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

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MAY 30 2013
Washington DC

SEC FILE NUMBER
8- 51803 ✓

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 4/1/2012 AND ENDING 3/31/2013
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ICAP Electronic Broking LLC ✓	OFFICIAL USE ONLY FIRM I.D. NO.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) Harborside Financial Center 1100 Plaza Five ✓	
(No. and Street)	
Jersey City NJ 07311	
(City) (State) (Zip Code)	

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Luciano Soldiviero	(212) 341-9289
	(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report* Pricewaterhouse Coopers LLP ✓
(Name -- if individual, state last, first, middle name)
300 Madison Ave. New York NY 10017
(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

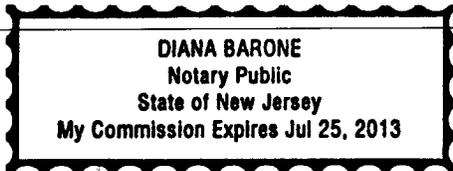
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Luciano Soldiviero, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ICAP Electronic Broking LLC, as of March 31, 20 13, 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]

Notary Public

[Handwritten signature]

Signature

Chief Financial Officer

Title

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).

ICAP Electronic Broking LLC
Statement of Financial Condition
March 31, 2013



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Statement of Financial Condition
March 31, 2013

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March 31, 2013

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Independent Auditor's Report

To the Member of
ICAP Electronic Broking LLC

We have audited the accompanying statement of financial condition ICAP Electronic Broking LLC (the "Company") as of March 31, 2013.

Management's Responsibility for the Statement of Financial Condition

Management is responsible for the preparation and fair presentation of the statement of financial condition 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 a statement of financial condition that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement of financial condition 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 statement of financial condition is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement of financial condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the statement of financial condition 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 statement of financial condition. 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 accompanying statement of financial condition presents fairly, in all material respects, the financial position of ICAP Electronic Broking LLC at March 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

May 28, 2013

ICAP Electronic Broking LLC
Statement of Financial Condition
Year Ended March 31, 2013

(dollars in thousands)

Assets

Cash and cash equivalents	\$ 25,301
Cash segregated under federal regulations	17,504
Commissions receivable	11,455
Receivable from brokers, dealers and clearing organizations	2,524
Receivable from affiliates	8,271
Prepaid expenses and other assets	<u>200</u>
Total assets	\$ <u>65,255</u>

Liabilities and Member's Equity

Liabilities

Accrued expenses and other liabilities	\$ 8,190
Payable to customers	11,950
Payable to brokers, dealers and clearing organizations	3,584
Payable to affiliate	<u>128</u>
Total liabilities	<u>23,852</u>

Commitments and contingencies (Note 6)

Member's equity	<u>41,403</u>
Total liabilities and member's equity	\$ <u>65,255</u>

The accompanying notes are an integral part of this financial statement.

ICAP Electronic Broking LLC

Notes to Statement of Financial Condition

March 31, 2013

1. Organization

ICAP Electronic Broking LLC (the "Company") is a Delaware limited liability company. The Company's sole Member is ICAP Securities USA LLC, a subsidiary of ICAP Broking Holdings North America LLC ("IBHNA"). IBHNA has two Members ICAP US Financial Services LLC ("IUFS") and First Brokers Holdings Inc. ("FBHI"). FBHI is a wholly owned subsidiary of IUFS, and IUFS is owned by ICAP North America, Inc ("INAI"), fifty percent directly and the other fifty percent indirectly through ICAP US Investment Company ("IUIC"). IUIC is a wholly owned subsidiary of INAI.

The Company is an indirect wholly owned subsidiary of ICAP plc, a public company registered in the United Kingdom that engages principally in money and securities broking throughout the world.

The Company, headquartered in New Jersey, is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority Inc. ("FINRA"). The Company operates an electronic inter-dealer trading system primarily for U.S. Treasury and Agency securities, repurchase agreements and mortgage-backed securities. The Company also generates revenue by providing market data to market data distributors.

The Company introduces securities transactions to affiliates for settlement and clearance.

