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

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

SEC FILE NUMBER  
8-12500

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 01/01/2013 AND ENDING 12/31/2013  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Nationwide Securities LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

one Nationwide Plaza  
(No. and Street)  
Columbus OH 43215  
(City) (State) (Zip Code)

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

James Rubenstein 614-677-1643  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

KPM G LLP  
(Name - if individual, state last, first, middle name)  
Columbus  
(Address) (City) (Zip Code)

SECURITIES AND EXCHANGE COMMISSION  
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13

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)

10/14/14

OATH OR AFFIRMATION

I, JOHN A. REESE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NATIONWIDE INVESTMENT SERVICES CORPORATION, as of DECEMBER 31, 2013, 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

John A. Reese
Signature
VICE PRESIDENT
Title

Jeffrey W. Cloud
Notary Public



Jeffrey W. Cloud
Notary Public, State of Ohio
My Commission Expires 09-29-2016

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. (NOT A SIPC MEMBER)
(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).

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**404**

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Financial Statements and Schedules

December 31, 2013

(With Report of Independent Registered Public Accounting Firm Thereon)

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

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KPMG LLP  
Suite 500  
191 West Nationwide Blvd.  
Columbus, OH 43215-2568

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

The Board of Managers  
Nationwide Securities, LLC:

We have audited the accompanying financial statements of Nationwide Securities, LLC, which comprise the Statement of Financial Condition as of December 31, 2013, 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 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 Nationwide Securities, LLC as of December 31, 2013, 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 are 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**

Columbus, Ohio  
February 25, 2014

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Statement of Financial Condition

December 31, 2013

**Assets**

Cash and cash equivalents (note 2b)	\$ 10,321,499
Receivables:	
Investment companies	996,700
Brokers and dealers	47,529
Other receivables	13,693
	<hr/>
	1,057,922
Prepaid expenses and other	40,831
Clearing organization deposit	145,020
	<hr/>
Total assets	\$ 11,565,272

**Liabilities and Member's Equity**

Liabilities:	
Payable to affiliates	\$ 1,875,591
Sales commissions and related bonuses payable	913,548
Accounts payable and accrued expenses	51,096
	<hr/>
Total liabilities	2,840,235
Contingencies (note 10)	
Member's equity	<hr/>
	8,725,037
	<hr/>
Total liabilities and member's equity	\$ 11,565,272

See accompanying notes to financial statements.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Statement of Operations

Year ended December 31, 2013

<b>Revenues:</b>	
Revenue from sales of variable products of affiliates (note 7)	\$ 20,087,609
Revenue from sales of commissionable securities	7,313,746
Investment advisory revenue	1,085,315
Revenue from sales of non-commissionable securities	2,451,003
Interest	38
	<u>30,937,711</u>
<b>Expenses:</b>	
Registered representatives' compensation from sales of variable products of affiliates and related service fees (note 7)	19,326,089
Registered representatives' compensation from sales of commissionable securities and other advisory services	6,408,477
Compensation and benefits (notes 7 and 8)	7,344,780
Other operating expenses (note 7)	3,043,375
	<u>36,122,721</u>
Net loss	<u>\$ (5,185,010)</u>

See accompanying notes to financial statements.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)  
Statement of Changes in Member's Equity  
Year ended December 31, 2013

	<u>Member's equity</u>
Balance at December 31, 2012	\$ 3,910,047
Capital contributions	10,000,000
Net loss	<u>(5,185,010)</u>
Balance at December 31, 2013	<u><u>\$ 8,725,037</u></u>

See accompanying notes to financial statements.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Statement of Cash Flows

Year ended December 31, 2013

Cash flows from operating activities:

Net loss	\$ (5,185,010)
Adjustments to reconcile net loss to net cash used in operating activities:	
Decrease (increase) in:	
Receivables from investment companies, brokers and dealers, and other	(99,996)
Prepaid expenses and other	(73,453)
(Decrease) increase in:	
Payable to affiliates	(694,356)
Sales commissions and related bonuses payable	93,134
Accounts payable and accrued expenses	(22,628)
Net cash used in operating activities	<u>(5,982,309)</u>

Cash flows from financing activities:

Capital contributions	<u>10,000,000</u>
Net cash provided by financing activities	10,000,000

Cash and cash equivalents, beginning of year

6,303,808

Cash and cash equivalents, end of year

\$ 10,321,499

See accompanying notes to financial statements.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Notes to Financial Statements

December 31, 2013

**(1) Organization**

**(a) Nature of Operations**

Nationwide Securities, LLC (NS LLC) (the Company) is a wholly-owned subsidiary of NFS Distributors, Inc. NFS Distributors, Inc. is a wholly-owned subsidiary of Nationwide Financial Services, Inc. (NFS), a subsidiary of Nationwide Mutual Insurance Company (NMIC). The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934 and is a registered investment adviser under the Investment Advisers Act of 1940. The Company is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. The Company is exempt from the provision of Rule 15c3-3 of the Securities Exchange Act of 1934 based upon meeting the exemption requirements of Rule 15c3-3(k)(2)(ii) (see note 6).

