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SECUR ION



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SECURITIES AND EXCHANGE COMMISSION

RECEIVED

JUN 28 2013

DIVISION OF TRADING & MARKETS

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

SEC FILE NUMBER
8-47558

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: DUFF & PHELPS SECURITIES LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

311 SOUTH WACKER DRIVE, SUITE 4200

(No. and Street)

CHICAGO

IL

60606

(City)

(State)

(Zip Code)

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

JACOB SILVERMAN

212 450-2880

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KPMG

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

345 PARK AVE

NEW YORK

N.Y.

10154

(Address)

(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**

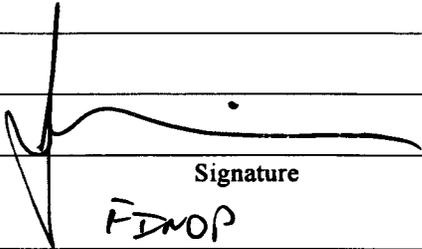
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

DD  
7/23/13

OATH OR AFFIRMATION

I, JACOB SILVERMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DUFF + PHELPS SECURITIES LLC, as of DECEMBER 31, 20 12, 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:

CHRISTOPHER MATTESON  
ATTORNEY AND COUNSELOR AT LAW  
STATE OF NEW YORK  
No. 02MA6125298  
Qualified in New York County  
My Commission Expires April 11, 2013

  
Signature  
FINOP  
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).



**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

**Financial Statements & Schedules**

**December 31, 2012**

**(With Report of Independent Registered Public Accounting Firm Thereon)**



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## **Report of Independent Registered Public Accounting Firm**

Member

Duff & Phelps Securities, LLC:

We have audited the accompanying financial statements of Duff & Phelps Securities, LLC (a wholly-owned subsidiary of Duff & Phelps, LLC), which comprise the statement of financial position as of December 31, 2012, and the related statements of operations, changes in member's capital, 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 U.S. generally accepted accounting principles; 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.

### ***Auditors' 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 auditors' 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 entity'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 entity'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 Duff & Phelps 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 U.S. generally accepted accounting principles.



***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules I, II, and III, 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, and III 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 information in Schedules I, II, and III is fairly stated in all material respects in relation to the financial statements as a whole.

**KPMG LLP**

February 27, 2013

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Statement of Financial Position

December 31, 2012

Assets	
Cash	\$ 5,691,870
Accounts receivable	1,248,291
Unbilled services	<u>255,862</u>
Total assets	<u><u>\$ 7,196,023</u></u>
Liabilities and Member's Capital	
Deferred revenue	\$ 582,276
Payable to Parent Company	<u>740,909</u>
Total liabilities	1,323,185
Member's capital	<u>5,872,838</u>
Total liabilities and member's capital	<u><u>\$ 7,196,023</u></u>

See accompanying notes to financial statements.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Statement of Operations

Year ended December 31, 2012

Revenue:		
Advisory fees		\$ 33,918,467
Expenses:		
Allocated expenses from Parent Company		(31,271,328)
Regulatory fees and expenses		<u>(195,705)</u>
Net income		<u>\$ 2,451,434</u>

See accompanying notes to financial statements.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Statement of Changes in Member's Capital

Year ended December 31, 2012

	<u>Member's investment</u>	<u>Undistributed earnings</u>	<u>Total member's capital</u>
Balance as of December 31, 2011	\$ 1,140,502	\$ 6,280,902	\$ 7,421,404
Distribution to Parent Company	—	(4,000,000)	(4,000,000)
Net income	—	2,451,434	2,451,434
Balance as of December 31, 2012	<u>\$ 1,140,502</u>	<u>\$ 4,732,336</u>	<u>\$ 5,872,838</u>

See accompanying notes to financial statements.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Statement of Cash Flows

Year ended December 31, 2012

Cash flows from operating activities:	
Net income	\$ 2,451,434
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in accounts receivable	(444,249)
Decrease in unbilled services	503,486
Decrease in deferred revenue	(957,625)
Decrease in payable to Parent Company	(878,187)
Net cash provided by operating activities	<u>674,859</u>
Cash flows from financing activities:	
Distribution to Parent Company	<u>(4,000,000)</u>
Net cash used by financing activities	<u>(4,000,000)</u>
Net decrease in cash	(3,325,141)
Cash at beginning of year	<u>9,017,011</u>
Cash at end of year	<u><u>\$ 5,691,870</u></u>

See accompanying notes to financial statements.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Notes to Financial Statements

December 31, 2012

**(1) Nature of Business and Ownership**

Duff & Phelps Securities, LLC (the Company) is a Delaware limited liability company formed on June 24, 1997. The term of the LLC is fifty years, expiring on July 1, 2047. The Company is registered as a broker with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). Its customers are located primarily throughout the United States. The Company is a wholly-owned subsidiary of Duff & Phelps, LLC (the Parent Company or Member.)

