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Disclaimers for TD Prime Services Website

TD Prime Services LLC ("TD Prime Services") is providing the information contained on this site for informational and/or discussion purposes only. This information does not constitute an offer, solicitation or recommendation to buy or sell any security, commodity or other financial instrument, to participate in any trading strategy or to enter into a transaction with you and is not an official confirmation of terms.

The information is provided on the basis that it is intended solely for your own internal use, and that you have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks associated with the positions included on this site.

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TD Prime Services LLC is a registered broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.



SEC Rule 204 Regulation SHO Long and Short Sale Buy-In Obligations on Fail to Deliver ("FTD")

Dear Client:

On July 27, 2009, the Securities and Exchange Commission ("SEC") issued a release ("Release") making permanent the close-out requirements of former interim final temporary Rule 204T, which are intended to address "naked" short selling and "fails to deliver" ("FTDs") in all equity securities. Rule 204 continues, largely unchanged, the prior requirements of Rule 204T to close-out FTD positions that result from either long sales or short sales. In other words, clearing firm participants ("Participants") such as TD Prime Services LLC (the "Firm" or "TD Prime Services") are required to borrow or purchase securities if they have FTD positions.

Rule 204 T includes the following general requirements for Fail To Deliver ("FTDs"):

FTDs Resulting from Short Sales – TD Prime Services is generally required to close-out FTD positions resulting from short sales by borrowing or purchasing securities, by no later than the beginning of regular trading hours (9:30), on the settlement day following the regular settlement date (T+4).

FTDs Resulting from Long Sales and Bona-Fide Market Making Sales – TD Prime Services is generally required to close-out FTD positions resulting from long sales and bona-fide market making sales by registered market makers by purchasing or borrowing securities, by no later than the beginning of regular trading hours (9:30), on the third consecutive settlement day following the regular settlement date (T+6).

Borrow or Arrange to Borrow Requirements – To the extent that TD Prime Services is not able to comply with the above close-out requirements, the Participant, and any broker-dealer from which it receives trades for clearance and settlement, is unable to effect further short sales in the particular security without first borrowing or arranging to borrow the security, until the FTD position is closed out by the Participant purchasing securities, and such purchase has settled.

For options, if an exercise of long puts or an assignment of short calls results in a short stock position that the client would like to maintain, then shares must be available at TD Prime Services to cover the position on T+3. If such shares are not available, the position must be bought in.

Extension for Sales of "Owned" Securities – If the TD Prime Services' FTD position results from a sale of a security that a person is deemed to "own," as defined under restrictions on delivery have been removed, then TD Prime Services is not required to close-out such FTD position until the 35th consecutive calendar day following the trade date for the sale.

What does this mean to you, our Client?

To comply with the rule, TD Prime Services has adopted a policy to prevent fails and to buy in any FTDs on a timely basis. In order to avoid a potential buy-in in your account, you need to ensure timely delivery of your securities to TD Prime Services. To the extent that the securities are not delivered to TD Prime Services under the timeframes set out in Rule 204, TD Prime Services's regulatory obligations may require it to execute a buy-in against your account.

Clients may sustain a loss in connection with any buy-ins required to cover a FTD for your account. You will be held responsible for any costs and/or losses that TD Prime Services may incur in connection with executing any buy-ins to close out open FTD positions or carrying costs to borrow security until FTD is cleaned up. TD Prime Services will 'buy-in' the securities at the market, not later than the open of trading, to satisfy its delivery obligation and will pass the buy-in price, which will be based on then current market conditions, to the client. This price may be greater than the price at which the client sold the shares.

If TD Prime Services fails to comply with this close-out requirement, then TD Prime Services is penalized in that it must not affect short selling in that security for itself or by any of its clients unless it has obtained a guarantee from a lender known as a "pre-borrow" until the fail to deliver position is closed out. Until then, the security will be placed on a restricted list and any short sale orders in such security will be rejected. This penalty condition could persist for several days until the fail is satisfied.

If TD Prime Services can identify the broker dealer that contributed the fail to deliver position, the Firm may allocate the close-out obligation to that Introducing Broker for whom it clears subjecting that specific broker-dealer to the requirements of Rule 204(b) until the fail to deliver position has been closed out.

What should you do as a Client?

Clients are urged to contact their custodian, clearing agent or prime broker to become familiar with their processes and demand that the custodian or prime broker make prompt delivery to TD Prime Services to comply with the SEC requirements. Clients who settle their transactions in a timely manner will avoid any possibility of a buy-in or other limitations being imposed.

Please feel free to contact your TD Prime Services LLC Account Executive with any questions you may have regarding this notice and our policies on Reg-SHO SEC Rule 204T- Long and Short Sale Buy-In Obligations on Fail to Deliver ("FTD").

