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FEB 28 2011

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

**FACING PAGE**  
Information Required of Brokers and Dealers  
Pursuant to Section 17 of the Securities Exchange Act of 1934  
and Rule 17a-5 Thereunder  
Washington, DC  
110

**SEC FILE NO  
8-67694**

REPORT FOR THE PERIOD BEGINNING 01/01/2010 AND ENDING 12/31/2010  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

**NAME OF BROKER-DEALER:**

GETCO Execution Services, LLC

Official Use Only

FIRM ID. NO.

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

141 W. Jackson, Suite 210

Chicago

(No. and Street)  
Illinois

60604

(City)

(State)

(Zip Code)

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

Edward Grieb

312-931-2355

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

**INDEPENDENT PUBLIC ACCOUNTANT** whose opinion is contained in this Report\*  
(Name - if individual, state last, first, middle name)

PricewaterhouseCoopers LLP

One North Wacker Drive

Chicago

IL

60606

(ADDRESS) Number and Street

City

State

Zip Code

**CHECK ONE:**

Certified Public Accountant

Public Accountant

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

FOR OFFICIAL USE ONLY

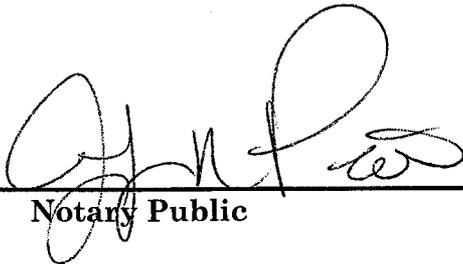
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

MR

### OATH OR AFFIRMATION

I, Edward Grieb, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of GETCO Execution Services, LLC as of December 31, 2010, 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.

  
\_\_\_\_\_

  
\_\_\_\_\_  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page
- (b) Statement of Financial Condition
- (c) Statement of Income
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity of Partners' or Sole Proprietor's Capital
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirement 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 Rule 15c3-3
- Schedule of Segregation Requirements and Funds in Segregation Pursuant to Commodity Exchange Act
- (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)

# GETCO Execution Services, LLC

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December 31, 2010

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## Report of Independent Auditors

To the Member of GETCO Execution Services, LLC:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of GETCO Execution Services, LLC (the "Company") at December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully discussed in Note 3, the Company has significant transactions with its Parent and affiliates. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

*PricewaterhouseCoopers LLP*

February 24, 2011

**GETCO Execution Services, LLC**  
**Statement of Financial Condition**  
**December 31, 2010**

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**Assets**

Cash and cash equivalents	\$ 16,003,112
Receivable from affiliate	650,217
Receivable from clearing broker and exchange	564,845
Furniture, equipment and leasehold improvements - net of accumulated depreciation and amortization of \$842,853	491,343
Other assets	742,602
<b>Total assets</b>	<b>\$ 18,452,119</b>

**Liabilities and Member's Equity**

**Liabilities**

Payable to affiliates and Parent	\$ 2,812,366
Accounts payable and accrued expenses	2,108,020
Payable to clearing organizations	481,491
Deferred tax liability, net	68,202

**Total** 5,470,079

**Member's equity** 12,982,040

**Total liabilities and member's equity** **\$ 18,452,119**

The accompanying notes are an integral part of this statement.

# GETCO Execution Services, LLC

## Notes to Statement of Financial Condition

### December 31, 2010

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#### 1. Nature of Operations and Significant Accounting Policies

##### **Nature of Operations**

GETCO Execution Services, LLC (the "Company") is registered with the Financial Industry Regulatory Authority, Inc. and the Securities and Exchange Commission ("SEC") as a securities broker-dealer and an alternative trading system ("ATS") under Regulation ATS of the SEC. The Company acts as an execution venue to other broker-dealer subscribers where it executes riskless principal trades. The Company is a Delaware limited liability company that was organized on May 27, 2007 and began executing trades on March 20, 2008. The sole member of the Company is GETCO Trading, LLC, (the "Parent"), which is a wholly owned subsidiary of Getco Holding Company, LLC ("GHC").

The Company clears the majority of its trading activities internally. The Company is also a clearing member of BATS Global Markets and the NASDAQ OMX BX.

##### **New Accounting Pronouncements**

In January 2010, the Financial Accounting Standards Board issued updated accounting guidance for fair value measurements and disclosures. This guidance provides amended disclosure requirements related to fair value measurements. Certain disclosure requirements were effective for the Company beginning January 1, 2010, while other disclosure requirements are effective for fiscal years beginning after December 15, 2010. Since these amended principles require only additional disclosures concerning fair value measurements, adoption did not and will not affect the Company's financial condition, results of operations, or cash flows.

##### **Use of Estimates**

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results may differ from those estimates.

##### **Revenue Recognition**

The Company's revenues are primarily earned for providing an alternative venue on which other broker-dealers ("subscribers") can trade. The subscribers either pay or get paid order flow fees depending on the type of orders sent to the ATS.

##### **Cash Equivalents**

The Company defines cash equivalents as all highly liquid investments purchased with an original maturity of three months or less.

##### **Furniture, Equipment and Leasehold Improvements**

Furniture and equipment are recorded at cost and depreciated using accelerated methods over the estimated useful lives of the assets which range from three to seven years. Leasehold improvements are amortized on the straight-line method over the lesser of their useful lives or the life of the lease.

