

AMB



SEC  
Mail Processing  
Section  
FEB 27 2017  
Washington DC  
415

SEC

17004730

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8-69289

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 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: OpenBondX LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

925 Arthur Godfrey Road, Suite 103

(No. and Street)

Miami Beach

Florida

33140

(City)

(State)

(Zip Code)

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

John Jacobs (305) 517-5942

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

BAS Partners

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

15800 Pines Blvd, Suite 3002

Pembroke Pines

Florida

33027

(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)

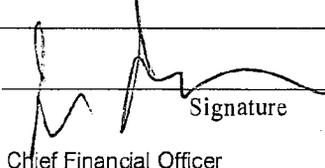
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

JJA

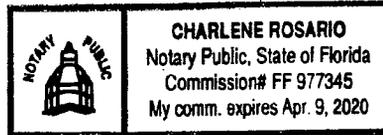
OATH OR AFFIRMATION

I, John Jacobs, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of OpenBondX LLC, as of December 31, 2016, 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 JOHN NORRIS JACOBS  
Chief Financial Officer

  
Notary Public CHARLENE ROSARIO  
ON 02/23/2017



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).

**OPENBOND, LLC**

**(SEC Identification No. 8-69289)**

**Financial Statements**

**December 31, 2016**

**(With Report of Independent Registered Public Accounting Firm Thereon)**

Filed in accordance with Rule 17a-5(e)(3) of the Securities and Exchange Commission.

# OPENBOND<sub>X</sub>, LLC

## Table of Contents

	<b>Page</b>
Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Liabilities Subordinated to Claims of General Creditors	4
Statement of Changes in Members' Equity	5
Statement of Cash Flows	6
Notes to Statement of Financial Condition	7 - 11
Supplementary Information Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934	12 - 14



**PARTNERS**  
Certified Public Accountants

15800 Pines Blvd. Suite 3002  
Pembroke Pines, FL 33027  
Telephone: 954-362-5195  
Fax: 954-430-8776

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of OpenBondX, LLC

We have audited the accompanying statement of financial condition of OpenBondX LLC as of December 31, 2016, and the related statements of operations, changes in members' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended. These financial statements are the responsibility of OpenBondX, LLC'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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 OpenBondX, LLC as of December 31, 2016, 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.

The Schedule I - Statement of Computation of Net Capital Requirements, Schedule II - Statement of Computation of Basic Capital Requirements, Schedule III - Reconciliation of Net Capital and Schedule IV - Computation of Aggregate Indebtedness, Under SEC Rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of OpenBondX LLC's financial statements. The supplemental information is the responsibility of OpenBondX LLC's management. Our audit procedures included determining whether the supplemental information 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 the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the Net Capital Under SEC Rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*BAS Partners LLC*

Pembroke Pines, Florida

February 20, 2017

**OPENBONDx, LLC**  
**Statement of Financial Condition**  
**December 31, 2016**

---

**Assets**

Cash and cash equivalents	\$ 3,941,891
Prepaid expenses	2,611
Furniture, fixture and equipment, at cost, less accumulated depreciation of \$11,059	6,852
Other assets	<u>667,834</u>
 Total assets	 <u>\$ 4,619,188</u>

**Liabilities and Members' Equity**

Liabilities:

Accounts payable and accrued expenses	<u>\$ 64,620</u>
Total liabilities	64,620
 Members' equity	 <u>4,554,568</u>
Total liabilities and member's equity	 <u>\$ 4,619,188</u>

The accompanying notes are an integral part of these financial statements.

**OPENBONDx, LLC**  
**Statement of Operations**  
**For The Year Ended December 31, 2016**

---

Revenues	\$	-
Operating expenses:		
Compensation and employee benefits		800,238
Cloud and computing		37,296
Market operations		127,091
Office expense		3,652
Insurance		3,822
Professional Fees		103,522
Promotional expenses		93,960
Regulatory expenses		7,257
Rent		19,568
Taxes and licenses		409
Telecommunication		35,861
Travel and entertainment		7,545
Depreciation and amortization		27,214
Total operating expenses		<u>1,267,435</u>
Other income		-
Net loss before provision for income taxes		(1,267,435)
Provision for income taxes		-
Net loss		<u>\$ (1,267,435)</u>

The accompanying notes are an integral part of these financial statements.

