NATIXIS SECURITIES AMERICAS LLC

STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2012

(UNAUDITED)

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Natixis Securities Americas LLC
Statement of Financial Condition (Unaudited)
June 30, 2012
(In Thousands of U.S. dollars)

Assets		
Cash and cash equivalents	$	163,342
Cash segregated for regulatory purposes		8,000
Securities purchased under agreements to resell		17,045,690
Securities borrowed		7,590,079
Due from affiliates		19,499
Due from foreign affiliate		12,229
Accrued interest receivable		4,496
Due from clearing corporations, net		56,755
Furniture and office equipment, at cost (net of accumulated depreciation of $4,110)		204
Other assets		29,711
Total Assets	$	24,930,005

Liabilities and Member's Equity		
Liabilities		
Securities sold under agreements to repurchase	$	16,683,586
Securities loaned		7,696,094
Borrowing from affiliates, net		111,603
Accrued interest payable		5,353
Other liabilities		8,174
Total liabilities		24,504,810
Liabilities subordinated to claims of general creditors		150,000
Member's equity		275,195
Total liabilities and member's equity	$	24,930,005

The accompanying notes are an integral part of this statement of financial condition

1. Business and Organization

Natixis Securities Americas LLC (the "Company") is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"), a futures commission merchant registered with the Commodity Futures Trading Commission ("CFTC"), and a registered investment advisor under the Investment Advisors Act of 1940.

The Company was formed as a result of the 2011 merger of Natixis Securities North America Inc. ("NSNA") and Natixis Bleichroeder LLC ("NBLLC"). The Company engages in several classes of services, including principal transactions and agency transactions in both domestic and foreign equities, and investment banking businesses. The Company also participates in private placement and advisory activities and engages in proprietary matched book transactions using securities sold under agreements to repurchase and securities purchased under agreements to resell, which are collateralized by U.S. government and agency securities, and equity financing transactions. The Company also acts as an investment advisor to both related and unrelated parties.

The Company is a wholly-owned subsidiary of Natixis North America LLC ("NNA") which in turn is a wholly owned subsidiary of Natixis US Holdings Inc. ("NUSHI"), a company incorporated in Delaware. NUSHI is an indirect wholly owned subsidiary of Natixis ("Natixis Paris"), an entity incorporated in Paris, France. Natixis Paris is a majority owned subsidiary of Group BPCE. The Company along with other affiliates comprises Natixis Paris wholesale banking activities in the United States.

2. Summary of Significant Accounting Policies

Basis of financial information

The statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The statement of financial condition is stated in U.S. dollars.

Use of estimates

The preparation of the statement of financial condition in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates generally include the fair value of securities owned, securities sold, not yet purchased, derivative contracts and deferred taxes.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased and not held for resale, with an original or remaining maturity of three months or less at the time of purchase, to be cash equivalents. Amounts placed with affiliates, are not considered cash and cash equivalents. Cash on deposit with financial institutions may, at times, exceed federal insurance limits.

Securities sold under agreements to repurchase ("repurchase agreements") and securities purchased under agreements to resell ("reverse repurchase agreements")

Repurchase agreements and reverse repurchase agreements are recorded as collateralized financing transactions and are carried at the contract value, plus accrued interest, as specified in the respective agreements. It is the policy of the Company to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under the resale agreements. On a daily basis, the Company manages its credit risk by calculating the market value of each participant's positions and comparing it to the contract amounts with any difference settled by counterparty.

Securities borrowed and securities loaned
Securities borrowed and securities loaned are recorded based upon the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash with the lender. With respect to securities loaned, the Company receives collateral in the form of cash. The Company monitors the market value of securities borrowed and loaned, with additional collateral obtained or excess collateral retrieved, as applicable.

Customer transactions
Customer securities transactions are recorded on a settlement date basis, while the related commission revenue is recorded on a trade date basis.

Fair value of financial instruments
The Company assesses the fair value of its financial instruments as described below:

Level 1 - Financial instruments with fair values based on quoted market prices or for which the Company has independent external valuations

The Company's valuation policy is to use quoted market prices from securities exchanges where they are available and reliable. Financial instruments valued based on quoted market prices are primarily cash equivalents.

Level 2 - Financial instruments with fair value determined based on internally developed models or methodologies that employ data that are readily observable from objective sources

The second category consists of financial instruments for which the Company does not receive quoted prices, therefore models or other methodologies are utilized to value these financial instruments. Such models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors and current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. A degree of subjectivity is required to determine appropriate models or methodologies as well as appropriate underlying assumptions. This subjectivity makes these valuations inherently less reliable than quoted market prices.

