors, Inc.

Statement of Changes in Stockholder's Equity For the Year Ended October 31, 2017

	<u>Shares</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance, November 1, 2016	20,000	\$ 20,000	\$ 70,709,257	\$ 14,409,541	\$ 85,138,798
Net income	-	-	-	4,365,986	4,365,986
Stock-based compensation	-	-	10,537,940	-	10,537,940
Tax benefit of stock option exercises	-	-	1,871,552	-	1,871,552
Balance, October 31, 2017	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ 83,118,749</u>	<u>\$ 18,775,527</u>	<u>\$ 101,914,276</u>

See notes to Financial Statements.

Eaton Vance Distributors, Inc.

Statement of Cash Flows

For the Year Ended October 31, 2017

Cash Flows From Operating Activities:

Net income	\$ 4,365,986
Adjustments to reconcile net income to net cash used for operating activities:	
Stock-based compensation	10,537,940
Deferred income taxes	246,853
Changes in operating assets and liabilities:	
Investments at fair value	(22,459,364)
Deposits with clearing organization	(26,468)
Accounts receivable from sales of investment company shares	788,833
Accounts receivable from affiliates	(155,020)
Distribution fees and other receivables	(2,089,020)
Prepaid expenses	(338,845)
Accrued compensation	4,420,524
Accounts payable and accrued liabilities	2,566,245
Accounts payable to affiliates	(4,330,996)
Accounts payable for investment company shares sold	(567,308)
Other liabilities	(2,063,398)
Net cash used for operating activities	(9,104,038)

Cash Flows From Financing Activities:

Excess tax benefit of stock option exercises	2,601,622
Net cash provided by financing activities	2,601,622
Net decrease in cash and cash equivalents	(6,502,416)
Cash and cash equivalents, beginning of year	79,605,491
Cash and cash equivalents, end of year	\$ 73,103,075

Supplemental Cash Flow Information:

Cash paid for income taxes, net of refunds	\$ 37,544
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See notes to Financial Statements.

Eaton Vance Distributors, Inc.

Notes to Financial Statements

As of and for the Year Ended October 31, 2017

1. Summary of Significant Accounting Policies

Business and organization

Eaton Vance Distributors, Inc. (the Company) is the principal underwriter for the regulated investment companies offered by Eaton Vance and certain of its affiliates (the Eaton Vance family of mutual funds). The Company also acts as placement agent for Eaton Vance-sponsored unregistered equity funds and as distributor for Eaton Vance-sponsored separately managed accounts sold through financial intermediaries.

The Company is a wholly-owned subsidiary of Eaton Vance Corp. (EVC). Certain officers and/or directors of the Company are also officers and/or directors of EVC. Revenue and certain expenses are dependent on the total value and composition of the managed assets of EVC and its affiliated entities. Accordingly, fluctuations in financial markets and in the composition of those assets under management impact revenue and the results of operations.

These Financial Statements were prepared from the separate records maintained by the Company, which include significant transactions with EVC subsidiaries and are not necessarily indicative of the conditions that would have existed had the Company been operated as an unaffiliated company.

Basis of presentation

The preparation of the Company's Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, estimates and assumptions that affect the amounts reported in the Financial Statements and related notes to the Financial Statements. However, due to the inherent uncertainties in making estimates, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist principally of cash in banks and short-term, highly liquid investments in commercial paper. Cash equivalents have maturities of less than three months on the date of acquisition and are carried at fair value.

Investments

Investments consist of certificates of deposit, commercial paper and corporate debt securities with remaining maturities (upon purchase by the Company) ranging from three months to 12 months.

Investments are carried at fair value based on quoted market prices. Net realized and unrealized gains or losses are reflected as a component of interest and other revenue. The specific identified cost method is used to determine the realized gains or losses on all investments sold.