For more information, the final rule is available at www.sec.gov/rules/final/2009/34-60388.pdf.

We appreciate your business.

– TD Prime Services LLC



Regulation S-P Privacy of Consumer Financial Information

On November 12, 1999, the President signed into law the Gramm-Leach-Bliley Act (GLB). Title V of the GLB set forth privacy requirements for use of nonpublic personal financial information by banks, securities industry members, insurance companies, and other financial institutions. Consequently, the U.S. Securities & Exchange Commission (SEC) has issued regulation S-P that requires, among other things, that notice be provided to consumers by financial institutions of the firm's policies relating to private client information. Our policy is as follows:

TD Prime Services LLC obtains nonpublic personal information about you from the following sources:

- Information we receive from you on applications and other forms;
- Information about your transactions with us or others; and
- Information we receive from a consumer reporting agency.

We do not disclose any nonpublic personal information about you to anyone, except as permitted by law.

If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

TD Prime Services LLC restricts access to your personal and account information to those employees who need to know that information to provide products or services to you. TD Prime Services LLC maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

If you have any questions or comments concerning this notice, please feel free to contact us.

Thank you.



Margin Disclosure Statement

Your brokerage firm is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your firm. Consult your firm regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin.

These risks include the following:

- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- **The firm can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- **The firm can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.
- **You may lose your right to vote your shares.** When shares are lent under the standard stock loan agreement, the right to vote the shares goes with them. If a corporate vote takes place while the shares are on loan, you may be unable to vote your proxy on these shares.
- **You may lose the preferential tax rate on dividends when stock is lent beyond ex-dividend date.** When shares are lent under the standard stock loan agreement, you are at risk of receiving payments-in-lieu of dividends where these shares are lent past the ex-dividend date. Such payments must be reported as ordinary income causing you to lose the benefit of preferential tax rates on dividends.



Securities and Exchange Commission Regulation NMS Rule 606 (formerly known as Rule 11Ac1-6)

Securities and Exchange Commission Regulation NMS Rule 606 requires all broker-dealers that send orders for equity and option securities to other broker-dealers for execution to make available to the public quarterly reports that present a general overview of their routing practices. The reports must identify the primary exchanges or markets to which “customer orders” were sent for execution during the applicable quarter. The report is divided into four separate sections: securities listed on the New York Stock Exchange, Inc.; securities that are qualified for inclusion in the NASDAQ Stock Market, Inc.; securities listed on the American Stock Exchange, LLC and other national securities exchanges; and securities that are options contracts.

For purposes of the Rule, the term “customer order” is defined as any order that is not for the account of a broker-dealer. The definition also excludes any order in security having a market value of at least \$200,000 and any option order having a market value of at least \$50,000. These orders are excluded in recognition that, for the general public, an overview of order routing practices is more useful for smaller orders. The report covers orders in exchange listed equities, NASDAQ securities and listed options. However, the Rule excludes from the quarterly report those orders that are directed by a customer to a particular exchange or market for execution.

The Rule further requires disclosure of the “material aspects” of the broker-dealer’s relationship with exchanges or markets to which it sends orders for execution, including certain payment for order flow or profit-sharing relationships between broker-dealers, markets and/or exchanges. For example, a broker-dealer that sends orders to an exchange for execution in return for certain types of payments must disclose the nature of that relationship to the public. The SEC adopted this Rule to make execution practices more visible and to increase competition.

[Click here to view Order Routing Report](#)



Important Notice of Procedures for Allocation of Callable Securities

TD Prime Services LLC's ("TD Prime Services") customers ("TD Prime Customers") may hold in their accounts securities which by their terms are subject to being redeemed or called prior to the maturity of such securities. Where such securities become the subject of a partial redemption or call, TD Prime Services will be informed by an issuer, depository (such as The Depository Trust Company), or sub-custodian of the occurrence of such event as well as the total amount or value of the securities held for TD Prime Services and/or TD Prime Customers that are to be redeemed or called. TD Prime Services will then, in turn, allocate the securities selected to be redeemed or called among TD Prime Customers using an impartial lottery methodology.

TD Prime applies the impartial lottery such that each of TD Prime Customers' securities positions of equal size or denomination has an equal chance of being selected for redemption or call. However, if TD Prime determines that the partial redemption or call is favorable to the called parties, it will exclude its own accounts, the accounts of any its affiliates and the accounts of any of its or its affiliates' associated persons from eligibility for the lottery unless and until all other TD Prime Customers' securities positions have been fully redeemed or called under the lottery. If TD Prime determines that the partial redemption or call is unfavorable to the called parties, TD Prime Services accounts as well as the accounts of its affiliates and any of its or its affiliates' associated persons will participate in the partial redemption or call to the same extent as the accounts of TD Prime Customers.