Level 3 - Financial instruments with fair value based on internally developed models or methodologies utilizing significant assumptions or other data that are generally less readily observable from objective sources

Certain complex financial instruments and other investments have significant data inputs that cannot be validated by reference to readily observable data. These instruments are typically illiquid, long dated or unique in nature and therefore require judgment by the Company.

Substantially all of the Company's assets and liabilities are carried at fair value or contracted amounts which the Company believes approximate fair value. Assets which are recorded at contract amounts approximating fair value primarily consist of short-term secured receivables, reverse repurchase agreements, securities borrowed, customer and non-customer receivables and certain other receivables. Similarly, the Company's liabilities such as short term borrowings, repurchase agreements, and securities loaned, customer and non-customer payables and certain other payables and its liabilities subordinated to the claims of general creditors are recorded at contract amounts approximating fair value. These instruments generally have variable interest rates and short-term maturities, in many cases overnight, and accordingly, their fair values are not materially affected by changes in interest rates or market movements.

Concentrations of credit risk

The Company is engaged in various trading and brokerage activities primarily with counterparties in the financial services industry including securities brokers and dealers, banks, and other financial institutions. In the event 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.

The Company clears fixed income securities transactions through the Government Securities Division of the Fixed Income Clearing Corporation ("FICC"), and clears non-fixed income securities through the National Securities Clearing Corporation ("NSCC"). FICC and NSCC become the legal counterparty to the transaction. These activities may expose the Company to risk in the event that the securities transaction counterparties, including the clearing broker/bank, other broker-dealers and depositories or banks, are unable to fulfill contractual obligations. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Deposits and borrowings

Short term deposits and borrowings are carried at the principal amount deposited or borrowed plus accrued interest. These amounts are generally transacted with affiliates.

Income taxes

Deferred income taxes are computed for the differences between the financial reporting and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on tax laws and rates applicable to the periods in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized.

As a limited liability company, the Company is disregarded as an entity separate from its owner and sole member NNA. Pursuant to a tax sharing arrangement, NNA allocates to the Company, under a parent down approach, its share of the consolidated tax expense or benefit based upon statutory rates applied to the Company's earnings as if it were filing separate tax returns.

Deferred and current tax benefits are credited to the Company to the extent such benefits can ultimately be utilized in the NUSHI tax return regardless of whether such benefits could ultimately be realized on a stand alone basis. The need for a valuation allowance is determined at the NNA/NUSHI level rather than at the level of the Company. Amounts receivable or payable with NNA related to the Company's current tax provision are settled periodically.

The Company's policy is to evaluate uncertain tax positions based on the estimated likelihood that a tax position will be sustained upon examination. Unrecognized tax benefits are reassessed periodically to determine if a change is needed based on current information. Interest and penalties, to the extent it is deemed probable that they would be asserted, are accrued and included in the unrecognized tax benefits.

Translation of foreign currency
Assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates as of the statement of financial condition date

3. Recently Issued Accounting Standards

Disclosures about Offsetting Assets and Liabilities

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11, *Disclosures about Offsetting Assets and Liabilities* which amends Accounting Standards Codification Topic 210 to add new disclosure requirements regarding the nature of an entity's right of setoff and related arrangements associated with financial instruments and derivatives. The amendments in this ASU will enhance disclosure required under US GAAP by requiring improved information about financial instruments and derivative instruments that offset in accordance with existing requirements or are subject to an enforceable master netting arrangement or similar agreement. The new disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013. The Company is assessing the impact of adopting this ASU on its statement of financial condition.

Disclosures about Fair Value Measurements

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosures Requirements in US GAAP and IFRSs*, which amends Accounting Standards Codification Topic 820. This ASU requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, this ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. This ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. This ASU is effective for reporting periods beginning after December 15, 2011. The adoption of this ASU did not have a material effect on the Company's statement of financial condition.

Reconsideration of Effective Control for Repurchase Agreements

In April 2011, the FASB issued ASU 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* which amends Accounting Standards Codification Topic 860 by eliminating the requirement for an entity to consider whether a transferor (i.e., the seller) has the ability to repurchase the financial asset in a repurchase agreement transaction. This ASU is effective for reporting periods beginning on or after December 15, 2011 and should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The adoption of this ASU did not have a material effect on the Company's statement of financial condition.