Fair value measurements

The accounting standards for fair value measurement provide a framework for measuring fair value and require expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standards establish a fair value measurement hierarchy, which requires an entity to maximize the use of observable inputs where available. This fair value measurement hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

EVC utilizes third-party pricing services to value its investments in debt obligations, as further discussed below. Valuations provided by the pricing services are subject to exception reporting that identifies securities with significant movements in valuation, as well as investments with no movements in valuation. These exceptions are reviewed by EVC on a daily basis. EVC compares the price of trades executed by EVC to the valuations provided by the third-party pricing services to identify and research significant variances. EVC periodically compares the pricing service valuations to valuations provided by a secondary independent source when available. EVC's Valuation Committee reviews the general assumptions underlying the methodologies used by the pricing services to value various asset classes at least annually. Throughout the year, members of EVC's Valuation Committee or its designees meet with the service providers to discuss any significant changes to the service providers' valuation methodologies or operational processes.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories based on the nature of the inputs that are significant to the fair value measurements in their entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value measurement hierarchy. In such cases, an investment's classification within the fair value measurement hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- | | |
|---------|--|
| Level 1 | Unadjusted quoted market prices in active markets for identical assets or liabilities at the reporting date. |
| Level 2 | Observable inputs other than Level 1 unadjusted quoted market prices, such as quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, and inputs other than quoted prices that are observable or corroborated by observable market data. |
| Level 3 | Unobservable inputs that are supported by little or no market activity. |

The Company recognizes any transfers between levels at the end of each fiscal year.

Investment Company underwriting activities

The Company records accounts receivable from sales of mutual fund shares and accounts payable for mutual fund shares on a settlement-date basis. Commission income and expense from sales of mutual fund shares are recorded on a trade-date basis and are included in distribution and underwriter fees and distribution expense in the Company's Statement of Income.

Distribution expense

Advertising and promotional costs are expensed as incurred. The Company makes payments to financial intermediaries that provide marketing support, transaction processing and/or administrative services to the Eaton Vance family of mutual funds and, in some cases, include some or all of our funds in preferred or specialized selling programs. Payments are typically based on fund net assets, sales, transactions processed and/or accounts attributable to that financial intermediary. Financial intermediaries also may receive payments from the Company in connection with educational or due diligence meetings that include information concerning our funds.

Income taxes

The Company is included in the consolidated federal tax return of EVC. Income taxes are allocated to members of the EVC group as if each were a separate taxpayer. Federal tax payments made by Eaton Vance Management, a wholly-owned subsidiary of EVC, for the Company's federal tax liability are settled through accounts payable to affiliates. The Company computes its current and deferred tax provision in a manner that is representative of how the Company would have computed its provision had it not been included in the consolidated federal tax return of EVC.

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities measured using rates expected to be in effect when such differences reverse. To the extent that deferred tax assets are considered more likely than not to be unrealizable, valuation allowances are provided.

In the ordinary course of business, many transactions occur for which the ultimate tax outcome is uncertain. Accounting standards governing the accounting for uncertainty in income taxes for a tax position taken or expected to be taken in a tax return require that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold must be met in each reporting period to support continued recognition of the benefit. The difference between the tax benefit recognized in the financial statements for a tax position and the tax benefit claimed in the income tax return is referred to as an unrecognized tax benefit. Unrecognized tax benefits, as well as the related interest and penalties, are adjusted regularly to reflect changing facts and circumstances. The Company classifies any interest or penalties incurred as a component of income tax expense.

Revenue recognition

Mutual fund distribution and service fees are calculated as a percentage of average daily net assets and recorded in revenue as earned, gross of any third-party distribution and service fee payments made. Distribution and service fees are earned daily and generally paid monthly. The expenses associated with third-party distribution and service fee arrangements are recorded in distribution and service fee expense, respectively, as the services are provided by the third party. These expenses are also generally paid monthly.

Service agreement income

The Company has a service agreement with Eaton Vance Management, whereby Eaton Vance Management compensates the Company for distributing shares of investment companies for which Eaton Vance Management, or one of its wholly-owned subsidiaries, Boston Management and Research (BMR) or Calvert Research and Management (Calvert), is the investment adviser. For its services, the Company is compensated

in an amount equal to 102 percent of all of the Company's operating expenses, less the Company's operating revenue on a monthly basis.

Stock-based compensation

The Company accounts for stock-based compensation expense at fair value. Under the fair value method, stock-based compensation expense, which reflects the fair value of stock-based awards measured at grant date, is recognized on a straight-line basis over the relevant service period (generally five years) and is adjusted each period for anticipated forfeitures.

The fair value of each option award granted is estimated using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, expected volatility, an appropriate risk-free interest rate and the expected life of the option.

Tax benefits realized upon the exercise of stock options that are in excess of the expense previously recognized for financial reporting purposes are recorded in shareholders' equity and reflected as a financing activity in the Company's Statement of Cash Flows. If the tax benefit realized is less than the expense previously recorded, the shortfall is recorded in stockholder's equity. To the extent the expense exceeds available windfall tax benefits, it is recorded in the Company's Statement of Income and reflected as an operating activity on the Company's Statement of Cash Flows.