During Feb 2013 the Company entered into a fully disclosed clearing agreement with Pershing LLC ("Pershing") for the settlement and clearance of certain customer's U.S. Treasury securities.

2. Summary of Significant Accounting Policies

The Company's financial statements are prepared in conformity with accounting principles generally accepted in the United States, 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(a) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2013 include approximately \$24,653 of short-term highly liquid money market mutual funds. The Company considers short-term interest bearing investments with initial maturities of three months or less to be cash equivalents. Such cash equivalents are held by one major financial institution. Additionally as of March 31, 2013, the Company had a cash balance that exceeded the Federal Deposit Insurance Corporation ("FDIC") limit of \$250, held at one major financial institution.

ICAP Electronic Broking LLC
Notes to Statement of Financial Condition
March 31, 2013

(b) Receivables and Payables – Brokers, Dealers and Clearing Organizations

Receivable from and payable to brokers, dealers and clearing organizations consists primarily of clearing fees, commissions and market data fees.

(c) Doubtful Accounts Allowance

An allowance for doubtful accounts on commissions receivable is maintained at a level that in management's judgment is adequate to absorb potential credit losses. The allowance is increased by provisions charged to income and is reduced by charge-offs. As of March 31, 2013, there was no allowance.

(d) Off-Balance Sheet Collateral

Certain participants have deposited assets as collateral with the Company which can be pledged or re-pledged by the Company. These assets, which are comprised of US Treasury obligations with a market value of approximately \$10,384, are not reflected in the Statement of Financial Condition. As of March 31, 2013, the Company has not pledged or re-pledged any assets.

(e) Income Taxes

The Company is a single member limited liability company which is owned by a partnership, and therefore treated as a disregarded entity pursuant to Treasury Regulation 301.7701-3 for federal income tax purposes. Generally disregarded entities owned by a partnership are not subject to entity level federal or state income taxation and, as such, the Company does not provide for income taxes under ASC 740, Income taxes. For income tax purposes the Company's income and/or loss is combined with that of its parent IBHNA, and is then reported on the tax return of IBHNA's two members.

3. Accrued Expenses and Accounts Payable

Accrued expenses and accounts payable at March 31, 2013 include approximately \$7,129 of accrued compensation and related expenses, and \$1,061 of other accrued expenses.

4. Cash Segregated Under Federal Regulations

Cash in the amount of \$15,503 has been segregated in a special reserve bank account for the benefit of customers under SEC Rule 15c3-3. The Company computes a proprietary accounts of introducing broker-dealers ("PAIB") reserve, which requires that the Company maintain minimum segregated cash in the amount of total credits per the Reserve Computation. As of March 31, 2013 cash in the amount of \$2,001 has been segregated in PAIB reserve account. The segregated cash held in both the special reserve bank account for the exclusive benefit of customers and the PAIB reserve account exceeded the requirements pursuant to SEC Rule 15c3-3

ICAP Electronic Broking LLC
Notes to Statement of Financial Condition
March 31, 2013

5. Receivables from and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from and payable to brokers, dealers and clearing organizations at March 31, 2013 consist of the following:

	<u>Receivable</u>		<u>Payable</u>
Clearing fees	\$ 599	Commission rebate	\$ 1,917
Other	1,925	PAIB payable	1,250
	<u>\$ 2,524</u>	Clearing fees	417
			<u>\$ 3,584</u>

6. Commitments and Contingencies

Operating Leases

The Company has obligations under various non-cancelable operating leases. Future minimum rental commitments under such leases are as follows:

	<u>Office Leases</u>	<u>Other Leases</u>	<u>Total</u>
Year Ended March 31,			
2014	\$ -	\$ 451	\$ 451
2015	-	191	191
	<u>\$ -</u>	<u>\$ 642</u>	<u>\$ 642</u>

The Company's office lease terminated during August 2012, and therefore the irrevocable letter of credit which secured the office lease was not renewed.

Legal proceedings

The highly regulated nature of the Company's business means that from time to time it is subject to regulatory enquiries, investigations and other litigations arising from the ordinary course of business.

