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ANNUAL AUDITED REPORT  
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PART III

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PUBLIC

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 1/1/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: MKM Partners LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

300 First Stamford Place

(No. and Street)

Stamford

CT

06902

(City)

(State)

(Zip Code)

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

Thomas Messina

203-861-9060

(Area Code -- Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Citrin Cooperman & Company, LLP

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

290 West Mount Pleasant Avenue

Livingston

New Jersey

07039

(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)

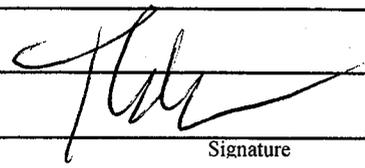
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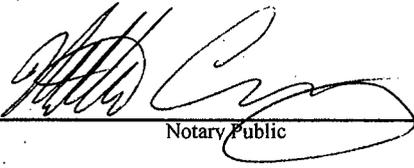
OATH OR AFFIRMATION

I, Thomas Messina, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MKM Partners LLC, as of December 31, 20 18, 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

\_\_\_\_\_  
Co-CEO  
Title

  
\_\_\_\_\_  
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 Proprietor's 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).

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**DECEMBER 31, 2018**

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**CITRIN COOPERMAN®**

Accountants and Advisors

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
MKM Partners LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of MKM Partners LLC as of December 31, 2018, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of MKM Partners LLC as of December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of MKM Partners LLC's management. Our responsibility is to express an opinion on MKM Partners LLC'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 MKM Partners LLC 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 presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

*Citrin Cooperman & Company, LLP*

We have served as MKM Partners LLC's auditor since 2002.  
Livingston, New Jersey  
February 28, 2019

**CITRIN COOPERMAN & COMPANY, LLP**

**290 W. MT. PLEASANT AVENUE LIVINGSTON, NJ 07039 | TEL 973.218.0500 | FAX 973.218.7160**

**CITRINCOOPERMAN.COM**

**AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS**

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2018**

**ASSETS**

Cash	\$ 7,007,362
Commission and fees receivable	2,078,143
Receivable from and deposit with clearing organization	658,674
Other assets	<u>258,943</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,003,122</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities:	
Deferred rent	\$ 80,343
Accounts payable and accrued expenses	<u>224,806</u>
Total liabilities	305,149
Commitments and contingencies (Note 9)	
Member's equity	<u>9,697,973</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 10,003,122</u></b>

See accompanying notes to statement of financial condition.

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2018**

**NOTE 1. ORGANIZATION AND NATURE OF BUSINESS**

MKM Partners LLC (the "Company") was formed as a Connecticut limited liability company and is wholly owned by MKM Holdings LLC (the "Parent"), also a Connecticut limited liability company.

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and became a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") on March 18, 2002. The Company provides institutional equity trading and research services to United States and international equity traders.

As a limited liability company, the member is not liable for any of the debts, obligations, losses, claims, or judgments on any of the liabilities of the Company, whether arising in tort, contract, or otherwise, except as provided by law. Pursuant to the terms of the Company's operating agreement, the Company will continue in existence until December 31, 2047, unless otherwise dissolved in accordance with the terms of its operating agreement.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

This financial statement has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The following is a summary of the significant accounting and reporting policies used in preparing the financial statement.

Revenue recognition

Brokerage revenues consist of (i) brokerage commissions resulting from equity securities and options transactions executed as agent or principal and are recorded on a trade date basis, (ii) related net trading gains and losses from market making activities and from the commitment of capital to facilitate customer orders and (iii) fees paid for brokerage services, which includes but is not limited to, research, sales coverage and trading services. The Company currently generates revenues from brokerage services activities through three types of arrangements. First, through what is commonly known as a "soft dollar" practice, a portion of a client's commissions may be compensation for the value of access to the Company's brokerage services. Those commissions are recognized on a trade date basis, as the Company has no further obligation. Second, a client may issue a cash payment directly to the Company for access to the Company's brokerage services. Third, the Company has entered into certain commission-sharing or tri-party arrangements in which institutional clients execute trades with a limited number of brokers and instruct those brokers to allocate a portion of the commission to the Company or to issue a cash payment to the Company.

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2018**

In these commission-sharing or tri-party arrangements, the amount of the fee is determined by the client on a case-by-case basis and agreed to by the Company. For the second and third type of arrangements, revenue is recognized and invoiced once an arrangement exists, access to brokerage services has been provided, a specific amount is fixed or determinable, and collectability is reasonably assured. None of these arrangements obligate clients to a fixed amount of fees for brokerage services, either through trading commissions or direct or indirect cash payments, nor do they obligate the Company to provide a fixed quantity of brokerage services or execute a fixed number of trades.

Use of estimates

The preparation of the statement of financial condition 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 statement. Actual results could differ from those estimates.

Subsequent events

The statement of financial condition was approved by management and available for issuance on February 28, 2019. Subsequent events have been evaluated through this date.