Loss contingencies

The Company continuously reviews any investor, employee or vendor complaints and pending or threatened litigation. The Company evaluates the likelihood that a loss contingency exists under the criteria of applicable accounting standards through consultation with legal counsel, and records a loss contingency, inclusive of legal costs, if the contingency is probable and reasonably estimable at the date of the financial statement. There are no losses of this nature that are currently deemed probable and reasonably estimable, and, thus, none have been recorded in the accompanying Financial Statements.

2. New Accounting Standards Not Yet Adopted

Financial instruments

In January 2016, the Financial Accounting Standards Board (FASB) issued an amendment to its financial instruments guidance. The amendment requires substantially all equity investments in non-consolidated entities to be measured at fair value with changes in fair value recognized in net income. The new guidance is effective for EVC, and will therefore be applied by the Company, for the fiscal year that begins on November 1, 2018 and requires a modified retrospective approach to adoption. The Company is currently evaluating the potential impact on its Financial Statements and related disclosures.

In June 2016, the FASB issued new guidance for the accounting for credit losses, which changes the impairment model for most financial assets. The new guidance requires the use of an "expected loss" model for instruments measured at amortized cost. The new guidance is effective for EVC, and will therefore be applied by the Company, for the fiscal year that begins on November 1, 2020 and requires a modified retrospective approach to adoption. Early adoption is permitted for the fiscal year beginning November 1, 2019. The Company is currently evaluating the potential impact on its Financial Statements and related disclosures.

Revenue recognition

In May 2014, the FASB issued new guidance for revenue recognition. The new guidance seeks to improve comparability by removing inconsistencies in revenue recognition practices. The core principle of the guidance requires companies to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received for the goods or services. This guidance was further updated in March 2016 to clarify how companies should evaluate the principal versus agent aspects of the previously issued revenue guidance. The new guidance is effective for EVC, and will therefore be applied by the Company, for the fiscal year that begins on November 1, 2018 and requires a modified retrospective approach or full retrospective approach to adoption. The Company is currently evaluating the potential impact on its Financial Statements and related disclosures.

Stock-based compensation

In March 2016, the FASB issued new guidance for the accounting for stock-based compensation. The new guidance requires all income tax effects of stock-based compensation to be recognized as income tax expense when the awards vest or settle, provides an election to account for forfeitures as they occur and clarifies the classification of these transactions in the statement of cash flows. The new guidance is effective for EVC, and will therefore be applied by the Company, for the fiscal year that begins on November 1, 2017 and will be adopted as of that date. Upon adoption of this guidance, the income tax effects of stock-based compensation that are currently recognized in additional paid-in-capital will be prospectively recognized in income tax expense. As a result, the Company anticipates fluctuations in the reported amount of income tax expense in the Statement of Income as well as the disclosed effective tax rate. Separately, the income tax effects of stock-based compensation (excess tax benefits) that are currently reported as a financing activity in the Statement of Cash Flows will be reported as an operating activity in that statement. Finally, the Company will elect to account for forfeitures as they occur, which is not expected to have a material impact on the Financial Statements.

Statement of cash flows

In August 2016, the FASB issued new guidance that addresses eight specific cash flow issues to reduce diversity in practice in how certain cash receipts and cash payments are presented on the Statements of Cash Flows. The new guidance is effective for EVC, and will therefore be applied by the Company, for the fiscal year that begins on November 1, 2018. The Company is currently evaluating the potential impact on its Financial Statements and related disclosures.

Statement of cash flows – restricted cash

In November 2016, the FASB issued an amendment to existing guidance on the presentation and classification of restricted cash in the statement of cash flows. The amendment requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for EVC, and will therefore be applied by the Company, for the fiscal year that begins on November 1, 2018. The Company is currently evaluating the potential impact on its Financial Statements and related disclosures.