In order to determine whether a partial redemption or call is favorable or unfavorable, TD Prime Services will compare the price at which the relevant security is to be redeemed or called (the "Call Price") with the current market price of such security as at the close of business on the day TD Prime Services determines which securities are to be redeemed or called. If the Call Price is higher than the current market price at that time, TD Prime Services will deem the partial redemption or call favorable. If the Call Price is lower than the current market price at that time, TD Prime Services will deem the partial redemption or call unfavorable. TD Prime Services will make this determination using publicly-available sources of price data, where available. In the absence of publicly-available price data, TD Prime Services will make a good faith determination of the current market price of the relevant security.

The application of the impartial lottery may result in a percentage of your securities positions being redeemed or called that differs from the percentage of the overall issue that is redeemed or called, and which may also differ from the percentage being redeemed or called from other TD Prime Customers.

If you are TD Prime Customer and would like a hard copy of these procedures, please contact your account representative.

Enterprise Business Continuity And Crisis Management

External Statement



November 2016

Business Continuity and Crisis Management Program

Business Continuity and Crisis Management (BCCM) is a vital and integral part of the TD Bank Group's (TD) normal business operations. It includes the establishment of enterprise-wide business continuity and crisis management processes that provide safeguards to minimize the likelihood, cost and duration of disruptions to business processes and services.

In preparation for and during incidents that could disrupt our business and operations, the enterprise-wide program supports the ability of senior management to continue to manage and operate their businesses, and provide customers access to products and services. Our robust program includes formal crisis management protocols and continuity strategies. TD regularly maintains and exercises business continuity and disaster recovery plans to address the loss or failure of any component on which critical functions depend.

TD's business continuity and crisis management program combines business resumption planning, crisis/incident management, and planning for systems recovery. It is governed by policies that are managed by TD's Operational Risk Management and Technology Solutions groups and aligns with professional practices of the business continuity industry.

Business Continuity Objectives

The objectives of Business Continuity are to:

- Safeguard TD's business operations;
- Support the personal safety of employees and customers;
- Support safeguarding of TD's assets;
- Mitigate and contain the impact of an interruption;
- Maintain continuity of management;
- Meet our business and service obligations to customers and stakeholders in the event of a business interruption; and
- Secure the reputation of TD.

Business Continuity Planning

All business and oversight functions management are responsible for implementing Enterprise Business Continuity and Crisis Management (EBCCM) practices and developing business-specific procedures, test plans and protocols. All business and oversight functions must assess their risk tolerance and sensitivity to a business disruption by completing the Business Impact Analysis (BIA) process to establish an enterprise criticality rating, which then determines recovery targets and the rigour of business continuity activities. The recovery strategy considers the nature, scale and complexity of the business to ensure it can reasonably continue to function and meet its various obligations in the event of an interruption. The business continuity plans address the loss or failure of critical people, systems, processes, facilities and suppliers and are supported by appropriate arrangements whether provided internally or outsourced. Our business continuity plans are reviewed at a minimum annually by business management and TD's EBCCM group to verify accuracy, quality and compliance.

Crisis and Incident Management

TD maintains an enterprise-level crisis management structure and protocol in order to facilitate effective oversight, ownership and management of crises and incidents affecting the Bank, coordinated through the EBCCM group. Escalation and communication protocols are established, exercised, maintained and coordinated in combination with business management to ensure that appropriate decision-making, effective internal and external communications and media-handling occur. All business segments and applicable oversight functions, as defined by the EBCCM group, must maintain and exercise their incident management protocols in accordance with established BCCM standards. All incident management protocols are reviewed annually by the EBCCM group. The EBCCM group is responsible for maintaining the TD's enterprise-level crisis management structure and protocol for currency and accuracy, and for exercising annually.

Exercising of Business Continuity Plans and Crisis/Incident Management Protocols

All TD businesses must exercise their business continuity plans and incident management protocols in accordance with the EBCCM Policy. All exercise and test results are reviewed at a minimum annually by the business management and the EBCCM group. Exercises are required to ensure arrangements are sufficient to meet required continuity and recovery objectives. Criteria for exercise success are based on pre-established objectives to meet minimum business continuity and crisis/incident management exercise standards.

Disaster Recovery Program

TD's Disaster Recovery Planning is managed from within TD's Technology Risk Management and Information Security Department and is comprised of a comprehensive set of technical strategies, procedures, and governance programs designed to minimize the impacts of technical interruption, and to facilitate the return to normal levels of operation and service delivery.

