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

SEC FILE NUMBER

8-36997

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: Mid-Atlantic Securities, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

4001 Barrett Drive, Ste 100

(No. and Street)

RALEIGH

N.C.

27609

(City)

(State)

(Zip Code)

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

James Glover 919-783-7787

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

Batchelor, Tillery & Roberts, LLP

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

3605 Glenwood Ave

Raleigh

NC

27612

(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)

*[Handwritten signature]*

SEC 1410 (06-02)

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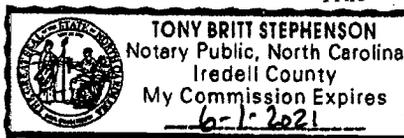
OATH OR AFFIRMATION

I, James B Glover, Jr, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mid-Atlantic Securities, Inc, 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:

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

J B Glover  
Signature  
Treasurer

[Signature]  
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).

MID-ATLANTIC SECURITIES, INC.

Consolidated Financial Statements  
and Supplemental Information

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

MID-ATLANTIC SECURITIES, INC.

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**BATCHELOR, TILLERY & ROBERTS, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR  
ANN H. TILLERY  
FRANKLIN T. ROBERTS  
WM. JAMES BLACK, JR.  
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350  
RALEIGH, NORTH CAROLINA 27612  
TELEPHONE (919) 787-8212  
FACSIMILE (919) 783-6724

**Report of Independent Registered Public Accounting Firm**

The Board of Directors  
Mid-Atlantic Securities, Inc.:

We have audited the accompanying consolidated statements of financial condition of Mid-Atlantic Securities, Inc. and subsidiary (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The supplemental information on pages 12 and 13 has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the consolidated 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 supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Batchelor, Tillery & Roberts, LLP*

Raleigh, North Carolina  
February 27, 2017

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Financial Condition

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 704,629	748,910
Marketable securities available-for-sale	20,219	17,520
Receivable from clearing corporation	38,743	31,175
Other receivables	118,777	113,954
Prepaid expenses	<u>9,264</u>	<u>3,789</u>
Total current assets	891,632	915,348
Furniture and equipment, net	<u>3,837</u>	<u>7,323</u>
	<u>\$ 895,469</u>	<u>922,671</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable to non-customers	8,876	4,000
Accrued commissions and other payables	<u>315,881</u>	<u>349,379</u>
Total current liabilities	324,757	353,379
Deferred tax liability	<u>1,300</u>	<u>1,300</u>
Total liabilities	<u>326,057</u>	<u>354,679</u>
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, \$0.10 par value; 1,000 shares authorized; issued and outstanding, 500 shares	50	50
Class B common stock, \$0.10 par value; authorized 1,000 shares; no shares issued	-	-
Additional paid-in capital	68,881	68,881
Accumulated other comprehensive gain (loss)	119	(2,580)
Retained earnings	<u>500,362</u>	<u>501,641</u>
Total stockholders' equity	<u>569,412</u>	<u>567,992</u>
	<u>\$ 895,469</u>	<u>922,671</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Income and Comprehensive Income

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Revenues:</b>		
Securities commissions	\$ 713,964	716,596
Commissions on sales of investment company shares	1,597,338	1,757,029
Commissions on sales of insurance	1,449,317	1,519,886
Registered investment advisor income	730,542	704,354
Other	5,575	6,900
	<u>4,496,736</u>	<u>4,704,765</u>
<b>Expenses:</b>		
Commissions	3,389,009	3,525,618
Salaries and benefits	768,177	799,455
Clearing charges	110,189	115,233
Professional fees	35,250	31,508
Payroll taxes	36,310	37,678
Rent	27,096	27,136
Office supplies	13,849	14,542
Taxes and licenses	18,591	19,640
Email service	8,154	5,874
Depreciation	3,487	5,793
Travel and entertainment	15,157	15,917
Telephone	6,450	5,581
Subscriptions	5,327	6,938
Miscellaneous	(1,351)	(1,005)
	<u>4,435,695</u>	<u>4,609,908</u>
Income from operations	61,041	94,857
Interest income	<u>2,646</u>	<u>2,525</u>
Income before provision for income taxes	63,687	97,382
Provision for income taxes	<u>(14,966)</u>	<u>(22,900)</u>
Net income	48,721	74,482
Other comprehensive gain - net unrealized gain on marketable securities	<u>2,699</u>	<u>3,036</u>
Comprehensive income	\$ <u>51,420</u>	<u>77,518</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2016 and 2015