3. Investments

The following is a summary of investments at October 31, 2017:

Investments at fair value:	
Short-term debt securities	\$ 51,401,884
Total investments at fair value	\$ 51,401,884

4. Fair Value of Assets Measured at Fair Value on a Recurring Basis

The following table summarizes the financial assets measured at fair value on a recurring basis and their assigned levels within the valuation hierarchy at October 31, 2017:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	\$ -	\$ 24,074,715	\$ -	\$ 24,074,715
Investments at fair value:				
Short-term debt securities	-	51,401,884	-	51,401,884
Total financial assets	\$ -	\$ 75,476,599	\$ -	\$ 75,476,599

Valuation methodologies

Cash equivalents

Cash equivalents include investments in commercial paper with original maturities of less than three months. The carrying amounts of these investments are measured at amortized cost, which approximates fair value due to the short time between the purchase and expected maturity of the investments. Depending on the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investments at fair value – short-term debt

Short-term debt securities include certificates of deposit, commercial paper and corporate debt obligations with remaining maturities (upon purchase by the Company) ranging from three months to 12 months. Short-term debt securities held are generally valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and ask prices, broker-dealer quotations, prices or yields of securities with similar characteristics, benchmark curves or information pertaining to the issuer, as well as industry and economic events. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security. Depending on the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

There were no transfers between levels of the fair value measurement hierarchy during the year ended October 31, 2017.

5. Stock-Based Compensation Plans

The Company recognized compensation cost related to EVC's stock-based compensation plans for the year ended October 31, 2017 as follows:

Omnibus Incentive Plans:	
Stock options	\$ 2,078,223
Restricted shares	7,990,845
Employee Stock Purchase Plans	149,422
Employee Stock Purchase Incentive Plan	319,450
Total stock-based compensation expense	<u>\$ 10,537,940</u>

The total income tax benefit recognized for stock-based compensation arrangements was \$4,414,076 for the year ended October 31, 2017.

Omnibus Incentive Plans

The EVC 2013 Omnibus Incentive Plan (the 2013 Plan), which is administered by the Compensation Committee of the Board of EVC, allows for awards of stock options and restricted shares eligible to employees of EVC's majority-owned subsidiaries, including the Company. Options to purchase EVC Non-Voting Common Stock granted under the 2013 Plan expire ten years from the date of grant, vest over five years and may not be granted with an exercise price that is less than the fair market value of the stock as of the close of business on the date of grant. Restricted shares of EVC Non-Voting Common Stock granted under the 2013 Plan vest over five years and may be subject to performance goals. These performance goals generally relate to the achievement of specified levels of adjusted operating income. The 2013 Plan contains change in control provisions that may accelerate the vesting of awards. A total of 25.5 million shares of EVC Non-Voting Common Stock have been reserved for issuance under the 2013 Plan. Through October 31, 2017, 5.7 million restricted shares and options to purchase 10.8 million shares have been issued pursuant to the 2013 Plan.

Stock options

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions require management's judgment. The dividend yield assumption represents EVC's expected dividend yield based on its historical dividend payouts and the stock price at the date of grant. EVC's stock volatility assumption is based upon its historical stock price fluctuations. EVC uses historical data to estimate option forfeiture rates and the expected term of options granted. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.

The weighted average fair values per share of stock options granted during the year ended October 31, 2017 using the Black-Scholes option valuation model was as follows:

Weighted-average grant date fair value of options granted	\$6.67
Assumptions:	
Dividend yield	2.6% to 3.2%
Volatility	25%
Risk-free interest rate	1.7% to 2.3%
Expected life of options	7.0 years

Stock option transactions under the 2013 Plan and predecessor plans for the Company's employees for the year ended October 31, 2017 are summarized as follows:

<i>(share and intrinsic value figures in thousands)</i>	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding, beginning of period	2,140	\$ 33.64		
Granted	179	36.11		
Exercised	(782)	35.52		
Forfeited/expired	(4)	43.08		
Options outstanding, end of period	1,533	\$ 32.95	6.1	\$ 26,873
Options exercisable, end of period	644	\$ 29.79	4.0	\$ 13,325
Vested or expected to vest at October 31, 2017	1,530	\$ 32.94	6.1	\$ 26,819

Options exercised represent newly issued shares of EVC Non-Voting Common Stock. The total intrinsic value of options exercised during the year ended October 31, 2017 was \$9,304,078. The total fair value of options that vested during the year ended October 31, 2017 was \$2,338,863.

As of October 31, 2017, there was \$4,220,831 of compensation cost related to unvested stock options granted under the 2013 Plan and predecessor plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.5 years.