The program is intended to ensure the recoverability of TD's mainframe systems, applications and data, high risk distributed applications, high risk technology infrastructure, and high risk data networks. High Risk applications are housed within hardened internal data centers, with dedicated recovery solutions in place at a proprietary recovery site. Recovery plans for these high risk systems are reviewed annually and updated as necessary.

Disaster recovery exercises are performed for these solutions annually and documented in confidential internal reports.

Conclusion

TD's business continuity, crisis/incident management protocols and disaster recovery plans are documented, exercised and tested, of which, the results¹ are subject to regular independent audit.

TD does not obtain a periodic SSAE16 audit. However, pursuant to Section 404 of the Sarbanes-Oxley Act, our independent auditors have audited the effectiveness of TD's internal controls over financial reporting, results of which are publicly available as part of TD's consolidated financial statements.

TD's EBCCM Program TD's EBCCM Program is designed to meet requirements of various regulatory and supervisory agencies including: The Office of the Superintendent of Financial Institutions (OSFI), Autorité des marchés financiers (AMF), the Federal Financial Institutions Examination Council (FFIEC), the Federal Reserve Board (FRB), Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), Financial Industry Regulatory Authority (FINRA), The Financial Conduct Authority, Prudential Regulation Authority, Netherlands (Principles for BCM requirements for Dutch Financial sector and its providers), Hong Kong Monetary Authority (HKMA) and the Monetary Authority of Singapore (MAS). TD's EBCCM Program also aligns with international standards such as the British Standard Institute (BS25999), ISO22301, and Canadian Standards Association (CSAz1600-08).

Our intent is to exercise commercially prudent and reasonable efforts to assure business continuity for TD and its customers. However, no representation or warranty is made or implied that certain events will not affect TD's systems. This document is intended as a guide to TD's EBCCM Program and nothing in this document modifies, amends, supplements or supersedes in any way any agreement, warranty or representation with respect to TD's products or services, including availability of such products or services. TD reserves the right to change the procedures and disciplines described in this document without notice, as it deems appropriate.

¹ Please note that TD's internal and vendor assessments are not available for public review.



Notice Regarding TD Prime Services LLC's Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, federal law requires TD Prime Services LLC to obtain, verify and record information that identifies each person who opens an account. When you open an account, we will ask for your name, address, tax identification number, date of birth (as applicable) and other information, including certain identifying documents, that will allow us to identify you. We may also ask to seek to obtain or verify certain information about you from third parties. Any failure to fully comply with, or consent to, such requirements may lead to failure to establish, or the termination of, an account or service relationship.

Compliance with Economic and Trade Sanctions

TD Bank Group ("TD"), including all branches and subsidiaries is committed to complying with all laws and regulations governing its operations in jurisdictions where it does business. These include economic and trade sanctions, imposed against individuals and entities and countries/regions, administered by competent authorities, namely Global Affairs, Canada; the U.S. Treasury's Office of Foreign Assets Control ("OFAC"); EU Council (and national authorities in applicable EU member states) and other sanctions setting bodies in countries where TD operates.

Sanctions prohibit or restrict TD from engaging in activities involving sanctioned individuals and entities (commonly referred to as designated persons or specially designated nationals) and sanctioned countries and regions. Depending on the nature of the sanctions and internal policy, TD may be required to take action including but not limited to, rejecting/declining to process transactions and/or restricting access to certain products and services. In some cases TD may be required by law to freeze assets if they are owned, controlled by, or for the benefit of a sanctioned individual and entity.

TD takes reasonable and appropriate steps to ensure its products and services are not used to violate or circumvent applicable economic and trade sanctions and expects its customers to comply with applicable laws and regulations, and not knowingly contravene sanctions through their activities with TD, or through TD products or services. Should TD become aware that products or services have been, or are being, used to conduct or facilitate any prohibited or unlicensed activity, we will take steps to prevent such activity, including termination of a customer relationship.

Notice Regarding the Unlawful Internet Gambling Enforcement Act of 2006

The Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA") and the Federal Reserve Board's Regulation GG prohibit any person engaged in the business of betting or wagering from knowingly accepting payments in connection with the participation of another person in unlawful Internet gambling. The term "unlawful internet gambling," as used in this Notice, shall have the meaning set forth in 12 C.F.R. Section 233.2(bb). Transactions prohibited by UIGEA ("restricted transactions") generally include, but are not limited to, those transactions or transmittals in which credit, electronic fund transfers, checks, drafts or wire payments are accepted by gambling businesses in connection with the participation of others in Internet gambling. Restricted transactions are prohibited from being processed in or through your account or relationship with TD Prime Services LLC. TD Prime Services LLC reserves the right to stop payment and/or to suspend or terminate your account or relationship if you attempt to process restricted transactions in or through your account or relationship, or if TD Prime Services LLC has reason to believe such activity is occurring.

