



MULTI-BANK SECURITIES, INC.®

2025 Municipal Due Diligence



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Please send all correspondence to Corporate Headquarters:

Multi-Bank Securities, Inc.

1000 Town Center, Suite 2300 • Southfield, MI 48075 • www.mbssecurities.com

Proudly Veteran-Owned!



Municipal Entities: Please scan the QR code or visit our website at www.mbssecurities.com/municipal-entity-disclosure/ to learn about information we may need to collect from you and potential restrictions on our relationship.

The information enclosed has been prepared to meet or exceed your regulatory requirements.
Member of FINRA & SIPC; MSRB Registered. MBS 2025 DD Muni eCD E.pdf 04.02.25

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Dear Valued Customers and Prospective Clients,

Thank you for your interest in Multi-Bank Securities, Inc. (MBS). I hope you find that this package addresses everything necessary for your institution to complete its due diligence on our Firm, as well as on our clearing firm, Pershing LLC (Pershing), a BNY Mellon company.

MBS is **proudly veteran-owned** and has been serving institutional investors since 1988. We work with more than 4,000 clients nationwide and are proud of our 37-year history. You can learn more about the Firm's broker-dealer status at brokercheck.finra.org – our CRD number is 22098.

Our Firm specializes in a **broad array of fixed-income investment products for municipalities** and recently expanded our offerings to include investment banking, including private/public debt and equity obligations. MBS traded \$233 billion in principal amount for our clients in 2024.

MBS is also an **active underwriter** of CDs and share certificates, agencies, corporate bonds, municipal bonds and mortgage-backed securities, which allows us to offer our clients access to unique inventory.

We are proud to offer **cutting-edge value-added services** to help our customers stay informed. MBS has implemented many technological innovations and systems that enable us to provide timely market information and reporting solutions to our customer base, including a **proprietary online platform, eConnectDirect[®]**. This tool gives public treasurers and finance officers better visibility to the fixed-income markets, making it quick and easy to compare rates across a variety of asset classes and submit order requests online. More information about eConnectDirect is included in Tab 6.

MBS also offers portfolio analytics through Interactive Data BondEdge[®], and third-party safekeeping through Pershing. Municipalities that invest bond proceeds should have a conversation with their account representative to discuss which services are available.

I hope the information enclosed in this package gives you enough information to determine whether MBS could be the right partner for your institution.

Please do not hesitate to reach out to me or your account representative if you have any questions or require additional information. You can contact me directly at 1-800-967-9055 or davemac@mbssecurities.com.

Sincerely,



David T. Maccagnone
Chairman and Chief Executive Officer
Multi-Bank Securities, Inc.

Address 1000 Town Center, Suite 2300
Southfield, Michigan 48075

Phone (800) 967-9045
(248) 291-1100

Fax (248) 291-1101

www.mbssecurities.com

2400 East Commercial Boulevard, Suite 1200
Fort Lauderdale, Florida 33308

(800) 967-9045
(954) 351-6930

(954) 351-9197

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Multi-Bank Securities, Inc. (MBS) is committed to providing you with the highest quality service available. We hope this packet will meet or exceed your due diligence needs and expectations.

MBS has clients in all 50 U.S. states and territories. References are available upon request.

THE FOLLOWING INFORMATION IS PROVIDED TO SUPPORT YOUR DUE DILIGENCE REQUIREMENTS:

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CERTIFICATION

is hereby granted to:

Multi-Bank Securities, Inc.

The National Veteran Business Development Council certifies that the named entity has met all criteria established to be recognized as a Service Disabled Veteran Owned Business (SDVOB)

September 11, 2024

Date Earned

November 01, 2025

Date Expires



Keith King, CEO

Y4NDMZWO

Certificate Code

523120

NAICS Codes











Office of General Services
Division of Service-Disabled
Veterans' Business Development

Multi-Bank Services, LTD and Multi-Bank Securities, Inc.

is hereby certified as a
**New York State Service-Disabled
Veteran-Owned Business**
(SDVOB)