##### **Income Taxes**

The Company has elected to be taxed as a corporation. Income tax expense is recorded based upon the liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are

**GETCO Execution Services, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2010**

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measured using currently enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Under the accounting guidance related to income taxes, the recognition of a benefit from a tax position requires that management determine whether such tax position is "more likely than not" to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If this threshold is met, the tax benefit is then measured and recognized at the largest amount that is greater than 50% likely of being realized upon settlement.

**2. Fair Value of Financial Instruments**

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

- |                |  |
|----------------|--|
| <b>Level 1</b> | <b>Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.</b>          |
| <b>Level 2</b> | <b>Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.</b> |
| <b>Level 3</b> | <b>Inputs that are unobservable.</b>   |

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

The Company records its financial instruments at fair value. Money market instruments included in cash and cash equivalents on the statement of financial condition, which aggregate \$14,159,436, are classified within level 1. Fair value for money market instruments is based on quoted net asset value. The Company did not own any level 2 financial instruments at December 31, 2010 or at any time during the year then ended. At December 31, 2010, the Company had an interest in clearing organization stock in the amount of \$2,500, held at cost, which approximates fair value and is classified as level 3. There were no transfers between levels 1, 2 and 3 during the year ended December 31, 2010.

**GETCO Execution Services, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2010**

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Management estimates that the fair value of financial assets and liabilities recognized on the statement of financial condition approximates carrying value due to their short-term nature.

**3. Related Parties**

Under a written agreement, the Company recognizes a management fee payable to GHC for allocated administrative and compensation expenses incurred in providing shared services to the Company.

Global Colocation Services, LLC, an affiliate, provides market data, information and collocation services to the Company.

Octeg, LLC ("Octeg"), an affiliated broker-dealer, subscribes to the ATS as the liquidity provider. The Company earns order flow revenues from Octeg in the form of a monthly access fee and a fee for executed trades, based on a written subscriber agreement.

The Company does not have any employees. Getco Support Services, LLC ("GSS"), an affiliate, provides certain services to the Company and, as a result, the costs of compensation and benefits related to GSS employees providing such services are allocated to the Company.

Unit compensation for employees that provide services to the Company is determined based upon the overall performance of GHC. Unit compensation is allocated to the Company and settled through an intercompany account.

The following table summarizes balances due from and due to affiliates:

	<b>Due From</b>	<b>Due To</b>
Getco Holding Company, LLC	\$ -	\$ 85,183
Octeg, LLC	650,217	-
Getco, LLC	-	17,255
Getco Support Services, LLC	-	2,709,928
Total	<u>\$ 650,217</u>	<u>\$ 2,812,366</u>

**4. Receivable from Clearing Broker and Exchange**

Receivable from clearing broker and exchange includes cash margin deposits with the non-affiliated clearing broker and tape rebates receivable.

**5. Other Assets**

Other assets primarily include prepaid taxes of \$582,937 and order flow receivables of \$52,164.

**6. Concentration of Credit Risk**

The Company clears the majority of its trades internally, but also uses one third-party clearing broker. Cash and financial instruments held at this broker collateralize amounts due to the clearing broker, if any, and may serve to satisfy regulatory or clearing broker margin requirements. In the event the clearing broker does not fulfill its obligations, the Company may be exposed to risk. The Company attempts to minimize its credit risk by monitoring the creditworthiness of its clearing broker.

**GETCO Execution Services, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2010**

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The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company monitors the creditworthiness of the banks. It has not experienced and does not expect to experience any losses in such accounts.

In its normal course of business, the Company may enter into contracts with other financial institutions that expose the Company to risk in the event that the counterparties do not meet the terms of such agreements. The Company monitors the creditworthiness of these counterparties.

Management believes that the Company is not exposed to any significant credit risk as a result of its monitoring procedures and the nature of its financial instruments.

**7. Income Taxes**

The Company files separate federal, state and local income tax returns in the states in which it does business.

The components of the net deferred tax liabilities at December 31, 2010 are as follows:

<b>Deferred tax assets</b>	
Discretionary compensation	\$ 315,334
Depreciation	18,562
	<u>333,896</u>
<b>Deferred tax liabilities</b>	
Unit compensation	<u>(402,098)</u>
Net deferred tax liability	<u>\$ (68,202)</u>

At December 31, 2010, there is no tax liability resulting from unrecognized tax benefits related to uncertain tax positions taken or expected to be taken in future tax returns. The Company is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

As of December 31, 2010, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are as follows:

<u>Jurisdiction</u>	<u>Earliest Tax Year Subject to Examination</u>
U.S. Federal	2007
New York	2007

**8. Commitments and Contingencies**

The accounting guidance for guarantees requires the disclosure of representations and warranties which the Company enters into and which may provide general indemnifications to others. The Company, in its normal course of business, may enter into contracts that contain such representations and warranties. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on its experience, the Company expects the risk of loss to be remote.

**GETCO Execution Services, LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2010**

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The Company provides guarantees to securities and options clearinghouses. Under the standard clearinghouse membership agreement, members are required to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet the resulting shortfalls. The Company's liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, management believes the potential for the Company to be required to make payments under these arrangements is remote. Accordingly, no contingent liability is carried on the statement of financial condition for these transactions.

**9. Subsequent Events**

The Company has evaluated the events and transactions that have occurred through February 24, 2011, the date this report was issued, and noted no items requiring adjustment of the statement of financial condition or additional disclosures.

**GETCO Execution Services, LLC**  
**Statement of Financial Condition**  
**December 31, 2010**  
**Available for Public Inspection**



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