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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

FACING PAGE

OMB APPROVAL  
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**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

eBX LLC d/b/a Level ATS

OFFICIAL USE ONLY  
FIRM ID. NO.

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

65 Franklin Street, Suite 201  
(No. and Street)

Boston MA 02110  
(City) (State) (Zip Code)

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

Michael Stupay (212) 509-7800  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

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

4 Becker Farm Road Roseland NJ 07068  
(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).SEC 1410 (3-91)

*Handwritten signature*  
3/15

# **eBX LLC d/b/a LEVEL ATS**

**Statement of Financial Condition  
Pursuant to Rule 17A-5 under the  
Securities Exchange Act of 1934  
December 31, 2011**

## eBX LLC d/b/a LEVEL ATS

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

- Independent Auditors' Report.
- Facing Page.
- Statement of Financial Condition.
- Statement of Operations.
- Statement of Changes in Members' Equity.
- Statement of Cash Flows.
- Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).
  
- Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 (included with item (g)) and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- An Affirmation.
- A copy of the SIPC Supplemental Report.
- A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).

**\*\*** *For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

**AFFIRMATION**

I, Michael Stupay, affirm that, to the best of my knowledge and belief, the accompanying financial statement pertaining to eBX LLC d/b/a Level ATS for the year ended December 31, 2011, is true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



Signature

Financial and Operations Principal  
Title

Subscribed and sworn  
to before me



**ADINA DAVYDOV**  
Notary Public, State of New York  
No. 01DA6212094  
Qualified in Queens County  
Commission Expires October 5, 2013

**eBX LLC d/b/a LEVEL ATS**  
**Index**  
**December 31, 2011**

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## eBX LLC d/b/a LEVEL ATS

### Statement of Financial Condition December 31, 2011

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<b>Assets</b>	
Cash	\$ 13,128,903
Commissions receivable	1,411,338
Due from clearing broker	998,896
Fixed assets (net of accumulated depreciation of \$247,307)	149,171
Prepaid expenses and other assets	344,112
Total assets	<u>\$ 16,032,420</u>
<b>Liabilities and Members' Equity</b>	
Accounts payable and accrued expenses	\$ 377,876
Technology fees payable	1,029,514
Total liabilities	<u>1,407,390</u>
Members' equity	<u>14,625,030</u>
Total liabilities and members' equity	<u>\$ 16,032,420</u>

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

# eBX LLC d/b/a LEVEL ATS

## Notes to Statement of Financial Condition December 31, 2011

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### 1. Nature of operations

eBX LLC d/b/a LEVEL ATS (the “Company”) is a broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and a member of the Financial Industry Regulatory Authority.

The Company operates an alternative trading system (“ATS”) creating an electronic matching system for US equity securities. The Company’s customers are primarily other broker-dealers. The Company executes and clears all transactions on a fully disclosed basis through an affiliate of one of its members. Equity members in the Company include Credit Suisse First Boston Next Fund, Inc., Citigroup Financial Products, Inc., Fidelity Global Brokerage Group, Inc., LB 1 Group, Inc. and Merrill Lynch LP Holdings, Inc.

### 2. Summary of Significant Accounting Policies

#### **Basis of presentation**

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America which 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 financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### **Cash**

All cash deposits are held by two financial institutions and therefore are subject to the credit risk at those financial institutions. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

#### **Fixed assets**

Fixed assets are recorded at cost, net of accumulated depreciation and amortization, which is calculated on a straight-line basis over estimated useful lives of three to seven years. Leasehold improvements are amortized on a straight-line basis over the lease term.

#### **Income taxes**

The Company is a limited liability company, and treated as a partnership for income tax reporting purposes. The Internal Revenue Code (“IRC”) provides that any income or loss is passed through to the members for federal and state income tax purposes. Accordingly, the Company has not provided for federal or state income taxes.

At December 31, 2011, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require. The Company remains subject to U.S. federal and state income tax audits for all periods subsequent to 2008.

## eBX LLC d/b/a LEVEL ATS

### Notes to Statement of Financial Condition December 31, 2011

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#### 3. Transactions with related parties

The Company has a required deposit of \$100,000 and incurs a monthly minimum clearing fee paid to the clearing firm in accordance with the Correspondent Clearing Agreement. The clearing broker is an affiliate of one of the members of the Company.

The Company earned approximately 27% of commission income from all of its members and the members' affiliates during 2011. At December 31, 2011, approximately \$213,000 remains uncollected and is included in commissions receivable in the accompanying Statement of Financial Condition.

All transactions with related parties are settled in the normal course of business. The terms of any of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

#### 4. Fixed assets

##### Fixed assets at December 31, 2011 consists of:

Computer equipment and software	\$ 365,607
Furniture and fixtures	20,831
Leasehold improvement	<u>10,040</u>
	396,478
Less: Accumulated depreciation and amortization	<u>(247,307)</u>
	<u><u>\$ 149,171</u></u>

#### 5. Regulatory requirements

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2011, the Company had net capital of approximately \$13,524,000 which exceeded the required net capital by approximately \$13,430,000. The ratio of aggregate indebtedness to net capital, at December 31, 2011 was .10 to 1.

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 as the Company's activities are limited to clearing all transactions with and for customers on a fully disclosed basis with a clearing broker.

#### 6. Commitments

The Company leases office space under a non-cancellable lease agreement which expires on January 31, 2014. At December 31, 2011, the annual minimum payments under this agreement are approximately as follows:

# eBX LLC d/b/a LEVEL ATS

## Notes to Statement of Financial Condition December 31, 2011

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Year Ending December 31,	Total Commitments
2012	\$ 134,000
2013	137,000
2014	11,000
	<hr/>
	\$ 282,000

The lease has provisions for escalations. The Company also has a security deposit of approximately \$22,000 which is included in other assets in the accompanying Statement of Financial Condition.

### 7. Concentration

The Company currently utilizes a single vendor to maintain and support its trading platform. Management is exploring relationships with other vendors in order to bolster a contingency plan for the trading platform in the unlikely event that the vendor no longer exists or that the Company's contract with the vendor is not renewed.

### 8. Employee benefits

Eligible employees of the Company are covered under a defined contribution plan. The Company matches 50% of employee contributions to the plan up to a maximum of 3% of eligible compensation.

### 9. Indemnifications

In the normal course of its business, the Company indemnifies its clearing broker against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under this indemnification cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for this indemnification.

### 10. Contingency

The Company and certain of its officers are the subject of ongoing SEC inquiries. The impact of these inquiries is not yet known, however, the management does not believe that there would be a material impact on the Company's operations.