4. Cash and Cash Equivalents

At June 30, 2012, cash and cash equivalents include approximately $27.0 million, at fair value, of commercial paper maturing on July 2, 2012. In addition, cash equivalents include approximately $114.5 million, at fair value, of money market funds.

5. Fair Value Measurement

The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

A review of fair value hierarchy classifications is conducted on an annual basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities.

The Company’s cash equivalent instruments are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices from securities and derivatives exchanges, dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The Company does not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

The Company’s assets measured at fair value on a recurring basis as of June 30, 2012 consist solely of the aforementioned cash equivalents which are classified as Level 1.

There were no transfers between Level 1, Level 2, or Level 3 during the six months ended June 30, 2012.

6. Due from Clearing Corporations, net

As of June 30, 2012, amounts due from clearing corporations, net consist of the following:

	(In thousands of U.S. dollars)
Deposits	$ 46,120
Margin account	10,589
Other	46
	$ 56,755

7. Receivables from and Payables to Customers

Amounts receivable from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables. Such collateral is not reflected in the statement of financial condition. At June 30, 2012, receivables from customers were approximately $10 thousand and payables to customers were approximately $160 thousand and are included in other assets and other liabilities, respectively, in the accompanying statement of financial condition. Further at June 30, 2012, there was no allowance for doubtful customer receivables.

8. Related Party Transactions

As of June 30, 2012, the following related party balances appeared in the statement of financial condition:

(In Thousands of USD)	Natixis Paris	Natixis Branch	Natixis FP	Natixis Derivatives Inc.	NNA	Total
Cash and cash equivalents	$4,901	$ -	$ -	$ -	$ -	$4,901
Securities purchased under agreements to resell	-	-	651,425	-	-	651,425
Securities sold under agreements to repurchase	-	-	6,921,498	116,000	-	7,037,498
Due from affiliate	-	13,430	-	-	-	13,430
Due from foreign affiliate	18,298	-	-	-	-	18,298
Borrowings from affiliates, net	-	-	97,710	-	13,893	111,603
Securities borrowed	189,995	-	4,356,712	-	-	4,546,707
Securities loaned	458,284	-	4,173,017	428	-	4,631,729
Subordinated loan	-	-	-	-	150,000	150,000
Payable to customers, net	122	-	-	-	-	122

In conjunction with a formal netting arrangement between the Company and other subsidiaries of NNA, the Company settles all receivables and payables including amounts related to current taxes on a net basis. At June 30, 2012, included in borrowings from affiliates, net, the Company recorded a payable to Natixis Financial Products LLC ("Natixis FP") of $97.7 million and a payable to NNA of $13.9 million. The payable to NNA includes $7.5 million payable due for current taxes.

The Company maintains a cash account with Natixis Paris. The balance in this account is approximately $4.9 million as of June 30, 2012, and is recorded in cash and cash equivalents in the statement of financial condition.

At June 30, 2012, the Company recorded a $13.4 million tax receivable from Natixis Branch and a $6.1 million net receivable from Natixis Paris related to trading activities which is reflected in due from affiliate and due from foreign affiliate respectively in the statement of financial condition.

At June 30, 2012, the Company had a $150.0 million outstanding subordinated loan from NNA which accrues interest at 3 month LIBOR +325 basis points and matures on December 31, 2014. As of June 30, 2012, accrued interest on the subordinated loan was $1.2 million and is included in borrowings from affiliates, net, in the accompanying statement of financial condition. During the six months ended June 30, 2012, the Company entered into various reverse repurchase and repurchase transactions with Natixis FP. The outstanding amount as of June 30, 2012 totaled $0.6 billion and

$6.9 billion, respectively, with weighted average interest rates below 1%. These amounts are included in securities purchased under agreements to resell and securities sold under agreement to repurchase, respectively, in the statement of financial condition.

Payables to customers, net in the foregoing table represents amounts for deliver vs payment (DVP) and receipt vs payment (RVP) transactions.

The Company and Natixis Paris entered into a guarantee agreement whereby all of the Company's payment obligations arising from its equity financing and securities lending activities are fully guaranteed by Natixis Paris.