Such matters are inherently subject to many uncertainties and the Company cannot predict their outcomes. There are no issues which are currently expected to have a material adverse impact on the Company's financial condition. However, the Company can provide no assurance that

ICAP Electronic Broking LLC

Notes to Statement of Financial Condition

March 31, 2013

such actions will not be material to its operating results and cash flows, depending in part upon operating results and cash flows for a particular period.

7. Transactions with Affiliates

The Company has an affiliated membership in the Fixed Income Clearing Corporation ("FICC") underneath the direct membership of ICAP Securities USA LLC ("USA"). While the Company maintains a separate participant identification with the FICC, all margining is combined at the USA level.

The Company introduces securities transactions to affiliates for clearance and settlement.

The Company entered into an agreement with an indirect wholly owned subsidiary of ICAP plc, whereby the subsidiary provides them with shared occupancy, fixed assets and administrative services (including finance, human resources, operations, legal and electronic data processing functions). At March 31, 2013, \$5,963 was prepaid to an affiliate under this agreement and therefore is reflected in receivable from affiliates in the Statement of Financial Condition.

Additionally receivable from affiliates also includes \$2,291 due from ICAP Management Services London ("IMSL", a wholly owned subsidiary of ICAP plc) for shared administrative expenses incurred by the Company on behalf of IMSL, and revenues collected by IMSL on behalf of the Company.

The Company also has a receivable from affiliate comprised of \$17 relating to commissions collected by the affiliate on behalf of the Company.

The Company has a payable to affiliate of \$128 relating to commissions collected by the Company on the affiliate's behalf.

Amounts receivable from and payable to affiliates are non-interest bearing and due on demand.

8. Income Taxes

The Company is a single member limited liability company which is owned by a partnership; and therefore is a disregarded entity for US income tax purposes. Pursuant to Treasury Rule 301.7701-3, Management has determined that single member limited liability companies owned by a partnership are disregarded entities for income tax purposes and are not subject to an entity-level tax, and therefore the Company is not required to record tax provisions on its Financial Statements or regulatory filings.

In lieu of recording an income tax provision, the Company declares and pays regular dividends up to its US taxpaying owner, INAI. The dividends allow INAI to make tax payments attributable to the Company's income passed through to INAI.

ICAP Electronic Broking LLC
Notes to Statement of Financial Condition
March 31, 2013

9. Employee Benefits

The Company participates in a trustee profit sharing plan (the "Plan") covering substantially all of its employees, under which contributions are made at the discretion of management. The Plan includes a 401(k) provision whereby all employees are allowed to contribute a portion of their earnings. On a discretionary basis, the Company matches a portion of employee contributions; except for employees who earn salaries in excess of a certain threshold.

10. Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Various valuation inputs are used to determine the fair value of assets or liabilities. Such inputs are defined broadly as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, etc.) for the asset or liability.

Level 3 – Significant unobservable inputs (including management's own assumptions in determining fair value) for the asset or liability.

The Company did not have any assets or liabilities classified as Level 3 at March 31, 2013.

Estimated Fair Value of Financial Instruments Measured at Fair Value

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis:

	March 31, 2013			
Assets:	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 24,653	\$ -	\$ -	\$ 24,653
Total assets at fair value	<u>\$ 24,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,653</u>

The Company's cash and cash equivalents include short-term highly liquid money market mutual funds of \$24,653, which are quoted through over the counter markets and therefore considered Level 1 assets.

ICAP Electronic Broking LLC
Notes to Statement of Financial Condition
March 31, 2013

ASU 2010-6 "Improving Disclosures about Fair Value Measurements" ("ASU") requires the following disclosures: (1) significant transfers in and out of Levels 1 and 2 and the reasons that such transfers were made; and (2) additional disclosures in the reconciliation of Level 3 activity, including information on a gross basis for purchases, sales issuances and settlements. For the year ended March 31, 2013 the Company did not have any transfers between Levels.

Estimated Fair Value of Financial Instruments Not Measured at Fair Value

The Company estimates that the fair value of its remaining financial instruments recognized on the Statement of Financial Condition approximate their carrying value, because they have limited counterparty credit risk and are short-term, replaceable on demand, or bear interest at market rates.