Notice Regarding Section 311 of the USA PATRIOT Act

Pursuant to U.S. regulations issued under Section 311 of the USA PATRIOT Act, 31 C.F.R. Chapter X, Part 1010.651 through and including Part 1010.670, TD Prime Services LLC is prohibited from establishing, maintaining, administering or managing an account for, or on behalf of any prohibited financial institutions as determined by FinCEN. In addition, TD Prime Services LLC will not conduct business with any financial institutions for which FinCEN has issued proposed rules with respect to including such entities on the prohibited financial institutions list.



The Section 311 Special Measures regulations also require that TD Prime Services LLC notify you that your correspondent account with our financial institution may not be used to provide access or services to any of the jurisdictions or financial institutions, their branches, offices, or subsidiaries in any jurisdiction, listed below. If we become aware that any of the jurisdictions or financial institutions, their branches, offices, or subsidiaries in any jurisdiction listed below is directly or indirectly using the correspondent account you hold at our financial institution, we will be required to take appropriate steps to prevent such access, including, where necessary, terminating your account.

The most recent listing of prohibited financial institutions promulgated by FinCEN, as of August 10, 2020, is as follows:

- Commercial Bank of Syria (including its subsidiary Syrian Lebanese Commercial Bank)
- Any Burmese banking institution (except to the extent permitted by 31 C.F.R. 1010.651(b)(3))
- FBME Bank Ltd. (formerly known as Federal Bank of the Middle East, Ltd.)
- Any bank or financial institution of the Democratic People's Republic of Korea
- Bank of Dandong
- Any bank or financial institution of the Islamic Republic of Iran

There are proposed rules pending that seek to include the following financial institutions on the above referenced list of prohibited financial institutions promulgated by FinCEN:

- Halawi Exchange Co.
- Kassem Rmeiti & Co. For Exchange (including Rmaiti Group SAL and Societe Rmail SARL (STE Rmeiti))
- ABLV Bank, AS

TD Prime Services LLC may, from time to time, update this notice to include jurisdictions or entities that are added to this list as new restrictions are proposed or issued. Current listings of entities subject to final or proposed rules under Section 311 can be found on the FinCEN website.

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

EisnerAmper LLP

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

750 Third Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

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)*

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

- Report of Independent Registered Public Accounting Firm.
- Facing Page.
- Statement of Financial Condition.
- Statement of Income.
- Statement of Changes in Member's 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.
- 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.

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

Albert Fried & Company, LLC

Statement of Financial Condition

December 31, 2016

(With Report of Independent Registered Public Accounting Firm Thereon)


AFFIRMATION

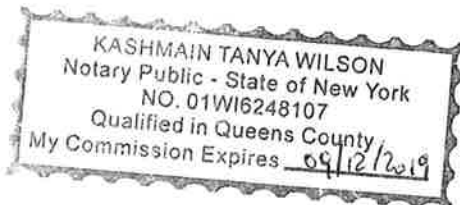
I, Thomas Albutus, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Albert Fried & Company, LLC for the year ended December 31, 2016, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

- Fried Business Holdings, LP
- Vineyard Investment Company, LLC
- Buttonwood Racing, LLC
- The Fried Group, LLC


Signature

Chief Financial Officer
Title


Notary Public
02-28-2017



Albert Fried & Company, LLC

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December 31, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Albert Fried & Company, LLC

We have audited the accompanying statement of financial condition of Albert Fried & Company, LLC (the "Company") as of December 31, 2016. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing 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.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Albert Fried & Company, LLC as of December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

New York, New York
February 28, 2017

Albert Fried & Company, LLC

Statement of Financial Condition

December 31, 2016

ASSETS

Cash	\$	5,829,824
Cash segregated in compliance with federal regulations		30,350,000
Deposits with clearing organizations		52,512,788
Securities fail to deliver		10,225,338
Securities borrowed		4,479,645,115
Receivable from customers		3,121,116
Receivable from brokers		11,626,468
Securities owned, at fair value		74,369,429
Receivable from member		527,891
Interest receivable from securities borrowed		4,559,370
Other assets		<u>361,037</u>
Total Assets	\$	<u>4,673,128,376</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Accounts payable and accrued expenses	\$	756,605
Interest payable on securities loaned		3,909,658
Securities fail to receive		931,505
Securities loaned		4,471,368,928
Payable to customers		23,658,649
Payable to members		91,902,354
Securities sold, not yet purchased, at fair value		<u>19,411,035</u>
Total Liabilities		4,611,938,734

Commitments

Members' equity		<u>61,189,642</u>
Total Liabilities and Members' Equity	\$	<u>4,673,128,376</u>

The accompanying notes are an integral part of these financial statements.

