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PART III

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Washington, DC FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2021 AND ENDING 12/31/2021
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: SpiderRock EXS LLC

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer, Security-based swap dealer, Major security-based swap participant, Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

300 South Riverside Plaza, Suite 2350

(No. and Street)

Chicago Illinois 60606

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Charmaine Morton 312-256-9605 charmaine.morton@spiderrock.net

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Ryan & Juraska LLP, Certified Public Accountants

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

141 West Jackson Boulevard, Suite 2250 Chicago Illinois 60604

(Address)

(City)

(State)

(Zip Code)

03/24/2009

3407

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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, Charmaine Morton, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of SpiderRock EXS LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Signature: *Charmaine Morton*
Title: CFO

Melissa Urbanski
Notary Public

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

- (a) Statement of financial condition.
- (b) Notes to consolidated 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 cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.



RYAN & JURASKA LLP

Certified Public Accountants

141 West Jackson Boulevard
Chicago, Illinois 60604

Tel: 312.922.0062

Fax: 312.922.0672

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member
of SpiderRock EXS, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of SpiderRock EXS, LLC (the "Company") as of December 31, 2021, and the related notes (collectively referred to as the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of SpiderRock EXS, LLC as of December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of SpiderRock EXS, LLC'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 SpiderRock EXS, 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 have served as SpiderRock EXS, LLC's auditor since 2018.

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.

Ryan & Juraska LLP

Chicago, Illinois
February 17, 2022

SpiderRock EXS LLC

Statement of Financial Condition
December 31, 2021

ASSETS

Cash	\$	10,795,495
Accounts receivable		2,985,014
Receivables from affiliate		118,222
Deposit with clearing broker		247,474
Furniture, equipment & leasehold, net		550,945
Right of use asset		1,181,117
Other assets		<u>261,186</u>

Total Assets \$ **16,139,453**

LIABILITIES & MEMBER'S EQUITY

Due to affiliate	\$	432,000
Accounts payable & accrued expenses		196,393
Lease liability		<u>1,362,033</u>

Total Liabilities **1,990,426**

Member's equity 14,149,027

TOTAL LIABILITIES & EQUITY \$ **16,139,453**

The accompanying notes are an integral part of these financial statements

SpiderRock EXS LLC

Notes to Financial Statements

Note 1: Nature of operations and significant accounting policies

Nature of operations: SpiderRock EXS LLC (the Company) is registered as a broker-dealer with the Securities Exchange Commission (SEC), is a member of the Financial Industry Regulatory Authority, Inc. (FINRA) and is a registered Independent Introducing Broker with the National Futures Association (NFA). The Company is a provider of trading technology, software and connectivity for order entry. The Company has fully disclosed clearing arrangement with Lek Securities.

The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities Exchange act of 1934 and accordingly is exempt from the remaining provisions of that rule. The requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer, and promptly transmit all customer funds and securities to the clearing broker-dealer. The users of the platform maintain a direct relationship with the clearing broker of their choice, and the Company does not accept, hold, or transmit customer funds or securities. 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.

The Company was organized as a limited liability company on July 30, 2008 and is wholly owned by SpiderRock Holdings LLC. The operating agreement provides that the Company will continue until dissolved pursuant to the agreement.

A summary of the Company's accounting policies is as follows:

Accounting policies: The Company follows Generally Accepted Accounting Principles (GAAP), as established by the Financial Accounting Standards Board (FASB), to ensure consistent reporting of financial condition, results of operations, and cash flows.

Use of estimates: The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable: Receivables are stated as the amounts billed to users of the trading platform and are reduced by management's best estimate of the amounts that will not be collected.

Furniture, equipment, & leasehold improvements: Furniture, equipment, & leasehold improvements are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of depreciable assets. Assets are tested for impairment whenever events or circumstances indicate the carrying value may be permanently impaired.

SpiderRock EXS LLC

Notes to Financial Statements

Note 1: Nature of operations and significant accounting policies (continued)

Accounting for leases: In February 2016, the FASB amended the guidance on accounting for leases. The new guidance required lessees to recognize right-of-use (ROU) and lease liabilities for the rights and obligations created by all qualifying leases. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee remains substantially unchanged and depends on classification as a finance or operating lease. The Company adopted the new guidance beginning on January 1, 2019 and elected to use the effective date as the date of initial application. At adoption the Company recognized lease liabilities of \$1,809,101 representing the value of the remaining fixed lease payments. Changes in lease liabilities are based on current period interest expense and cash payments. The Company also recognized ROU assets of \$1,673,148 at adoption, which represents the measurement of the lease liabilities, payments, direct costs and lease incentives received.

Revenue recognition: The Company recognizes revenue in accordance with ASC Topic 606 Revenue from Contracts with Customers, effective in 2018. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgement is required to determine whether performance obligations are satisfied at a point in time or over time. Platform Usage Fees: The company facilitates execution of all U.S. listed equities and equity/index options via low latency infrastructures directly connected to all equity and options exchanges as well as selective dark pools, via the company's proprietary trading platform. Clients are assessed platform fees on a per trade basis when using the company's platform. The fees are recorded on the trade date and invoices are typically issued to the client monthly. The company believes the performance obligation is met at that time, and the client has an opportunity to confirm the invoiced activity with their respective clearing or back-office resources. Passed Through Charges: The company receives exchange clearing and regulatory related charges via the executing broker, and these fees are passed on to the client. Other Revenue: The Company receives PFOF shared by executing broker, tier income negotiated with executing broker, and rent income from affiliates (discussed in Note 3).