The Company operates under the provision of paragraph (k)(2)(i) of Rule 15c3-3 of the SEC and, accordingly is exempt from the remaining provisions of that Rule. The Company carries no margin accounts and does not otherwise hold funds or securities for customers. Accordingly, the Company has not executed any transactions on behalf of its customers during the year ended December 31, 2012. The Company performs private placement of debt and equity securities, merger and acquisition advisory, financial advisory and restructuring advisory services.

On December 30, 2012, Duff & Phelps Corporation, the parent company of the Member, entered into a definitive merger agreement under which a consortium comprising controlled affiliates of or funds managed by The Carlyle Group, Stone Point Capital LLC, Pictet & Cie and Edmond de Rothschild Group will acquire Duff & Phelps Corporation for \$15.55 per share in a cash transaction valued at approximately, \$665.5 million. The transaction is expected to close in the first half of 2013, subject to customary closing conditions including receipt of stockholder and regulatory approvals.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Financial Statement Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and general practices in the broker-dealer industry.

**(b) Revenue and Expense Recognition**

The Company uses the accrual basis of accounting wherein revenues are recognized when earned and payment is reasonably assured, which is generally on a success-fee basis on private placement and merger and acquisition advisory transactions. Client prepayments and retainers are classified as deferred revenue and recognized ratably over the period in which the related service is rendered. Monthly advisory fees are recognized when earned and payment is reasonably assured. Expenses reimbursed by clients are recorded as revenue when reimbursement is received from the client. The related expenses are recognized when an obligation is incurred.

The Company has engagements for which the revenues are contingent on successful completion of the project. Any contingent revenue on these contracts is not recognized until the contingency is resolved and payment is reasonably assured. Retainer fees under these arrangements are deferred and recognized ratably over the period in which the related service is rendered. Revenues from restructuring engagements that are performed with respect to cases in bankruptcy court are typically recognized in the month in which the services are performed unless there are objections and/or holdbacks mandated by court instructions. Costs related to these engagements are expensed as incurred.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Notes to Financial Statements

December 31, 2012

**(c) *Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company is subject to uncertainties, such as the impact of future events, economic, environmental, and political factors, and changes in the business climate; therefore, actual results may differ from those estimates. When no estimate in a given range is deemed to be better than any other when estimating contingent liabilities, the low end of the range is accrued. Accordingly, the accounting estimates used in the preparation of the Company's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements.

**(d) *Personal Assets and Liabilities***

The financial statements of the Company do not include the assets and liabilities of the Member, including its obligation for income taxes on its distributive shares of the net income of the Company or its rights to tax refunds on its share of the Company's net loss, nor any provision for income tax expenses or benefits.

**(e) *Furniture, Fixtures, and Equipment***

The Company has recorded allocated expenses that cover use of office space, furniture, and equipment and, therefore, these items are carried on the books of the Parent Company.

**(f) *Income Taxes***

The Company's policy is to comply with the requirements of the Internal Revenue Code that are applicable to limited liability companies, which allows for complete pass-through of taxable income to the Member. Therefore, no federal or state income tax provision is required in the Company's financial statements.

**(g) *Limited Liability***

Except as otherwise provided by the Limited Liability Company Act, the debts, obligations, and liabilities of the Company, whether arising in contracts, tort or otherwise, shall be solely the debts, obligations, and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation, or liability of the Company solely by reason of being a member of the Company.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Notes to Financial Statements

December 31, 2012

**(h) Cash**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**(i) Subsequent Events**

Management has evaluated subsequent events through February 27, 2013.

**(3) Allocation of Expenses from Parent Company**

The Parent Company is the sole member of the Company. The Company entered into an agreement to pay the Parent Company its allocable share of expenses and costs incurred by the Parent Company. The nature of the allocation is based on the headcount of the Company, whereby shared management expenses, as outlined in the agreement, are recognized on the books of the Company. These expenses are paid by the Parent Company and are deemed to be consumed by the broad Duff & Phelps organization. These expenses include, but are not limited to, shared services, such as legal expenses, recruiting, training, and marketing. The agreement is in accordance with FINRA Notes to Members Number 03-63 and provides an expense allocation methodology and an agreement from the Member that the Company shall have net capital greater than 125% of the minimum net capital required.