The table below presents the carrying value of the Company's financial instruments which approximate fair value. In addition, the table excludes the values of non-financial assets and liabilities.

	March 31, 2013			
Assets:	Level 1	Level 2	Level 3	Total
Commissions receivable	\$ -	\$ 11,455	\$ -	\$ 11,455
Receivable from broker dealers and clearing organizations	-	2,524	-	2,524
Total	<u>\$ -</u>	<u>\$ 13,979</u>	<u>\$ -</u>	<u>\$ 13,979</u>
Liabilities:				
Payable to customers	\$ -	\$ 11,950	\$ -	\$ 11,950
Payable to broker dealers and clearing organizations	-	3,584	-	3,584
Total	<u>\$ -</u>	<u>\$ 15,534</u>	<u>\$ -</u>	<u>\$ 15,534</u>

11. Net Capital Requirements

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the "Rule"), which requires the maintenance of minimum net capital. The Company computes its net capital under the alternative method, permitted by the Rule, which requires that the Company maintain minimum net capital equal to the greater of \$250 or 2% of aggregate debit balance arising from customer transactions, as defined. At March 31, 2013, the Company had net capital of \$23,161 which was \$22,911 in excess of its required net capital of \$25.

ICAP Electronic Broking LLC
Notes to Statement of Financial Condition
March 31, 2013

The Company is also subject to the reserve requirement for proprietary accounts of introducing broker-dealers (PAIB). The Company has PAIB assets on deposit as collateral for trade settlement with a market value of approximately \$1,350 which are not recorded on the Company's Statement of Financial Condition (Note 2).

12. Financial Instruments with Off-Balance-Sheet Risk

The Company acts as an intermediary to execution of transactions between undisclosed principals. Even though the Company introduces such transactions to affiliates and Pershing for clearance and settlement, the clearing firm may look to the Company to meet obligations incurred if either counterparty does not perform. A majority of the Company's customers are netting members of the Government Securities Division of the FICC. The Company does not anticipate non-performance by counterparties in the above situation and seeks to control such credit risk by allowing system access to counterparties that meet minimum credit requirements and monitoring the credit standing of all counterparties with which it conducts business.

At March 31, 2013, the Company did not incur any contractual amounts for purchase and sale transactions for both purchases and sales which have not yet reached settlement date. All of these transactions have settled in the month ended March 31, 2013.

In the normal course of its operations, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. 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 experience, the Company believes the risk of loss is remote.

13. Regulatory Developments

Recently enacted and potential further financial regulatory reforms could have a significant impact on the Company's business, financial condition and results of operations. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Dodd-Frank Act") is expected to have a broad impact on the financial services industry, including significant regulatory and compliance changes. Many of the requirements called for in the Dodd Frank Act will be implemented over time and most will be subject to implementing regulations over the course of several years. Given the uncertainty associated with the manner in which the provisions of Dodd Frank will be implemented by the various regulatory agencies and through regulation, the full extent of the impact such requirements will have on the Company's operation is unclear.

Key to the financial reform of the financial OTC derivatives markets are the rules governing derivatives registration, trading and clearing. The purpose of the rule is to improve transparency, risk management, capital and margin requirements. The Company continues to engage with industry peers and regulators on the aspects of open and fair access to markets, the functioning of interdealer brokers ("IDBs") in these markets and capital requirements. Overall, it is still unclear how structural reforms will impact IDBs, their customers or their counterparties. Some of these changes will create both opportunities and challenges for interdealer brokers. Therefore

ICAP Electronic Broking LLC
Notes to Statement of Financial Condition
March 31, 2013

the Company will continue to remain engaged with its industry peers and regulators in the formulation of final regulation in order to help our clients address these changes as well as ensure the Company is properly positioned to respond to the changes.

14. Subsequent Events

The Company has performed an evaluation of subsequent events through May 28, 2013. There have been no subsequent events that occurred during this period that would require recognition in the financial statements or disclosure as of March 31, 2013 or for the year then ended.



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