**OPENBOND<sub>X</sub>, LLC**  
**Statement of Changes in Subordinated Borrowings**  
**For The Year Ended December 31, 2016**

---

Subordinated borrowings at January 1, 2016	\$	-
Changes during the period		
Subordinated borrowings at December 31, 2016	<u>\$</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

**OPENBONDx, LLC**  
**Statement of Changes in Members' Equity**  
**For The Year Ended December 31, 2016**

---

Balance, January 1, 2016	\$ 5,360,722
Net loss	(1,267,435)
Members' capital contributions	1,161,281
Members' distributions	(700,000)
	<hr/>
Balance, December 31, 2016	<b><u>\$ 4,554,568</u></b>

The accompanying notes are an integral part of these financial statements.

**OPENBONDx, LLC**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2016**

---

**Cash flows from operating activities:**

Net loss \$ (1,267,435)

Adjustments to reconcile net loss to net cash used in operating activities:

Depreciation and amortization 27,214

(increase) decrease in operating assets and liabilities:

Prepaid expenses (610)

Other assets (8,334)

Accounts payable and accrued expenses 21,365

**Net cash used in operating activities** (1,227,800)

**Cash flows from investing activities:**

Purchase of equipment (372)

**Net cash used in investing activities** (372)

**Cash flows from financing activities:**

Member contributions 1,161,281

Member distributions (700,000)

**Net cash provided by financing activities** 461,281

Decrease in cash (766,891)

Cash at beginning of the year 4,708,782

Cash at end of the year \$ 3,941,891

The accompanying notes are an integral part of these financial statements.

**OPENBOND<sub>X</sub>, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**Note 1 - Company Organization and Nature of Business**

OpenBondX, LLC (the Company) is a Financial Industry Regulatory Authority (FINRA) and Securities Exchange Commission (SEC) registered broker-dealer. The Company is also registered with the SEC as an alternative trading system (ATS) providing a matching platform for subscribers to trade corporate bonds. The Company introduces and clears all trades through SG Americas Securities, LLC (SGAS), a wholly owned subsidiary of Société Générale.

**Note 2 - Summary of Significant Accounting Policies**

**Concentration of Credit Risks**

The Company maintains its cash in bank deposit accounts at high quality financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation's ("the FDIC") limit of \$250,000. At December 31, 2016, the Company exceeded the federally insured limit by \$3,691,891.

**Cash and cash equivalents**

Cash and cash equivalents represent highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

**Use of Estimates**

The preparation of the accompanying financial statement, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and the accompanying notes. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate.

**OPENBONDx, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The company is organized as a Limited Liability Company. As such, all Company income and losses are passed through to the members.

**Clearing Deposit**

The Company is an introducing broker and clears transactions with and for customers on a fully disclosed basis with SG Americas Securities, LLC (SGAS), a wholly owned subsidiary of Société Générale. The company is required by its clearing firm, SGAS, to hold a clearing deposit at the clearing firm of \$500,000. This is included in other assets on the statement of financial condition.

**Furniture, Fixture and Equipment**

Furniture, fixture and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis using the estimated useful lives of the assets. Furniture, fixture and equipment consist of computer hardware, office equipment, and furniture and fixtures, which are depreciated over three to seven years.

**Organization Costs**

Organizations costs are carried at cost and are amortized over ten years.

**OPENBONDx, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**Note 3 - Fair Value Measurements**

The Company's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820-10, *Fair Value Measurement*. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measure date.

ASC 820-10 established a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The hierarchy level assigned to each security held by the Company is based on the assessment of the transparency and reliability of the inputs used in the valuation of such security at the measurement date. The three hierarchy levels are defined as follows:

*Level 1* – Valuations based on unadjusted quoted market prices in active markets for identical securities.

*Level 2* – Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment

When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

**OPENBOND, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**Note 4 - Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (SEC Rule 15c3-1), which requires the maintenance of a minimum "net capital" equivalent to \$100,000, or 6 2/3% of the "aggregate indebtedness," whichever is greater, as these terms are defined. As of December 31, 2016, the Company had net capital of \$4,367,605, which was \$4,267,605 in excess of its requirement.

**Note 5 - Furniture, Fixture and Equipment**

The major classifications of fixed assets are as follows:

Furniture, fixtures and equipment	\$ 17,911
Total Furniture, fixture and equipment	<u>17,911</u>
Less Accumulated Depreciation	<u>(11,059)</u>
Furniture, fixtures and equipment, net	<u>\$ 6,852</u>

**Note 6 - Commitments and Contingencies**

**(a) Leases**

The Company leases its premises under an operating lease which expires on May 31, 2018. Rental expense for the year ended December 31, 2015 was \$19,568.