The Company is currently registered in all 50 states, as well as the District of Columbia. The Company engages in the distribution of variable life insurance policies, variable annuities, investment company shares, and general securities. The Company is a distributor of variable life insurance policies and variable annuity contracts issued by NFS' subsidiaries, Nationwide Life Insurance Company (NLIC) and Nationwide Life and Annuity Insurance Company (NLAIC).

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

**(a) Basis of Presentation**

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP 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 may differ from those estimates.

The carrying amounts of financial assets and liabilities approximate fair value.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents, which include highly liquid investments with original maturities of less than three months, are carried at cost, which approximates fair value.

**(c) Receivables**

The amounts shown for all receivables represent their estimated future realizable balances. The receivables are short-term in nature, with substantially all balances expected to be received within a three month period. No recovery allowance is considered necessary for any of the receivable balances.

**(d) Revenue and Registered Representatives' Compensation Expense Recognition**

Revenue from securities transactions and from the sale of investment company shares, which is reported as Revenue from sales of commissionable securities on the Statement of Operations, is recorded on a trade date basis. The registered representative commission expense paid on this

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Notes to Financial Statements

December 31, 2013

revenue is included in Registered representatives' compensation from sales of commissionable securities and other advisory services on the Statement of Operations.

The Company records commission revenue based on the sales of variable products of affiliates on which commissions are paid to its registered representatives. This revenue, which is based on agreed upon commission rates, is recognized when earned and recorded as Revenue from sales of variable products of affiliates. Commission expense and related service fees are expensed when incurred and reported as Registered representatives' compensation from sales of variable products of affiliates and related service fees on the Statement of Operations.

The Company earns revenue from fee-based asset management programs in which third party money managers direct the investments and provide financial planning services for the Company's clients. Fees are based on individual asset manager fee schedules and are received quarterly from these third party managers, but are recognized as earned on a pro rata basis over the term of the management contract. This revenue is reported as Investment advisory revenue. The commission expense incurred on this revenue is reported as Registered representatives' compensation from sales of commissionable securities and other advisory services on the Statement of Operations.

The Company also receives revenue from securities and investment company transactions that are not associated with a registered representative and for which no commission expense is incurred. This revenue is recognized as earned on a trade date basis and is reported on the Statement of Operations as Revenue from sales of non-commissionable securities.

**(e) *Investment Income***

Interest income is accrued as earned.

**(f) *Concentrations of Credit Risk***

In the normal course of business, the Company is involved in the execution and settlement of various customer securities transactions for which it earns revenue. The Company seeks to control the risks associated with these activities by not financing customer transactions and by selling investment products of institutions which the Company believes are financially sound.

**(g) *Income Taxes***

The Company is a single member limited liability company, and, as such, is considered or treated as a disregarded entity for federal income tax purposes. Therefore, no provision or liability for income taxes has been included in the financial statements. However, the federal income tax benefit for the year ended December 31, 2013, would have been \$1,811,183 if the Company had not been a single member limited liability company, treated as a disregarded entity for federal income tax purposes.

**(3) *Recently Issued Accounting Standards***

The Company has not adopted any accounting standards with a material impact to the financial statements and does not expect a material impact to the financial statements as a result of accounting standards issued but not yet adopted.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Notes to Financial Statements

December 31, 2013

**(4) Fair Value Measurement**

Fair Value is defined 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 measurement date. In determining fair value, the Company uses a market approach as the valuation technique, due to the nature of the Company's investments. This technique maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The Company categorizes its financial instruments into a three level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

The Company categorizes financial assets recorded at fair value as follows:

- **Level 1** – Unadjusted quoted prices accessible in active markets for identical assets at the measurement date.
- **Level 2** – Unadjusted quoted prices for similar assets in active markets or inputs (other than quoted prices) that are observable or that are derived principally from or corroborated by observable market data through correlation or other means.
- **Level 3** – Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate about the assumptions market participants would use at the measurement date in pricing the asset or liability. Consideration is given to the risk inherent in both the method of valuation and the valuation inputs.

The Company invests only in assets with fair value measurements categorized as Level 1 of the fair value hierarchy, and did not have any transfers between levels during 2013. During 2013, the Company did not own any Level 1 cash equivalents.

