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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC Processing Section
 FEB 28 2017

SEC FILE NUMBER
8-51944

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 01/01/2016 AND ENDING 12/31/2016
 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Thoroughbred Financial Services, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

5110 Maryland Way, Suite 300

(No. and Street)

Brentwood

TN

37027

(City)

(State)

(Zip Code)

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

Daniel Kelly

615-371-0001

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Frasier, Dean & Howard, PLLC

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

3310 West End Avenue

Nashville

TN

37203

(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)

SBN

DP

OATH OR AFFIRMATION

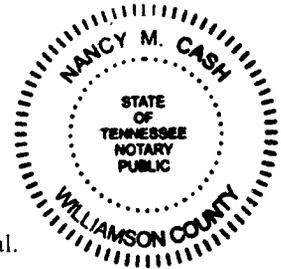
I, Daniel Kelly, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Thoroughbred Financial Services, LLC, as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the company 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:

Daniel Kelly
Signature

VP Operations
Title

Nancy M. Cash
Notary Public

My Commission Expires
September 29, 2018



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).



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Thoroughbred Financial Services, LLC

We have audited the accompanying statement of financial condition of Thoroughbred Financial Services, LLC as of December 31, 2016, and the related statements of operations, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of Thoroughbred Financial Services, 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 Thoroughbred Financial Services, 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 supplementary information as noted on Form X-17A-5 has been subjected to audit procedures performed in conjunction with the audit of Thoroughbred Financial Services, LLC's financial statements. The supplemental information is the responsibility of Thoroughbred Financial Services, 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Frasier, Dean & Howard, PLLC

Frasier, Dean & Howard, PLLC
Nashville, Tennessee
February 24, 2017

THOROUGHbred FINANCIAL SERVICES, LLC
STATEMENT OF FINANCIAL CONDITION
December 31, 2016

		<u>2016</u>
Assets		
Cash and cash equivalents	\$	1,946,777
Deposits with clearing organizations		50,000
Commissions and other receivables		300,156
Prepaid expenses and other		20,896
Property and equipment, net of accumulated depreciation of \$88,309		<u>4,419</u>
Total assets	\$	<u><u>2,322,248</u></u>
Liabilities and Members' Equity		
Accounts payable and accrued expenses	\$	502,520
Accrued rent		32,332
Accrued compensation, taxes, and benefits		<u>553,269</u>
Total liabilities		<u>1,088,121</u>
Members' equity		<u>1,234,127</u>
Total liabilities and members' equity	\$	<u><u>2,322,248</u></u>

See accompanying notes.

THOROUGHbred FINANCIAL SERVICES, LLC
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2016

	<u>2016</u>
Revenues:	
Commissions income	\$ 16,800,163
Other	316,995
Management fees from related company	<u>600,000</u>
Total revenues	<u>17,717,158</u>
Expenses:	
Commissions expense	11,289,159
Employee compensation, taxes, and benefits	3,359,627
Management fees	1,798,278
Other	600,509
Facility rent	278,443
Trade fees and confirmations	97,701
Legal and professional	<u>71,079</u>
Total expenses	<u>17,494,796</u>
Net income	<u>\$ 222,362</u>

See accompanying notes.

THOROUGHbred FINANCIAL SERVICES, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended December 31, 2016

	<u>Member Contributions</u>	<u>Retained Earnings</u>	<u>Total Members' Equity</u>
Balances at December 31, 2015	\$ 300,000	\$ 1,111,765	\$ 1,411,765
Distributions to members	-	(400,000)	(400,000)
Net income	-	222,362	222,362
Balances at December 31, 2016	<u>\$ 300,000</u>	<u>\$ 934,127</u>	<u>\$ 1,234,127</u>

See accompanying notes.

THOROUGHBRED FINANCIAL SERVICES, LLC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	2016
Cash flows from operating activities:	
Net income	\$ 222,362
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	3,588
Loss on disposal of assets	-
Changes in operating assets and liabilities:	
Commissions and other receivables	190,706
Prepaid expenses and other	(614)
Accounts payable and accrued expenses	49,374
Accrued rent	(10,579)
Accrued compensation, taxes, and benefits	(102)
	454,735
Cash flows from financing activities:	
Distributions to members	(400,000)
	(400,000)
Net increase in cash and cash equivalents	54,735
Cash and cash equivalents, beginning of year	1,892,042
Cash and cash equivalents, end of year	1,946,777
Supplemental disclosure:	
State income taxes paid	\$31,833

See accompanying notes.