The following is a schedule of future minimum rental payments:

Year ending December 31:	
2017	\$ 19,572
2018	8,244
2019	-
2020	-
2021	-
Thereafter	-
Total future minimum rental payments	<u><u>\$ 27,816</u></u>

**OPENBONDx, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**Note 6 - Commitments and Contingencies (continued)**

**(b) Litigation**

The Company is not involved in any litigation at the time of the audit completion.

**Note 7 - Other Assets**

As of December 31, 2016, other assets consist of the following:

Clearing deposit	\$ 508,334
Organizational costs, net of accumulated amortization of \$82,000	158,000
Security deposit	1,500
Total other assets	<u>\$ 667,834</u>

**Note 8 - Subsequent Events**

The Company has evaluated subsequent events from December 31, 2016 through the date whereupon the financial statements were issued and has determined that there are no items to disclose.

## **SUPPLEMENTARY INFORMATION**

**OPENBONDx, LLC**  
**Schedule I**  
**Statement of Computation of Capital Requirement**  
**December 31, 2016**

Total members' equity	\$ 4,554,568
Less: members' equity not allowable for net capital	<u>0</u>
Net capital before other charges against capital:	4,554,568
Furniture, fixture and equipment, net	6,852
Prepaid expenses	2,611
Other assets - organizational costs, net	158,000
Other assets - security deposits	1,500
Other charges - excess fidelity bond	<u>18,000</u>
Total charges against capital	186,963
Net capital	<b><u>\$ 4,367,605</u></b>

**Schedule II**  
**Statement of Computation of Basic Capital Requirement**  
**December 31, 2016**

Net capital	\$ 4,367,605
Net capital required	<u>100,000</u>
Excess net capital	<b><u>\$ 4,267,605</u></b>

The accompanying notes are an integral part of these financial statements.

**OPENBONDx, LLC**  
**Schedule III**  
**Reconciliation of Net Capital**  
**December 31, 2016**

Net capital per audited financial statements (note 4)	\$	4,367,605
Net capital per focus report - part II A		<u>4,367,605</u>
Net difference	<u>\$</u>	<u>-</u>

**Schedule IV**  
**Computation of Aggregate Indebtedness**  
**December 31, 2016**

Total liabilities from statement of financial condition	\$	64,620
Percentage of aggregate indebtedness to net capital		1.48%

The accompanying notes are an integral part of these financial statements.



**PARTNERS**  
Certified Public Accountants

SEC  
Mail Processing  
Section

FEB 27 2017  
Washington DC  
415

15800 Pines Blvd. Suite 3002  
Pembroke Pines, FL 33027  
Telephone: 954-362-5195  
Fax: 954-430-8776

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of OpenBondX, LLC,

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) OpenBondX, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which OpenBondX, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (K)(2)(ii) (the "exemption provisions") and (2) OpenBondX, LLC stated that OpenBondX, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. OpenBondX, LLC'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 OpenBondX, LLC'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) (the "exemption provisions") of Rule 15c3-3 under the Securities Exchange Act of 1934.

*BAS Partners LLC*

Pembroke Pines, Florida

February 20, 2017



21 February 2017

**15c3-3 Exemption Report Pursuant to SEC Rule 17a-5(d)(2)**

Pursuant to the requirements of SEC Rule 17a-5(d)(2) and (d)(4), for the year period of January 1, 2016 through December 31, 2016, OpenBondX (or the "Firm"):

1. The Firm operates under with the (k)(2)(ii) exemptive provisions of SEC Rule 15c3-3;
2. The Firm has met and complied with the (k)(2)(ii) exemptive provisions of SEC Rule 15c3-3;
3. No exceptions to the Firm's exemptions from the (k)(2)(ii) exemptive provisions of SEC Rule 15c3-3 were noted

**Affirmation**

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

Signature:

A handwritten signature in black ink, appearing to read "John Jacobs".

Title: CFO and FINOP, OpenBondX LLC

Date: 21 February 2017



**SEC Headquarters**

100 F Street, NE  
Washington, DC 20549  
(202) 942-8088

**SEC Miami Regional Office**

Eric I. Bustillo, Regional Director  
801 Brickell Ave., Suite 1800  
Miami, FL 33131  
(305) 982-6300

SEC  
Mail Processing  
Section  
FEB 27 2017  
Washington DC  
415

21 February 2017

**Re: Annual Audit for OpenBondX LLC, CRD 168100, SEC # 8-69289**

Dear Sir/Madam:

Enclosed please find the annual audited report for OpenBondX LLC, as required pursuant to SEA Rule 17a-5(c)(2). Please let me know if you have any questions.

Regards,

A handwritten signature in cursive script, appearing to read "John Jacobs".

John Jacobs  
Chief Financial Officer and Chief Operating Officer