The Company did not have any assets or liabilities reported at fair value on a nonrecurring basis required to be disclosed as of December 31, 2013.

**(5) Net Capital Requirements**

The Company, as a registered broker-dealer of securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (the Rule). Accordingly, the Company is required to maintain a minimum net capital, as defined under such provisions, of the greater of \$250,000 or 1/15th of aggregate indebtedness, as those terms are defined in the Rule. The Rule also requires that aggregate indebtedness shall not exceed fifteen times net capital. The minimum net capital requirement was \$250,000 at December 31, 2013.

At December 31, 2013, aggregate indebtedness was .34 times net capital, and net capital amounted to \$8,434,676. The amount of net capital in excess of the statutory requirement was \$8,184,676 at December 31, 2013.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Notes to Financial Statements

December 31, 2013

**(6) Cash Segregated Under Federal and Other Regulations**

The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934 based upon meeting the exemption requirements of Rule 15c3-3(k)(2)(ii).

To qualify for this exemption under Rule 15c3-3(k)(2)(ii), the Company must clear its non-direct customer transactions through another broker-dealer (clearing broker-dealer – see note 9) on a fully-disclosed basis. The firm is prohibited from carrying customer accounts and must promptly transmit all customer funds and securities received in connection with its broker-dealer activities to its clearing broker-dealer.

**(7) Related Party Transactions**

The Company has entered into cost sharing agreements with NMIC, majority owner of NFS, and other affiliates, as a part of its ongoing operations. Expenses covered by such agreement are subject to allocation among NMIC and such subsidiaries. Measures used to allocate expenses among companies include individual employee estimates of time spent, special cost studies and other methods agreed to by the participating companies that are within industry guidelines and practices. In addition, Nationwide Services Company LLC, a subsidiary of NMIC, provides data processing, system development, hardware and software support, telephone, mail, and other services to the Company, based on specified rates for units of service consumed. The Payable to affiliates balance includes \$818,345 which represents the current month's expenses charged to the Company under its cost sharing agreement, and \$1,087,391, which represents receipts for fixed sales that flow through NS LLC to Nationwide Financial General Agency. Primarily all of the Compensation and benefits and Other operating expenses recorded in the Statement of Operations were incurred under the aforementioned agreement. The Company received \$10,000,000 in capital contributions from NFS Distributors, Inc. during the year, which was utilized to support the Company's requirements under the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1.

During 2013, the Company reported revenue and related commission expense and service fees for sales of the following NLIC, NLAIC and Nationwide mutual fund products:

	<b>Revenues</b>	<b>Commissions and Service Fees</b>
NLIC and NLAIC variable annuities	\$ 16,229,211	15,621,148
NLIC and NLAIC variable life	3,221,574	3,221,574
NLICA and NLACA variable life	32,662	32,662
Nationwide mutual funds	604,162	450,705
	\$ 20,087,609	19,326,089

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)

Notes to Financial Statements

December 31, 2013

**(8) Employee Benefit Plan**

Employees of the Company participate in several benefit plans sponsored by NMIC, for which the Company has no legal obligations. Expenses are allocated to the companies who employ participants based on headcount. Incurred expenses related to the various plans for the year ended December 31, 2013 were \$18,191.

**(9) Agreement With Clearing Broker-Dealer**

The Company has entered into an agreement with an unaffiliated broker-dealer (the clearing broker) to execute securities transactions on behalf of its customers. The Company fully discloses this arrangement to its customers. The clearing broker remits commission revenue to the Company, net of fees for clearing and other services. The Company is subject to off-balance-sheet risk in that it is responsible for losses incurred by the clearing broker that result from a customer's failure to complete securities transactions as provided for in the agreement. No provision for losses has been recorded in the financial statements relating to these transactions based on management's analysis of this exposure as of December 31, 2013.

**(10) Contingencies**

The Company is involved in various claims, legal actions and regulatory matters arising in the normal course of business. In the opinion of management, the ultimate disposition of these matters are not likely to have a material adverse effect on the Company's financial position, results of operations, or liquidity. However, given the significant and/or indeterminate amounts sought in certain of these matters and inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could have a material adverse effect on the Company's financial results in a particular year.

The Company is subject to oversight by numerous federal and state regulatory entities, including but not limited to the SEC, the Financial Industry Regulatory Authority, the Department of Labor, the IRS and state securities divisions. Such regulatory entities may, in the normal course, be engaged in general or targeted inquiries, examinations and investigations of the Company and/or its affiliates. The financial services industry has been the subject of increasing scrutiny in connection with a broad spectrum of regulatory issues; with respect to all such scrutiny directed at the Company and/or its affiliates, we are cooperating with regulators.