Albert Fried & Company, LLC

Notes to Statement of Financial Condition

December 31, 2016

1. Organization and Nature Business

Albert Fried & Company, LLC (the "Company") is a Limited Liability Company organized under the laws of the State of New York. The Company is registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts ("ADR's"), listed options and as principal for transactions in fixed income securities. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company ("DTCC"), National Securities Clearing Corp ("NSCC") and Options Clearing Corporation ("OCC") facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company also engages in NYSE floor brokerage, equity research and the proprietary trading of securities as a market maker or for its own investment portfolios.

Additionally, the Company maintains memberships with the New York Stock Exchange ("NYSE"), the NASDAQ Stock Market, the International Securities Exchange ("ISE") and various other exchanges.

The liability of the Members is limited to the capital equity invested in the Company.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

b. 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 at the date of the statement of financial condition. Actual results could differ from those estimates.

c. Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

d. Cash Segregated Under Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 ("SEA") to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers.

Albert Fried & Company, LLC

Notes to Statement of Financial Condition

December 31, 2016

e. Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amount included in securities segregated under federal regulations in the statement of financial condition approximates fair value.

f. Fair Value

In accordance with 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 approaches. GAAP established a fair value hierarchy for inputs 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 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. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, 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. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. 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 securities existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of

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December 31, 2016

the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant 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 Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Derivative Contracts

The fair value of futures derivative contracts are reported as part of open trade equity. The derivative contracts are generally categorized in Level 1 or 2 of the fair value hierarchy. Options are recorded at fair value based on quoted market prices in active markets, including recent market transactions or observable inputs based on quoted market prices.

Securities owned, at fair value and Securities sold, not yet purchased, at fair value

The Company values investments in equity securities and equity securities sold short that are freely tradable and are listed on a national securities exchange at their last sales price as of the valuation date. These investments are classified as Level 1 in the fair value hierarchy and include common stocks, and preferred stock. The Company's policy for securities traded for which no sale was reported on that date are valued at their last reported "bid" price if held long, and last reported "ask" price if sold short. If no price is available, the security is valued at its fair value determined in good faith by management. Such circumstances would generally result in the security being classified as level 2 or 3 in the fair value hierarchy.

Many investment transactions have bid and ask prices that can be observed in the marketplace. Bid prices reflect the highest price that the marketplace participants are willing to pay for an asset. Ask prices represent the lowest price that the marketplace participants are willing to accept for an asset. For securities whose inputs are based on bid-ask prices, the Company's valuation policies do not require that fair value always be a predetermined point in the bid-ask range.

g. Securities borrowed and Securities loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings except where letters of credit or other securities are used as collateral and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

Albert Fried & Company, LLC

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The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrow income and expense represent primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

h. Soft Dollars

The Company conducts soft dollar arrangements with customers within the safe harbor provisions of Rule 28(e) of the Securities Exchange Act of 1934 (“Rule 28(e)”), as amended, which provides for the payment of research, brokerage, quote services and other expenses permissible by Rule 28(e).

i. Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the December 31, 2016 year end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, are translated into United States dollar amounts on the transaction date.

j. Income Taxes

The Company is a limited liability company and treated as a partnership for income tax reporting purposes. The Internal Revenue Code (“IRC”) provides that any income or loss is passed through to the members for federal and state income tax purposes. Accordingly, the Company has not provided for federal or state income taxes. The Company is subject to New York City unincorporated business tax, which is generally included in other expenses within the statement of operations. Deferred income taxes arises from net operating loss carryforwards.

k. Receivable from/payable to customers

Accounts receivable from and payable to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for the receivable. Such collateral is not reflected in the financial statements.

l. Receivable from/payable to members

The receivable from member/payable to members represents accounts held for Members.

m. Loans, advances, acceptances and letters of credit

The Company maintains a demand promissory note with a major financial institution whereby the Company may access funds, at the bank’s sole discretion, on a fully collateralized basis. At December 31, 2016, the Company did not utilize the arrangement.

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December 31, 2016

3. Fair value measurements

The Company's assets liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in Note 2.