Income taxes: The Company is a limited liability company and not subject to income tax examinations by major taxing authorities for the years before 2018. Any member is individually responsible for its allocable portion of taxation of income or loss of the Company and therefore no provision for taxes is made in the accompanying financial statements.

The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not to be sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ending December 31, 2021, management has determined that there are no material uncertain income tax positions.

Notes to Financial Statements

Note 1: Nature of operations and significant accounting policies (continued)

Recent accounting pronouncement: The Financial Accounting Standards Board (FASB) has established the Accounting Standards Codification (Codification or ASC) as the authoritative source of generally accepted accounting principles (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). Company management has reviewed the accounting standards updates issued by the FASB that were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year ending December 31, 2021. Based upon this review, the Company has implemented the pronouncements that require adoption (if any). They have also concluded that the remaining pronouncements have 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.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses ASU 2016-13. This ASU amends several aspects of the measurement of credit losses on financial instruments, including replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses model ("CECL"). Under CECL, the allowance for losses reflects management's estimate of credit losses over the remaining expected life of the financial assets and expected credit losses for newly recognized financial assets, as well as changes to expected credit losses during the period, would be recognized in earnings. Expected credit losses will be measured based on historical experience, current conditions, and forecasts that affect the collectability of the reported amount and will be generally recognized earlier than under current standards. The standard was effective for the Company on January 1, 2020. The adoption of this standard did not have a material impact on the Company's financial statements.

Note 2: Furniture, equipment & leasehold improvements

At December 31, 2021 the Company had furniture, equipment and leasehold improvements as follows:

Furniture, Equipment & Leasehold Improvements	
December 31, 2021	
Equipment	\$ 25,795
Furniture	64,309
Leasehold Improvements	749,644
Less accumulated depreciation	<u>(288,803)</u>
	<u>550,945</u>

SpiderRock EXS LLC

Notes to Financial Statements

Note 3: Related-party transactions

The Company has rent and office expense sharing agreements with its affiliates, SpiderRock Advisors LLC (SRA), CenterStar Asset Management LLC (CSAM) and SpiderRock Platform Services LLC (PLAT). At December 31, 2021 \$41,580 is owed by PLAT.

The Company provides trading technology and software connectivity to CSAM in addition to the office expense sharing described above. At December 31, 2021 \$76,642 is owed by CSAM.

The Company has a service agreement with PLAT whereby the Company licenses the trading technology platform on a per user basis and pays associated port fees. At December 31, 2021 the Company owed PLAT \$432,000 which is included in due to affiliate on the statement of financial condition.

Note 4: Lease Commitments

The Company recognizes leases in accordance with FASB ASC Topic 842, Leases. That guidance was amended to require nonpublic business entities to recognize a right-of-use asset and a lease liability in the statement of financial condition. The amendment became effective for the Company's fiscal years beginning after December 15, 2018.

The Company leases its current office space and has a security deposit of \$200,000, which is included in other assets on the statement of financial condition.

The approximate minimum annual rental commitments under noncancelable operating lease is as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2022	257,520
2023	288,278
2024	295,485
2025	302,872
2026	310,444
Thereafter	157,138
	\$ 1,611,737
Imputed Interest	<u>(249,704)</u>
Lease Liability	1,362,033

SpiderRock EXS LLC

Notes to Financial Statements

Note 5: Indemnifications

In the normal course of business the Company indemnifies and guarantees certain service providers, such as its clearing broker against specified losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

Additionally the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown as no claims have yet to be made. The Company expects the risk of obligations for future indemnifications to be remote.

Note 6: Customer Concentration

For the year ending December 31, 2021, the company had two major clients. A client is considered major when the concentration of platform usage fees from that client exceeds 10% of the total platform usage fees. Transactions with the two major clients represent approximately 26% of total platform usage fees revenue for 2021.

Note 7: PPP Loan

On May 12th, 2020, SpiderRock EXS LLC was granted a loan (The Loan) from Fifth Third Bank, N.A. in the aggregate amount of \$257,500, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated May 7, 2020, issued by the Borrower, matures on May 7, 2022, and bears interest at a rate of 1.00% per annum, payable monthly commencing on January 7, 2021. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan was completely forgiven on February 23, 2021.

Note 8: Concentrations of Credit Risk

The Company maintains certain cash deposits with a financial institution. On occasion, these deposits may exceed the maximum insurance level provided by the Federal Deposit Insurance Corporation. The Company monitors such credit risks and has not experienced any losses related to such risks.

SpiderRock EXS LLC

Note 9: Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1) which requires the Company to maintain minimum net capital equal to the greater of \$100,000 or 6-2/3 percent of aggregate indebtedness as defined, and a ratio of aggregate indebtedness to net capital not to exceed 15 to 1. As of December 31, 2021, the Company had net capital of \$10,792,539 which was \$10,692,539 in excess of its required net capital of \$100,000. Its net capital ratio was therefore 0.07 to 1. The minimum net capital requirements may effectively restrict payment of distributions as they are subject to the minimum net capital requirements and notification requirements. The Company is also subject to the net capital rules of the NFA. The Company is required to maintain a minimum net capital under NFA rules of \$100,000. Under these rules, the Company had excess net capital of \$10,692,539.

Note 10: Subsequent Events

The Company has evaluated subsequent events through February 17, 2022, noting no material events requiring disclosure.