These proceedings are expected to continue in the future and could result in legal precedents and new industry-wide legislation, rules and regulations that could significantly affect the financial services industry, including mutual fund, retirement plan, life insurance and annuity companies. These proceedings could also affect the outcome of one or more of the Company's or its affiliates' litigation matters. There can be no assurance that any such litigation or regulatory actions will not have a material adverse effect on the Company and/or its affiliates in the future.

**(11) Subsequent Events**

The Company evaluated subsequent events through February 25, 2014, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

**Schedule I**

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)  
Computation of Net Capital and Aggregate Indebtedness  
under Rule 15c3-1 of the Securities Exchange Act of 1934  
December 31, 2013

**Computation of Net Capital**

1. Total equity from balance sheet	\$ 8,725,037
2. Deduct member's equity not allowable for net capital	<u>—</u>
3. Total member's equity qualified for net capital	8,725,037
4. Add:	
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital	<u>—</u>
B. Other (deductions) or allowable credits	<u>—</u>
5. Total capital and allowable subordinated liabilities	8,725,037
6. Deductions and/or charges:	
A. Total nonallowable assets from schedule of nonallowable assets	(289,705)
B. Other (deductions) and/or charges	(656)
7. Other additions and/or credits	<u>—</u>
8. Net capital before haircuts on securities positions	8,434,676
9. Haircuts on securities	<u>—</u>
10. Net capital	<u><u>\$ 8,434,676</u></u>

**Computation of Basic Net Capital Requirement**

11. Minimum net capital required (6-2/3% of line 19)	\$ 189,349
12. Minimum net capital requirement of reporting broker	250,000
13. Net capital requirement (greater of line 11 or 12)	<u>250,000</u>
14. Excess net capital (line 10 less line 13)	<u>8,184,676</u>
15. Net capital less greater of 10% of line 19 or 120% of line 12	<u><u>\$ 8,134,676</u></u>

**Computation of Aggregate Indebtedness**

16. Total aggregate indebtedness liabilities from balance sheet	\$ 2,840,235
17. Add drafts for immediate credit	<u>—</u>
18. Deduct adjustment based on Special Reserve Accounts (15c3-1(c)(1)(VII))	<u>—</u>
19. Total aggregate indebtedness	<u><u>\$ 2,840,235</u></u>
20. Percentage of aggregate indebtedness to net capital (line 19/line 10)	33.67%

**Schedule I**  
**(Continued)**

**NATIONWIDE SECURITIES, LLC**  
**(A Wholly Owned Subsidiary of NFS Distributors, Inc.)**  
Computation of Net Capital and Aggregate Indebtedness  
under Rule 15c3-1 of the Securities Exchange Act of 1934  
December 31, 2013

<b>Schedule of Nonallowable Assets (Line 6A)</b>	
Receivables from investment companies, brokers and dealers, affiliates and others	248,874
Prepaid expenses and other	<u>40,831</u>
Total line 6A	<u>\$ 289,705</u>

There are no material differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2013.

See accompanying report of independent registered public accounting firm.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)  
Computation for the Determination of the Reserve Requirements  
under Rule 15c3-3 of the Securities Exchange Act of 1934  
December 31, 2013

The Company is exempt from Rule 15c3-3 pursuant to the provisions of subparagraph (k)(2)(ii) of that rule.

See accompanying report of independent registered public accounting firm.

**NATIONWIDE SECURITIES, LLC**  
(A Wholly Owned Subsidiary of NFS Distributors, Inc.)  
Information Relating to Possession or Control Requirements  
under Rule 15c3-3 of the Securities Exchange Act of 1934  
December 31, 2013

The Company is exempt from Rule 15c3-3 pursuant to the provisions of subparagraph (k)(2)(ii) of that rule.

See accompanying report of independent registered public accounting firm.



KPMG LLP  
Suite 500  
191 West Nationwide Blvd.  
Columbus, OH 43215-2568

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

The Board of Managers  
Nationwide Securities, LLC:

In planning and performing our audit of the financial statements of Nationwide Securities, LLC (the Company), as of and for the year ended December 31, 2013, 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 (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 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, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Managers, 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.

**KPMG LLP**

February 25, 2014



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191 West Nationwide Blvd.  
Columbus, OH 43215-2568

SEC  
Mail Processing  
Section  
FEB 28 2014  
Washington DC  
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**Report of Independent Registered Public Accounting Firm  
on Internal Control Pursuant to Securities and Exchange Commission Rule 17a-5**

The Board of Managers  
Nationwide Securities, LLC:

In planning and performing our audit of the financial statements of Nationwide Securities, LLC (the Company), as of and for the year ended December 31, 2013, 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 (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 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, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Managers, 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.

**KPMG LLP**

February 25, 2014