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ANNUAL AUDITED 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 04/01/2017 AND ENDING 03/31/2018  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Integral Derivatives, LLC

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

61 Broadway, Suite 1110

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

New York

NY

10006

(City)

(State)

(Zip Code)

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

Elizabeth Attanasio

(212) 668-8700

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Breard & Associates, Inc. Certified Public Accountants

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

9221 Corbin Avenue, Suite 170 Northridge

CA

91324

(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)

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.

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OATH OR AFFIRMATION

I, Kevin McKnight, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Integral Derivatives, LLC, as of March 31, 2018, 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:

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

  
Signature

Chief Compliance Officer

Title

  
Notary Public

MARGERY NELL MURRIEL  
Notary Public, State of New York  
No. 01MU6247130  
Qualified In Kings County  
Commission Expires Aug. 22, 2019

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).

# **INTEGRAL DERIVATIVES, LLC**

**Financial Statement**

**With**

**Report of Independent Registered Public Accounting Firm**

**For the Year Ended March 31, 2018**

**INTEGRAL DERIVATIVES, LLC  
MARCH 31, 2018**

**Table of Contents**

	<b><u>Page</u></b>
<b>Report of Independent Registered Public Accounting Firm</b>	1
<b>Financial Statement:</b>	
Statement of Financial Condition	2
Notes to Financial Statement	3 - 6



## **Report of Independent Registered Public Accounting Firm**

To the Directors and Equity Owners of Integral Derivatives, LLC

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Integral Derivatives, LLC (the "Company") as of March 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Integral Derivatives, LLC as of March 31, 2018, in conformity with accounting principles generally accepted in the United States.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 statements are 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 statements, 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 statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



Breard & Associates, Inc.  
Certified Public Accountants

We have served as the Company's auditor since 2017.  
New York, New York  
May 24, 2018

**INTEGRAL DERIVATIVES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2018**

**ASSETS**

Cash and cash equivalents	\$ 6,015,237
Securities owned, at market	270,497,012
Prepaid expenses and other assets	129,245
Fixed assets, net of accumulated depreciation	77,093
Due from clearing broker	67,453
JBO stock	50,000
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 276,836,040</b>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES:**

Due to clearing broker	\$ 32,728,237
Securities sold, not yet purchased, at market	226,593,195
Accrued expenses and other liabilities	660,229
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>259,981,661</b>

**COMMITMENTS AND CONTINGENCIES**

**MEMBERS' EQUITY**

	16,854,379
	<hr/>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 276,836,040</b>

See accompanying notes to financial statement

**INTEGRAL DERIVATIVES, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2018**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS:**

Integral Derivatives, LLC (the “Company”) is a securities broker-dealer formed in 2008 and registered with the Securities and Exchange Commission (the SEC), a member of NYSE Arca, Inc., NYSE MKT LLC, and the Securities Investor Protection Corporation (SIPC).

The Company operates as both a market maker and a proprietary trading firm, under the provisions of Paragraph (k)(2) (ii) of Rule 15c-3-3 of the Securities and Exchange Commission. The firm is appointed as an exchange member engaged in floor activities, put and call broker or dealer or option writer and trading of securities for its own account. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer. Inasmuch as the Company trades only for its own account and has no customers, the rule does not apply.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Accounts Receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write-offs and collections and current credit conditions. At March 31, 2018, an allowance of \$915,213 was required for doubtful account related to the Novartis receivable of \$915,213.

**Revenue Recognition**

Securities transactions are recorded on a trade-date basis. Securities owned and securities sold, not yet purchased are valued at fair market value. Net realized gains and losses are calculated on an average cost basis. The net changes in unrealized appreciation or depreciation of investments are included in the statement of operations.

**Fixed Assets**

Fixed assets are recorded at cost, net of accumulated depreciation and amortization, which is calculated on a straight-line basis over estimated useful lives of three to five years. Leasehold improvements are recorded at cost, net of accumulated amortization, which is calculated on a straight-line basis over the lesser of the lease term and the useful life. Organization expense is recorded at cost, net of accumulated amortization, which is calculated on a straight-line basis over the useful life.

**Income Taxes**

Income taxes are not payable by, or provided for, the Company. Members are taxed individually on their share of the Company earnings for federal and state income tax purposes. The Company is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2012.

**Cash**

The Company maintains principally all cash balances in one financial institution which, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation. The exposure to the Company is solely dependent upon daily bank balances and the strength of the financial institution. The Company has not incurred any losses on this account. At March 31, 2018, the amount in excess of insured limits was \$5,798,272.

**INTEGRAL DERIVATIVES, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Use of Estimates**

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from those estimates and such differences could be material.

**NOTE 3 – FAIR VALUE MEASUREMENT:**

In accordance with ASC 820, Fair Value Measurements and Disclosures, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). This guidance provides three levels of the fair value hierarchy as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, at the measurement date, including inputs in markets that are not considered to be active;

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

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The following is a summary of the financial assets measured at fair value as of March 31, 2018:

<u>Description of Securities Owned</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Common Stock	\$ 139,379,315	\$ -	\$ -	\$ 139,379,315
Bonds	2,609,371	-	-	2,609,371
Options	128,508,326	-	-	128,508,326
Total	<u>\$ 270,497,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,497,012</u>
<b>Liabilities</b>				
Common Stock	\$ 100,293,570	\$ -	\$ -	\$ 100,293,570
Options	126,299,625	-	-	126,299,625
Total	<u>\$ 226,593,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,593,195</u>

There were no transfers between level measurements during the year ended March 31, 2018.

There were no other financial assets or liabilities measured at fair value under ASC 820 as of March 31, 2018.

