



15026477

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

TJ  
3/2/15

**ANNUAL AUDITED REPORT**  
**FORM X-17A-5** <sup>SEC</sup> <sub>Mail Processing</sub>  
**PART III** <sub>Section</sub>  
FEB 25 2015

SEC FILE NUMBER  
8- 67376

FACING PAGE <sup>Washington DC</sup>  
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: BIDS Trading, L.P.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
111 Broadway, Suite 1603

New York (No. and Street) NY 10006  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Gary Purwin (914) 523-3894  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

757 Third Avenue 9th Floor (Name - if individual, state last, first, middle name)  
New York NY 10017  
(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)

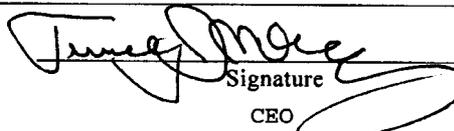
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

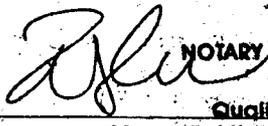
DD  
3/2/15

OATH OR AFFIRMATION

I, Timothy J. Mahoney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BIDS Trading, L.P. of December 31, 20 14, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature  
CEO  
\_\_\_\_\_  
Title

  
ZOË NORINSKY  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01NO6172830  
Qualified in New York County  
Notary Public Commission Expires August 20, 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.
- (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).

Statement of Financial Condition and  
Report of Independent Registered Public Accounting Firm

**BIDS TRADING, L.P.**

December 31, 2014



Grant Thornton LLP  
757 Third Avenue, 9th Floor  
New York, NY 10017  
T 212.599.0100  
F 212.370.4520  
[GrantThornton.com](http://GrantThornton.com)  
[linkd.in/GrantThorntonUS](https://linkd.in/GrantThorntonUS)  
[twitter.com/GrantThorntonUS](https://twitter.com/GrantThorntonUS)

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
**BIDS Trading, L.P.**

We have audited the accompanying statement of financial condition of BIDS Trading, L.P. (the "Company") as of December 31, 2014, and the related notes to the financial statement. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial report. 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 statement, 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 statement referred to above present fairly, in all material respects, the financial position of BIDS Trading, L.P. as of December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
February 20, 2015

**BIDS TRADING, L.P.**  
**Statement of Financial Condition**  
**December 31, 2014**

---

**ASSETS**

Cash	\$ 23,358,385
Accounts receivable	4,381,193
Deposit with clearing broker	101,586
Other assets	614,796
Deferred tax asset	<u>734,130</u>
Total assets	<u>\$ 29,190,090</u>

**LIABILITIES AND PARTNERS' CAPITAL**

**LIABILITIES**

Accounts payable	\$ 289,185
Due to affiliate	491,330
Due to Parent	276,235
Accrued employee compensation and benefits	3,687,450
Other liabilities and accrued expenses	<u>547,730</u>
Total liabilities	<u>5,291,930</u>

**PARTNERS' CAPITAL**

General partner	1
Limited partner	<u>23,898,159</u>
Total partners' capital	<u>23,898,160</u>
Total liabilities and partners' capital	<u>\$ 29,190,090</u>

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

**BIDS TRADING, L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

---

**1. ORGANIZATION AND NATURE OF BUSINESS**

BIDS Trading, L.P. (the "Company") was formed as a Delaware Limited Partnership on June 14, 2006. The Company is an agency broker/dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Company is owned by BIDS Holdings, L.P. (the "Parent") and BIDS Holdings, G.P., LLC. The Parent is owned by 11 broker/dealers or their affiliates (the "Broker/Dealer Owners"), NYSE Euronext Inc. and Bloomberg L.P. The Broker/Dealer Owners execute trades on which the Company earns brokerage transaction fees. The Parent has developed a proprietary alternative trading system (the "ATS"), which is used by the Company to facilitate the execution of equity securities trades. The ATS facilitates trading between the buy-side and sell-side entities seeking to complete large block orders and generates brokerage transaction fees for the Company for facilitating such transactions.

BIDS Trading Technologies, Ltd. ("BIDS Canada"), a Canadian corporation registered in the Province of British Columbia, is a wholly owned subsidiary of the Parent and is an affiliate of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of this financial statement, 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 as of the date of the financial statement. Actual results could differ from those estimates.

**Income Taxes**

As a partnership, the Company is not subject to U.S. federal, state and local income taxes. In general, each partner is individually liable for income taxes, if any, on its share of the Company's net taxable income. The Company is subject to the New York City unincorporated business tax ("UBT").

Income taxes are provided under the provisions of ASC Section 740, "Income Taxes". Deferred income taxes are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established to reduce the deferred tax asset when, based on the weight of available evidence, if it is more likely than not that such assets will not be realized in future years.

For the year ended December 31, 2014, the Company had no uncertain tax positions, therefore no provision for income tax is required in the Company's financial statement. The following are the major tax jurisdictions for the Company and the earliest tax year subject to examination: United States - 2011, New York State - 2011, New York City - 2011.

**3. VALUE OF FINANCIAL INSTRUMENTS**

The fair value of the Company's financial instruments, including the accounts receivable, accrued expenses and compensation and accounts payable, approximates the carrying value due to their short term nature.

