

MR

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

SEC  
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Section

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

Washington DC  
404

SEC FILE NUMBER  
8-28900

**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:

**Westminster Research Associates LLC**

OFFICIAL USE ONLY  
FIRM ID. NO.

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

**1633 Broadway, 48<sup>th</sup> Floor**

**New York**

(No. and Street)

**NY**

**10019**

(City)

(State)

(Zip Code)

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

**John D. Meserve**

**(212) 448-6060**

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**Ernst & Young LLP**

**5 Times Square**

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

**New York**

**NY**

**10036**

(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

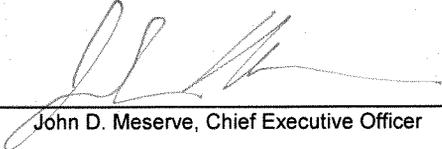
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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3/24/14

## OATH OR AFFIRMATION

I, John D. Meserve, affirm that, to the best of my knowledge and belief the accompanying statement of financial condition pertaining to the firm of Westminster Research Associates LLC, as of December 31st, 2013, are true and correct. I further 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.

  
John D. Meserve, Chief Executive Officer

  
Notary Public

LOUIS DAMIANO  
Notary Public, State Of New York  
No. 41-5006423  
Qualified In Queens County  
Certificate Filed In New York County  
Commission Expires December 28, 2014

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 Pursuant to Rule 15c3-1.
- (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.
- (o) Supplementary Report of Independent Registered Public Accounting Firm required by SEC Rule 17a-5(g)(1).

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

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Washington DC  
404

STATEMENT OF FINANCIAL CONDITION

Westminster Research Associates LLC

December 31, 2013

With Report of Independent Registered Public Accounting Firm

*(SEC I.D. No. 8-28900)*

Ernst & Young LLP



Building a better  
working world

Westminster Research Associates LLC

Statement of Financial Condition

December 31, 2013

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Facing Page and Oath or Affirmation

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working world

Ernst & Young LLP  
5 Times Square  
New York, NY 10036-6530

Tel: +1 212 773 3000  
Fax: +1 212 773 6350

## Report of Independent Registered Public Accounting Firm

The Member and Board of Managers of  
Westminster Research Associates LLC

We have audited the accompanying statement of financial condition of Westminster Research Associates LLC (the "Company") as of December 31, 2013, and the related notes to the statement of financial condition.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the statement of financial condition in conformity 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition 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 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 presents fairly, in all material respects, the financial position of Westminster Research Associates LLC at December 31, 2013, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 21, 2014

Westminster Research Associates LLC

Statement of Financial Condition

December 31, 2013

**Assets**

Cash and cash equivalents	\$ 40,383,466
Cash and cash equivalents segregated in compliance with federal regulations and other restricted deposits	23,023,608
Receivables from brokers	12,214,287
Prepaid research, net of allowance of \$251,460	17,285,265
Fixed assets, at cost, net of accumulated depreciation and amortization of \$992,556	133,900
Goodwill	52,928,162
Other assets	84,755
Total assets	<u>\$ 146,053,443</u>

**Liabilities and member's equity**

Liabilities:	
Due to banks	\$ 953,455
Commission management payable	57,155,484
Accrued compensation and other liabilities	5,199,356
Total liabilities	<u>63,308,295</u>
Member's equity	82,745,148
Total liabilities and member's equity	<u>\$ 146,053,443</u>

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

# Westminster Research Associates LLC

## Notes to Statement of Financial Condition

December 31, 2013

### **1. Organization and Description of Business**

Westminster Research Associates LLC (the "Company") is a registered broker-dealer under the Securities Exchange Act of 1934. The Company's principal operations include providing soft dollar research to U.S. investment advisors and commission recapture services to pension plan sponsor clients. Revenues are primarily derived from soft dollar commission transactions. 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 ConvergeX Group, LLC ("Group"). ConvergeX Holdings, LLC ("Holdings") owns 99% of the membership interests in Group, while GTCR Golder Rauner, LLC ("GTCR"), a private equity firm, owns the remaining membership interests in Group (together Holdings and Group to be referred to as "ConvergeX"). Holdings is owned by GTCR, the Bank of New York Mellon Corporation ("BNY Mellon"), management, and current and former directors and employees.

