

ED



S

19008803

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8-69574

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 01/01/2018 AND ENDING 12/31/2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **EG Market Technologies LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
55 Hudson Yards, Floor 29

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

New York NY 10001
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
 Robert Glass (646) 757-2769
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

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

345 Park Avenue New York NY 10154
(Address) (City)

SEC Mail Processing

CHECK ONE:

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

MAR 04 2019

Washington, DC

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 (11-05)

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.

RMS

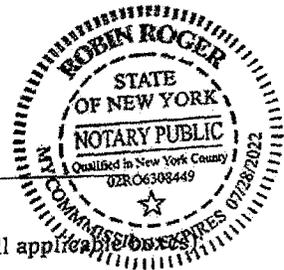
OATH OR AFFIRMATION

I, Robert Glass, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EG Market Technologies LLC, as of December 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:

Robert Glass
Signature

CFO and FinOp
Title

Robin Roger
Notary Public



- This report ** contains (check all applicable boxes)
- (a) Facing Page.
 - (b) Statement of Financial Condition.
 - (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
 - (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).

EG Market Technologies LLC

**Statement of Financial Condition as of December 31, 2018, and Report of Independent Registered
Public Accounting Firm**

Filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 as a Public Document

EG Market Technologies LLC

Statement of Financial Condition
December 31, 2018

TABLE OF CONTENTS

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



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Report of Independent Registered Public Accounting Firm

To the Member
EG Market Technologies LLC:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of EG Market Technologies LLC (the Company) as of December 31, 2018, and the related notes (collectively, the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of 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 this 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 presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

KPMG LLP

We have served as the Company's auditor since 2016.

New York, New York
March 1, 2019

EG MARKET TECHNOLOGIES LLC

**Statement of Financial Condition
December 31, 2018**

Assets	
Cash and cash equivalents	\$ 3,148,657
Due from broker	31,540
Other assets	1,059
Total Assets	<u>\$ 3,181,256</u>
Liabilities and Member's Equity	
Accounts payable and accrued expenses	\$ 205,250
Due to affiliate	16,683
Total Liabilities	<u>221,933</u>
Member's Equity	<u>2,959,323</u>
Total Liabilities and Member's Equity	<u>\$ 3,181,256</u>

EG MARKET TECHNOLOGIES LLC

Notes to Statement of Financial Condition December 31, 2018

1. ORGANIZATION AND BUSINESS

EG Market Technologies LLC (the "Company") is a limited liability company formed under the laws of the State of Delaware on December 10, 2014 and commenced operations as a broker dealer on August 5, 2016, upon receiving approval of its Financial Industry Regulatory Authority ("FINRA") membership. The Company is an electronic trading firm specializing in the automated market making of global equities and is a member of NASDAQ and a registered market maker in most liquid US equities.

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC"). The Company's designated examining regulatory authority is Financial Industry Regulatory Authority. The Company clears its transactions on fully disclosed basis and does not hold customer funds or safekeep customer securities.

Engineers Gate Manager LP, an affiliate, provides certain administrative services to the Company.

On August 17, 2018, the Company ceased trading and market making operations in order to reconfigure the business. During this time, the Company has continued to conform to regulatory obligations, filings and requirements necessary to maintain registration and its status as a broker dealer with FINRA and the SEC. The Company maintains the intent of participating in trading and market making toward the beginning of 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates: The Company's financial statements are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding fair value measurements including trading assets and liabilities, compensation accruals, and other matters 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 revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: The Company considers all highly liquid investments, with original maturities of less than ninety days at acquisition as cash equivalents. Cash held at financial institutions generally exceed the amount insured by the Federal Deposit Insurance Corporation.

Revenue and Expense Recognition: The Company records purchases and sales of securities and related expenses on a trade-date basis. Interest income and expense are recorded on the accrual basis. Dividend income and dividends on securities sold, not yet purchased, are recorded on the ex-dividend date.

Receivable from Brokers: The amounts receivable from brokers arise in the ordinary course of business and are pursuant to agreements with the Company's brokers. This includes cash, net amounts receivable from securities transactions for amounts that have not settled. Amounts due from brokers have been offset against amounts due to the same broker where the right of offset exists per the clearing agreement. At December 31, 2018, the balance is with one clearing broker.

EG MARKET TECHNOLOGIES LLC

Notes to Statement of Financial Condition December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency Translation: Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Purchases and sales of investments and income and expenses that are denominated in foreign currencies are translated into United States dollar amounts at the prevailing rates of exchange on the transaction date. Adjustments arising from foreign currency transactions are reflected in trading revenues, net in the statement of operations.

Fair Value Measurements: The Company carries its investments at fair value in accordance with U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation techniques. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Classification within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Valuations based on quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

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

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in Level 3.

EG MARKET TECHNOLOGIES LLC

Notes to Statement of Financial Condition December 31, 2018

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Equity securities owned, and equity securities sold not yet purchased, which are readily marketable, are valued using the last sales price or official closing price taken from the primary market in which each security trades.

The resulting changes in unrealized gains and losses are reflected in trading revenue in the statement of operations.