	Common <u>stock</u>	Additional paid- <u>in capital</u>	Accumulated other comprehensive <u>(loss) income</u>	Retained <u>earnings</u>	Total stockholders' <u>equity</u>
Balance as of December 31, 2014	\$ 50	68,881	(5,616)	477,159	540,474
Dividends paid	-	-	-	(50,000)	(50,000)
Comprehensive income	<u>-</u>	<u>-</u>	<u>3,036</u>	<u>74,482</u>	<u>77,518</u>
Balance as of December 31, 2015	50	68,881	(2,580)	501,641	567,992
Dividends paid	-	-	-	(50,000)	(50,000)
Comprehensive income	<u>-</u>	<u>-</u>	<u>2,699</u>	<u>48,721</u>	<u>51,420</u>
Balance as of December 31, 2016	\$ <u>50</u>	<u>68,881</u>	<u>119</u>	<u>500,362</u>	<u>569,412</u>

See accompanying notes to consolidated financial statements.

MID-ATLANTIC SECURITIES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net income	\$ 48,721	74,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,486	5,793
Deferred income taxes	-	(2,100)
Changes in operating assets and liabilities:		
Receivables	(12,391)	51,181
Prepaid expenses and other current assets	(5,475)	-
Accounts payable	4,876	-
Accrued commissions and other liabilities	<u>(33,498)</u>	<u>(38,838)</u>
Net cash provided by operating activities	<u>5,719</u>	<u>90,518</u>
 Cash flows used in investing activities - purchases of furniture and equipment	 <u>-</u>	 <u>(789)</u>
 Cash flows used in financing activities - dividends paid	 <u>(50,000)</u>	 <u>(50,000)</u>
Net increase in cash and cash equivalents	(44,281)	39,729
 Cash and cash equivalents, beginning of year	 <u>748,910</u>	 <u>709,181</u>
 Cash and cash equivalents, end of year	 \$ <u>704,629</u>	 <u>748,910</u>

See accompanying notes to consolidated financial statements.

# MID-ATLANTIC SECURITIES, INC.

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### (1) Organization

Mid-Atlantic Securities, Inc. (the "Company") was incorporated in North Carolina on October 6, 1986 and commenced operations in January 1987. The Company is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is also a registered investment advisor. The Company's equity securities are cleared through a clearing broker-dealer. The clearing broker-dealer, on behalf of the Company and for a fee, conducts and confirms security trades, handles security movements and maintains the customer's security accounts. The Company does not maintain customers' security accounts nor does it perform custodial functions related to customer securities. The Company receives commissions associated with the sale and purchase of securities. In addition to the foregoing, a portion of the Company's revenues is derived from investment advisory services.

The Company's wholly-owned subsidiary, MA Securities, Inc., earns revenues from selling insurance products of New York-based companies. As of December 31, 2016 and 2015, MA Securities, Inc. had no assets or stockholder's equity.

### (2) Summary of Significant Accounting Policies

#### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Mid-Atlantic Securities, Inc. and its wholly-owned subsidiary, MA Securities, Inc., after elimination of all significant intercompany accounts and transactions.

#### Revenue Recognition

Commissions earned on trades of securities are recognized as income when the underlying transactions are completed. Other commissions and fees are recorded when earned.

#### Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

#### Marketable Securities

All marketable securities are classified as available-for-sale. As such, they are stated at market value and any unrealized holding gains and losses, net of deferred taxes if material, are reported as other comprehensive income (loss). Realized gains and losses are calculated by using the specific cost method.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Receivable from Clearing Corporation

The Company clears certain of its proprietary and customer transactions through a broker-dealer on a fully disclosed basis. Commissions owed the Company from the clearing broker have been recorded as receivable from clearing corporation.

Other Receivables

The Company has accrued commissions (accounts receivable) related to various December transactions, which have been received in the subsequent year.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which are generally three to ten years.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized. The cost and related accumulated depreciation of furniture and equipment are removed from the accounts upon retirement or other disposition and any resulting gain or loss is reflected in operations for the period.