Restricted shares

EVC's restricted share awards are generally subject to graduated vesting schedules. Compensation expense is adjusted for estimated forfeitures and is recognized on a straight-line basis over the service periods underlying the awards. As of October 31, 2017, there was \$16,994,859 of compensation cost related to unvested restricted share awards granted under the 2013 Plan and predecessor plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.8 years. The total fair value of restricted share awards that vested during the year ended October 31, 2017 was \$7,337,221.

A summary of the restricted share activity under the 2013 Plan and predecessor omnibus incentive plans for the Company's employees for the year ended October 31, 2017 is presented below:

<i>(share figures in thousands)</i>	Shares	Weighted-Average Grant Date Fair Value
Unvested, beginning of period ⁽¹⁾	718	\$ 34.03
Granted	242	39.58
Vested	(223)	32.90
Forfeited	(13)	36.32
Unvested, end of period	724	\$ 36.19

⁽¹⁾ Restricted shares outstanding at the beginning of the period have been adjusted to reflect employee transfers between the Company and other wholly-owned subsidiaries of EVC during the fiscal year.

Employee Stock Purchase Plans

The EVC 2013 Employee Stock Purchase Plan (the Qualified ESPP) and the EVC 2013 Nonqualified Employee Stock Purchase Plan (the Nonqualified ESPP) (together, the Employee Stock Purchase Plans), which are administered by the Compensation Committee of the Board of EVC, permit eligible employees of the Company to direct up to a maximum of \$12,500 per six-month offering period toward the purchase of EVC Non-Voting Common Stock at the lower of 90 percent of the market price of EVC Non-Voting Common Stock at the beginning or at the end of each offering period. The Qualified ESPP qualifies under Section 423 of the U.S. Internal Revenue Code of 1986, as amended. A total of 0.5 million and 0.1 million shares of EVC's Non-Voting Common Stock have been reserved for issuance under the Qualified ESPP and Nonqualified ESPP, respectively.

Employee Stock Purchase Incentive Plans

The EVC 2013 Incentive Compensation Nonqualified Employee Stock Purchase Plan (the Employee Stock Purchase Incentive Plan), which is administered by the Compensation Committee of the Board of EVC, permits employees of the Company to direct up to half of their incentive bonuses and commissions toward the purchase of EVC's Non-Voting Common Stock at the lower of 90 percent of the market price of EVC's Non-Voting Common Stock at the beginning or at the end of each quarterly offering period. A total of 0.6 million shares of EVC's Non-Voting Common Stock have been reserved for issuance under the Employee Stock Purchase Incentive Plan.

6. Employee Benefit Plans

Profit Sharing and Savings Plan

EVC has a Profit Sharing and Savings Plan for the benefit of substantially all employees, including employees of the Company. The Profit Sharing and Savings Plan is a defined contribution profit sharing plan with a 401(k) deferral component. All full-time employees who have met certain age and length of service requirements are eligible to participate in the plan. The plan allows participating employees to make elective deferrals of compensation up to the plan's annual limits. EVC then matches each participant's contribution on a dollar-for-dollar basis to a maximum of \$1,040 per annum. In addition, EVC may, at its discretion, contribute up to 15 percent of eligible employee compensation to the plan, up to a maximum of \$39,750 per employee. The Company's expense under the plan was \$3,534,106 for the year ended October 31, 2017.

7. Income Taxes

The following table reconciles the Company's effective tax rate from the U.S federal statutory tax rate to such amount for the year ended October 31, 2017:

Federal statutory rate	35.0	%
State income taxes (net of federal income tax benefit)	5.0	
Non-deductible meals and entertainment expense	8.1	
Stock-based compensation	(4.8)	
Other	(0.2)	
Effective income tax rate	43.1	%

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities. The significant components of deferred income taxes at October 31, 2017 are as follows:

Deferred tax assets:	
Stock-based compensation	\$ 5,736,859
Compensation and benefit expense	2,619,776
Other	104,107
Total deferred tax asset	8,460,742
Deferred tax liabilities:	
Other	(54,422)
Total deferred tax liability	(54,422)
Net deferred tax asset	\$ 8,406,320

No valuation allowance has been recorded for deferred tax assets, reflecting management's belief that all deferred tax assets will be utilized. There are no uncertain tax positions.

The Company is generally no longer subject to income tax examinations by federal, state or local tax authorities for fiscal years prior to fiscal 2013.