### **2. Significant Accounting Policies**

The statement of financial condition 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:

#### **Use of Estimates**

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

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### **2. Significant Accounting Policies (continued)**

##### **Cash and Cash Equivalents**

All unrestricted highly liquid investments with initial or remaining maturities of less than 90 days when purchased are considered cash and cash equivalents. As of December 31, 2013, these investments include demand deposits of \$12,483,466 and money market accounts of \$27,900,000.

##### **Cash and Cash Equivalents Segregated In Compliance With Federal Regulations and Other Restricted Deposits**

Cash and cash equivalents segregated in compliance with federal regulations and other restricted deposits include cash and cash equivalents deposited in a special bank account for the benefit of customers under the U.S. Securities and Exchange Commission ("SEC") Rule 15c3-3.

##### **Commission Management Arrangements**

Receivables from brokers consist of commissions receivable related to Commission Management arrangements. The Company receives a gross commission from various clearing brokers which is then used to fund the soft dollar and commission recapture arrangements, less the portion retained as income to the Company. Accrued soft dollar research and commission recapture payable are classified as commission management payable on the statement of financial condition.

A prepaid research asset is established for research and research related services disbursed in advance of anticipated customer commission volumes. Such receivables may not be evidenced by contractual obligations. Prepaid research is included in prepaid soft dollar research, net of allowance on the statement of financial condition. One customer accounts for approximately 50% of the prepaid research, net of allowance on the statement of financial condition.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of receivables from brokers, prepaid research, and other receivables. For prepaid research, the Company considers the customer's financial condition and business operations as well as its historical, current, and anticipated trading activity when determining the allowance for doubtful accounts.

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### **2. Significant Accounting Policies (continued)**

##### **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 for 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.

##### **Fixed Assets**

Fixed assets are reported at cost, net of accumulated depreciation and amortization. Furniture and equipment and computer hardware are depreciated on a straight-line basis over estimated useful lives between three and ten years. Purchased software costs are amortized on a straight-line basis over five years. Leasehold improvements are amortized on a straight-line basis over the life of the lease or the improvement, whichever is shorter.

The Company capitalizes certain costs incurred in connection with developing or modifying software for internal use. Qualifying internally developed software costs are capitalized and amortized over the estimated useful life of the software ranging from five to seven years. The Company evaluates internally developed software for impairment on at least an annual basis and whenever changes in circumstances indicate impairment could exist.

##### **Goodwill**

Goodwill is not amortized, but is reviewed for impairment on at least an annual basis or whenever circumstances indicate impairment could exist. An impairment loss is recognized if the estimated fair value of the reporting unit is less than its book value. The Company completed its annual evaluation of goodwill as of May 1, 2013, and determined no impairment charge was required. Subsequent to May 1, 2013, no events have occurred or circumstances have changed that would indicate that the fair value of goodwill had fallen below its carrying value.

##### **Other Assets**

Other assets consist primarily of prepaid expenses.

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### **2. Significant Accounting Policies (continued)**

##### **Accrued Compensation and Other Liabilities**

Accrued compensation and other liabilities primarily consist of accrued bonuses, employee incentives, other employee benefit expenses, accrued expenses, and payables to related parties for management and technical services or expenses affiliates have paid on behalf of the Company (Note 5).

##### **Income Taxes**

The Company is a single member limited liability company and, as such, is disregarded 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, pursuant to a tax sharing agreement (“TSA”) between Group and the Company. Group, as the taxpayer of record, is responsible for payment of taxes to New York City for unincorporated business tax. 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. The effective tax rate differs from the statutory rate due to the apportioned amount of income to New York City.

