



SECURITIES

15026351

ISSION

Washington, D.C.

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

OMB APPROVAL

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

SEC FILE NUMBER

8 - 67038

**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 01/01/2014 AND ENDING 12/31/2014  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Deep ATS, LLC

OFFICIAL USE ONLY

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

FIRM ID. NO.

3225 Smoky Ridge Road

(No. and Street)

Austin  
(City)

Texas  
(State)

78730  
(Zip Code)

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

Sam Balabon

(512) 372-8001

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

PMBHelinDonovan,LLP

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

5918W.CourtyardDrive,Suite500  
(Address)

Austin  
(City)

Texas  
(State)

78730  
(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

MAY 20 2015

DIVISION OF TRADING & MARKETS

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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*Handwritten signature/initials*  
5/20/15

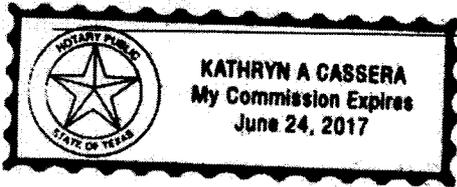
## OATH OR AFFIRMATION

I, Sam Balabon, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Deep ATS, LLC

, as of December 31, 2014, 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



*Kathryn A Cassera*  
Notary Public

*S. Balabon*

Signature

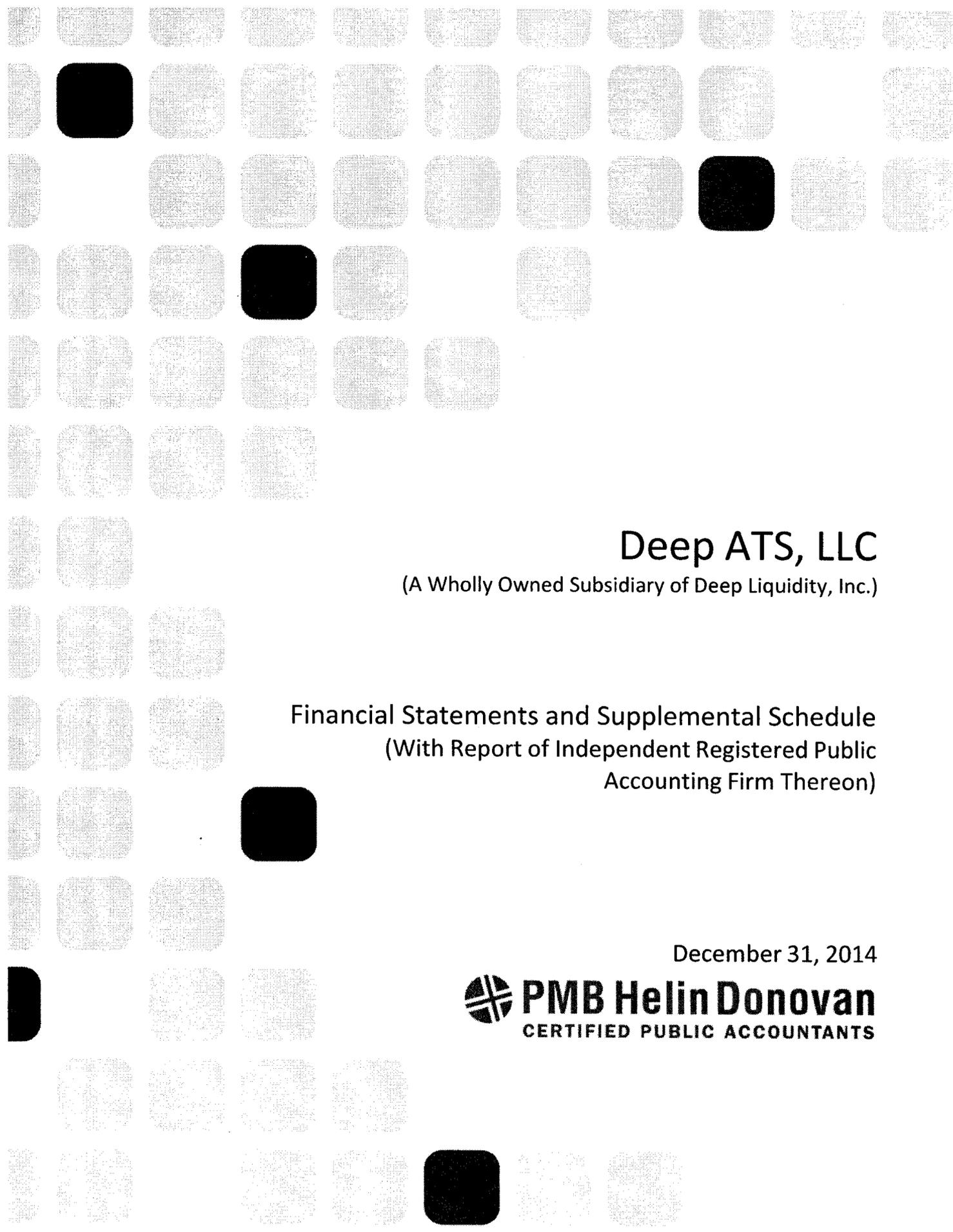
Chief Executive Officer

Title

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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).