Advertising

Advertising and related costs are expensed as incurred.

Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820-10 provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosures about the use of fair value to measure assets and liabilities.

FASB ASC 820-10 defines fair value as 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. The accounting standard establishes a fair value hierarchy which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority.

Level 1 Fair Value Measurements

The fair values of equity securities are based on quoted market prices and are, therefore, classified as Level 1.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and unrealized losses on marketable securities. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

(3) Marketable Securities

As of December 31, 2016 and 2015, the cost basis of marketable equity securities was \$20,100, which was less than market value by \$119 and exceeded market value by \$2,580 as of December 31, 2016 and 2015, respectively. The unrealized gain of \$2,699 and \$3,036 for 2016 and 2015, respectively, has been reported in comprehensive income.

(4) Furniture and Equipment

Furniture and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 37,861	37,861
Furniture and other equipment	<u>23,272</u>	<u>23,272</u>
	61,133	61,133
Less accumulated depreciation	<u>(57,296)</u>	<u>(53,810)</u>
	\$ <u>3,837</u>	<u>7,323</u>

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2016 and 2015

(5) Net Capital Requirements

The Company is subject to the requirements of 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, shall not exceed 15 to 1. As of December 31, 2016 and 2015, the Company's net capital was \$492,613 and \$503,105, respectively, (\$442,613 in excess of its required net capital of \$50,000 in 2016 and \$453,105 in excess of its required net capital of \$50,000 in 2015). The Company's ratio of aggregate indebtedness to net capital was .66 to 1 and .70 to 1 as of December 31, 2016 and 2015, respectively.

The Company qualifies under the exemption provisions of Rule 15c3-3, paragraph (k)(2)(ii), as the Company does not carry security accounts for customers or perform custodial functions relating to customers' securities. Under the exemption, the Company is not required to maintain a reserve account for the benefit of customers.

(6) Related Party Transactions

Other receivables include \$3,170 as of December 31, 2016 and 2015 due from two officers. Accrued commissions and other payables include \$148,908 and \$188,642, respectively, as of December 31, 2016 and 2015, for commissions due to brokers who also hold an ownership interest in the Company.

See note 9 concerning the office space lease with a company related by common ownership.

The Company loaned an employee \$15,000 on November 2012 due in equal installments of \$217 with a balance of \$7,720 and \$8,490 as of December 31, 2016 and 2015, respectively.

(7) Commitments and Contingencies

The Company has a clearing agreement with one brokerage firm whereby it must produce a minimum of \$300,000 per year of gross commissions or pay a monthly fee of \$5,000 less monthly clearing charges retained by the brokerage firm. The minimum level of commissions was met in both 2016 and 2015.

The Company is required by the clearing firm to maintain clearing deposits under the current clearing contract totaling \$25,000 as of December 31, 2016 and 2015.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2016 and 2015

(8) Income Taxes

The provision for income taxes consists of the following:

	2016			2015		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 12,166	-	12,166	20,000	(1,600)	18,400
State	2,800	-	2,800	5,000	(500)	4,500
	\$ <u>14,966</u>	<u>-</u>	<u>14,966</u>	<u>25,000</u>	<u>(2,100)</u>	<u>22,900</u>

The provision for income taxes differs from the amount computed by applying the U.S. Federal income tax rate of 34% to income before provision for income taxes due to state income taxes, net of the federal benefit, and multiple tax brackets.

Deferred tax liability arises primarily from timing differences of different depreciation methods for property and equipment.

(9) Leases

The Company began leasing office space from a company affiliated by common ownership during 2005, for which there is no formal rental arrangement. During 2016 and 2015, the Company paid rent totaling \$39,737 to this company.

Total rental expense for 2016 and 2015 was \$27,096 and \$27,137, respectively, which is net of sublease rental income of \$12,600.

(10) Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash and money market funds maintained with one brokerage firm (\$231,156) and two banks (\$202,204 and \$271,269). The amounts held at one bank are within the federally insured limit of \$250,000 and the second bank exceeds the \$250,000 limit by \$21,269. Accounts receivable are described in note 2. The Company believes there is minimal credit risk relative to its cash investments and accounts receivable.

