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

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

SEC FILE NUMBER
8- 67357

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 01/01/12 AND ENDING 12/31/12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ShP Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

6310 Greenwich Dr., Ste. 120
(No. and Street)

San Diego CA 92122
(City) (State) (Zip Code)

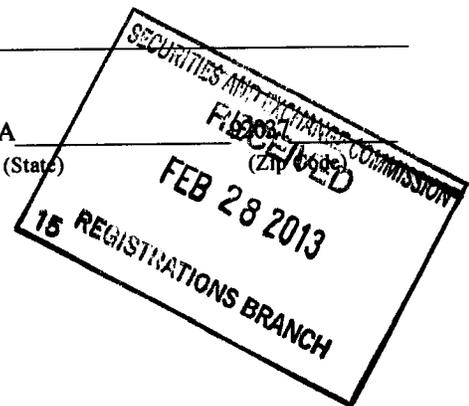
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Timothy G. Malott 858-587-9800 x112
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lavine, Lofgren, Morris & Engelberg, LLP
(Name - if individual, state last, first, middle name)

4180 La Jolla Village Dr., Ste. 300 La Jolla CA
(Address) (City) (State)



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)

EM
3/8/13

OATH OR AFFIRMATION

I, Timothy G. Malott, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ShP Securities, LLC, as of December 31, 2012, 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:

None

[Handwritten Signature]
Signature

President/CEO
Title

Notary Public

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

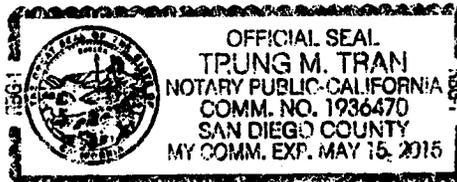
- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(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).

State of California, County of San Diego
Subscribed and Sworn to (or affirmed) before me
this 22nd day of February, 2013 by
Date Month Year
Timothy G. Malott
Name of Signature(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

[Handwritten Signature]
NOTARY PUBLIC



SHP SECURITIES, LLC

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended December 31, 2012

SHP SECURITIES, LLC

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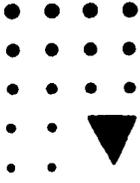
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**LAVINE, LOFGREN, MORRIS
& ENGELBERG, LLP**

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INDEPENDENT AUDITORS' REPORT

To the Member of ShP Securities, LLC
San Diego, California

Report on the Financial Statements

We have audited the accompanying statement of financial condition of ShP Securities, LLC (the Company) as of December 31, 2012, and the related statements of operations, changes in member's equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ShP Securities, LLC, as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules I, II, III, and IV is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules I, II, III, and IV has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules I, II, III, and IV is fairly stated in all material respects in relation to the financial statements as a whole.

Larive, Doffner, Morris & Engelberg, LLP

La Jolla, California
February 4, 2013

SHP SECURITIES, LLC

Statement of Financial Condition December 31, 2012

ASSETS

Cash	\$	140,197
Accounts receivable		<u>101,500</u>
Total assets	\$	<u>241,697</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities - accounts payable	\$	103
Member's equity		<u>241,594</u>
Total liabilities and member's equity	\$	<u>241,697</u>

See accompanying notes to financial statements
and independent auditors' report.

SHP SECURITIES, LLC

Statement of Operations For the Year Ended December 31, 2012

Revenue:	
Success and retainer fees	<u>\$ 911,757</u>
Expenses:	
Project related costs and referral fees	540,271
Occupancy	64,800
Professional fees	8,503
Other operating expenses	<u>87,693</u>
Total expenses	<u>701,267</u>
Net Income	<u><u>\$ 210,490</u></u>

See accompanying notes to financial statements
and independent auditors' report.

SHP SECURITIES, LLC

Statement of Changes in Member's Equity For the Year Ended December 31, 2012

Balance at December 31, 2011	\$	24,804
Net Income		210,490
Contributions		<u>6,300</u>
Balance at December 31, 2012	\$	<u><u>241,594</u></u>

See accompanying notes to financial statements
and independent auditors' report.

