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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III
FACING PAGE**

SEC FILE NUMBER
8-70061

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 01/01/18 AND ENDING 12/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

TCG Capital Markets L.L.C.

OFFICIAL USE ONLY
FIRM ID. NO.

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

520 Madison Avenue, 38th Floor
(No. and Street)

New York NY 10022
(City) (State) (Zip Code)

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

Rafael Beck (212) 897-1690
(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
(Address) (City) (State) (Zip Code)

SEC Mail Processing

MAR 01 2019

Washington, DC

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 (3-91)

RMS

AFFIRMATION

I, Rafael Beck, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to TCG Capital Markets L.L.C. for the year ended December 31, 2018, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

Rafael Beck
Signature

Chief Financial Officer
Title

Tina M. Bivona
Notary Public



TCG Capital Markets L.L.C.

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This report ** contains (check all applicable boxes):

- Report of Independent Registered Public Accounting Firm.
- Facing Page.
- Statement of Financial Condition.
- Statement of Operations.
- Statement of Changes in Members' Equity.
- Statement of Cash Flows.
- Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).
- Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- An Affirmation.
- A copy of the SIPC Supplemental Report.
- A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).
- Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1).
- Independent Auditors' Report Regarding Rule 15c3-3 Exemption.
- Rule 15c3-3 Exemption Report

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

TCG Capital Markets L.L.C.

**Statement of Financial Condition
Pursuant to Rule 17a-5 under the
Securities Exchange Act of 1934
December 31, 2018**

TCG Capital Markets L.L.C.

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December 31, 2018

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Report of Independent Registered Public Accounting Firm

To the Member of TCG Capital Markets, L.L.C.

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TCG Capital Markets, L.L.C. (the Company) as of December 31, 2018 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, 2018, 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 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.

Ernst & Young LLP

We have served as the Company's auditor since 2018.
New York, NY
February 28, 2019

TCG Capital Markets L.L.C.

Statement of Financial Condition December 31, 2018

Assets

Cash	\$ 4,680,694
Prepaid expense	14,586
Other asset	<u>21,068</u>
Total assets	<u>\$ 4,716,348</u>

Member's Equity

Member's equity	<u>\$ 4,716,348</u>
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The accompanying notes are an integral part of these financial statements.

TCG Capital Markets L.L.C.

Notes to Statement of Financial Condition December 31, 2018

1. Organization and Business

TCG Capital Markets L.L.C. (the "Company"), a wholly-owned subsidiary of Carlyle Investment Management, L.L.C. (the "Parent", or the "Member"), is a limited liability company formed under the laws of the State of Delaware on October 20, 2017. On August 10, 2018, the Company became a broker-dealer and as such is registered with the Securities and Exchange Commission (the "SEC") and became a member of the Financial Industry Regulatory Authority ("FINRA").

The Company acts as an agent with respect to the offer and sale of interests in debt, collateralized loan obligations, equity securities and loans of corporate issuers and special purpose vehicles in transactions in securities and other instruments that are exempt from registration under the Securities Act of 1933. The primary focus of the Company is to originate and syndicate loans and underwrite securities of both third parties and affiliated portfolio companies.

The liability of the Member is limited to the capital held by the Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Revenue Recognition

On January 1, 2018, the Company adopted ASC Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"). The new revenue recognition guidance requires that an entity recognize revenue 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 guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. The adoption of ASC Topic 606 did not materially impact the financial statements.

Revenue from contracts with customers may include commission income and fees from origination, syndication, distribution and underwriting services. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

TCG Capital Markets L.L.C.

Notes to Statement of Financial Condition December 31, 2018

Distribution fees. The Company may enter into arrangements with managed accounts or other pooled investment vehicles (funds) to distribute shares to investors. The Company may receive distribution fees paid by the fund up front, over time, upon the investor's exit from the fund (that is, a contingent deferred sales charge), or as a combination thereof. The Company believes that its performance obligation is the sale of securities to investors and as such this is fulfilled on the trade date. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which usually occurs on a monthly or quarterly basis. Distribution fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods.

