



CM

SEC

17008361

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

S  
 Mail **ANNUAL AUDITED REPORT**  
 Section **FORM X-17A-5**  
 MAR 01 2017 **PART III**

SEC FILE NUMBER
8-69574

Washington DC 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 08/05/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: EG Market Technologies LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

767 Fifth Avenue 45th Floor

(No. and Street)

New York

NY

10153

(City)

(State)

(Zip Code)

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

Chris Pento 646-757-2804

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KPMG LLP

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

345 Park Avenue

New York

NY

10154

(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.

SEC 1410 (06-02)

RMS

OATH OR AFFIRMATION

I, Chris Pento, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EG Market Technologies LLC 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:

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

*CRao*

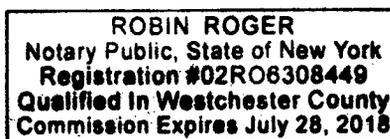
Signature

COO and FinOp

Title

*Robin Roger*

Notary Public



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).

**EG Market Technologies LLC**

**Statement of Financial Condition as of December 31, 2016, and Report of Independent Registered  
Public Accounting Firm**

**Filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 as a Public Document**

# EG Market Technologies LLC

## Statement of Financial Condition December 31, 2016

### TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Notes to Statement of Financial Condition	3



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Report of Independent Registered Public Accounting Firm

The Member  
EG Market Technologies LLC:

We have audited the accompanying statement of financial condition of EG Market Technologies LLC as of December 31, 2016 (the financial statement). The 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of EG Market Technologies LLC as of December 31, 2016, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

New York, New York  
February 28, 2017

**EG MARKET TECHNOLOGIES LLC**

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

**Assets**

Cash	\$	158,935
Equity securities owned, at fair value		62,480,311
Due from broker		10,450,655
Other assets		1,418
Total Assets	\$	<u>73,091,319</u>

**Liabilities and Member's Equity**

Equity securities sold, not yet purchased, at fair value	\$	60,183,971
Accounts payable and accrued expenses		1,581,038
Due to affiliate		475,264
Total Liabilities		<u>62,240,273</u>

Member's Equity		<u>10,851,046</u>
-----------------	--	-------------------

Total Liabilities and Member's Equity	\$	<u>73,091,319</u>
---------------------------------------	----	-------------------

See notes to statement of financial condition

## EG MARKET TECHNOLOGIES LLC

### Notes to Statement of Financial Condition December 31, 2016

#### 1. ORGANIZATION AND BUSINESS

EG Market Technologies LLC (the "Company") is a limited liability company and was formed under the laws of the State of Delaware on December 10, 2014 and commenced operations as a broker dealer on August 5, 2016 upon receiving approval of its Financial Industry Regulatory Authority ("FINRA") membership. The Company is an electronic trading firm specializing in the automated market making of global equities and is a member of NASDAQ and a registered market maker in most liquid US equities.

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC"). The Company's designated examining regulatory authority is Financial Industry Regulatory Authority. The Company clears its transactions on fully disclosed basis and does not hold customer funds or safe keep customer securities.

The Company was created to assume and expand the business of a predecessor fund EGI Master LP ("EGI") and its feeder fund EGI Domestic LP. The Company was funded by capital invested in a holding company called EGMT Holdings LP. To implement the transition of capital from EGI to EGMT, the General Partner of EGI effected a compulsory redemption of each limited partner in EGI Domestic LP with all limited partners electing to contribute their redemption proceeds to EGMT Holdings LP.

Engineers Gate Manager LP, an affiliate, provides certain administrative services to the Company.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation:** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Use of Estimates:** The Company's financial statements are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding fair value measurements including trading assets and liabilities, compensation accruals, and other matters 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 revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents:** The Company considers all highly liquid investments, with original maturities of less than ninety days at acquisition as cash equivalents. Cash held at financial institutions generally exceed the amount insured by the Federal Deposit Insurance Corporation.

**Revenue and Expense Recognition:** The Company records purchases and sales of securities and related expenses on a trade-date basis. Interest income and expense are recorded on the accrual basis. Dividend income and dividends on securities sold, not yet purchased, are recorded on the ex-dividend date.

**Receivable from Clearing Brokers:** The amounts receivable from brokers arise in the ordinary course of business and are pursuant to clearing agreements with the clearing firms. This includes cash, net amounts receivables from securities transactions for amounts that have not settled. Amounts due from brokers have been offset against amounts due to the same broker where the right of offset exists per the clearing agreement. At December 31, 2016, the entire balance is with one clearing broker.

## EG MARKET TECHNOLOGIES LLC

### Notes to Statement of Financial Condition December 31, 2016

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

**Foreign Currency Translation:** Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Purchases and sales of investments and income and expenses that are denominated in foreign currencies are translated into United States dollar amounts at the prevailing rates of exchange on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

**Fair Value Measurements:** The Company carries its investments at fair value in accordance with U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation techniques. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Classification within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 - Valuations based on Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Valuations based on Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 - Valuations that require inputs that are both significant to the fair value measurement and unobservable.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which

## EG MARKET TECHNOLOGIES LLC

### Notes to Statement of Financial Condition December 31, 2016

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Equity securities owned and equity securities sold not yet purchased, which are readily marketable, are valued using the last sales price or official closing price taken from the primary market in which each security trades.

**Income Taxes:** The Company is a single member limited liability company and is treated as an entity disregarded as separate from its owner for US federal income tax purposes. Consequently, the Company does not have any filing or reporting obligations as all its taxable income, gains, losses, deductions, or credits for the year ended December 31, 2106 are reported on the U.S. tax return of its ultimate owner. Therefore, no provision has been made in the accompanying financial statements.

