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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 12/31/13
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
VLS Securities LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

19 Old Kings Highway South, Suite 120

(No. and Street)

Darien

CT

06820

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Richard Hoge **(203) 992-4301**
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

McGladrey LLP

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

850 Canal Street - 4th Floor

Stamford

CT

06902

(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)

SEC 1410 (06-02)

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3/18/14

OATH OR AFFIRMATION

I, Richard Hoge, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of VLS Securities LLC, 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:

[Handwritten Signature]

Signature

CAO

[Handwritten Signature: Marissa D. Rampersad]

Notary Public

MARISSA D. RAMPERSAD Title
Notary Public, State of New York
No. 01RA6080139
Qualified in Bronx County
Commission Expires March 22, 2015

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. (Bound under separate cover)
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(o) Independent auditor's report on internal control

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

VLS Securities LLC
(a wholly owned subsidiary of VelocityShares LLC)

Statement of Financial Condition
December 31, 2013

VLS SECURITIES LLC
(a wholly owned subsidiary of VelocityShares LLC)
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December 31, 2013

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Independent Auditor's Report

To the Board of Directors
VLS Securities LLC
Darien, Connecticut

Report on the Financial Statement

We have audited the accompanying statement of financial condition of VLS Securities LLC (the Company) as of December 31, 2013 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of 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 auditor's 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 auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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 statement referred to above presents fairly, in all material respects, the financial position of VLS Securities LLC as of December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Stamford, Connecticut
February 28, 2014

VLS SECURITIES LLC
(a wholly owned subsidiary of VelocityShares LLC)
Statement of Financial Condition
December 31, 2013

Assets	
Cash	\$ 1,416,897
Account receivable	396,665
Other assets	<u>22,766</u>
Total assets	<u>\$ 1,836,328</u>
 Liabilities and Member's Equity	
Accounts payable and accrued expenses	\$ 111,676
Due to affiliated company	<u>65,386</u>
Total liabilities	177,062
Member's equity	<u>1,659,266</u>
Total liabilities and member's equity	<u>\$ 1,836,328</u>

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

VLS SECURITIES LLC
(a wholly owned subsidiary of VelocityShares LLC)
Statement of Financial Condition
December 31, 2013

1. Organization and Business

VLS Securities LLC (the “Company”), a wholly owned subsidiary of VelocityShares LLC (the “Parent”), is a limited liability company and was formed under the laws of the State of Delaware. The Company is a broker dealer registered with the Securities and Exchange Commission (the “SEC”) and is also a member of the Financial Industry Regulatory Authority.

The Company acts primarily as a broker or dealer in the marketing and distribution of Exchange Traded Notes (“ETNs”).

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash

All cash deposits are held by a single financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

Income Taxes

The Company is a single member limited liability company and is treated as a disregarded entity for income tax reporting purposes. The Internal Revenue Code (“IRC”) provides that any income or loss is passed through to the ultimate beneficial individual members for federal, state and certain local income taxes. Accordingly, the Company has not provided for federal and state income taxes.

At December 31, 2013, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require. The Company remains subject to U.S. federal and state income tax audits for all periods subsequent to 2009.

VLS SECURITIES LLC
(a wholly owned subsidiary of VelocityShares LLC)
Statement of Financial Condition
December 31, 2013

Share-based Compensation

The Parent accounts for share-based compensation in accordance with ASC Topic 718 (Compensation-Stock Compensation) for accounting and reporting of share-based payments. Compensation expense related to stock options granted to employees by its Parent is allocated pursuant to the Company's expense sharing agreement with its Parent (discussed in Note 3). Share-based compensation is amortized over the vesting period.

3. Transactions with Related Parties

The Company subleases its office space from, and maintains an administrative services agreement (the "Agreement") with, its Parent. Pursuant to the Agreement, the Parent provides administrative services, salaries, equipment and software and office supplies and telephone services. The Company incurred expenses of \$2,583,772, to the Parent, during the year ended December 31, 2013.

All transactions with related parties are settled in the normal course of business. The terms of any of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

4. Regulatory Requirements

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2013, the Company had net capital of \$1,239,835 which exceeded the required net capital by \$1,228,031.

5. Concentrations

All of the Company's total services revenue is derived from a single issuer of ETNs. All of the account receivable outstanding at December 31, 2013 was from the same party.

6. Recent Regulatory Developments

In July 2013, SEC adopted amendments to its broker-dealer reports rules, which will now require, among other things, that audits of all SEC-registered broker-dealers be conducted under Public Company Accounting Oversight Board ("PCAOB") standards for fiscal years ending on or after June 1, 2014, effectively replacing the American Institute of Certified Public Accountants with the PCAOB as the auditing standard-setter for auditors of broker-dealers, and replacing Generally Accepted Auditing Standards with PCAOB standards for broker-dealers that are subject to audit. Broker-dealers will be required to file either compliance reports or exemption reports, as applicable, and file reports of independent

VLS SECURITIES LLC
(a wholly owned subsidiary of VelocityShares LLC)
Statement of Financial Condition
December 31, 2013

public accountants covering compliance reports or exemption reports (prepared in accordance with the PCAOB standards). Additionally, effective December 31, 2013, if a broker-dealer is a SIPC member firm, broker-dealer audited financial statements will also be required to be submitted to SIPC, and broker-dealers will be required to file a new quarterly Form Custody.

In addition, SEC adopted amendments to various financial responsibility rules. For a broker-dealer such as the Company, these amendments were mostly technical in nature and effectively ratified various interpretive and no-action positions taken by SEC staff over many years or which conformed to existing practices or self-regulatory organization rules.

Management has evaluated the implications of the amendments to the broker-dealer reports and the financial responsibility rules and does not expect that the adoption of the amendments will have a material impact on the Company or its financial statements.

7. Commitments

As discussed in Note 3, the Company subleases its office space from its Parent pursuant to a sublease agreement, which expires on January 31, 2017. The following is a schedule by years of the future minimum annual occupancy cost payments required under the sublease:

2014	\$	75,824
2015		78,238
2016		80,651
2017		6,738
	\$	<u>241,451</u>

8. Contingencies

The Company is periodically involved in legal matters, including regulatory proceedings and litigation that arise in the normal course of business. The Company does not believe any such matters in which it is currently involved will have a material adverse effect on its financial position, its results of operations or its cash flows.

9. Subsequent Events

The Company has evaluated events and transactions that may have occurred since December 31, 2013 through the date the financial statements were available for issuance. Subsequent to year-end, a distribution in the amount of \$475,000 was paid to the Member.