**INTEGRAL DERIVATIVES, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2018**

**NOTE 4 – NET CAPITAL REQUIREMENTS:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At March 31, 2018, the Company had net capital of \$15,437,212 which was \$14,842,212 in excess of its required net capital of \$595,000. The Company's ratio of aggregate indebtedness to net capital was 0.03 to 1.

**NOTE 5 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:**

The Financial Accounting Standards Board (the "FASB") has established the Accounting Standards Codification ("Codification" or "ASC") as the authoritative source of GAAP recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with GAAP in the United States. New accounting pronouncements are incorporated into the ASC through the issuance of Accounting Standards Updates ("ASUs").

For the year ending March 31, 2018, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES:**

The Company has relocated and signed a Membership Agreement to leases office space on a month to months basis at one location in New York pursuant to the lease agreement effective March 1, 2018. The Company also has a security deposit of \$4,800 relating to the Membership Agreement. Rent expense for the year ended March 31, 2018 was \$138,020.

The Company had no other commitments, no contingent liabilities and had not been named as a defendant in any lawsuit as of March 31, 2018, or during the year then ended.

**NOTE 7 – GUARANTEES:**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others. The Company has issued no guarantees at March 31, 2018, or during the year then ended.

**INTEGRAL DERIVATIVES, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2018**

**NOTE 8 – FIXED ASSETS:**

Fixed assets consisted of the following as of March 31, 2018:

		Useful Life
Computer equipment	\$ 819,473	5 years
Leasehold improvements	59,589	39 years
Organization expense	<u>13,853</u>	15 years
Total	892,915	
Less: accumulated depreciation	<u>(815,822)</u>	
Fixed assets, net	<u>\$ 970,008</u>	

Depreciation and amortization expense for the year ended March 31, 2018 was \$88,579.

**NOTE 9 – PROFIT SHARING PLAN:**

The Company is a sponsor of a defined contribution profit sharing plan for its eligible employees. Contributions to the plan, if any, are determined by the employer and come out of its current accumulated profits. The employer's contribution for any fiscal year shall not exceed the maximum allowable as a deduction to the employer under the provisions of the IRS Code Section 404, as amended, or replaced from time to time.

The Company has no liability to the plan as of March 31, 2018. The Company's contribution to the profit sharing plan during the year ended March 31, 2018 was \$91,479.

**NOTE 8 – SUBSEQUENT EVENTS:**

The company has evaluated events and transactions that occurred through the date which financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**INTEGRAL DERIVATIVES, LLC**

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**SCHEDULE OF THE DETERMINATION OF SIPC  
NET OPERATING REVENUES AND GENERAL ASSESSMENT**

**FOR THE PERIOD ENDED MARCH 31, 2018**

**INTEGRAL DERIVATIVES, LLC  
FOR THE PERIOD ENDED MARCH 31, 2018**

**Table of Contents**

	<b><u>Page</u></b>
Report of Independent Registered Public Accounting Firm	1 - 2
Schedule of SIPC Assessment and Payments	3
SIPC-7 Form	4 - 5



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED UPON PROCEDURES**

To the Directors and Equity Owners of  
Integral Derivatives, 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, which were agreed to by Integral Derivatives, LLC and the Securities Investor Protection Corporation (“SIPC”) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Integral Derivatives, LLC (the “Company”) for the year ended March 31, 2018, solely to assist you and SIPC in evaluating Integral Derivatives, LLC’s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for the Company’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 noting no differences;
2. Compared the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended March 31, 2018, with the Total Revenue amounts reported in Form SIPC-7 for the year ended March 31, 2018, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Recalculated 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 with the applicable instructions of the Form SIPC-7. 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.



Breard & Associates, Inc.  
Certified Public Accountants

New York, New York  
May 24, 2018

**INTEGRAL DERIVATIVES, LLC  
SCHEDULE OF SIPC ASSESSMENT AND PAYMENTS  
FOR THE PERIOD ENDED MARCH 31, 2018**

<b>TOTAL REVENUES</b>	<b><u>\$ 12,607,438</u></b>
<b>ADDITIONS</b>	<b>6,442</b>
<b>DEDUCTIONS</b>	<b><u>7,537,905</u></b>
<b>SIPC NET OPERATING REVENUES</b>	<b><u>5,075,975</u></b>
<b>GENERAL ASSESSMENT @ .0015</b>	<b>7,614</b>
<b>Less: Payments made with Form SIPC 6</b>	<b><u>1,839</u></b>
<b>TOTAL ASSESSMENT BALANCE AND INTEREST DUE</b>	<b><u>\$ 5,775</u></b>

See Independent Accountants' Report on Applying Agreed Upon Procedures to  
Entity's SIPC Assessment Reconciliations

**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**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended March 31, 2018

(Read carefully the instructions in your Working Copy before completing this Form)

**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:

068102 ASE DEC  
Integral Derivatives, LLC  
61 Broadway - Suite 1110  
New York, NY 10006

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.

Elizabeth Attanasio 212-668-8700

WORKING COPY

- 2. A. General Assessment (item 2e from page 2) \$ 7,614
- B. Less payment made with SIPC-6 filed (exclude Interest) ( 1,839 )  
October 20, 2017  
Date Paid
- C. Less prior overpayment applied ( )
- D. Assessment balance due or (overpayment) 5,775
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 5,775
- G. PAYMENT:  the box  Funds Wired   
Check mailed to P.O. Box  
Total (must be same as F above) \$ 5,775
- H. Overpayment carried forward \$( )

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.

**INTEGRAL DERIVATIVES, LLC**

(Name of Corporation, Partnership or other organization)

*Elizabeth Attanasio*  
CFO, FINOP

(Authorized Signature)

(Title)

Dated the 25 day of MAY, 20 18.

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:

