



**Broker Dealer Conference
May 3, 2016**

Citi Executive Conference Center

Exemption Reports

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www.integrated.solutions

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It has become abundantly clear that regulators recognize that some firms cannot possibly operate pursuant to any (k)(2) subparagraph.

<https://www.sec.gov/divisions/marketreg/amendments-to-broker-dealer-reporting-rule-faq.htm>

Question 6.

Paragraph (d)(1)(i)(B)(1) of Rule 17a-5 requires a broker-dealer that did not claim it was exempt from Rule 15c3-3 throughout the most recent fiscal year to file a compliance report. Footnote 74 of the adopting release for the Rule 17a-5 amendments states: "There may be circumstances in which a broker-dealer has not held customer securities or funds during the fiscal year, but does not fit into one of the exemptive provisions [for Rule 15c3-3] listed under Item 24 of Part IIa [of the FOCUS Report]. Even though there is not a box to check on the FOCUS Report, these broker-dealers should file an exemption report and related accountant's report."¹¹ What types of broker-dealers would fall under the terms of footnote 74 and, on that basis, file an exemption report as opposed to a compliance report?

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<https://www.sec.gov/rules/final/2013/34-70073.pdf>

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See discussion in section II.B.4. of this release. There may be circumstances in which a broker-dealer has not held customer securities or funds during the fiscal year, but does not fit into one of the exemptive provisions listed under Item 24 of Part IIa. Even though there is not a box to check on the FOCUS Report, these broker-dealers should file an exemption report and related accountant's report.

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To the best of my knowledge and belief, [REDACTED] LLC (“[REDACTED]”) states the following:

Although [REDACTED] is designated, by its FINRA membership agreement, to operate under the exemptive provision of paragraph (k)(2)(i) of SEC Rule 15c3-3, [REDACTED] may file an exemption report because it had no obligations under SEC Rule 15c3-3. [REDACTED] does not handle cash or securities on behalf of customers.

[REDACTED] had no exceptions under SEC Rule 15c3-3 throughout the period from [REDACTED], 2015 through December 31, 2015.

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Report of Independent Registered Public Accounting Firm

To the Members of Management of [REDACTED]

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report, in which (1) [REDACTED] (the "Company") stated that although the Company is designated, by its FINRA membership agreement, to operate under the exemptive provision of paragraph (k)(2)(i) of SEC Rule 15c3-3, the Company may file an exemption report because it had no obligations under SEC Rule 15c3-3. The Company does not handle cash or securities on behalf of customers and (2) the Company stated that it had no exceptions under SEC Rule 15c3-3 throughout the period from [REDACTED], 2015 through December 31, 2015. Management is responsible for compliance with 17 C.F.R. § 240.15c3-3 and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with 17 C.F.R. § 240.15c3-3. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on Rule 15c3-3 under the Securities Exchange Act of 1934.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, other regulatory agencies that rely on Rule 17a-5 under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and other recipients specified by 17 C.F.R. § 240.17a-5(d)(6) and is not intended to be and should not be used by anyone other than these specified parties.

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██████████ (“Advisors”) is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (“SEC”) (17 C.F.R. §240.17a-5, “Reports to be made by certain brokers and dealers”). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, Advisors states the following:

- (1) Advisors may file an Exemption Report in accordance with 17 C.F.R. §240.17a-5, Footnote 74 of SEC Release No. 34-70073, because Advisors does not hold customer funds or securities, is not claiming an exemption from 17 C.F.R. §240.15c3-3, and its business activities are limited to private placements of securities and mergers and acquisitions advisory services.
- (2) Advisors met the provisions of 17 C.F.R. §240.17a-5, Footnote 74 of SEC Release No. 34-70073 throughout the year ended December 31, 2015 without exception.

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To the Management of [REDACTED]:

We have reviewed [REDACTED] (the "Company")'s assertions, included in the accompanying [REDACTED] Rule 15c3-3 Exemption Report, in which (1) the Company stated that it may file an Exemption Report in accordance with 17 C.F.R. § 240.17a-5, Footnote 74 of SEC Release No. 34-70073, because the Company does not hold customer funds or securities, is not claiming an exemption from 17 C.F.R. § 240.15c3-3, and its business activities are limited to private placements of securities and mergers and acquisitions advisory services, and (2) the Company stated that it met the provisions of 17 C.F.R. § 240.17a-5, Footnote 74 of SEC Release No. 34-70073 throughout the year ended December 31, 2015 without exception. The Company's management is responsible for the assertions and for compliance with 17 C.F.R. § 240.17a-5, Footnote 74 of SEC Release No. 34-70073 throughout the year ended December 31, 2015.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with 17 C.F.R. § 240.17a-5, Footnote 74 of SEC Release No. 34-70073. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's assertions referred to above for them to be fairly stated, in all material respects.

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https://www.aicpa.org/InterestAreas/FRC/IndustryInsights/DownloadableDocuments/BRD/SIFMA_Exemption_Report_Template.pdf

[Company]’s Exemption Report

[Name of Company] (the “Company”) is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, “Reports to be made by certain brokers and dealers”). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k): []

or

(1) The Company may file an Exemption Report because the Company had no obligations under 17 C.F.R. § 240.15c3-3.

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.¹

or

(2) The Company had no obligations under 17 C.F.R. § 240.15c3-3 throughout the most recent fiscal year without exception.

or

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year except as described below.

or

(2) The Company had no obligations under 17 C.F.R. § 240.15c3-3 throughout the most recent fiscal year except as described below.

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