THOROUGHbred FINANCIAL SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Thoroughbred Financial Services, LLC (the “Company”) was formed effective June 24, 1999 to operate as a broker-dealer on an introducing firm basis in accordance with the rules and regulations set forth by the Financial Industry Regulatory Authority. The Company also acts as an investment advisor and sells insurance products. It operates as a limited liability company (“LLC”), and its members have limited personal liability for the obligations or debts of the entity. The term of the LLC shall continue until June 24, 2039, unless earlier terminated in accordance with the provisions of the operating agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Commission income and related expenses from customers’ securities transactions are recorded on a trade date basis. Insurance commissions are recognized at the time the underwriting is completed and the income is reasonably determinable.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with an original maturity date of three months or less when purchased to be cash and cash equivalents. The Company maintains its cash in financial institutions at balances which, at times may exceed federally insured limits. At December 31, 2016, the Company’s uninsured cash balances total \$1,031,417.

Commissions Receivable

The Company considers commissions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required at December 31, 2016.

Property and Equipment

Expenditures for property and equipment are recorded at cost. Expenditures for ordinary repairs and maintenance are expensed. Depreciation is provided over the estimated useful lives of the respective assets using accelerated methods.

Income Taxes

Effective January 1, 2002, the Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The financial statements do not reflect a provision for federal income taxes.

THOROUGHbred FINANCIAL SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company follows Financial Accounting Standards Board Accounting Standard Codification guidance clarifying the accounting for the recording of uncertain tax positions. The benefits of uncertain tax positions are recorded in the financial statements only after determining a more-likely-than-not probability that the uncertain tax position will withstand challenge, if any, from taxing authorities. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company has no accrued tax penalties or interest in the accompanying financial statements. Tax years that remain open for examination include years ended December 31, 2013 through December 31, 2016.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company evaluated subsequent events through February 24, 2017 when these financial statements were available to be issued. The Company is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 3 – LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The Company has no borrowings under subordination agreements for the year ended December 31, 2016.

THOROUGHbred FINANCIAL SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2016

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	<u>2016</u>
Furniture and fixtures	\$ 67,121
Computer equipment	<u>25,607</u>
	92,728
Less: Accumulated depreciation	<u>(88,309)</u>
	<u>\$ 4,419</u>

NOTE 5 – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, not to exceed 15 to 1. At December 31, 2016, the Company had net capital of \$1,054,560 which was \$982,018 in excess of its required net capital of \$72,542.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company earns management fees from a related party in exchange for the use of office space, personnel and administrative services. Management fees income for the year ending December 31, 2016 totaled \$600,000. The Company also earns commissions on investments of an affiliated entity. Commission income recognized under this arrangement totaled \$1,120,558 for the year ending December 31, 2016.

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) plan (the “Plan”) for its employees. The Plan covers all employees who have completed minimum service requirements. The Plan provides for employer safe harbor contributions and discretionary profit sharing contributions. Contributions to the Plan totaled \$218,486 for the year ending December 31, 2016.

THOROUGHbred FINANCIAL SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2016

NOTE 8 – OPERATING LEASES

The Company leases facilities and equipment accounted for as operating lease agreements. Total rent expense under operating leases was \$324,817 during 2016. The Company leases office space under a non-cancelable operating lease which began in August 2004 and was scheduled to expire in December 2011. During 2011, the lease was extended to expire in December 2018. Minimum lease payments range from \$183,501 to \$254,507 per annum. The lease provides for additional rent to be payable in accordance with the Company's pro rata share of the building's excess operating expenses.

Minimum rents due under operating leases having non-cancelable terms in excess of one year are as follows:

Year ending December 31:

2017	\$ 304,234
2018	<u>289,173</u>
	<u>\$ 593,407</u>

NOTE 9 – CONTINGENCIES

The company is currently the subject to an SEC investigation for which the Company received a request to which it is complying. The investigation is ongoing and appears to relate principally to the Company's receipt of 12b-1 fees and the purchase of certain Class A shares rather than institutional class shares on behalf of certain clients. The company is presently unaware whether or not the SEC contemplates any remedial action. Due to the preliminary status of the investigation, no range of potential loss or expected outcome can presently be stated.