The accompanying financial statements have been prepared from separate records maintained by the Company, which may not necessarily be indicative of the financial condition or the results of operations that would have existed if the Company had been operated as an unaffiliated company.

**(4) Net Capital Requirements**

The Company is subject to the SEC's uniform net capital Rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15-to-1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10-to-1. Net capital was \$4,368,685 at December 31, 2012 which is \$4,319,291 in excess of its net capital requirement of \$49,394. Aggregate indebtedness was \$740,909 at December 31, 2012.

**(5) Contingencies**

Management of the Company believes there is no pending or threatened litigation that will result in any material adverse effect on the Company's results of operations, financial condition, or net capital requirements.

**Schedule I****DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

## Computation of Net Capital Under Rule 15c3-1

December 31, 2012

Aggregate indebtedness	\$	740,909
Net capital:		
Member's capital	\$	5,872,838
Deductions		<u>(1,504,153)</u>
Net capital		4,368,685
Less minimum required capital		<u>(49,394)</u>
Excess net capital	\$	<u><u>4,319,291</u></u>
Percentage of aggregate indebtedness to net capital		17.0%

There is not a material difference between the Company's computations of aggregate indebtedness and net capital as first reported by the Company on January 24, 2013 in Part II A on Form X-17A-5, as of December 31, 2012, as amended and filed on February 27, 2013.

See accompanying report of independent registered public accounting firm.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Computation for Determination of Reserve Requirements  
under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2012

The Company is exempt from the provisions of Rule 15c3-3 as of December 31, 2012 under the Securities and Exchange Act of 1934, in that the Company's activities are limited to those set forth in the condition for the exemption appearing in paragraph (k)(2)(i) of the Rule.

See accompanying report of independent registered public accounting firm.

**DUFF & PHELPS SECURITIES, LLC**  
(A Wholly-Owned Subsidiary of Duff & Phelps, LLC)

Information Relating to Possession or Control Requirements  
under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2012

The Company is exempt from the possession or control requirements under Rule 15c3-3 of the Securities and Exchange Commission.

See accompanying report of independent registered public accounting firm.



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

**Report of Independent Registered Public Accountin Firm  
on Internal Control Pursuant to Securities and Exchange Commission Rule 17a-5**

Member  
Duff & Phelps Securities, LLC:

In planning and performing our audit of the financial statements of Duff & Phelps Securities, LLC (the Company) (a wholly-owned subsidiary of Duff & Phelps, LLC), 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 compliance with 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 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13, and
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 U.S. 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 Company's Member, management, the SEC, the Financial Industry Regulatory Authority, Inc., 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.

**KPMG LLP**

February 27, 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:

047558 FINRA DEC  
DUFF & PHELPS SECURITIES LLC 999  
ATTN: CATHERINE MAKSTENIEKS  
311 S WACKER DR STE 4200  
CHICAGO IL 60606-6622

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.

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

\$ 84,796

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

( 37,760 )

July 2012

Date Paid

C. Less prior overpayment applied

( \_\_\_\_\_ )

D. Assessment balance due or (overpayment)

47,036

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)

\$ 47,036

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as F above)

\$ 47,036

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.

Duff + Phelps Securities LLC

(Name of Corporation, Partnership or other organization)

John M. ...

(Authorized Signature)

Dated the 20<sup>th</sup> day of February, 2013.

Director - Finance

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

<b>SIPC REVIEWER</b>	Dates:	<u>                    </u>	<u>                    </u>	<u>                    </u>
		Postmarked	Received	Reviewed
	Calculations	<u>                    </u>		Documentation <u>                    </u>
	Exceptions:			Forward Copy <u>                    </u>
	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

Eliminate cents

\$ 33,918,465

**Item No.**

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

**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

\$ 33,918,465

2e. General Assessment @ .0025

\$ 84,796

(to page 1, line 2.A.)

**IMPORTANT NOTICE TO SIPC MEMBERS**

**RE:** Should you prefer to wire any assessment payments, SIPC's wire instructions are unchanged and they are:

**Bank Name:** Citibank, New York  
**SWIFT:** CITIUS33  
**ABA#** 021000089  
**Account #:** 30801482  
**Address:** 111 WALL STREET  
NEW YORK, NY 10043  
USA

*CODING*  
*2100-207121-021*  
*8899999*

Please e-mail or fax a copy of the SIPC assessment form to [form@sipc.org](mailto:form@sipc.org) or fax 202-371-6728.