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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00



14046059

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

SEC
Main Processing
Section

FEB 27 2014

SEC FILE NUMBER
8-66577

FACING PAGE
Information Required of Brokers and Dealers **Washington DC** Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-6 **405** hereunder

REPORT FOR THE PERIOD BEGINNING 01/01/13 AND ENDING 12/31/13
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: EZE CASTLE TRANSACTION SERVICES LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

12 Farnsworth Street 6th Floor

(No. and Street)

Boston
(City)

MA
(State)

02210
(Zip Code)

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

Giovanna Christofferson

617-316-1119

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

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

Two Financial Center
60 South Street

(Address)

Boston
(City)

MA
(State)

02111
(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)

3/20/14

OATH OR AFFIRMATION

I, David Quinlan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EZE CASTLE TRANSACTION SERVICES LLC, as of December 31st, 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:

[Handwritten Signature]

Signature

President

Title

[Handwritten Signature]

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).

EZE CASTLE TRANSACTION SERVICES LLC
(A Wholly Owned Subsidiary of Eze Castle Software LLC)

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Report of Independent Registered Public Accounting Firm

The Member and Board of Managers
Eze Castle Transaction Services LLC:

We have audited the accompanying statement of financial condition of Eze Castle Transaction Services LLC (the Company) as of December 31, 2013, and the related notes to this financial statement.

Management's Responsibility for the Financial Statements

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 the statement of financial condition that is free from material misstatement, whether due to fraud or error.

Auditors' 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 financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors 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 statement of financial condition referred to above present fairly, in all material respects, the financial position of Eze Castle Transaction Services LLC as of December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

KPMG LLP

February 24, 2014

EZE CASTLE TRANSACTION SERVICES LLC
(A Wholly Owned Subsidiary of Eze Castle Software LLC)

Statement of Financial Condition

December 31, 2013

Assets	
Cash and cash equivalents	\$ 4,523,665
Receivables from brokers and dealers and unbilled revenue, net of allowance of \$632,911	15,829,516
Other assets	<u>12,209</u>
Total assets	<u>\$ 20,365,390</u>
Liabilities and Member's Equity	
Liabilities:	
Accounts payable and other accrued expenses	\$ 313,194
Due to affiliates	<u>79,938</u>
Total liabilities	393,132
Member's equity	<u>19,972,258</u>
Total liabilities and member's equity	<u>\$ 20,365,390</u>

See accompanying notes to Statement of Financial Condition.

EZE CASTLE TRANSACTION SERVICES LLC
(A Wholly Owned Subsidiary of Eze Castle Software LLC)

Notes to Statement of Financial Condition

December 31, 2013

(1) Organization and Description of Business

Eze Castle Transaction Services LLC (the Company) is a registered broker-dealer under the Securities Exchange Act of 1934. The Company supplies sell-side brokers with Financial Information eXchange (FIX) connectivity services for the transmittal and receipt of trading-related messages between the brokers' order management system or other electronic order collection systems and the Eze OMS, a software application developed and licensed to buy-side asset managers by Eze Castle Software LLC (ECS or Parent). Trading messages are sent through electronic connections whether physical, logical, virtual, or sponsored, and including, but not limited to, connections established for orders, indications of interest, notice of execution, drop copies, and connections staged via a third-party intermediary, between buy-side clients and sell-side brokers. The Company is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). FINRA serves as the Company's self regulatory organization.

The Company is a wholly owned subsidiary of ECS. ECS is a wholly owned subsidiary of Eze Software Group, LLC (Group).

(2) Significant Accounting Policies

The statement of financial condition (financial statement) has been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and codified in the Accounting Standards Codification (ASC), as set forth by the Financial Accounting Standards Board (FASB). Significant accounting policies are as follows:

(a) Use of Estimates

The preparation of the financial statement, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results could differ from those estimates.

(b) Revenue Recognition

Connectivity and Transmission Support Revenue

The Company earns its fees from sell-side brokers for facilitating the transmittal and receipt of trading-related messages to and from the brokers' buy-side clients. Contracts with broker-dealer customers stipulate the calculation of fees, which are generally transactionally based and may include provisions for flat fees for certain connections. Revenue is recognized upon transmission for transactional calculations or ratably over the billing period for flat fees, provided that persuasive evidence of the arrangement exists, services have been rendered, related fees are fixed or determinable, and collection of the related receivable is reasonably assured. Fees are billed monthly in arrears, but accrued as earned. Earned but unbilled fees are included in receivables from brokers and dealers and unbilled revenue on the statement of financial condition. The Company adjusts revenue in situations where client concessions, rebates, or volume-based discounts may be offered. Revenue is only recognized if the estimates of such modifications can be reasonably and reliably determined. The Company bases its estimates on historical results taking into consideration the type of client, the type of transaction and the specifics of each arrangement.

EZE CASTLE TRANSACTION SERVICES LLC
(A Wholly Owned Subsidiary of Eze Castle Software LLC)

Notes to Statement of Financial Condition

December 31, 2013

(c) Cash and Cash Equivalents

All unrestricted highly liquid investments with initial or remaining maturities of less than 90 days at the time of purchase are considered cash and cash equivalents. These investments include demand deposits, money market accounts, and U.S. Treasury bills.

(d) Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on the Company's assessment of the collectibility of receivables from brokers and dealers and unbilled revenue. The Company considers factors such as historical experience, credit quality, age of balances, and current economic conditions that may affect collectibility in determining the allowance for doubtful accounts.