The Company has entered into a service agreement with Natixis Paris which permits salesmen registered with the Company to distribute Natixis Paris' research to clients that are located primarily in the United States. Commissions generated by such research are collected by the Company and are remitted to Natixis Paris, net of brokerage related expenses. In connection with the services provided to Natixis Paris, the Company also incurs expenses charged by NNA. As a result of these transactions, at June 30, 2012 the Company has a net receivable of $12.2 million from Natixis Paris and a net payable of $5.2 million to NNA which are recorded in due from foreign affiliates and borrowings from affiliates, net respectively in the accompanying statement of financial condition.

In conjunction with a formal approval arrangement with its affiliates the Company receives administrative support services. The administrative support services include audit, accounting, compliance, human resources, corporate services, information technology, risk management, invoice payment processing and other support services.

9. Employee Benefit Plans

Employees of the Company participate in a 401(k) plan sponsored by NNA. Participation commences at the beginning of the first quarter following the completion of three months of service. The Company contributes a discretionary contribution of up to the maximum amount permitted by the Internal Revenue Code.

The Company's employees also participate in a noncontributory qualified defined benefit pension plan sponsored by NNA. NNA's defined benefit pension plan does not separately identify projected benefit obligations and plan assets attributable to employees of participating affiliates.

Certain employees are eligible to receive awards under the Natixis Employee Retention and Performance Plan ("PRP Plan"). Awards may be granted annually in March and may be granted in the form of Conditional Value Units ("CVUs"), Deferred Conditional Bonus ("DCBs") and Deferred Value Units ("DVUs"). The value of these awards is expressed in Euros at the grant date and payable to the employee in US dollars based on prevailing exchange rate as described in the PRP document. Further as the future value of some of these awards are based on the value of Natixis Paris common stock and foreign exchange rates in effect at the time of payment, the employee retains the currency and equity risk inherent in these awards. The awards are subject to certain performance and vesting conditions as outlined in the PRP Plan documents. The Company accrues the value of the awards over the period the employee renders the required service. The following is a brief description of each award:

- CVU – the value of a CVU is determined as the arithmetic mean of the 20 closing prices of Natixis Paris listed stock prior to the annual vesting date. A CVU is not an equity instrument and does not grant the employee any equity ownership privileges in Natixis Paris. An employee vests in their CVU over a 3 year period from grant date. Vested amounts are paid to the employee annually.
- DCB – represents a deferred cash award granted the employee. This award accrues interest over each annual vesting period based on the 12 month Euribor rate in effect at the business day preceding the commencement of the annual vesting period. An employee vests in their DCB award over a 3 year vesting period from grant date. The vested amount is paid to the employee annually.
- DVU – the value of a DVU is determined as the arithmetic mean of the 20 closing prices of Natixis Paris listed stock prior to the vesting date. A DVU is not an equity instrument and does not grant the employee any equity ownership privileges in Natixis Paris. An employee fully vests in their DVU over a six month period from grant date and is paid the entire vested amount shortly thereafter.

10. Regulatory Requirements

The Company is subject to the Securities and Exchange Commission ("SEC") Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by the rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of $1.5 million or 2% of aggregate debit balances arising from customer transactions, as defined. At June 30**,** 2012, the Company had net capital of approximately $344.9 million which was 583.34% of aggregate debit balances and approximately $343.4 million in excess of minimum net capital.

Effective June 30, 2012, the Company segregated cash of $8.0 million to a special reserve account for the exclusive benefit of customers to satisfy Rule 15c3-3.

11. Income Taxes

At June 30, 2012, the significant components of the Company's net deferred tax assets are set forth below (in thousands of U.S. dollars):

Deferred tax assets		
Reserves	$	2,956
Net operating losses		631
Accrued expenses		481
Deferred compensation		367
Other		73
Gross deferred tax assets before valuation allowance		4,508
Valuation allowance		(17)
Gross deferred tax assets, net of valuation allowance		4,491
Deferred tax liabilities		
Derivative contracts		(3,925)
Deferred taxes, net	$	566

The Company has recorded a receivable from Natixis New York Branch of $13.4 million related to current taxes which is included in due from affiliate in the accompanying statement of financial condition. Additionally, the Company has recorded a payable to NNA of $7.5 million related to current taxes which is included in borrowings from an affiliate, net, in the accompanying statement of financial condition.

At June 30, 2012, the Company has federal net operating losses carried forward of approximately $1.6 million, of which $1.0 million will expire in 2030 and $0.6 will expire in 2031, a state net operating loss carried forward of approximately $2.1 million expiring in 2030, and a local net operating loss carried forward of $0.6 million expiring in 2030.