8. Commitments and Contingencies

In the normal course of business, the Company enters into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, information technology agreements, distribution agreements and service agreements. Certain agreements do not contain any limits on the Company's liability and, therefore, it is not possible to estimate the Company's potential liability under these indemnities. In certain cases, the Company has recourse against third parties with respect to these indemnities.

The Company is subject to various legal proceedings. In the opinion of management, after discussions with legal counsel, the ultimate resolution of these matters will not have a material effect on the financial condition, results of operations or cash flows of the Company.

9. Related Party Transactions

Eaton Vance Management

The Company has an agreement with Eaton Vance Management, a wholly owned subsidiary of EVC, whereby the Company has agreed to sell its right to receive revenue under distribution arrangements with certain funds in the Eaton Vance family of mutual funds in exchange for Eaton Vance Management's agreement to assume the costs incurred by the Company in connection with the distribution of these funds. For the year ended October 31, 2017, the revenue earned by Eaton Vance Management and the costs incurred by Eaton Vance Management under this agreement were as follows:

Revenue earned by Eaton Vance Management:	
Distribution fees received from investment companies	\$ 74,516,595
Costs incurred by Eaton Vance Management:	
Amortization of deferred sales commissions	\$ 16,194,625
Deferred sales commissions	\$ 36,403,975

In addition, the Company has a service agreement with Eaton Vance Management whereby Eaton Vance Management compensates the Company for distributing shares of investment companies for which Eaton Vance Management, BMR or Calvert, is the investment adviser. For its services, the Company is compensated in an amount equal to 102 percent of all of the Company's operating expenses, less the Company's operating revenue on a monthly basis. Operating revenue and operating expenses are determined in accordance with GAAP. For the year ended October 31, 2017, the Company earned \$225,303,411 under this agreement, which is recorded as service agreement income in the accompanying Statement of Income.

The Company also has an agreement with Eaton Vance Management whereby certain compensation, employee benefits, information technology, professional services, facilities and other miscellaneous expenses are paid by Eaton Vance Management and allocated to the Company. The Company was allocated \$11,159,309 of such costs for the year ended October 31, 2017. The Company had a payable due to Eaton Vance Management of \$1,124,670 as of October 31, 2017.

Other Subsidiaries of EVC

The Company has agreements with Atlanta Capital Management Company, LLC and Parametric Portfolio Associates LLC, each a majority-owned subsidiary of Eaton Vance Acquisitions, whereby the Company provides certain distribution services to and obtains reimbursement from these entities for actual or approximate costs. The Company earned \$11,665,818 under these agreements, which is recorded as interest and other revenue in the accompanying Statement of Income. These transactions resulted in a receivable from affiliates of \$1,117,560 at October 31, 2017.

The Company also has an agreement with NextShares Solutions LLC (NextShares Solutions), a wholly owned subsidiary of EVC formed to further the NextShares initiative, whereby certain marketing expenses are allocated from the Company. The Company allocated \$8,141 in expenses to NextShares Solutions during the year ended October 31, 2017. Transactions under this agreement resulted in a receivable from affiliates of \$5,000 at October 31, 2017.

In the ordinary course of business, the Company has transactions with EVC and other subsidiaries of Eaton Vance Management and EVC. These transactions resulted in a net receivable of \$44,317 and a net payable of \$3,259 at October 31, 2017, which relate primarily to other expenses paid for by the Company and allocated to EVC and other subsidiaries of Eaton Vance Management and EVC.

Sponsored funds

Certain subsidiaries of EVC are investment advisers to, and have administrative agreements with, affiliated open-end and closed-end sponsored mutual funds, US Charitable Gift Donor Advised and Pooled Income Funds and privately offered equity funds for which certain employees of those entities are officers and/or directors. Substantially all of the services to these funds for which the Company or its affiliates earns a fee, including investment advisory, distribution, service, shareholder and administrative, are provided under contracts that set forth the services to be provided and the fees to be charged. These contracts are subject to

annual review and approval by each of the funds' boards of directors or trustees. Revenue for the services provided or related to these funds for the year ended October 31, 2017 totaled \$118,793,419. Included in distribution fees and other receivables at October 31, 2017 are receivables due from sponsored funds of \$17,138,995.

Hexavest, Inc. (Hexavest)

The Company has a service agreement with Hexavest, which is 49 percent owned by Eaton Vance Management, whereby Hexavest compensates the Company for marketing expenses. For the year ended October 31, 2017, the Company earned \$8,993 under this agreement, which is recorded net within distribution expense in the accompanying Statement of Income. The Company had a receivable from Hexavest of \$6,278 as of October 31, 2017, which is included within distribution fees and other receivables.