**BIDS TRADING, L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

---

**4. ACCOUNTS RECEIVABLE**

The accounts receivable balance at December 31, 2014 was \$4,381,193. This consists mainly of brokerage transaction fees receivable. The collectability of trade receivable balances is regularly evaluated based on a combination of factors such as customer credit-worthiness, past transaction history with the customer, current economic industry trend. If it is determined that a customer will be unable to fully meet its financial obligation, such as in the case of a bankruptcy filing or other material events impacting its business, a specific reserve for bad debt is recorded to reduce the related receivable to the amount expected to be recovered. Provisions for doubtful accounts are charged to operations at the time management determines that the accounts may become uncollectible. No reserve was made at December 31, 2014

**5. DEPOSIT WITH CLEARING BROKER**

The Company has \$101,586 on deposit with its clearing broker. In accordance with the clearing agreement, the clearing broker has the right to charge the Company for certain losses that result from the Company or a counterparty's failure to fulfill certain contractual obligations.

**6. EMPLOYEE BENEFIT PLAN**

The Company's employees participate in a 401(k) profit sharing plan (the "Plan") sponsored by the Parent, which covers substantially all of the employees in the Company. The cost of administering the Plan is borne by the employees, the Company has no obligation relating to the Plan.

**7. COMMITMENTS AND CONTINGENCIES**

ASC Section 460, "Guarantees", specifies the disclosures to be made about obligations under certain issued guarantees and requires a liability to be recognized for the fair value of a guarantee obligation. In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, the Company expects risk of loss to be remote.

The Parent is a party to a lease agreement for office space. Costs for this commitment are allocated to the Company based on usage.

The Company is subject to credit risk should the broker/dealers be unable to pay the amount receivable as reflected on the statement of financial condition. However, the Company does not anticipate non-performance by these counterparties.

The Company maintains its cash primarily with one financial institution which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on its cash.

**8. RELATED PARTY TRANSACTIONS**

The Company has entered into a services and expense agreement (the "Agreement") dated December 15, 2006 with its Parent. In connection with the Agreement, the Company may reimburse its Parent for certain expenses paid by the Parent on behalf of the Company. The Agreement also allows the Parent to waive

**BIDS TRADING, L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

---

reimbursement of these expenses and therefore recognize them as additional capital contribution by the Parent to the Company.

On April 1, 2011, the Agreement was revised to include a monthly service fee, as well as a monthly license fee, in addition to the ability to continue acting as paymaster for certain expenses.

On January 1, 2011, the Company entered into an additional services and expense agreement (the "Reverse Agreement") which allows Parent to reimburse the Company for certain expenses paid by the Company on behalf of the Parent. The Reverse Agreement also allows the right of offset of any expenses against any amount owed by the Parent to the Company.

The Parent paid and allocated expenses on behalf of the Company. The basis of the allocations determined in accordance with the Agreement and is based on estimates of time spent and space utilized by the Parent and the Company. Additionally, the Parent charged the Company licensing fees and service fees.

Under the terms of the Reverse Agreement, the Company paid expenses on behalf of the Parent and allocated expenses to the Parent. The basis of the allocation is determined in accordance with the Reverse Agreement and is based on time spent and space utilized by the Parent and the Company.

As of December 31, 2014 the balance due to the Parent was \$276,235.

The Company has entered into an intercompany agreement with BIDS Canada who provides development, support and other services in connection with the ongoing support of the ATS. BIDS Canada charges the Company for its incurred costs plus a 10% mark-up for tax purposes as determined by a transfer pricing analysis that was conducted during the year. At December 31, 2014, the balance due to BIDS Canada was \$491,330.

The Company had the following balances and transactions with its Broker/Dealer Owners, NYSE Euronext, Inc., and Bloomberg, L.P. as of and for the year ended December 31, 2014:

Cash	\$ 23,358,385
Accounts receivable	2,535,487
Other assets	351,959
Accounts payable	182,214

**9. NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$100,000 or 6-2/3% of aggregate indebtedness, as defined. At December 31, 2014, the Company had Net Capital of \$18,168,041, which was \$17,815,245 in excess of the amount required of \$352,796. The ratio of aggregate indebtedness to net capital was .29 to 1.

The Company maintains a proprietary account with the clearing broker with a deposit for errors, accommodations and sundry expense purposes. The Company does not trade for its own account. This account is considered an allowable asset in the computation of net capital pursuant to an agreement between the Company and the clearing broker which requires, among other things, that the clearing broker perform

**BIDS TRADING, L.P.**  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

---

a computation of the proprietary account similar to the customer reserve computation set forth in Rule 15c3-3.

**10. INCOME TAXES**

At December 31, 2014, the Company had a UBT net operating loss carryover of approximately \$18,353,000 which will be available for offset against future taxable income. The UBT net operating loss carryovers will begin to expire in the year 2027.

As of December 31, 2014, the Company has a deferred tax asset primarily related to its net operating loss carryforward of approximately \$734,000.

**11. SUBSEQUENT EVENTS**

The Company has evaluated the possibility of subsequent events existing in the Company's financial statement through the date the financial statement was available to be issued, and has determined that there are no material events that would require disclosure in the Company's financial statement.

Schedule of Assessments and Payments to the Securities  
Investor Protection Corporation ("SIPC") and Report of  
Independent Registered Public Accounting Firm

**BIDS TRADING, L.P.**

December 31, 2014



Grant Thornton LLP  
757 Third Avenue, 9th Floor  
New York, NY 10017  
T 212.599.0100  
F 212.370.4520  
[GrantThornton.com](http://GrantThornton.com)  
[linkd.in/GrantThorntonUS](https://www.linkedin.com/company/grantthorntonus)  
[twitter.com/GrantThorntonUS](https://twitter.com/GrantThorntonUS)

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
**BIDS Trading, L.P.**

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments ("General Assessment Reconciliation (Form SIPC-7)") to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2014, which were agreed to by BIDS Trading, L.P. (the "Company") and the U.S. Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, and, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). 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 records entries, noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014, noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance.

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.

*Grant Thornton LLP*

New York, New York  
February 20, 2015