SHP SECURITIES, LLC

Statement of Cash Flows For the Year Ended December 31, 2012

Cash flows from operating activities:	
Net Income	\$ 210,490
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(82,970)
Accounts payable and accrued expenses	<u>103</u>
Net cash provided by operating activities	127,623
Cash flows from financing activities:	
Contributions from member	<u>6,300</u>
Net increase in cash	133,923
Cash at beginning of year	<u>6,274</u>
Cash at end of year	<u><u>\$ 140,197</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for:	
LLC fees and franchise taxes	<u><u>\$ 3,300</u></u>

See accompanying notes to financial statements
and independent auditors' report.

SHP SECURITIES, LLC

Notes to Financial Statements December 31, 2012

NOTE 1. NATURE OF OPERATIONS

ShP Securities, LLC (the "Company") is a California Limited Liability Company ("LLC") registered as a broker/dealer in securities under the Securities Exchange Act of 1934, as amended. The Company was organized on April 3, 2006. The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The Company is an LLC and due to the nature of an LLC, its member has limited liability.

The Company is a corporate finance advisory firm, providing a range of merger and acquisition ("M&A") solutions for the business market. It does not carry security accounts for customers and does not perform custodial functions relating to customer securities. The Company is a wholly owned subsidiary of Shoreline Partners, LLC (the "Parent").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and in the format prescribed by Rule 17a-5 under the Securities Exchange Act of 1934 for broker-dealers in securities.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Revenue Recognition

Success fees are recognized as earned and retainer fees are recognized as services are performed.

Concentration of Credit Risk

The Company maintains its bank accounts at financial institutions located in California, the balances of which, at times, may exceed federally insured limits. The Company has not experienced any losses in such cash accounts and management believes it places its cash on deposit with financial institutions which are financially stable.

Income Taxes

The Company is a limited liability company which is treated as a partnership for federal and state tax purposes. As such, no provision has been made for income taxes since such taxes, if any, are payable by the member. The member's tax returns are subject to examination by taxing authorities. If such examination results in a change in the entity's income tax status, provisions for income taxes may need to be recorded.

Subsequent Events

Management of the Company has evaluated all subsequent transactions through the date of the independent auditors' report, the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

SHP SECURITIES, LLC

Notes to Financial Statements December 31, 2012

NOTE 3. NET CAPITAL REQUIREMENTS

The Company is subject to Rule 15c3-1(a)(2)(ii) of the Securities Exchange Act of 1934, as amended, which requires that the ratio of aggregate indebtedness to net capital, as defined, not exceed 15 to 1, and that the Company maintain minimum net capital of \$5,000 or 6 and 2/3% of aggregated indebtedness (\$7 at December 31, 2012), whichever is higher. At December 31, 2012, the Company's net capital was \$140,094, which is in excess of the required minimum net capital. Also, at December 31, 2012, the Company had \$103 in aggregate indebtedness, which does not exceed the aggregate indebtedness to net capital requirement.

NOTE 4. CONTINGENCIES

Litigation

The Company is not involved in any material claims or litigation. Management does not believe there are claims that would have a material effect on the financial statements of the Company.

NOTE 5. RELATED PARTY TRANSACTIONS

The Company has a month-to-month cost sharing agreement with its Parent whereby the Company pays the Parent for use of office space and general office services. During the year ended December 31, 2012, the Company incurred \$132,000 of expenses which is included in various expense accounts in the statement of operations.

The Company pays its Parent for consulting services. During the year ended December 31, 2012, the Company incurred \$437,700 of consulting expenses for services provided by its Parent; this amount is included in project related costs and referral fees in the statement of operations.

NOTE 6. ACCOUNTS RECEIVABLE

Included in accounts receivable are commissions receivable from a single transaction in the amount of \$97,500, due in installments of \$24,375 beginning in 2013 through 2016. If certain contingencies are met, the Company could receive an additional \$15,000. This amount has not been recorded in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

SHP SECURITIES, LLC

Schedule I – Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission December 31, 2012

NET CAPITAL

Total member's equity	\$ 241,594
Less non-allowable assets: Accounts receivable	<u>(101,500)</u>
Net capital	<u>\$ 140,094</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum dollar net capital required (6-2/3% of aggregate indebtedness or \$5,000, whichever is greater)	<u>\$ 5,000</u>
Net capital in excess of amount required	<u>\$ 135,094</u>
Aggregate indebtedness	<u>\$ 103</u>
Ratio of aggregate indebtedness to net capital	<u>0.1%</u>

SHP SECURITIES, LLC

Schedule II – Reconciliation of Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission December 31, 2012