Income Taxes: The Company is a single member limited liability company and is treated as an entity disregarded as separate from its owner for US federal income tax purposes. Consequently, the Company does not have any filing or reporting obligations as all its taxable income, gains, losses, deductions, or credits for the year ended December 31, 2018 are reported on the U.S. tax return of EGMT Holdings LP, its ultimate owner. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Tax laws are complex and subject to different interpretations by the taxpayers and taxing authorities. Significant judgment is required when evaluating tax positions and related uncertainties. Future events such as changes in tax legislation could require a provision for income taxes. Any such changes could significantly affect the amounts reported in Member's equity. In accordance with Accounting Standards Codification 740, Income Taxes, the Company has not accrued any amounts related to income tax positions and related uncertainties.

3 - SECURITIES AT FAIR VALUE

The following summarizes changes in fair value and gains and losses of the Company's Level 3 assets for the year ended December 31, 2018:

Balance, January 1, 2018	\$ 10,000
Purchases	-
Sales	(10,000)
Balance, December 31, 2018	\$ <u>-</u>

4 - RISK MANAGEMENT

The Company is subject to various risks, including, but not limited to, market risk, credit risk, and currency risk. The Company and Engineers Gate Manager LP attempt to monitor and manage these risks on an ongoing basis.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments due to market fluctuation. The Company sells various equity securities which it does not yet own or which are consummated by the delivery of borrowed equity securities ("short sales"). The Company is exposed to market risk for short sales. If the fair value of equity securities sold short increases, the Company's obligation to deliver this instrument, reflected as a liability on the statement of financial condition, is correspondingly increased. A short sale involves the risk of an unlimited increase in the market price of the particular investment sold

EG MARKET TECHNOLOGIES LLC

Notes to Statement of Financial Condition December 31, 2018

4 – RISK MANAGEMENT (CONTINUED)

short, which could result in an inability to cover the short position and unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

The Company may invest directly in non-U.S. currencies, securities that are denominated in, and that receive revenues in, non-U.S. currencies, or in derivatives that provide exposure to non-U.S. currencies, and as such is subject to the risk that those currencies will decline in value relative to the U.S. dollar. Currency rates may fluctuate significantly over short periods of time for several reasons, including changes in interest rates, intervention (or the failure to intervene) by government entities, central banks or supranational entities, or by the imposition of currency controls or other geopolitical developments.

Credit risk is the risk of losses due to the failure of a counterparty to perform according to the terms of a contract. As of December 31, 2018, the Company clears its securities' transactions through a single broker-dealer resulting in a concentration of credit risk. Such risk, however, is partially mitigated by the obligation of certain of these financial institutions to comply with rules and regulations governing financial institutions in countries where they conduct their business activities. These rules and regulations generally require maintenance of minimum net capital and may also require segregation of customers' funds and financial instruments from the holdings of the financial institutions themselves.

5 - RELATED PARTY TRANSACTIONS

The Company maintains an expense sharing agreement with Engineers Gate Manager LP, a related party affiliate whereby indirect general and administrative expenses and operating expenses are allocated to the Company. Pursuant to the agreement, the affiliate also provides technology and administrative services to the Company, all of which are allocated at an arm's length to assure that both parties are acting in their own self-interest.

During year-ended December 31, 2018, Engineers Gate Manager LP allocated a total of \$2,692,665 of expenses to the Company, comprised of \$2,041,545 of Trading systems, \$501,727 in Employee compensation, \$136,407 in Professional fees, and \$12,986 in Audit, legal and tax fees. \$16,683 of this amount was accrued as of December 31, 2018, which is included in Due to affiliate in the statement of financial condition.

401(k) PLAN: The Company sponsors a contributory 401(k) plan. This plan includes all employees. The Company does not make matching contributions.

COMPENSATION AGREEMENTS: The Company's employees are eligible to receive annual performance bonuses, determined by reference to the performance of the Company's investment portfolio. Such bonuses are calculated by Engineers Gate Manager LP in its sole discretion (any such performance bonus, a "Performance Amount"). The Performance Amount will be calculated based upon the annual gross trading profits and losses of the investment strategies managed by Company after subtracting certain overhead expenses.

6 – REGULATORY NET CAPITAL REQUIREMENTS

The Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (Rule 15c3-1), which requires the maintenance of minimum net capital of \$100,000. At December 31, 2018, the

EG MARKET TECHNOLOGIES LLC

Notes to Statement of Financial Condition December 31, 2018

6 – REGULATORY NET CAPITAL REQUIREMENTS (CONTINUED)

Company had a ratio of aggregate indebtedness to net capital of 0.075 to 1, and its net capital was \$2,958,264 which exceeded the required capital by \$2,858,264.

7 - EXEMPTION FROM RULE 15c3-3

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 pursuant to the exemption provision under subparagraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for Exclusive Benefit of Customers."

8 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers. ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In December 2016, FASB issued ASU 2016-20 Technical Correction and Improvement (Topic 606): Revenue from Contracts with Customers, which amends the guidance in ASU 2014-09. EGMT adopted the revenue recognition guidance on January 1, 2018. As a result, there was no material impact on the Company's financial statements, as the Company's income streams are excluded from the scope of Topic 606. This includes the recognition of realized and unrealized gains and losses on the transfer and derecognition of financial instruments (e.g., proprietary trading transactions) and interest and dividend income and expense from the financial instruments owned or sold short.

9 – SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through March 1, 2019, which is the date the financial statements were available to be issued.