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ANNUAL AUDITED REPORT
FORM X-17a-5
PART III

SEC
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Section
MAR 01 2018

FACING PAGE
Washington DC
Information Required of Brokers and Dealers Pursuant to Section 1097 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2017 AND ENDING December 31, 2017
Date Date

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MTG LLC (dba Betterment Securities)

OFFICIAL USE ONLY
FIRM I.D. NO.

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

61 West 23rd St., 4th Floor
(No. and Street)

New York NY 10010
(City) (State) (Zip Code)

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

Richard M. Feldman 212-392-4838
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP
(Name - if individual, state last, first, middle name)

5 Times Square New York NY 10036
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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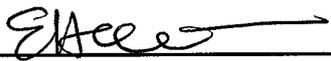
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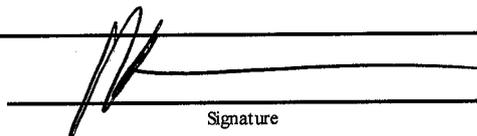
OATH OR AFFIRMATION

I, Boris Khentov, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MTG LLC (dba Betterment Securities) as of December 31, 2017, 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:

None

ERIKA HAKANSON
Notary Public, State of New York
Reg. No. 01HA6370708
Qualified in New York County
Commission Expires 02/05/2022


Notary Public


Signature
Chief Executive Officer
Title

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 Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (e) Statement of Cash Flows
- (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, or statement, 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.
- (o) Other

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MTG LLC dba BETTERMENT SECURITIES

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Report of Independent Registered Public Accounting Firm

To the Member of MTG LLC dba Betterment Securities

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of MTG LLC dba Betterment Securities (the Company) as of December 31, 2017 and the related notes (the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating 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.

We have served as the Company’s auditor since 2017.

February 28, 2018

MTG LLC dba Betterment Securities
Statement of Financial Condition
December 31, 2017

Assets

Cash	\$ 7,987,884
Cash segregated under federal and other regulations	12,000,534
Receivable from customers	829,219
Receivable from Clearing Broker	4,745,603
Receivable from affiliate	567,828
Deposits with Clearing Broker	5,002,077
Prepaid expenses	60,725
Total Assets	<u>\$ 31,193,870</u>

Liabilities and Member's Equity

Liabilities:	
Accounts payable and accrued expenses	\$ 603,413
Payable to customers	5,574,822
Payable to Parent	135,393
Short term notes payable to Parent	12,700,000
	<u>19,013,628</u>
 Member's equity	 12,180,242
Total Liabilities and Member's Equity	<u>\$ 31,193,870</u>

See accompanying notes to the Statement of Financial Condition

MTG LLC dba Betterment Securities
Notes to the Statement of Financial Condition
Year Ended December 31, 2017

1 – Organization and Nature of Business

MTG LLC dba Betterment Securities (the “Company”), a New York limited liability company, is wholly owned by Betterment Holdings, Inc. (the “Parent”), a privately held Delaware Corporation. On November 19, 2010, Betterment Holdings, Inc. acquired MTG LLC. The Company is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is engaged in a single line of business as a securities broker-dealer. The U.S. Dollar (\$) is the functional currency of the Company.

2 - Summary of Significant Accounting Policies

Basis of presentation and use of estimates

The accompanying Statement of Financial Condition has been prepared in conformity with accounting principles generally accepted in the United States (U.S.), which require management to make certain estimates and assumptions that affect the reported amounts in the Statement of Financial Condition. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash

The Company maintains its cash balances at various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 subject to certain limitations. At December 31, 2017, the Company held cash balances at two financial institutions, one of which held cash balances for the Company in excess of the FDIC insured limit.

Income taxes

The Company’s income is allocated directly to its sole member and the Company is not subject to a corporate level of taxation. In New York City, the Company is treated as a disregarded entity for unincorporated business tax (“UBT”) purposes, and the Parent, as a corporation, is not subject to UBT. Accordingly, no provision has been made for income taxes.

New accounting standards not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) (“ASU 2016-02”). ASU 2016-02 requires a lessee to account for leases as finance or operating leases. Both types of leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet. The new guidance will be effective for the Company beginning January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its Statement of Financial Condition but does not anticipate the impact to be material.

MTG LLC dba Betterment Securities
Notes to the Statement of Financial Condition
Year Ended December 31, 2017

3 - Cash Segregated and on Deposit for Regulatory Purposes

The Company maintains records of credits payable to customers. Credits payable to customers are either maintained in a sweep program under which cash is held in an account at a bank whose deposits are insured by the FDIC or segregated in a special reserve bank account for the exclusive benefit of customers pursuant to Rule 15c3-3 of the Securities Exchange Act of 1934. The value of the assets maintained in a sweep program is not included on the Statement of Financial Condition.