10. Regulatory Requirements

The Company is subject to the U.S. Securities and Exchange Commission (the SEC) Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. For purposes of this rule, the Company had net capital of \$82,743,082 at October 31, 2017, which exceeded its minimum net capital requirement of \$3,646,783. The Company's ratio of aggregate indebtedness to net capital at October 31, 2017 was 0.66-to-1.

11. Exemption from Rule 15c3-3

The Company does not carry customer accounts or otherwise hold customer funds and, accordingly, is exempt from the provisions of SEC Rule 15c3-3 pursuant to sections (k)(2)(i) and (k)(2)(ii) of that rule.

12. Major Sources of Revenue

The Company derives its revenue primarily from distribution and underwriting fees and service fees earned pursuant to underwriting and distribution agreements with regulated investment companies in the Eaton Vance family of mutual funds. There were no portfolios or related funds that provided over 10 percent of total revenue of the Company for the year ended October 31, 2017.

13. Subsequent Events

The Company evaluated subsequent events and transactions occurring after October 31, 2017. The Company is not aware of any subsequent events that would require recognition or disclosure in the Financial Statements.

Eaton Vance Distributors, Inc.

Computation of Net Capital Pursuant to Rule 15c3-1

As of October 31, 2017

Capital - stockholder's equity	\$ 101,914,276
Deductions:	
Non-allowable assets:	
Deposits with clearing organization	146,417
Accounts receivable from affiliates	1,166,872
Distribution fees and other receivables	4,968,336
Prepaid expenses	4,274,126
Deferred tax assets	8,460,742
Total deductions	19,016,493
Net capital before haircut on securities	82,897,783
Haircuts on securities	154,701
Net capital	\$ 82,743,082
Aggregate indebtedness:	
Total liabilities	\$ 54,701,743
Total aggregate indebtedness	\$ 54,701,743
Minimum net capital requirement of broker or dealer (6-2/3% of aggregate indebtedness)	\$ 3,646,783
Excess net capital	\$ 79,096,299
Ratio of aggregate indebtedness to net capital	0.66

Note: No material differences exist between the above net capital computation and the Company's unaudited Form X-17A-5 Part IIA filed on November 22, 2017.

Eaton Vance Distributors, Inc.

Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934

As of October 31, 2017

The Company does not carry customer accounts or otherwise hold customer funds and, accordingly, is exempt from the provisions of SEC Rule 15c3-3, pursuant to sections (k)(2)(i) and (k)(2)(ii) of that rule.

Eaton Vance Distributors, Inc.

Information Relating to the Possession or Control Requirements Under Rule 15c3-3 Under the Securities Exchange Act of 1934

As of October 31, 2017

The Company does not carry customer accounts or otherwise hold customer funds and, accordingly, is exempt from the provisions of SEC Rule 15c3-3, pursuant to sections (k)(2)(i) and (k)(2)(ii) of that rule.



Eaton Vance Distributors, Inc.
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The Exemption Report

We as members of management of Eaton Vance Distributors, Inc. (the Company) are responsible for complying with 17 C.F.R. §240.17a-5; *Reports to be made by certain brokers and dealers*, and complying with 17 C.F.R. §240.15c3-3: ((k)(2)(i) and (k)(2)(ii)) (the exemption provisions). To the best of our knowledge and belief we state the following:

(1) We identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: ((k)(2)(i) and (k)(2)(ii)) (the exemption provisions) and (2) we met the identified exemption provisions of 17 C.F.R. § 240.15c3-3(k)(2)(i) and 17 C.F.R. § 240.15c3-3(k)(2)(ii) throughout the most recent fiscal year ended October 31, 2017 without exception.

Signature

A handwritten signature in black ink that reads "Daniel C. Cataldo". The signature is written in a cursive, flowing style.

Daniel C. Cataldo
Chief Financial Officer
Eaton Vance Distributors, Inc.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Eaton Vance Distributors, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Eaton Vance Distributors, Inc. (the "Company") identified the following provisions of 17 C.F.R. § 240.15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 paragraph (k)(2)(i) and paragraph (k)(2)(ii) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the year ended October 31, 2017 without exception. The Company'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 the Company'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 paragraphs (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Deloitte + Touche LLP

December 20, 2017