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PART III

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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 01/01/22 AND ENDING 12/31/22  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Jump Execution, 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.)

600 West Chicago Ave Suite 600

(No. and Street)

Chicago

IL

60654

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Colleen Hickey

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

PricewaterhouseCoopers LLP

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

1 North Wacker Drive

Chicago

IL

60606

(Address)

(City)

(State)

(Zip Code)

10/20/2003

238

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

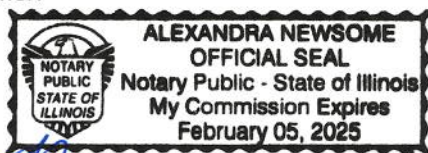
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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii),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

## OATH OR AFFIRMATION

I, Colleen Hickey, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of JUMP EXECUTION, LLC, as of December 31, 2022, 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.



  
Notary Public

Signature: 

Title: CHIEF FINANCIAL OFFICER

### 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.

**JUMP EXECUTION, LLC**

STATEMENT OF FINANCIAL CONDITION

Including Report of Independent Registered Public Accounting Firm

As of December 31, 2022

# JUMP EXECUTION, LLC

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

To the Board of Managers and Member of Jump Execution, LLC

### ***Opinion on the Financial Statement – Statement of Financial Condition***

We have audited the accompanying statement of financial condition of Jump Execution, LLC (the “Company”) as of December 31, 2022, including 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 the Company as of December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

The 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 and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement 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.

*PricewaterhouseCoopers LLP*

February 28, 2023

We have served as the Company's auditor since 2022.

## JUMP EXECUTION, LLC

### STATEMENT OF FINANCIAL CONDITION

As of December 31, 2022

(Expressed in U.S. dollars in thousands unless otherwise stated)

<b>ASSETS</b>	
Cash	\$ 8,351
Securities owned, at fair value	18,797
Due from broker-dealers	9,098
Rebates receivable from exchanges	51
Due from related parties	19,298
Other assets	17
<b>TOTAL ASSETS</b>	<b>\$ 55,612</b>

<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 447
Securities sold, not yet purchased, at fair value	18,431
Due to related parties	85
<b>TOTAL LIABILITIES</b>	<b>18,963</b>

<b>MEMBER'S EQUITY</b>	<b>36,649</b>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 55,612</b>
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The accompanying notes are an integral part of this financial statement

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

**NOTE 1 Nature of Operations**

Jump Execution, LLC (the "Company") is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority (FINRA) on January 20, 2022 and is a member of various exchanges. The Company clears its trading activity through other broker-dealers. The Company engages in trading activities primarily in equity securities and foreign exchange ("FX"). The Company is an equity market maker on certain exchanges and accepts equity orders for execution from other broker-dealers off-exchange. The company also provides agency execution in FX. The company does not maintain customer accounts.

The Company is organized as a limited liability company under the Limited Liability Company Act of the State of Delaware. As a limited liability company, the member's liability is limited to the extent of its direct equity investment.

Jump Trading Holdings, LLC ("Jump Holdings") owns 100% of the Class A shares of the Company. Jump Holdings also owns Jump Trading, LLC ("Jump Trading"), Jump Trading Futures, LLC ("Jump Futures"), Jump Trading International, Ltd. ("Jump International"), Jump Trading Global, Ltd. ("Jump Global"), Jump Trading Europe B.V. ("Jump Europe"), JTP Holdings Pte Ltd. ("JTP Holdings"), Jump Trading Cayman, Ltd. ("Jump Cayman"), Jump Trading Credit, Ltd. ("Jump Credit"), and a few other smaller subsidiaries. JTP Holdings is the holding company of Jump Trading Pacific Pte Ltd. ("Jump Pacific"), Jump Trading Financial India Private Limited ("Jump India"), Jump Operations Australia Pty Ltd. ("Jump Australia"), and Yue Shen Investment Advisory Services (Shanghai) Co. Ltd. ("Yue Shen"). Jump Financial, LLC ("Jump Financial") is the parent company of Jump Holdings. Jump Financial owns 100% of Jump Operations, LLC ("Jump Operations") and Jump Systems, LLC ("Jump Systems").

**NOTE 2 Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements 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 statements. Estimates, by their nature, are based on judgment and available information. Actual results could differ from those estimates.

**Securities Transactions**

Proprietary securities transactions in regular way trades are recorded on the trade date. Fair values of securities are recorded in Securities owned, at fair value or Securities sold, not yet purchased, at fair value. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded on the Statement of Financial Condition within Due from/to broker-dealers.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

**Rebates receivable from exchanges**

As of December 31, 2022, the rebates receivable from exchanges balance consisted primarily of liquidity rebates due from exchanges.

**Foreign Currency Transactions**

Assets and liabilities denominated in foreign currencies are translated at year-end rates of exchange.