In accordance with the realization criteria established by *ASC 740, Accounting for Income Taxes*, the above valuation allowance has been recorded against the deferred tax asset at June 30, 2012 representing the amount of state and local net operating losses carried forward by the Company, for which no benefit is expected in the future. Except for the foregoing valuation allowance, the Company believes it is more likely than not that the NUSHI consolidated federal and combined state and local filing groups will have sufficient taxable income in future years to absorb the net operating loss carry forwards and other temporary differences when these items become deductible for tax purposes.

The Company's income tax returns are subject to examination from various governmental taxing authorities. Prior to NBLLC's conversion to an LLC, Natixis Bleichroeder, Inc. ("NBI") filed its own tax returns. The Internal Revenue Service is currently examining NBI's 2008 tax return while New York State and New York City are examining NBI's tax returns for 2007 through 2009.

Upon conversion to an LLC, NBLLC's results were included in the Natixis Branch tax returns from November 1, 2009 through September 30, 2011 and as part of the NUSHI group thereafter. The Natixis Branch 2009 tax return is currently being examined by the Internal Revenue Service and New York City, respectively.

Natixis Securities North America Inc. ("NSNA") federal, state and local income tax returns are subject to examination as part of the NNA group through the effective reorganization date of July 1, 2010 and NUSHI group thereafter. NNA's tax returns are currently being examined by the Internal Revenue Service for tax years 2008, 2009 and through to the reorganization date of July 1, 2010. In addition, New York City is currently examining NNA's tax returns for years 2006 through 2008. It is not possible to estimate when the current examinations may be completed.

The Company does not expect unrecognized tax benefits to change significantly during the six months subsequent to June 30, 2012.

12. Variable Interest Entities

The Company is the administrator of a multi-seller asset-backed commercial paper conduit. As administrator, the Company, subject to approval from the conduit's investment committee, is generally responsible for selecting and structuring assets purchased or financed by the conduit, making decisions regarding the funding of the conduit, including determining the tenor and other features of the commercial paper issued, monitoring the quality and performance of the conduit assets, and facilitating the operations and cash flows of the conduit. In return, the Company earns an administration fee. The conduit is designed to provide the clients access to low-cost funding in the commercial paper markets. The conduit is funded by issuing commercial paper to third-party investors. The conduit generally does not purchase assets originated by the Company or its affiliates. The funding of the conduits is facilitated by the liquidity support and credit enhancements provided by an affiliate of the Company.

The conduit's investment committee consists of the owner of the conduit, the subordinated note holder and the Company. The investment committee meets quarterly to review the overall operations of the conduit, approves all new investments and deals prior to purchase by the conduit and oversees its funding strategy. In accordance with ASU 2009-17, *Transfers of Financial Assets and Interests in Variable Interest Entities* the Company determined that the power to direct the activities that most significantly impacted the conduit's economic performance is shared between the three members of the investment committee and thus does not consolidate the conduit.

13. Commitments and Contingencies

In the normal course of business, the Company may be named as a defendant in various lawsuits and may be involved in certain investigations and proceedings. It is the opinion of management, after consultation with counsel, that there are no matters pending against the Company that could have a material adverse effect on the Company's statement of financial condition at June 30, 2012.

14. Collateral Arrangements

The Company has received securities in connection with reverse repurchase and securities borrowed agreements with an estimated fair value of $24.6 billion as of June 30, 2012 which it can sell or re-pledge. These securities are not reflected in the statement of financial condition as the Company does not own them. Substantially all of these securities have been re-pledged to counterparties as of June 30, 2012.

15. Financial Instruments with Off-Balance Sheet Risk

The Company may enter into various transactions involving futures, forwards and foreign exchange contracts and other transactions which are recorded at fair value in the statement of financial condition.

In addition, the Company may at times sell financial instruments that it does not currently own and will therefore be obligated to purchase such financial instruments at a future date and will incur a loss if the fair value of the financial instruments increases.

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

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transaction may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's 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 monitors required margin levels daily and, pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

The Company's customer financing and securities settlement activities require the Company to pledge customer securities as collateral in support of various secured 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 pledged as collateral, 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 controls this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. In addition, the Company establishes credit limits for such activities and monitors compliance on a daily basis.

16. Subsequent Events

The Company evaluates subsequent events through the date the statement of financial condition is issued. The Company did not have any subsequent events requiring disclosure or adjustment to the statement of financial condition.