Net capital as previously reported in Part II of Form X-17A-5 of the Company's Unaudited FOCUS report	\$ 139,468
Adjustment	<u>626</u>
Net capital as reported on the Company's FOCUS report	<u>\$ 140,094</u>
Aggregate indebtedness as previously reported in Part II of Form X-17A-5 of the Company's Unaudited FOCUS report	\$ 104
Adjustment	<u>(1)</u>
Aggregate indebtedness as reported on the Company's amended FOCUS report	<u>\$ 103</u>

SHP SECURITIES, LLC

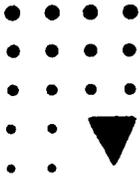
Schedule III – Computation for Reserve Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission For the Year Ended December 31, 2012

A computation of reserve requirement is not applicable for ShP Securities, LLC, as the Company qualifies for exemption under Rule 15c3-3(k)(2)(i).

SHP SECURITIES, LLC

Schedule IV – Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission For the Year Ended December 31, 2012

Information relating to possession or control requirements is not applicable to ShP Securities, LLC, as the Company qualifies for exemption under the Rule 15c3-3 (k)(2)(i).



**LAVINE, LOFGREN, MORRIS
& ENGELBERG, LLP**

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PUBLIC
ACCOUNTANTS**

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CALIFORNIA	WEB SITE
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY RULE 17a-5(g)(1) OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Member of ShP Securities, LLC
San Diego, California

In planning and performing our audit of the financial statements of ShP Securities, LLC (the "Company") as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

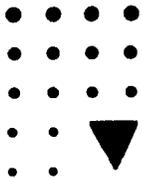
We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the SEC's objectives.

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

Lavine, Doffner, Mowin & Engelberg, LLP

La Jolla, California
February 4, 2013

**SIPC ANNUAL ASSESSMENT
REQUIRED UNDER SEC RULE 17a-5(e)(4)**



**LAVINE, LOFGREN, MORRIS
& ENGELBERG, LLP**

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**INDEPENDENT ACCOUNTANTS' AGREED-UPON PROCEDURES REPORT ON SIPC ANNUAL
ASSESSMENT REQUIRED UNDER SEC RULE 17a-5(e)(4)**

To the Member of ShP Securities, LLC
San Diego, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation ("Form SIPC-7")] of ShP Securities, LLC ("ShP") to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2012, which were agreed to by ShP and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating ShP's compliance with the applicable instructions of the Form SIPC-7. ShP's management is responsible for ShP's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2012, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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.

Lavine, Lofgren, Morris & Engelberg, LLP

La Jolla, California
February 4, 2013

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31/2012

(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:

067357 FINRA DEC
SHP SECURITIES LLC 19*19
ATTN ~~MIKE MAHON~~ **TIM MALOTT**
6310 GREENWICH DR STE 120
SAN DIEGO CA 92122-5902

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.

TIM MALOTT 858-587-9800

- 2. A. General Assessment (item 2e from page 2) \$ 2,279
- B. Less payment made with SIPC-6 filed (exclude interest) (_____)
- _____ Date Paid
- C. Less prior overpayment applied (_____)
- D. Assessment balance due or (overpayment) 2,279
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum _____
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 2,279
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 2,279
- H. Overpayment carried forward \$(_____)

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.

SHP SECURITIES LLC
(Name of Corporation, Partnership or other organization)
Tim Malott
(Authorized Signature)
PRESIDENT / CEO
(Title)

Dated the 8th day of FEBRUARY, 2013.

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 1/1/2012
and ending 12/31/2012

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents
\$ 911,757

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. _____
- (2) Net loss from principal transactions in securities in trading accounts. _____
- (3) Net loss from principal transactions in commodities in trading accounts. _____
- (4) Interest and dividend expense deducted in determining item 2a. _____
- (5) Net loss from management of or participation in the underwriting or distribution of securities. _____
- (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. _____
- (7) Net loss from securities in investment accounts. _____

Total additions _____

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. _____
- (2) Revenues from commodity transactions. _____
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. _____
- (4) Reimbursements for postage in connection with proxy solicitation. _____
- (5) Net gain from securities in investment accounts. _____
- (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. _____
- (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). _____
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C): _____

(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. \$ _____
- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ _____

Enter the greater of line (i) or (ii) _____

Total deductions _____

2d. SIPC Net Operating Revenues

\$ 911,757

2e. General Assessment @ .0025

\$ 2,279

(to page 1, line 2.A.)