**Cash**

Cash balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250. The Company has cash balances in excess of \$250 with various financial institutions as of December 31, 2022. The Company did not have any cash equivalents or restricted cash balances as of December 31, 2022.

**Securities Sold, Not Yet Purchased, at Fair Value**

The Company has sold securities that it does not currently own and therefore may be obligated to purchase such securities at a future date. The Company has recorded these obligations of \$18,431 in Securities sold, not yet purchased, at fair value on the Statement of Financial Condition as of December 31, 2022. There is risk the Company may settle these obligations at amounts that may differ materially from amounts recorded and the risk is unlimited.

**Other Assets**

As of December 31, 2022, the other assets balance consisted of accounts receivable for its agency execution activity and prepaid expenses for services to be received in the future which are amortized on a straight-line basis over the service period.

**Accounts Payable and Accrued Expenses**

As of December 31, 2022, the accounts payable and accrued expenses balance consisted primarily of exchange fees payable and accrued audit fees which are expensed as incurred.

**Income Tax**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company is a limited liability company with a single owner, Jump Trading Holdings LLC. The Company has elected to be treated as an association taxable as a corporation, effective as of its formation date.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

The Company is subject to both United States Federal income tax and State income tax. The Company has timely filed all Federal and State tax returns since inception in 2020.

The Company is subject to the accounting standard for uncertainty in income taxes. In accordance with ASC 740, the Company has evaluated tax positions taken or expected to be taken for all open tax years to determine whether the tax provisions are more likely than not to be sustained by the applicable tax authority. Based on this analysis, there were no tax positions not deemed to meet a more likely than not threshold and there are no uncertain tax provisions that require adjustment to the financial statements. Income tax returns filed or to be filed by the Company for its 2020, 2021, and 2022 tax years are subject to examination by the relevant tax authorities.

**Measurement of Credit Losses on Financial Instruments**

The Company measures credit losses using the current expected credit loss (CECL) method, when applicable. The Company recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected. The allowance is based on the credit losses expected to arise over the life of the asset and is adjusted each period for changes in expected lifetime credit losses. The Company elects to use the collateral maintenance practical expedient when eligible. The practical expedient may be elected for contracts when the counterparty is contractually obligated to continue to fully replenish the collateral to meet the requirements of the contract and the Company reasonably expects the counterparty to continue to replenish the collateral.

The Company reviewed its receivable balances, including rebates receivable, receivables from broker-dealers, exchanges, and clearing organizations, and receivables from related parties. The Company did not record an allowance for credit losses on any of these receivables as of December 31, 2022. The Company does not expect to settle any of the balances for a price less than what is reported.

*Receivables from broker-dealers.* The Company's receivables include amounts receivable from unsettled transactions, deposits, and margin. Trades cleared through clearing organizations are settled daily. Because of this daily settlement, the amount of unsettled credit exposure is limited to the amounts owed to the Company for a short period of time. The Company reviews the credit quality of its counterparties.

*Rebates receivable.* The Company's rebates receivable consists primarily of rebates receivable from exchanges. These rebates receivables are limited to the amount owed to the Company for a very short period of time.

*Other receivables.* The Company's other receivable consists primarily of receivable for its agency execution activities. These receivables are limited to the amount owed to the Company for a very short period of time.

*Receivables from related parties.* Receivables from related parties are typically limited to the amount owed to the Company for a very short period of time as amounts are settled frequently between the Company and its affiliates.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

**NOTE 3 Fair Value of Financial Instruments**

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (otherwise known as the exit price). As required by this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy defined by this standard are as follows:

Level 1 – Fair value is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Company can participate. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. The Company does not hold any Level 2 securities as of December 31, 2022.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to this standard and includes in Level 3 all of those whose fair value is based on significant unobservable inputs. The Company does not hold any Level 3 securities as of December 31, 2022.

The Company's exchange-traded instruments are valued using quoted prices in active markets and are classified within Level 1 in the fair value hierarchy.

The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2022.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

	Fair Value	Fair Value Measurements using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Securities owned, at fair value:				
Equity securities	\$ 18,797	\$ 18,797	\$ -	\$ -
<b>Total securities owned, at fair value</b>	<b>\$ 18,797</b>	<b>\$ 18,797</b>	<b>\$ -</b>	<b>\$ -</b>

	Fair Value	Fair Value Measurements using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Liabilities</b>				
Securities sold, not yet purchased, at fair value:				
Equity securities	\$ 18,431	\$ 18,431	\$ -	\$ -
<b>Total securities sold, not yet purchased</b>	<b>\$ 18,431</b>	<b>\$ 18,431</b>	<b>\$ -</b>	<b>\$ -</b>

The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were not measured at fair value on a recurring basis as of December 31, 2022. The carrying value approximates fair value due to the short-term nature of the underlying assets of these financial assets and liabilities not measured at fair value.

