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

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**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 1/1/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **SECURITIES RESEARCH, INC.**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**3055 CARDINAL DRIVE**

(No. and Street)

**VERO BEACH**

(City)

**FL**

(State)

**32963**

(Zip Code)

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

**THADDEUS COOK**

**(772) 231-6689**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**HOROWITZ & ULLMANN, P.C.**

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

**275 MADISON AVENUE, SUITE 902**

(Address)

**NEW YORK**

(City)

**NY**

(State)

**10016**

(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)

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OATH OR AFFIRMATION

I, THADDEUS COOK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SECURITIES RESEARCH, INC., as of DECEMBER 31,, 20 16, 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:

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

Thaddeus Cook  
Signature

PRESIDENT  
Title

Virginia Gray  
Notary Public

**VIRGINIA GRAY**  
**NOTARY PUBLIC**  
COMMISSION EXPIRES 11/30/20

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).

**SECURITIES RESEARCH, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

# SECURITIES RESEARCH, INC.

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**HOROWITZ & ULLMANN, P.C.**  
C e r t i f i e d P u b l i c A c c o u n t a n t s

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
of Securities Research, Inc.

We have audited the accompanying statement of financial condition of Securities Research, Inc. as of December 31, 2016, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Securities Research, Inc.'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 Securities Research, Inc. 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 information contained in Schedules number "1" through "4" have been subjected to audit procedures performed in conjunction with the audit of Securities Research, Inc.'s financial statements. The supplemental information is the responsibility of Securities Research, Inc.'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 17C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Horowitz & Ullmann, P.C.*

New York, NY  
February 27, 2017

**SECURITIES RESEARCH, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 505,405
Cash-restricted	125,000
Receivable from clearing broker	78,215
Prepaid expense and deposits	<u>18,776</u>

**TOTAL CURRENT ASSETS** 727,396

**OTHER ASSETS**

Securities owned, at fair value	<u>902,251</u>
---------------------------------	----------------

**TOTAL ASSETS** \$1,629,647

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 58,986</u>
---------------------------------------	------------------

**SHAREHOLDERS' EQUITY**

Capital Stock	
Common share, no par value, authorized 100 shares; issued and outstanding 50 shares	500
Additional paid-in capital	1,040,466
Retained earnings	<u>529,695</u>

**TOTAL SHAREHOLDERS' EQUITY** 1,570,661

**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** \$1,629,647

**SECURITIES RESEARCH, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>REVENUES</b>	
Commissions	\$1,293,309
Interest and dividends	134,358
Gain on investment securities	85,445
Other income	<u>450,000</u>
 Total revenues	 <u>1,963,112</u>
<b>EXPENSES</b>	
Employee compensation	486,414
Commission expense	437,973
Employee benefits	185,121
Clearance charges	128,862
Occupancy	91,961
Payroll taxes	38,735
Telephone	24,000
Quotation services	18,291
Office supplies and expenses	15,822
Advertising	2,246
Miscellaneous expenses	<u>50,333</u>
 Total expenses	 <u>1,479,758</u>
 <b>NET INCOME BEFORE PROVISION FOR INCOME TAX</b>	 <b>483,354</b>
 <b>PROVISION FOR INCOME TAX</b>	 <b><u>168,241</u></b>
 <b>NET INCOME</b>	 <b><u>\$ 315,113</u></b>

**SECURITIES RESEARCH, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	<u>\$ 315,113</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Purchase of securities	(391,470)
Proceeds from sale of securities	405,064
Gain on securities	(85,445)
Deferred income tax	168,241
Changes in assets and liabilities:	
Increase in receivable from clearing broker	(36,389)
Decrease in prepaid expense and other	100
Increase in accounts payable and accrued expenses	3,597
Decrease in contingent liability	<u>(450,000)</u>
Total adjustments	<u>(386,302)</u>
<b>NET DECREASE IN CASH</b>	<b>(71,189)</b>
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	<u><b>576,594</b></u>
<b>CASH AND CASH EQUIVALENTS –End of year</b>	<u><b>\$ 505,405</b></u>

**SECURITIES RESEARCH, INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Common Stock No Par</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balances January 1, 2016	\$500	\$1,040,466	\$214,582	\$1,255,548
Net income	—	—	<u>315,113</u>	<u>315,113</u>
Balances December 31, 2016	<u>\$500</u>	<u>\$1,040,466</u>	<u>\$529,695</u>	<u>\$1,570,661</u>

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Nature of Business**

Securities Research, Inc., (the Company) was incorporated on October 16, 1978, under the laws of the State of Florida. The Company is a wholly-owned subsidiary of JATS Corporation, (The Parent Company), of Lake Charles, LA. The Company is a broker-dealer registered with the SEC and is a member of various exchanges and the Financial Industry Regulatory Authority (FINRA). The home office is located in Vero Beach, Florida. The Company also has other offices in Florida, and Virginia. Several offices have been closed in the current and prior years.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including principal transactions, agency transactions and investment advisory services.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Securities Owned**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade-date basis.

Accounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Securities are recorded at fair value in accordance with ASC 820, "Fair Value Measurements and Disclosures."

**Collateralized Agreements**

The Company does not engage in transactions involving securities purchased under agreements to resell or securities sold under agreement to repurchase.

**Revenue Recognition**

Customer's securities transactions are reported on a settlement-date basis with the related commission income and clearing expenses reported on a trade-date basis as securities transactions occur. All such transactions are cleared through another broker-dealer on a fully disclosed basis.

**Advertising**

The Company charges the cost of media advertising to operations in the period when the expense is incurred.

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (Continued)**

**Subsequent Events**

Management has evaluated subsequent events through February 27, 2017, the date which the financial statements were available to be issued.

**Accrued Commission Receivable**

The Company records accrued commission receivable for trading commissions earned but not received as of December 31, 2016. It has not recorded any provision for doubtful accounts because management believes that the accrued commission receivable will be fully collected.

**Income Taxes**

The Company is included in the consolidated federal income tax return filed by the Parent. Federal income taxes are calculated as if the companies filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with ASC 740, "Income Taxes." Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

**3. Fair Value Measurements**

ASC topic 820, "Fair Value Measurements and Disclosures", defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**3. Fair Value Measurements (Continued)**

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates or assumptions that market participants would use in pricing the asset or liability.

The Company's investment in marketable securities consists entirely of Level 1 securities utilizing valuation techniques consisting exclusively of quoted market prices.

**4. Cash-Restricted**

Cash of \$125,000 has been segregated in a special deposit account with the clearing broker for the benefit of customers under agreement with the clearing broker.

**5. Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

**6. Commitments and Contingent Liabilities**

The Company has obligations under operating leases for its offices with noncancelable terms of one year.

The Company recognized income of \$450,000 from the elimination of a contingent liability. After consultation with legal counsel and regulatory authorities, the Company believes that the uncertainties surrounding the contingent liability have been satisfied.

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**7. Net Capital Requirements**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions, of \$250,000 or 6 2/3% of aggregate indebtedness as defined, if larger. Net capital and aggregate indebtedness fluctuate from day to day but, at December 31, 2016, the Company's net capital exceeds such capital requirements by \$1,113,021 and the ratio of aggregate indebtedness to net capital is .0433 to 1.

**8. Income Taxes**

The Company is included in the consolidated federal income tax return filed by its Parent. The Company files its own state income tax returns. The current and deferred portions of the income tax expense (benefit) included in the statement of operations as determined in accordance with ASC 740 are as follows:

	Current	Deferred	Total
Federal	\$ -	\$142,000	\$142,000
State	-	<u>26,241</u>	<u>26,241</u>
	<u>\$ -</u>	<u>\$168,241</u>	<u>\$168,241</u>

The Company had a net operating loss carryover to the current year, determined as if the Company filed a separate federal income tax return of approximately \$1,328,000. The Company will report a net taxable income for the current year of approximately \$677,000. These net operating losses can be carried forward for 20 years from the year of the loss and expire in various years through 2036. Based upon current tax rates, the Company's estimated tax benefit from net operating loss carry forwards amounts to \$168,000. Based upon future expected taxable income, the Company has recorded a valuation allowance of \$168,000, or 100% of the expected deferred tax benefit.

Accounting principles generally accepted in the United States of America require the Board of Directors to evaluate tax positions taken by the Company and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Board of Directors has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2016, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Board of Directors believes it is no longer subject to income tax examinations for years prior to 2012.

**9. 401(k) Savings Plan**

The Company maintains a 401(k) savings plan (the Plan). Substantially all employees of the Company who are scheduled to work at least 1,000 hours during each year of employment are eligible to participate in the Plan. Employees can make elective deferrals of their compensation on a pretax basis subject to certain limits. The Company matches the first 3% of employee contributions. Contribution expense for the 401(k) match in 2016 amounted to \$713.