# Deep ATS, LLC

(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)

## Financial Statements and Supplemental Schedule (With Report of Independent Registered Public Accounting Firm Thereon)

December 31, 2014



**PMB Helin Donovan**  
CERTIFIED PUBLIC ACCOUNTANTS

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Index to Financial Statements and Supplemental Schedule  
December 31, 2014

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of Deep ATS, LLC:

We have audited the accompanying statement of financial condition of Deep ATS, LLC (the "Company") as of December 31, 2014, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deep ATS, LLC as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

The Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 15c3-1 of the Securities and Exchange Commission as required under Rule 17a-5(e)(4)(i) of the Securities and Exchange Commission (the "Supplemental Schedule") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Schedule is the responsibility of the Company's management. Our audit procedures included determining whether the Supplemental Schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in Supplemental Schedule. In forming our opinion on the Supplemental Schedule, we evaluated whether it, including the form and content, is presented in conformity with Rule 15c3-1 of the Securities and Exchange Commission. In our opinion, the Supplemental Schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

Austin, Texas  
February 26, 2015

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Statement of Financial Condition  
December 31, 2014

**ASSETS**

Cash and cash equivalents	<u>\$ 125,458</u>
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<b>TOTAL ASSETS</b>	<u>\$ 125,458</u>
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**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Payable to related party	<u>\$ 1,831</u>
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<b>Member's Equity</b>	<u>123,627</u>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>\$ 125,458</u>
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See notes to financial statements and report of independent registered public accounting firm.

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Statement of Operations  
For the Year Ended December 31, 2014

<b>Revenue:</b>	
Interest income	\$ 62
	<u>62</u>
<b>Total Revenue</b>	<u>62</u>
<b>Expenses:</b>	
Payroll expense	150,000
Travel and business development	30,178
Interest expense	25,240
Professional fees	10,819
Office expense	4,075
Bank fees and other	950
	<u>221,262</u>
<b>Total Expenses</b>	<u>221,262</u>
<b>Net Loss</b>	<u>\$ (221,200)</u>

See notes to financial statements and report of independent registered public accounting firm.

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Statement of Changes in Member's Equity  
For the Year Ended December 31, 2014

Member's equity, December 31, 2013	\$ 123,565
Member capital contribution	221,262
Net loss	<u>(221,200)</u>
Member's equity, December 31, 2014	<u>\$ 123,627</u>

See notes to financial statements and report of independent registered public accounting firm.

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Statement of Cash Flows  
For the Year Ended December 31, 2014

<b>Cash flows from operating activities:</b>	
Net loss	\$ (221,200)
Adjustments to reconcile net loss to net cash used in operating activities:	
Increase in payable to related party	79
Net cash used in operating activities	(221,121)
<b>Cash flows from financing activities:</b>	
Member capital contribution	221,262
Net cash provided by financing activities	221,262
<b>Cash flows from investing activities:</b>	
	-
Net increase in cash and cash equivalents	141
Cash and cash equivalents at beginning of year	125,317
Cash and cash equivalents at end of year	\$ 125,458
<b>Supplemental Disclosures of Cash Flow Information:</b>	
Cash paid during the year for:	
Income taxes	\$ -
Interest	\$ 25,240

See notes to financial statements and report of independent registered public accounting firm.

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Notes to Financial Statements  
December 31, 2014

**Note 1 - Nature of Business**

Deep ATS, LLC (the "Company") was organized in the State of Texas in October 2004. The Company is wholly owned by Deep Liquidity, Inc. (the "Parent"). The Company's registration with the Securities and Exchange Commission ("SEC") as a broker/dealer in securities became effective in January 2006. The Company is a member of the Financial Regulatory Authority, Inc. ("FINRA"). The Company currently has no active customers and primarily trades securities for its own account. The Company is also building an Alternative Trading System financed by its Parent as discussed in Note 4.

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of the Rule. The Company does not hold customer funds or securities, but as an introducing broker or dealer, will clear all transactions on behalf of customers on a fully disclosed basis through a clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer. Under these exempt provisions, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

**Note 2 - Significant Accounting Policies**

Basis of Accounting

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Revenues are recognized in the period earned and expenses when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company has defined cash equivalents as highly liquid investments with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

Revenue Recognition

Commission fees are recognized on an accrual basis and are included in income as commissions are earned from the completion of transactions or as payments are received per agreement with the client.