#### **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.

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### 3. Financial Instruments (continued)

##### 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 approximate fair value.

#### 4. Fixed Assets

At December 31, 2013, fixed assets were comprised of:

	<b>Cost or Acquisition Value</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Net Book Value</b>
Internally developed software	\$ 944,488	\$ (888,269)	\$ 56,219
Computer hardware	112,365	(50,940)	61,425
Leasehold improvements	33,537	(33,537)	—
Software	28,318	(17,489)	10,829
Furniture and equipment	7,748	(2,321)	5,427
Total	<u>\$ 1,126,456</u>	<u>\$ (992,556)</u>	<u>\$ 133,900</u>

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### 4. Fixed Assets (continued)

The Company removed fully depreciated fixed assets totaling \$16,721 from purchased software and computer hardware during the year. The Company did not capitalize any internally developed software during the year ended December 31, 2013.

#### 5. Related-Party Transactions

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

The Company provides commission management tools and payment processing services to ConvergeX Execution Solutions LLC (“CES”), G-Trade Services LLC (“G-Trade”) and ConvergeX Prime Services LLC (“CPS”), wholly owned subsidiaries of Group. The Company collects referral fees from CES and G-Trade for each trade executed and an administrative fee from CPS as part of the agreements. Receivables from brokers on the statement of financial condition include \$326,285 related to these transactions.

The Company provides commission management tools and payment processing services for Pershing LLC (“Pershing”, an indirect subsidiary of BNY Mellon). Receivables from brokers on the statement of financial condition include \$30,150 related to these services.

The Company receives certain management, administrative and technical services from Group and other ConvergeX entities. The Company provides certain management, administrative and technical services to CES and ConvergeX Solutions LLC (“CS,” a wholly owned subsidiary of Group). Included in accrued compensation and other liabilities on the statement of financial condition are reimbursable expenses paid by affiliates on behalf of the Company in the amount of \$239,438.

The Company leases office space in New York City where CES is the tenant of record. The Company and several related-party entities under common control, are party to an agreement with CES that permits CES to allocate a portion of its lease commitment to each entity, based on the portion that each entity is permitted to use and occupy as determined by CES.

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### **6. Regulatory Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"). The Company computes net capital under the alternative method, which requires the maintenance of net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debits arising from customer transactions, as defined. At December 31, 2013, the Company had net capital of \$8,598,507 and its net capital requirement was \$250,000. In accordance with the requirements of SEC Rule 15c3-3, the Company has segregated \$23,023,608 in a special bank account for the benefit of customers while its computed deposit was \$9,725,580.

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.

#### **7. Deferred Compensation**

ConvergEx provides a portion of each executive's and other highly compensated individual's annual bonus as a long-term cash award. Employees vest over 40 months of service, including the year for which the award was granted, and are payable at the end of that period. Compensation expense is accrued ratably over that period. As part of the programs, employees can elect to index their deferral to various investment options. Payments to the employees are made on the payment date in the amount of the initial award adjusted by the percentage change in value of any elected investment options. In order to hedge the risk associated with changes in the amounts due to employees upon vesting, Group has purchased investments similar to the elected options. The plan had no material effect on the Company's financial position in 2013. Including the performance of the employees' investment elections to date, the Company plans to make payments related to these deferred bonus programs of \$779,740 in 2014, \$1,026,068 in 2015, and \$1,018,762 in 2016, respectively. Additionally, the Company granted a leadership award of \$590,000 to certain employees in November 2013, that is payable in August 2014, provided the employees remain employed by the Company in good standing.

#### **8. Retirement Savings Plan**

All employees of the Company that meet eligibility requirements have the option of participating in the retirement savings plan of ConvergEx. This plan has two components, a defined contribution profit sharing plan and a 401(k) match program. The Company is required to make annual contributions to the plan on behalf of its employees. The Company's retirement savings plan liability recorded in accrued compensation and other liabilities on the statement of financial condition was \$29,054.

## Westminster Research Associates LLC

### Notes to Statement of Financial Condition (continued)

#### **9. Off-Balance Sheet Credit Risk**

##### **Guarantees**

In the normal course of business, certain activities of the Company involve the execution and clearance of customer securities transactions through clearing brokers. These activities may expose the Company to off-balance-sheet risk in the event a customer or counterparty is unable to fulfill its contractual obligation since, pursuant to the clearing agreement, the Company has agreed to indemnify the clearing brokers without limit for losses that the clearing brokers may sustain from clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through the settlement date. As a result of the settlement of these transactions, there were no amounts due under the indemnification agreements to clearing brokers for customer accounts at December 31, 2013.