Tax laws are complex and subject to different interpretations by the taxpayers and taxing authorities. Significant judgment is required when evaluating tax positions and related uncertainties. Future events such as changes in tax legislation could require a provision for income taxes. Any such changes could significantly affect the amounts reported in Member's equity. In accordance with Accounting Standards Codification 740, Income Taxes, the Company has not accrued any amounts related to income tax positions and related uncertainties.

#### 3 – SECURITIES AT FAIR VALUE

The following tables presents information about the Company's assets and liabilities measured at fair value as of December 31, 2016:

<b>Assets (at fair value)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Equity securities owned, at fair value:</b>				
Common Stock	\$ 62,470,311	\$ -	\$ -	\$ 62,470,311
Preferred Stock	-	-	10,000	10,000
<b>Total investments in securities</b>	<b>\$ 62,470,311</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 62,480,311</b>
<b>Liabilities (at fair value)</b>				
<b>Securities sold short</b>				
Common Stock	\$ 60,183,971	\$ -	\$ -	\$ 60,183,971
<b>Total securities sold short</b>	<b>\$ 60,183,971</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,183,971</b>

# EG MARKET TECHNOLOGIES LLC

## Notes to Statement of Financial Condition

December 31, 2016

### 3 – SECURITIES AT FAIR VALUE (CONTINUED)

The following summarizes changes in fair value and gains and losses of the Company’s Level 3 assets for the period from August 5, 2016 (commencement of operations) through December 31, 2016:

Balance - beginning of period August 5, 2016 (commencement of operations)	\$	-
Purchases		10,000
Balance - end of period	\$	<u>10,000</u>

### 4 – RISK MANAGEMENT

The Company is subject to various risks, including, but not limited to, market risk, credit risk, and currency risk. The Company and Engineers Gate Manager LP attempts to monitor and manage these risks on an ongoing basis.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments due to market fluctuation. The Company sells various equity securities which it does not yet own or which are consummated by the delivery of borrowed equity securities (“short sales”). The Company is exposed to market risk for short sales. If the fair value of equity securities sold short increases, the Company’s obligation to deliver this instrument, reflected as a liability on the statement of financial condition, is correspondingly increased. A short sale involves the risk of an unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

The Company may invest directly in non-U.S. currencies, securities that are denominated in, and that receive revenues in, non-U.S. currencies, or in derivatives that provide exposure to non-U.S. currencies, and as such is subject to the risk that those currencies will decline in value relative to the U.S. dollar. Currency rates may fluctuate significantly over short periods of time for several reasons, including changes in interest rates, intervention (or the failure to intervene) by government entities, central banks or supranational entities, or by the imposition of currency controls or other geopolitical developments.

Credit risk is the risk of losses due to the failure of a counterparty to perform according to the terms of a contract. The Company clears its securities’ transactions through a single broker-dealer resulting in a concentration of credit risk. Such risk, however, is partially mitigated by the obligation of certain of these financial institutions to comply with rules and regulations governing financial institutions in countries where they conduct their business activities. These rules and regulations generally require maintenance of minimum net capital and may also require segregation of customers’ funds and financial instruments from the holdings of the financial institutions themselves.

### 5 - RELATED PARTY TRANSACTIONS

The Company maintains an expense sharing agreement with Engineers Gate Manager LP, a related party affiliate whereby indirect general and administrative expenses and operating expenses are allocated to the Company. Pursuant to the agreement, the affiliate also provides technology and administrative services to the Company.

## **EG MARKET TECHNOLOGIES LLC**

### **Notes to Statement of Financial Condition December 31, 2016**

#### **5 - RELATED PARTY TRANSACTIONS (CONTINUED)**

**401(k) PLAN:** The Company sponsors a contributory 401(k) plan. This plan includes all employees. The Company does not make matching contributions.

#### **6 – REGULATORY NET CAPITAL REQUIREMENTS**

The Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (Rule 15c3-1), which requires the maintenance of minimum net capital of \$1,000,000. At December 31, 2016, the Company had a ratio of aggregate indebtedness to net capital of 0.21 to 1, and its net capital was \$9,840,911 which exceeded the required capital by \$8,840,911.

#### **7 - EXEMPTION FROM RULE 15c3-3**

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 pursuant to the exemption provision under subparagraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for Exclusive Benefit of Customers."

#### **8 – SUBSEQUENT EVENTS**

The Company has performed an evaluation of subsequent events through February 28, 2017, which is the date the financial statements were available to be issued.



SEC  
KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102  
Market Accounting  
Section

MAR 01 2017

Washington DC  
406

**Report of Independent Registered Public Accounting Firm**

The Member  
EG Market Technologies LLC:

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report (the Exemption Report), in which (1) EG Market Technologies LLC (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3 (k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (k)(2)(ii) (the exemption provisions); and (2) the Company stated that it met the identified exemption provisions throughout the period from August 5, 2016 (commencement of operations) through December 31, 2016 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.

KPMG LLP

New York, New York  
February 28, 2017

**EG Market Technologies LLC**  
**Rule 15c3-3 Exemption Report**

EG Market Technologies 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 claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(ii).

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.150-3(k) for the period from August 5, 2016 (commencement of operations) to December 31, 2016.

I, Chris Pento, affirm to that, to my best knowledge and belief, this Exemption Report is true.

*Chris Pento*

---

Chris Pento  
Chief Operating Officer and FINOP  
EG Market Technologies LLC  
February 28, 2017