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Notes to Financial Statements  
December 31, 2014  
(Continued)

Securities Transactions

Purchases and sales of securities are recorded on a trade date basis. Commission revenue and expense are recorded on a settlement date basis, generally the third business day following the transaction. If materially different, commission revenue and related expenses are recorded on a trade date basis.

Trading Profit

Trading profits include gains and losses on securities traded as well as adjustments to record securities positions at market value. Dividends are recorded on the ex-dividend date.

Financial Instruments and Credit Risk

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and payable to related party. The Company may from time to time have cash balances in excess of federally insured limits at various times during the year.

Income Taxes

The Company has elected to be taxed as a corporation for federal income tax purposes. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This method also requires the recognition of future tax benefits such as net operating loss carry forwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date.

The Company regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Company to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. Future changes in unrecognized tax benefits requirements could have a material impact on the results of operations. As of December 31, 2014, open Federal tax years include the tax years ended December 31, 2011 through December 31, 2014.

The Company is subject to Texas franchise tax. The tax is based on taxable margin, as defined under the law, rather than being based on federal taxable income. For the year ended December 31, 2014, the Company had no Texas franchise tax expense due.

**DEEP ATS, LLC**  
**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**  
Notes to Financial Statements  
December 31, 2014  
(Continued)

Date of Management's Review

Management has evaluated the financial statements for subsequent events through February 26, 2015, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

Recent accounting pronouncements issued by the FASB, the American Institute of Certified Public Accountants, and the SEC are not believed by the Company's management to have a material impact on the Company's financial statements.

**Note 3 - Net Capital Requirements**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2014, the Company had net capital of \$123,627 and net capital requirements of \$100,000. The Company's ratio of aggregate indebtedness to net capital was 0.01 to 1. The Company is exempt from customer protection provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemptions appearing in paragraphs (k)(2)(ii) of the Rule.

**Note 4 - Related Party Transactions**

The Company is under the control of its Parent, Deep Liquidity, Inc., and the existence of that control creates operating results and financial position significantly different than if the Companies were autonomous.

The Parent made capital contributions to the Company of \$221,262 during 2014.

The Company, under a Reimbursement of Expenses Agreement in place prior to 2014, has a contingent liability to Parent of \$1,998,872, payable to Parent on mutually agreeable terms, when and if the Company's revenues exceed operating costs.

The Company has a payable to its Parent totaling \$1,831 at December 31, 2014 resulting from advances from the Parent.

**Note 5 - Concentration**

The Company has \$125,458, or 100% of its total assets, in a cash account at Wedbush Morgan Securities, the Company's clearing broker dealer.

**Schedule I**

**DEEP ATS, LLC**

**(A Wholly Owned Subsidiary of Deep Liquidity, Inc.)**

Computation of Net Capital and Aggregate Indebtedness Pursuant to  
Rule 15c3-1 of the Securities and Exchange Commission For the  
Year Ended December 31, 2014

Total member's equity qualified for net capital	\$ 123,627
Deductions and/or charges	
Non-allowable assets:	<u>          -</u>
Total deductions and/or charges	<u>          -</u>
Net capital before haircuts on securities	<u>123,627</u>
Haircuts on securities	<u>          -</u>
Net capital	<u>\$ 123,627</u>
Aggregate indebtedness	
Payable to related party	<u>\$ 1,831</u>
Total aggregate indebtedness	<u>\$ 1,831</u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$100,000 or 6 2/3% of aggregate indebtedness)	<u>\$ 100,000</u>
Net capital in excess of minimum requirement	<u>\$ 23,627</u>
Ratio of aggregate indebtedness to net capital	<u>0.01 to 1</u>

Note: The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2014 as filed by Deep ATS, LLC on Form X-17A-5 filed on January 26, 2015. Accordingly, no reconciliation is deemed necessary.

See notes to financial statements and report of independent registered public accounting firm.



**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S REVIEW REPORT  
REGARDING THE EXEMPTIVE PROVISIONS OF RULE 15c3-3**

To the Member of Deep ATS, LLC:

We have reviewed management's statements, included in the accompanying Deep ATS, LLC Exemption Report, in which (1) Deep ATS, LLC (the "Company") identified the following provisions of 17 C.F.R. §15c 3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii) (the "exemption provisions") and (2) management stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

Austin, Texas  
February 26, 2015

## Deep ATS, LLC Exemption Report

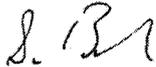
Deep ATS, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company may file an Exemption Report because the Company had no obligations under 17 C.F.R. § 240.15c3-3.
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(ii) throughout the most recent fiscal year without exception.

Deep ATS, LLC

I, Sam Balabon, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Title: President

February 26, 2015