Underwriting fees. The Company underwrites securities for entities that want to raise funds through a sale of securities. Revenues are earned from fees arising from securities offerings in which the Company acts as an underwriter. Revenue is recognized on the trade date (the date on which the Company sells the securities to customers) for the portion the Company has sold to customers. The Company has determined that the trade date is the appropriate point in time to recognize revenue for securities underwriting transactions as there are no significant actions which the Company needs to take subsequent to this date and the purchaser obtains the control and benefit of the capital markets offering at that point. Underwriting costs that are deferred are recognized in expense at the time the related revenues are recorded. In the event that transactions are not completed, and the securities are not issued, the Company immediately expenses those costs.

Cash and Cash Equivalents

Cash includes cash held at banks. The Company considers investments in money market mutual funds to be cash equivalents. At December 31, 2018, the Company did not hold any cash equivalents.

Prepaid Expense and Other Asset

The Company prepaid its FINRA renewal fees for 2019 and the amount is reported as a prepaid expense on the statement of financial condition. A deposit with Central Registration Depository ("CRD") is reported as other asset on the statement of financial condition. FINRA operates the CRD and uses the funds deposited in order to process registrations and other regulatory assessments of the Company.

Income Taxes

Since the Company is a single member limited liability company, it is disregarded for income tax purposes and, therefore, no federal, state or local income taxes are provided or considered for the purpose of the financial statements.

At December 31, 2018, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination is subject to ongoing evaluation as facts and circumstances may require.

TCG Capital Markets L.L.C.

Notes to Statement of Financial Condition December 31, 2018

New Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, "Leases (Topic 842)." The new guidance provides that a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. The Company's lease arrangements will be accounted for, both in the income statement and statement of cash flows, in a manner consistent with operating leases under existing GAAP. However, as it relates to the balance sheet, lessees will recognize lease liabilities based upon the present value of remaining lease payments and corresponding lease assets for operating leases with limited exception. The guidance will become effective on January 1, 2019. Management has evaluated the effect of adopting the new standard and determined that there is no impact to the Company's financial statements.

3. Transactions with Related Parties

The Company maintains an administrative services agreement with the Parent. Pursuant to the agreement, the Parent provides accounting, administration, information technology, compliance services, office space, employee services and other services. The Parent provides these services at no cost to the Company. Management has determined that the value of services provided to the Company for the year ended December 31, 2018 was approximately \$798,000.

On December 17, 2018, the Company entered into a letter agreement with TCG Senior Funding L.L.C, an affiliate (or "TCGSF"). In accordance with the letter agreement, the Company and TCGSF agreed that TCGSF alone shall bear, in full, any and all facility fees payable to Mizuho Bank, Ltd. ("Mizuho") under a revolving credit facility agreement entered into by the Company, TCGSF and Mizuho (see Note 6). During the year ended December 31, 2018, no facility fees were paid by TCGSF to Mizuho.

All transactions with related parties are settled in the normal course of business. The terms of any of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

4. Regulatory Requirements

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934 and has elected to compute its net capital requirements in accordance with the Alternative Net Capital Method. Under this alternative method, net capital, as defined, shall not be less than \$250,000. At December 31, 2018, the Company had net capital of approximately \$556,000 which exceeded the required net capital by approximately \$306,000. In December 2018, the Company made an underwriting commitment in the amount of \$15,000,000. The Company recorded a haircut of \$4,125,000 related to this open contractual commitment as of December 31, 2018.

The Company does not hold customers' cash or securities, and therefore, has no obligations under SEC Rule 15c3-3 under the Securities Exchange Act of 1934.

5. Commitments

In the normal course of business, the Company enters into underwriting commitments. A transaction relating to such underwriting commitments that was open at December 31, 2018 and is

TCG Capital Markets L.L.C.

Notes to Statement of Financial Condition December 31, 2018

expected to be settled during the first quarter of 2019 had no material effect on the financial statements as of December 31, 2018.

6. Revolving Credit Facility

In December 2018, the Company and TCGSF established a \$250 million revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment at the Parent. The credit facility includes a \$125 million line of credit with a one-year term, and a \$125 million line of credit with a three-year term. Principal amounts outstanding under the facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus applicable margin not to exceed 1.00%, or (b) at the Eurocurrency rate plus an applicable margin not to exceed 2.00% (at December 31, 2018, the interest rate was 6.50%). During the year ended December 31, 2018, the Company or TCGSF did not draw down on the credit facility.

7. Concentrations

As of December 31, 2018, all cash deposits are held by one financial institution and therefore is subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

8. Subsequent Events

From January 1, 2019 through the date the financial statements were issued, the Company accepted an additional capital contribution of \$20,000 from the Member.