4 – Deposits Held by Clearing Broker and Clearing Organization

Under the terms of the agreement between the Company and its clearing broker, Apex Clearing Corporation (the "Clearing Broker"), the Company is required to maintain a certain amount of cash on deposit to cover any obligations that may arise from the Company. Such clearing deposits are typically retained by the clearing firm for the duration of the clearing arrangement and are generally returned to the correspondent firm, as long as the correspondent firm does not have obligations to the clearing firm that it cannot otherwise satisfy, within a short period after termination of a clearing arrangement. Included in Deposits with Clearing Broker on the Statement of Financial Condition is an approximately \$1,000,000 clearing deposit with the Clearing Broker. In addition to the required deposit, the Company holds approximately \$4,000,000 on account at the Clearing Broker to facilitate cash flows. At December 31, 2017, the Company recorded receivables from the Clearing Broker of \$4,745,603 for cash balances held at the Clearing Broker in the normal course of business.

5 – Receivable from Customers and Payable to Customers

At December 31, 2017, The Company recorded Receivables from customers of \$829,219 and Payables to customers of \$5,574,822. Receivables from customers primarily result from ACH returns on customer deposits after securities have been purchased, which result in the customer having a negative cash balance in their brokerage account. These receivables are generally resolved by selling the securities and recovering the sale proceeds. Payables to customers are comprised of customer cash balances in their brokerage accounts, which primarily result from dividends received and not yet swept to customer sweep accounts.

MTG LLC dba Betterment Securities
Notes to the Statement of Financial Condition
Year Ended December 31, 2017

6 - Related Party Transactions

The Company and Betterment LLC, an SEC registered investment advisor (the "RIA"), are affiliated through common ownership. The Company maintains an arrangement with the RIA under which the Company will maintain brokerage accounts, execute security transactions, and provide back-office operations and technical support in return for a fixed fee per order ticket executed by the Company. In addition, the RIA provides certain technology services to the Company. As of December 31, 2017, the RIA owed the Company a net amount of \$567,828 for these services. See also Note 10.

The Company and the Parent maintain an administrative service agreement under which the Parent provides office space, personnel and technology services to the Company for use in its operations. As of December 31, 2017, the Company owed the Parent \$135,393.

From time to time the Company borrows monies from its Parent to satisfy operational cash flow requirements. These loans are all short term in nature, bear no interest, are not permanent and not considered capital in accordance with regulatory requirements (see Note 6) and are repaid to the Parent based on short term cash flow availability. As of December 31, 2017, the Company owed \$12,700,000 to the Parent under such loans.

7 – Regulatory Requirements

As a registered broker-dealer, the Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, which requires that the Company's aggregate indebtedness shall not exceed fifteen times net capital, as defined. As of December 31, 2017, the Company had net capital of \$11,551,689 which was \$10,657,086 in excess of its required net capital of \$894,603. The ratio of aggregate indebtedness to net capital was 1.16 to 1.

In addition, the Company maintains a Special Reserve Bank Account for the exclusive benefit of customers of the Company pursuant to Rule 15c3-3 of the Securities Exchange Act of 1934.

8 – Control of Securities

The Company maintains control of all fully paid customer securities by holding them in an omnibus account at the Clearing Broker. The Company has instructed the Clearing Broker to maintain physical possession or control of all fully paid customer securities carried in the account free of any charge or lien. The value of such assets is not included on the Statement of Financial Condition.

9 - Financial Instruments with Off-Balance Sheet Credit Risk

In the normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities. These activities may expose the Company to off-balance sheet credit risk in the event a customer is unable to fulfill its contracted obligations. The Company is therefore exposed to risk of loss on these transactions in the event of a contra party being unable to meet the terms of their contracts, which may require the Company to purchase or sell financial instruments at prevailing market prices.

MTG LLC dba Betterment Securities
Notes to the Statement of Financial Condition
Year Ended December 31, 2017

10 – Contingencies

The Company is subject to various legal proceedings, claims and regulatory matters that may arise in the ordinary course of business. The Company also has been, is currently, and may in the future be the subject of one or more regulatory or self-regulatory organization inquiries, examinations or enforcement actions. As a result, the Company incurs or may incur expenses related to regulatory matters, including penalties and fines. As of December 31, 2017, the Company recorded an estimated liability for regulatory matters in Accrued Expenses on the Statement of Financial Condition.

11 – Subsequent Events

Management has evaluated the impact of all subsequent events through the date the Statement of Financial Condition was available to be issued. No events require such disclosure.