(11) Benefit Plan

The Company has adopted a SIMPLE IRA Plan whereby employees who are expected to earn at least \$5,000 in compensation for the calendar year are eligible to participate. Eligible employees under the age of 50 and over the age of 50 may contribute a percentage of their compensation up to \$12,500 and 15,500, respectively, per year. The Company matches each eligible employee's contribution, up to a limit of 3% of the employee's compensation. The Company's matching contribution for 2016 and 2015 was \$14,494 and \$14,538, respectively.

MID-ATLANTIC SECURITIES, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2016 and 2015

(12) Subsequent Events

The date to which events occurring after December 31, 2016, the date of the most recent consolidated statement of financial condition, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is February 27, 2017 the date the consolidated financial statements were available to be issued.

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedules of Computation of Net Capital and Aggregate Indebtedness  
Under Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Net Capital</u>		
Total stockholders' equity	\$ 569,412	567,992
Deduct non-allowable assets:		
Receivable from non-customers and prepaid expenses	65,306	49,934
Furniture and equipment, net	<u>3,837</u>	<u>7,323</u>
	<u>69,143</u>	<u>57,257</u>
Net capital before haircuts on securities positions	<u>500,269</u>	<u>510,735</u>
Haircuts on securities:		
Investment securities - exempted	4,623	5,002
Investment securities - other	<u>3,033</u>	<u>2,628</u>
	<u>7,656</u>	<u>7,630</u>
Net capital	\$ <u>492,613</u>	<u>503,105</u>
<u>Aggregate Indebtedness</u>		
Items included in statement of financial condition:		
Accounts payable to non-customers	8,876	4,000
Accrued commissions and other payables	<u>315,881</u>	<u>349,379</u>
	\$ <u>324,757</u>	<u>353,379</u>

(Continued)

MID-ATLANTIC SECURITIES, INC.

Supplemental Schedules of Computation of Net Capital and Aggregate Indebtedness  
Under Rule 15c3-1 of the Securities and Exchange Commission, Continued

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Computation of Basic Net Capital Requirement</u>		
Minimum net capital required (6-2/3% of aggregate indebtedness)(A)	\$ <u>21,737</u>	<u>23,645</u>
Minimum dollar net capital requirement of reporting broker (B)	\$ <u>50,000</u>	<u>50,000</u>
Net capital requirement-greater of (A) or (B)	\$ <u>50,000</u>	<u>50,000</u>
Excess net capital	\$ <u>442,613</u>	<u>453,105</u>
Excess net capital at 1000% (Net capital less 10% of aggregate indebtedness)	\$ <u>460,137</u>	<u>467,767</u>
Ratio of aggregate indebtedness to net capital	<u>0.66</u>	<u>0.70</u>
<u>Reconciliation with Company's Computation</u>		
Net capital, as reported in Company's FOCUS report (unaudited)	\$ 492,613	503,105
Audit adjustments	<u>-</u>	<u>-</u>
Net capital per above	\$ <u>492,613</u>	<u>503,105</u>

**BATCHELOR, TILLERY & ROBERTS, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR  
ANN H. TILLERY  
FRANKLIN T. ROBERTS  
WM. JAMES BLACK, JR.  
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350  
RALEIGH, NORTH CAROLINA 27612  
TELEPHONE (919) 787-8212  
FACSIMILE (919) 783-6724

**Report of Independent Registered Public Accounting Firm**

The Board of Directors  
Mid-Atlantic Securities, Inc.:

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Mid-Atlantic Securities, Inc. (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed exemption from 17 C.F.R. § 240.15c3-3: (2)(ii) (the "exemption provisions"), and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year 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.

*Batchelor, Tillery & Roberts, LLP*

February 27, 2017

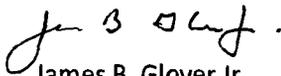


## EXEMPTION REPORT

Mid-Atlantic Securities, Inc. is a registered broker-dealer subject to SEC Rule 17a-5. This Exemption Report was prepared as required by Rule 17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

Throughout the fiscal year ended December 31, 2016, the Company claimed an exemption to SEC Rule 15c3-3 pursuant to paragraph k(2)(ii).

The Company has met the identified exemption provision throughout the most recent fiscal year without exception.

  
James B. Glover Jr.  
Treasurer

February 27, 2017