The following table presents information about the Company's assets and liabilities measured at fair value as of December 31, 2016:

Description	Total	Level 1	Level 2	Level 3
<u>Assets</u>				
Securities owned, at fair value				
Common shares	\$ 23,162,452	\$ 23,162,452	\$ -	\$ -
Preferred shares	206,977	206,977	-	-
Investments in money markets	51,000,000	51,000,000	-	-
Totals	\$ 74,369,429	\$ 74,369,429	\$ -	\$ -

Description	Total	Level 1	Level 2	Level 3
<u>Liabilities</u>				
Securities sold, not yet purchased, at fair value				
Common shares	\$ 15,910,378	\$ 15,910,378	\$ -	\$ -
Options sold short	3,500,657		3,500,657	-
Totals	\$ 19,411,035	\$ 15,910,378	\$ 3,500,657	\$ -

Other financial instruments are recorded by the Company at amounts which approximate fair value and include cash (Level 1); receivables from and payables to broker dealers and deposits clearing organizations (Level 2); receivables from and payables to customers and members (Level 2); fails to deliver and fails to receive (Level 2); and collateralized financing agreements (Level 2). These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize

Albert Fried & Company, LLC

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December 31, 2016

transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended December 31, 2016.

4. Regulatory requirements

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1,500,000 or 2% of the Rule 15c3-3 aggregate debit items, as defined. At December 31, 2016, the Company had net capital of approximately \$51,700,000 which exceeded its requirement of \$1,500,000 by approximately \$50,200,000. As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. As of January 3, 2017, to comply with its December 31, 2016 requirements, the Company had deposits in the amount of approximately \$30,250,000 segregated in a special reserve account for the exclusive benefit of customers exceeding the actual requirement by approximately \$9,202,000.

As a clearing broker-dealer, the Company computes a reserve requirement for Proprietary Accounts of Brokers/Dealers ("PAB calculation", as defined.) As of January 3, 2017, to comply with its December 31, 2016 requirement, cash in the amount of approximately \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by approximately \$75,000 in accordance with its PAB calculation.

5. Commitments

The Company is obligated under non-cancelable operating leases for office and other space expiring on various dates through July 2017. The leases contain provisions for escalation based on certain costs incurred by the lessor.

The future aggregate minimum rental commitments under the aforementioned leases are as follows:

Year Ending December 31,

2017	<u>119,000</u>
	<u>\$ 119,000</u>

6. Off balance sheet risk and concentrations of credit risk

In the normal course of business, the Company enters into various debt, option, futures and equity transactions as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

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Notes to Statement of Financial Condition

December 31, 2016

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying statement of financial condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

In the normal course of business, the Company's customer and correspondent clearance activities involve the execution, settlement and financing of various customer securities transactions. These activities may expose the Company to off-balance sheet risks in the event the customer or other broker is unable to fulfill its contractual obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitor required margin levels daily, and pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

The Company clears certain proprietary transactions through other broker-dealers. The amounts receivable from brokers include balances relating to the aforementioned proprietary transactions.

Cash segregated for the exclusive benefit of customers of approximately \$30,250,000 and PAB accounts of approximately \$100,000 are maintained in one bank. The Company does not consider itself to be at risk with respect to its cash deposits held at the bank.

7. **Income taxes**

At December 31, 2016, the Company has New York City net operating loss carryforwards ("NOLs") of approximately \$26,000,000, which expire through 2030. The deferred tax asset from the Company's NOLs is approximately \$1,040,000, a decrease of approximately \$30,000 from the prior year. A valuation allowance for the full amount of the deferred tax asset has been established due to the uncertainty of future operating profits.

At December 31, 2016, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination is subject to ongoing reevaluation as facts and circumstances may require.

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Notes to Statement of Financial Condition

December 31, 2016

8. Derivative financial instruments

In the normal course of business, the Company utilizes derivative financial instruments in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Company's derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: commodity price and equity price risks. In addition to its primary underlying risks, the Company is also subject to additional counterparty risk should its counterparties fail to meet the terms of their contracts. Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at fair value. Fair values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices. Derivatives used for economic hedging purposes include swaps, forwards, futures, and purchased options. The Company does not apply hedge accounting as defined in FASB ASC 815, Derivatives and Hedging, as all financial instruments are recorded at fair value with changes in fair values reflected in earnings. Therefore, certain disclosures otherwise required under FASB ASC 815 are generally not applicable with respect to these financial instruments.

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as securities owned and securities sold, not yet purchases, at fair value, categorized by primary underlying risk, at December 31, 2016.

<u>Primary underlying risk</u>	<u>Derivative</u>	
	<u>assets</u>	<u>liabilities</u>
Equity price options	<u>\$ -</u>	<u>\$ 3,500,656</u>

<u>Primary underlying risk</u>	<u>Long exposure</u>		<u>Short exposure</u>	
	<u>Notional amounts</u>	<u>Number of contracts</u>	<u>Notional amount</u>	<u>Number of contracts</u>
Equity price options	<u>\$ -</u>		<u>\$ 25,806,000</u>	<u>2</u>

9. Collateralized Financing Transactions

Offsetting Assets and Liabilities

Substantially all securities borrowing and lending agreements are transacted under master securities lending agreements that give the Company the right to liquidate securities held and offset

Albert Fried & Company, LLC

Notes to Statement of Financial Condition

December 31, 2016

receivables and payables with the same counterparty in the event of default by that counterparty. No offsetting of securities borrowing and lending has occurred in the statement of financial condition as there are no transactions with the same counterparty that have the same explicit maturity date.