SUPPLEMENTARY INFORMATION

THOROUGHbred FINANCIAL SERVICES, LLC
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2016

Schedule I

	2016
Computation of basic net capital requirement:	
Net worth per financial statement	\$ 1,234,127
Total nonallowable assets	(81,275)
Haircuts on securities	(98,292)
Net capital	1,054,560
Minimum net capital requirement	72,542
Minimum dollar net capital requirement of reporting broker	50,000
Greater of above amounts	72,542
Excess net capital	982,018
Net capital less 120% of minimum dollar net capital requirement of reporting broker	\$ 945,748

**THOROUGHbred FINANCIAL SERVICES, LLC
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3
December 31, 2016**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the Rule.

**THOROUGHBRED FINANCIAL SERVICES, LLC
INFORMATION RELATING TO THE POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3
December 31, 2016**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the Rule.

**THOROUGHbred FINANCIAL SERVICES, LLC
RECONCILIATION OF NET CAPITAL UNDER RULE 15c3-1 AND THE
COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS
UNDER EXHIBIT A OF RULE 15c3-3
December 31, 2016**

The net capital computed on page 12 and the Company's computation of net capital on its December 31, 2016 Focus Report – Part IIA agree. As a result, no reconciliation is necessary.

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the rule.

**THOROUGHbred FINANCIAL SERVICES, LLC
RECONCILIATION BETWEEN THE AUDITED AND UNAUDITED
STATEMENTS OF FINANCIAL CONDITION WITH RESPECT TO
METHODS OF CONSOLIDATION
December 31, 2016**

Not Applicable

**THOROUGHbred FINANCIAL SERVICES, LLC
MATERIAL INADEQUACIES FOUND TO EXIST OR FOUND TO
HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT
December 31, 2016**

None



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Thoroughbred Financial Services, LLC

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

Frasier, Dean & Howard, PLLC

Frasier, Dean & Howard, PLLC
Nashville, Tennessee
February 24, 2017



2016 Exemption Report

For the calendar year 2016 Thoroughbred Financial Services, LLC (TFS) has operated under the exemption provision provided in SEA Rule 15c3-3(k)(2)(ii)

TFS has met the exemptive provisions under SEC Rule 15c3-3 through the calendar year 2016.

A handwritten signature in black ink, appearing to read 'Dan Kelly', is positioned above the printed name.

Daniel Kelly
VP Operations



**INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT ON
SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)**

To the Members of
Thoroughbred Financial Services, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Thoroughbred Financial Services, LLC, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Thoroughbred Financial Services, LLC's compliance with the applicable instructions of Form SIPC-7. Thoroughbred Financial Services, LLC's management is responsible for Thoroughbred Financial Services, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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 (check register), noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (FOCUS report) for the year ended December 31, 2016, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, 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; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, 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.

Frasier, Dean & Howard, PLLC.

Frasier, Dean & Howard, PLLC

Nashville, Tennessee

February 24, 2017

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

For the fiscal year ended 12/31/2016
(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

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:

17*17*****2143*****MIXED AADC 220
51944 FINRA DEC
THOROUGHbred FINANCIAL SERVICES LLC
5110 MARYLAND WAY STE 300
BRENTWOOD TN 37027-7508

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.

Daniel Kelly
615-371-0001

2. A. General Assessment (item 2e from page 2)	\$ <u>32,053</u>
B. Less payment made with SIPC-6 filed (exclude Interest)	<u>14,932</u>
<u>2-14-17</u> Date Paid	
C. Less prior overpayment applied	<u> </u>
D. Assessment balance due or (overpayment)	<u>17,121</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u> </u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$ <u>17,121</u>
G. PAYMENT: <input checked="" type="checkbox"/> the box Check mailed to P.O. Box <input type="checkbox"/> Funds Wired <input type="checkbox"/>	\$ <u>17,121</u>
Total (must be same as F above)	
H. Overpayment carried forward	\$(<u> </u>)

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.

Thoroughbred Financial Services LLC
(Name of Corporation, Partnership or other organization)
Dan Kelly
(Authorized Signature)
VP Operations
(Title)

Dated the 14 day of Feb, 2017.

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 1-1-76
and ending 12-31-76

Item No.

Eliminate cents

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 12,717,158

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):

- 4,849,492

- 45,296

(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).

\$ 915

Enter the greater of line (i) or (ii)

Total deductions

915
4,895,703

2d. SIPC Net Operating Revenues

\$ 10,821,455

2e. General Assessment @ .0025

\$ 32,053

(to page 1, line 2.A.)