(e) Fair Value of Financial Instruments

The carrying amounts reported on the statement of financial condition for cash and cash equivalents approximate fair value based on the on-demand nature of cash and the short-term maturity and the daily pricing mechanisms of cash equivalents. Other assets and liabilities with short and intermediate-term maturities and defined settlement amounts, including receivables, payables, and accrued liabilities, are reported at their contractual amounts, which approximate fair value.

(f) Other Assets

Other assets consist primarily of prepaid expenses.

(g) Income Taxes

The Company is a single member limited liability company and is treated as a disregarded entity for federal, state, and local income tax purposes. The Company has recorded its apportioned share of state, and local income taxes, including the New York City unincorporated business tax (UBT), pursuant to a tax sharing agreement (TSA) between Group and the Company. Group, as the taxpayer of record, is responsible for payment of state and local income taxes to the taxing authorities. The tax provision for the Company has been computed in accordance with the TSA. There is no provision for federal income tax because the Company's single member, Group, is a partnership for U.S. tax purposes. A partnership is generally not subject to federal, state, or local income taxes with the exception of certain unincorporated business taxes and minimum state taxes. For federal and state income tax purposes, the ultimate members of Group are responsible for reporting their allocable share of the Company's income, gain, losses, deductions, and credits on their tax returns. In the current year, the Company had no UBT expense.

(3) Financial Instruments

All financial instruments are measured and reported on a fair value basis. The ASC defines fair value and establishes a framework for measuring fair value, as well as a fair value hierarchy based on inputs used to measure fair value.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

EZE CASTLE TRANSACTION SERVICES LLC
(A Wholly Owned Subsidiary of Eze Castle Software LLC)

Notes to Statement of Financial Condition

December 31, 2013

Fair Value Hierarchy

Financial assets and liabilities are classified based on inputs used to establish fair value as follows:

- Level 1: Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets
- Level 2: Valuation inputs are quoted prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets and other valuation techniques utilizing observable inputs directly or indirectly related to the asset or liability being measured
- Level 3: Valuation techniques utilize inputs that are unobservable and significant to the fair value measurement.

At December 31, 2013, the Company did not own any financial assets or liabilities other than cash and cash equivalents or other assets and liabilities with short and intermediate term maturities and defined settlement amounts. Per the Company's accounting policies (note 2), the carrying amounts of cash and other assets and liabilities with defined settlement amounts are reported at their contractual amounts, which approximates fair value.

(4) Related-Party Transactions

In the normal course of business, the Company enters into related-party transactions with affiliates, including ECS, and certain other affiliated entities.

Under the Connectivity Services Agreement (CSA) with ECS, the Company agrees to pay ECS a partnership fee for the support services and related technology rights provided to the Company in order for it to render FIX connectivity services. The fees charged by ECS are calculated based upon a flat fee and the eligible number of FIX connections as determined by the CSA.

Under the Servicing Agreement between the Company and ECS, ECS assists the Company by providing it with certain administrative and other services and, in turn, the Company agrees to pay ECS a monthly servicing fee to cover such expenses. The service fees charged by ECS are determined through calculated allocations.

At December 31, 2013, the Company owed ECS \$61,361 relating to the CSA and Servicing Agreement reflected in due to affiliates on the statement of financial condition.

(5) Regulatory Requirements

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain minimum net capital, as defined thereunder, of one-fifteenth of aggregate indebtedness, as defined thereunder, or \$5,000, whichever is greater. At December 31, 2013, the Company had net capital of \$4,061,375, which was \$4,035,166 in excess of its minimum net capital requirement of \$26,209. The Company's aggregate indebtedness to net capital ratio was 0.10 to 1.

EZE CASTLE TRANSACTION SERVICES LLC
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Notes to Statement of Financial Condition

December 31, 2013

Advances to affiliates, repayment of borrowings, distributions, dividend payments, and other equity withdrawals are subject to certain notification and other requirements of Rule 15c3-1 and other regulatory bodies.

The Company is exempt from the provisions of Rule 15c3-3 pursuant to paragraph k(1) under the Securities Exchange Act of 1934 as it does not hold funds or securities of its customers and conducts limited business.

(6) Commitments and Contingencies

The Company is involved in legal proceedings concerning matters arising in connection with the conduct of the Company's businesses. The Company believes, based on currently available information and advice of counsel, that the results of such proceedings, in the aggregate, will not have a material adverse effect on the Company's financial statement. The Company intends to defend itself vigorously against all claims asserted in these matters.

(7) Concentration of Credit Risk

The Company may maintain cash and cash equivalents at financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to significant credit risks.

(8) Guarantees

In the ordinary course of business, the Company enters into standard indemnification agreements. Pursuant to these agreements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified party for certain losses suffered or incurred by the indemnified party, generally the Company's business partners or customers, in connection with certain claims by any third party with respect to the Company's products or services. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnifications agreements is unlimited. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statement for these indemnifications.

At December 31, 2013, Group and Eze Castle Software, Inc (Eze Inc), had \$477,304,849 of debt outstanding. ECS's ownership interest in the Company was pledged as security against the debt.

(9) Subsequent Events

The Company has evaluated all subsequent events through February 24, 2014 the date of issuance of the financial statement and has determined that no other subsequent events have occurred that would require disclosure in the financial statement or accompanying notes.