##### **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.

#### **10. Subsequent Events**

The Company makes monthly distributions to Group based on estimated monthly profits. The distribution paid in January 2014, was \$460,000. There are no other capital withdrawals anticipated within the next six months other than normal monthly distributions to Group based on estimated monthly profits. The Company has evaluated all subsequent events through the date of issuance of the statement of financial condition and has determined that no other subsequent events have occurred that would require disclosure in the statement of financial condition or accompanying notes.



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Fax: +1 212 773 6350

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FEB 28 2014

Report of Independent Registered Public Accounting Firm on  
Applying Agreed-Upon Procedures

The Member and Board of Managers of  
Westminster Research Associates LLC

We have performed the procedures enumerated below, which were agreed to by the Board of Managers and Management of Westminster Research Associates LLC (the "Company"), the Securities Investor Protection Corporation ("SIPC"), the Securities and Exchange Commission, and the Financial Industry Regulatory Authority, in accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934. We performed the procedures solely to assist the specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the period from January 1, 2013 through December 31, 2013. The Company's Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries on the Company's check registry and general ledger. No findings were noted.
2. Compared the total quarter to date revenue amounts reported on the March 31, 2013, June 30, 2013, September 30, 2013 and the December 31, 2013 FOCUS reports with the amounts reported in Form SIPC-7 for the period from January 1, 2013 through December 31, 2013. No findings were noted.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, including information derived from the Company's general ledger and sub-ledger systems. No findings were noted.

4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related supporting schedules and working papers supporting the adjustments. No findings were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the period from January 1, 2013 through December 31, 2013. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



February 21, 2014

**SIPC-7**

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended December 31, 2013

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

Westminster Research Associates, LLC  
1633 Broadway 48th Floor  
New York, NY 10019

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Ira Lupkin (212) 468-7564

WORKING COPY

- 2. A. General Assessment (item 2e from page 2) \$ 42,789
- B. Less payment made with SIPC-6 filed (exclude Interest) ( 21,977 )  
paid 7/24/13 check #597  
Date Paid \_\_\_\_\_
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) \_\_\_\_\_
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 20,812
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 20,812
- H. Overpayment carried forward \$( \_\_\_\_\_ )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Westminster Research Associates, LLC

(Name of Corporation, Partnership or other organization)

*Ira Lupkin*

(Authorized Signature)

Dated the 13 day of February, 20 14.

Managing Director

(Title)

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

**SIPC REVIEWER** Dates:                                   
Postmarked      Received      Reviewed  
Calculations            Documentation            Forward Copy             
Exceptions: \_\_\_\_\_  
Disposition of exceptions: \_\_\_\_\_

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning January 1, 2013  
and ending December 31, 2013

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ 17,687,021
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	_____
(2) Net loss from principal transactions in securities in trading accounts.	_____
(3) Net loss from principal transactions in commodities in trading accounts.	_____
(4) Interest and dividend expense deducted in determining item 2a.	_____
(5) Net loss from management of or participation in the underwriting or distribution of securities.	_____
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	_____
(7) Net loss from securities in investment accounts.	_____
Total additions	_____
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.	_____
(2) Revenues from commodity transactions.	_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	_____
(4) Reimbursements for postage in connection with proxy solicitation.	_____
(5) Net gain from securities in investment accounts.	_____
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	_____
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	_____
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	_____
<u>Sublease income and affiliate support fees</u>	<u>571,458</u>
(Deductions in excess of \$100,000 require documentation)	
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ _____
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ _____
Enter the greater of line (i) or (ii)	_____
Total deductions	<u>571,458</u>
2d. SIPC Net Operating Revenues	\$ <u>17,115,563</u>
2e. General Assessment @ .0025	\$ <u>42,789</u>

(to page 1, line 2.A.)

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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