	Carrying Value	Fair Value	Fair Value Measurements using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
<b>Assets</b>					
Cash	\$ 8,351	\$ 8,351	\$ 8,351	\$ -	\$ -
Due from broker-dealers	9,098	9,098	-	-	9,098
Due from related parties	19,298	19,298	-	-	19,298
<b>Total Assets</b>	<b>\$ 36,747</b>	<b>\$ 36,747</b>	<b>\$ 8,351</b>	<b>\$ -</b>	<b>\$ 28,396</b>
<b>Liabilities</b>					
Due to related parties	85	85	-	-	85
<b>Total Liabilities</b>	<b>\$ 85</b>	<b>\$ 85</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85</b>

**NOTE 4 Due From/To Broker-Dealers**

The Company clears all proprietary transactions through other broker-dealers. The amounts payable to broker-dealers are collateralized by the securities owned by the Company. Included in Due from broker-dealers are deposits, margin, and unsettled transactions. As of December 31, 2022, the fair market value

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

of securities pledged as collateral for securities sold, not yet purchased, was \$18,797. The Company had the following amounts Due from broker-dealers included in the Statement of Financial Condition:

	<b>As of December 31, 2022</b>	
<b>Due from broker-dealers:</b>		
Receivable from clearing brokers	\$	9,098
<b>Total</b>	<b>\$</b>	<b>9,098</b>

**NOTE 5 Securities Owned and Sold, Not Yet Purchased**

Securities owned and sold, not yet purchased, consisted of trading securities at fair value, as follows as of December 31, 2022:

	<b>Securities owned, at fair value</b>	<b>Securities sold, not yet purchased, at fair value</b>
<b>Securities:</b>		
Equity securities	\$ 18,797	\$ 18,431
<b>Total</b>	<b>\$ 18,797</b>	<b>\$ 18,431</b>

**NOTE 6 Income Tax**

Deferred income taxes reflect temporary differences in the recognition of revenue and expenses for income tax reporting and financial statement purposes. Components of the Company's deferred tax assets (liabilities) were as follows at December 31, 2022:

<b>Deferred tax assets</b>	
Net operating loss carryforward	\$ 1,397
Valuation allowance	(1,397)
<b>Net deferred tax asset</b>	<b>\$ 0</b>

In assessing the realizability of its net deferred tax assets, management considers whether it is more likely than not that some portion or all the net deferred tax assets will be recognized. The ultimate realization of the net deferred tax assets is dependent upon the generation of taxable income during the periods in which temporary differences become deductible. The Company established a valuation allowance because it does not have a history of generating taxable income.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
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The Company files tax returns in the United States federal jurisdiction and in the state of Illinois. The tax years 2020 through 2022 remain open to examination by both taxing jurisdictions to which the company is subject. No examinations are currently open.

**NOTE 7 Related Parties**

The following table presents amounts Due to and from related parties as of December 31, 2022:

	<b>Due to related parties</b>	<b>Due from related parties</b>	
Jump Operations	\$ -	\$ 19,298	[Note 1]
Jump Systems	83	-	[Note 2]
Jump Futures	2	-	[Note 3]
<b>Total</b>	<b>\$ 85</b>	<b>\$ 19,298</b>	

[Note 1] The Company entered into a shared service agreement with Jump Operations in January 2022. The agreement covers trading community compensation expense, non-trading community compensation expense, and other various back office operating expenses, such as occupancy, professional services, and technology services, and shall continue unless cancelled by either party with thirty days' notice. Under the agreement, the Company pays its portion of allocated Jump Operations expenses. Outstanding balances are settled periodically in cash, but no later than ninety days after the end of the applicable calendar year.

In addition, the Company may receive amounts from, or remit amounts to, its affiliates pursuant to the transfer pricing policy of the Company and its affiliates. The transfer pricing policy is intended to ensure that the Company and its affiliates are reporting pre-tax results reflecting their respective contributions to the group and shall continue unless cancelled by either party with thirty days' notice. The Company's equity market making activities are included in the Group's transfer pricing methodology. Outstanding balances are settled periodically in cash, but no later than ninety days after the end of the applicable calendar year.

[Note 2] The Company entered into a shared service agreement with Jump Systems in January 2022. The agreement covers various technology infrastructure expenses and is automatically renewed annually unless cancelled by either party with sixty days' notice. Under the agreement, the Company pays its portion of allocated Jump Systems expenses plus a mark-up. Outstanding balances are settled periodically in cash, but no less than once a quarter.