Recently Adopted Accounting Developments

On January 1, 2018, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Topic 606, Revenue from Contracts with Customers and several modifying Accounting Standards Updates (ASU's), collectively referred to as ASC Topic 606 using the modified retrospective method. The core principle of these ASU's is to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 had no cumulative effect adjustment.

In November 2016, the FASB issued ASU 2016-18 which requires that amounts generally described as restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 does not provide a definition of restricted cash or restricted cash equivalents. The Company adopted ASU 2016-18 on January 1, 2018. The new guidance will only be applicable to amounts described by the Company as restricted cash.

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2018**

Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases. The amendments in this ASU require lessees to recognize right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize a right-of-use asset and lease liability. Additionally, when measuring assets and liabilities arising from a lease, optional payments should be included only if the lessee is reasonably certain to exercise an option to extend the lease, exercise a purchase option, or not exercise an option to terminate the lease. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. The Company adopted the new guidance on January 1, 2019. The new guidance will provide for a right-of-use asset and an offsetting operating lease liability on the statement of financial condition. See Note 9 for a summary of the rental commitments under operating leases as of December 31, 2018, and related disclosures.

**NOTE 3. RECEIVABLE FROM AND DEPOSIT WITH CLEARING ORGANIZATION**

The receivable from and deposit with clearing organization primarily represents cash of approximately \$409,000 and a deposit with the clearing organization of \$250,000 that is required by the clearing agreement.

**NOTE 4. OTHER ASSETS**

Other assets at December 31, 2018, consist of prepaid expenses of approximately \$207,000 and restricted cash of approximately \$52,000 which serves as collateral for a stand-by letter-of-credit in support of a security deposit for leased office space (see Note 9).

**NOTE 5. CONCENTRATION OF CREDIT RISK AND MARKET RISK**

From time to time, the Company will maintain cash balances in a financial institution that may exceed the Federal Deposit Insurance Corporation ("FDIC") coverage of \$250,000. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash.

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2018**

**NOTE 6. OFF BALANCE SHEET CREDIT RISK**

All transactions for the Company's customers are cleared through a carrying broker-dealer on a fully disclosed basis. Accordingly, open customer transactions are not reflected in the accompanying statement of financial condition. The Company is exposed to credit losses in the event customers fail to satisfy their obligations in connection with their securities transactions. All unsettled securities transactions as of December 31 2018 were settled in January 2019 with no resulting liability to the Company. The Company seeks to limit risk associated with nonperformance by customers by monitoring all customer activity and reviewing information it receives from its clearing organization on a daily basis.

**NOTE 7. INCOME TAXES**

The Company is a disregarded entity for income tax purposes and, as such, is not liable for federal, state or local income taxes. As a single-member limited liability company, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of its Parent.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB 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.

With few exceptions, the Company is no longer subject to federal, state or local tax examination by taxing authorities for years before 2015.

**NOTE 8. RELATED-PARTY TRANSACTIONS**

The Company shares space, equipment and other related support with its Parent. In accordance with an administrative services agreement with its Parent, overhead expenses, including rent, salaries, supplies, and other services, are paid by its Parent. The agreement provides for the allocation of overhead expenses to the Company based on formulas applied to these expenses. The direct and indirect expenses paid by its Parent and allocated to the Company for 2018 amounted to approximately \$34,719,000. Repayments of amounts due to the Parent, and amounts distributed to the Parent, aggregated approximately \$38,410,000 in 2018.

**MKM PARTNERS LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2018**

As of December 31, 2018, the Class A Members of the Parent are contingently liable as guarantors with respect to the Parent's Term Note to Peoples United Bank National Association amended as of August 2, 2018. As of December 31, 2018, the amount due is \$1,916,667. The term of the guarantee is through January 22, 2021. Should the Parent be delinquent on its debt payments, the Class A Members will be obligated to perform under the guarantee by making the required payments, including late fees and penalties

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

The Company's Parent leases office space in several cities under non-cancellable operating leases that expire at various dates through June 2020. The total amount of rent due under the lease term for the Parent is reflected in operations on the straight-line method over the term of the leases. The difference between rental expense recorded and the amount of rent actually paid is reflected in the statement of financial condition as "Deferred rent".

Approximate future minimum annual payments required for the years subsequent to December 31, 2018, by the Parent, are as follows:

<u>Year ending December 31:</u>	<u>Obligations</u>
2019	\$ 736,000
2020	134,000
Total	<u>\$ 870,000</u>

The Company has provided a standby letter-of-credit agreement to a commercial bank to secure a deposit for an office lease of the Parent in the amount of \$52,058. The bank can access a money market account of the Company, if required, under the terms of the letter of credit. Such amount is included in the statement of financial condition in "Other assets".

**NOTE 10. REGULATORY REQUIREMENTS**

The Company is subject to the SEC's Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. Net capital and aggregate indebtedness change from day to day. As of December 31, 2018, the Company had net capital of \$7,360,639, which was in excess of the required minimum net capital of \$123,949 by \$7,236,690. The Company's percentage of aggregate indebtedness to net capital was 25.3% as of December 31, 2018.