**SECURITIES RESEARCH, INC.**  
**COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1**  
**DECEMBER 31, 2016**

	Schedule "1"
<b>NET CAPITAL</b>	
Total stockholders' equity	\$1,570,661
Deductions and/or charges:	
Non-allowable assets	
Prepaid expenses	<u>18,776</u>
<b>NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITION</b>	1,551,885
Haircuts on securities	<u>188,864</u>
<b>NET CAPITAL</b>	<u>1,363,021</u>
<b>AGGREGATE INDEBTEDNESS</b>	
Items included in statement of financial condition	
Accounts payable and accrued expenses	<u>\$ 58,986</u>
minimum capital required	
The greater of \$250,000 or 6 2/3% of aggregate indebtedness	<u>\$ 250,000</u>
<b>NET CAPITAL IN EXCESS OF MINIMUM REQUIREMENT</b>	<u>\$1,113,021</u>
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u>.0433 to 1</u>

See independent auditor's report and accompanying notes to financial statements

**SECURITIES RESEARCH, INC.  
RECONCILIATION OF NET CAPITAL  
PURSUANT TO SEC RULE 17a-5 (d)(4)  
DECEMBER 31, 2016**

	Schedule "2"
Net Capital, per Form X-17a-5 as of December 31, 2016, unaudited	\$ 913,021
Audit adjustments	<u>450,000</u>
Net Capital per Accompanying Computation of Net Capital Under SEC Rule 15c3-1	<u>\$1,363,021</u>

See independent auditor's report and accompanying notes to financial statements

**SECURITIES RESEARCH, INC.  
COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2016**

Schedule "3"

The Company was exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(ii) under the Securities and Exchange Act of 1934 for the year ended December 31, 2016.

See independent auditor's report and accompanying notes to financial statements.

**SECURITIES RESEARCH, INC.  
INFORMATION RELATING TO THE  
POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2016**

Schedule "4"

The Company was exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(ii) under the Securities and Exchange Act of 1934 for the year ended December 31, 2016.

See independent auditor's report and accompanying notes to financial statements.

**HOROWITZ & ULLMANN, P.C.**  
C e r t i f i e d P u b l i c A c c o u n t a n t s

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E-mail: cpas@horowitz-ullmann.com

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
of Securities Research, Inc.

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

*Horowitz & Ullmann, P.C.*

New York, NY  
February 27, 2017

**SECURITIES RESEARCH, INC.**  
**EXEMPTION REPORT PURSUANT TO RULE 15C3-3**  
**YEAR ENDED DECEMBER 31, 2016**

Securities Research, Inc., (the "Company"), is a registered broker-dealer subject to Rule 17a-5 promulgated by 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. §240.15c3-3(k) throughout the fiscal year ended December 31, 2016 without exception.

**Securities Research, Inc.**

I, Thaddeus Cook, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 

Title: President  
February 27, 2017

**HOROWITZ & ULLMANN, P.C.**  
C e r t i f i e d P u b l i c A c c o u n t a n t s

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

To the Board of Directors and Shareholders  
of Securities Research, Inc.

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 (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Securities Research, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Securities Research, Inc.'s compliance with the applicable instructions of Form SIPC-7. Securities Research, Inc.'s management is responsible for Securities Research, Inc.'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, 2016, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting a difference in revenues reported as an audit adjustment on the accompanying schedule.
- 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.

*Horowitz & Ullmann, P.C.*

New York, NY  
February 27, 2017

**SECURITIES RESEARCH, INC.**  
**SUPPLEMENTAL REPORT – SIPC SCHEDULE OF**  
**ASSESSMENT AND PAYMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2016**

Total revenue, per Form X-17a-5	\$1,513,112
Audit adjustments	<u>450,000</u>
Total revenue	1,963,112
Deductions:	
Gain on investment securities	85,445
Commissions, floor brokerage and clearance paid to other brokers and dealers in connection with securities transactions	<u>97,350</u>
Total revenue, subject to assessment	<u>1,780,317</u>
Computation of assessment:	
For the year ended December 31, 2016 @.0025	\$ 4,451
Less: Payments	
July 2016	1,520
January 2017	<u>1,806</u>
Balance Due	<u>\$ 1,125</u>