[Note 3] The Company receives rebates from an exchange related to an affiliate's activity with the exchange and then remits the same amount to the affiliate. The Company does not trade on behalf of the affiliate or provide clearing services. Outstanding balances are settled periodically in cash.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

The Company entered into an agreement with Jump Algorithms, LLC (“Algo”) on January 1, 2022, whereby the Company assigns any intellectual property created by the Company to Algo in exchange for a nonexclusive license to Algo’s intellectual property. There is no monetary exchange made by the Company to Algo for the use of their intellectual property. Either party may terminate the agreement, for any or no reason, upon written notice to the other party.

The Company entered into a Jump Liquidity Platform agreement with Jump Trading in June 2022. This Agreement applies when participant uses (i) Jump Execution’s order routing, market making platform(s), or execution algorithms to submit and execute orders, including modifications and cancellations of orders and (ii) any Jump Execution software, hardware, applications, interfaces, and/or network communication (collectively, the “Service”). Jump Trading, LLC is responsible for timely payment of all fees, costs, taxes and expenses associated with its access to and use of the Service as mutually agreed between Jump Execution and Jump Trading, LLC.

**NOTE 8 Risks and Uncertainties**

The Company is engaged in various trading activities with counterparties which primarily include broker-dealers, banks, and other financial institutions. The Company trades on centrally cleared exchanges as well as on other third party and proprietary trading platforms. In the event that the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument and/or the financial soundness of our clearing broker and the central clearinghouses. It is the Company's policy to periodically review, as necessary, the credit standing of each counterparty. Included in such counterparty-related risks as well as market risks are risks associated with potential operational malfunction of the proprietary trading platform of its affiliate group that is utilized by the Company.

The Company finances a significant portion of its securities transactions. Financing risks include the Company’s exposure to margin requirements in place with clearing brokers and counterparties, and the risk that ongoing financing arrangements may not be available in the future at rates that are commercially viable for the Company. Changes in margin requirements, including the related changes in fair value of investments, may result in the Company having to pledge additional margin or to sell securities to meet required margin. These activities may take place when market conditions are not optimal and may result in a realized loss on securities transactions and additional margin requirements with clearing brokers and counterparties. Increased market risk may also require additional margin to be posted. In addition to counterparty-imposed margin requirements, as a regulated broker-dealer, the Company also must comply with SEC-mandated Net Capital rules (see Note 10). Noncompliance with Net Capital rules could have a material negative impact on the Company.

Market risk is the potential for changes in the value of financial instruments. Categories of market risk include, but are not limited to, exposures to equity prices, interest rates, credit prices, and currency prices. Recent developments in social network-based/crowd-sourced trading have resulted in new risk of severe and unexpected volatility in individual instruments that may have unforeseen consequences for holders of those instruments as well as for other instruments and market participants and therefore could negatively impact the Company. Market risk is directly impacted by volatility and liquidity in the markets.

**JUMP EXECUTION, LLC**  
NOTES TO THE STATEMENT OF FINANCIAL CONDITION  
As of December 31, 2022  
(Expressed in U.S. dollars in thousands unless otherwise stated)

As a quantitative trading firm, the Company's trading volumes may vary significantly on an intraday basis as a result of changing market and economic conditions. Intra-day and end-of-day positions may not be representative of trading volumes conducted by the Company during the trading day.

The Company relies on service providers, including some of which are affiliates of the Company, that are integral to its revenue generating activities. A disruption of services provided such as connectivity may have an impact on the financial results of the Company.

The Company may invest directly in non-U.S. currencies, securities that are denominated 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 a number of 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.

**NOTE 9 Contingencies and Commitments**

In the normal course of business, from time to time, the Company may be involved in legal or regulatory proceedings and/or inquiries concerning matters arising in connection with the conduct of its operations. In the Company's opinion, there are no matters that may ultimately result from such legal and regulatory actions which are expected to have a material adverse effect on the financial position, results of operations, or liquidity of the Company. The Company may enter into agreements with indemnifications in the normal course of business.

**NOTE 10 Net Capital Requirements**

For the year end of December 2022, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1). The Company has elected to use the Alternative method for calculating the Net Capital Requirement. Under the Alternative method, the Company's statutory minimum net capital requirement is anticipated to be the greater of \$250 or \$2.5 for each security in which it makes a market based on the average number of such markets made during the 30 days immediately preceding the computation date pursuant to SEA Rule 15c3-1(a)(2)(iii) and 15c3-1(a)(4) respectively, of the Net Capital Rule. Under no circumstances shall the firm have net capital less than that required by the provisions of SEA Rule 15c3-1(a)(2)(iii) or be required to maintain net capital of more than \$1,000 unless required by SEA Rule 15c3-1(a). As of December 31, 2022, the Company had net capital of \$12,404 which was \$11,695 in excess of its required net capital of \$709.

**NOTE 11 Subsequent Events**

The Company has performed an evaluation of events that have occurred subsequent to December 31, 2022 and through the date the financial statements are issued. There have been no material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the financial statements.