The following table provides disclosure regarding the potential effect of offsetting of recognized assets and liabilities presented in the statement of financial condition had the Company elected to offset;

	Gross Amounts of Assets/Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Securities Collateral	Exposure
Securities Borrowed	4,479,645,115	-	4,479,645,115	(4,413,350,220)	66,294,895
Securities Loaned	(4,471,368,928)	-	(4,471,368,928)	4,393,210,059	(78,158,869)

As of December 31, 2017 the fair value of securities received as collateral under securities borrowed transactions amounted to \$4,413,358,220 of which the Company re-pledged 4,393,210,458 under securities loaned transactions.

The tables below represents securities loaned transactions by remaining term to maturity and class of collateral pledged as of December 31, 2016.

Class of Collateral Pledged & Maturity

	<u>Overnight and continuous</u>
Equity	4,394,518,518
Corporate Debt	76,850,410
	<u>4,471,368,928</u>

10. Subsequent Events

On January 3, 2017, the Company was acquired by Toronto Dominion Holdings (U.S.A.) Inc. ("TDH"), which is a wholly owned subsidiary of TD Group US Holdings LLC, which is a wholly owned subsidiary of The Toronto-Dominion Bank. TDH invested additional funds on that date to bring total Member's equity up to \$200 million. On January 31, 2017, TDH invested an additional \$300 million in the form of subordinated debt to bring total Member's equity and subordinated liabilities allowable as capital up to a total of \$500 million.

Albert Fried & Company, LLC

Schedule I

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2016

Total members' equity	<u>\$ 61,189,642</u>
Less nonallowable assets	
Other assets	193,061
Other deductions	
Fail to delivers	19,870
Securities borrowed	<u>2,434,413</u>
	<u>2,647,344</u>
Net capital before haircuts	<u>58,542,298</u>
Haircuts	
Security positions	<u>6,841,995</u>
Net capital	<u>\$ 51,700,303</u>
Aggregate debit items	<u>\$ 6,362,833</u>
Computed minimum net capital required (2% of aggregate debit items)	<u>\$ 127,257</u>
Minimum net capital required (under SEC Rule 15c3-1)	<u>\$ 1,500,000</u>
Excess net capital (\$51,700,303 - \$1,500,000)	<u>\$ 50,200,303</u>

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part II-A filing as of December 31, 2016.

Albert Fried & Company, LLC

Schedule II

Computation for Determination of Reserve Requirements

Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2016

Credits:	
Customer credit balances	\$ 23,658,649
Customers' securities failed to receive	45,080
Other	<u>3,516,816</u>
Total 15c3-3 credits	<u>27,220,545</u>
Debits:	
Customer debit balances	1,278,392
Customer securities failed to deliver	224,962
Customers' securities borrowed	<u>4,859,479</u>
Aggregate debit items	6,362,833
Less 3% for alternative method	<u>(190,885)</u>
Total 15c3-3 debits	<u>6,171,948</u>
Excess of total credits over total debits	<u>\$ 21,048,597</u>
Amount held on deposit in "Reserve Bank Account", including the value of qualified securities on January 2, 2017	<u>\$ 30,250,000</u>

The above computations of reserve requirements pursuant to Rule 15c3-3 do not differ materially from the unaudited computation as of December 31, 2016 filed by the Company on Form X-17A-5 Part II.

Albert Fried & Company, LLC

Schedule IIb

Computation for Determination of PAB Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission December 31, 2016

Total 15c3-3 PAB credit balances	\$	25,000
Total 15c3-3 PAB debit balances		<u>-</u>
Excess of total credits over total debits	\$	<u>25,000</u>
Amount held on deposit in "Reserve Bank Account", including the value of qualified securities on January 2, 2017	\$	<u>100,000</u>

The above computations of reserve requirements pursuant to Rule 15c3-3 do not differ materially from the unaudited computation as of December 31, 2016 filed by the Company on Form X-17A-5 Part II.

Albert Fried & Company, LLC

Schedule III

Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission December 31, 2016

1	Customers' fully paid and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3):	\$ -
	A. Number of items	-
2	Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3:	\$ -
	A. Number of items	-

The above information relating to possession or control requirements pursuant to Rule 15c3-3 does not differ materially from the information filed by the Company on Form X-17A-5 Part II as of December 31, 2016.