October 01, 2023

181716

Control Number

September 30, 2028

Expiration Date

Executive Director

Division of Service-Disabled Veterans'
Business Development



Kathy Hochul
Governor

Commissioner

New York State Office of
General Services

DATA CURRENT AS OF:
Monday, March 3, 2025

CRD#: 22098

REGULATORY, STATE & TERRITORY REGISTRATIONS

Jurisdiction/SRO	Category	Status	Status As Of Date
AK	Broker Dealer	Approved	03/27/1997
AL	Broker Dealer	Approved	11/07/1994
AR	Broker Dealer	Approved	05/02/1997
AZ	Broker Dealer	Approved	10/11/2001
CA	Broker Dealer	Approved	03/30/1994
CO	Broker Dealer	Approved	04/23/1991
CT	Broker Dealer	Approved	08/20/1998
DC	Broker Dealer	Approved	03/30/1994
DE	Broker Dealer	Approved	10/11/1994
FINRA	Broker Dealer	Approved	12/23/1988
FL	Broker Dealer	Approved	02/05/1991
GA	Broker Dealer	Approved	02/28/1994
HI	Broker Dealer	Approved	04/05/1995
IA	Broker Dealer	Approved	03/31/1994
ID	Broker Dealer	Approved	03/20/1997
IL	Broker Dealer	Approved	07/13/1989
IN	Broker Dealer	Approved	03/24/1997
KS	Broker Dealer	Approved	05/04/1994
KY	Broker Dealer	Approved	03/08/1994
LA	Broker Dealer	Approved	09/07/1994
MA	Broker Dealer	Approved	07/25/1994
MD	Broker Dealer	Approved	03/11/1994
ME	Broker Dealer	Approved	05/24/1994
MI	Broker Dealer	Approved	08/31/1988
MN	Broker Dealer	Approved	09/02/1994
MO	Broker Dealer	Approved	05/02/2002
MS	Broker Dealer	Approved	03/04/1994
MT	Broker Dealer	Approved	02/14/1994
NC	Broker Dealer	Approved	08/02/1994
ND	Broker Dealer	Approved	04/25/1997
NE	Broker Dealer	Approved	11/02/1994

DATA CURRENT AS OF: Monday, March 3, 2025 (Continued)

CRD#: 22098

REGULATORY, STATE & TERRITORY REGISTRATIONS

Jurisdiction/SRO	Category	Status	Status As Of Date
NH	Broker Dealer	Approved	09/28/1995
NJ	Broker Dealer	Approved	11/09/1994
NM	Broker Dealer	Approved	08/02/1994
NV	Broker Dealer	Approved	05/23/1994
NY	Broker Dealer	Approved	06/05/1996
OH	Broker Dealer	Approved	11/21/1994
OK	Broker Dealer	Approved	06/04/1991
OR	Broker Dealer	Approved	04/04/1997
PA	Broker Dealer	Approved	03/07/1994
PR	Broker Dealer	Approved	02/10/2000
RI	Broker Dealer	Approved	03/02/1994
SC	Broker Dealer	Approved	08/04/1994
SD	Broker Dealer	Approved	03/04/1994
SEC	Broker Dealer	Approved	05/06/1988
TN	Broker Dealer	Approved	08/04/1994
TX	Broker Dealer	Approved	06/29/1990
UT	Broker Dealer	Approved	01/19/1994
VA	Broker Dealer	Approved	05/16/1994
VI	Broker Dealer	Approved	01/30/2012
VT	Broker Dealer	Approved	06/18/1997
WA	Broker Dealer	Approved	10/04/1989
WI	Broker Dealer	Approved	09/06/1991
WV	Broker Dealer	Approved	01/28/1994
WY	Broker Dealer	Approved	08/08/1994

March 3, 2025

To Whom It May Concern:

This letter is to inform you that we at Multi-Bank Securities, Inc. (MBS) do not give accounting, regulatory, tax or legal advice. However, MBS makes every effort to recommend investments we feel are appropriate for our clients. It is our intention to maintain on file an investment policy from every one of our clients.

If you have a written investment policy outlining the types of investments you can and cannot make, please forward it to us at your convenience. We have designed a system of controls to help reduce the risk of inappropriate investments for our clients.

Sincerely,



David T. Maccagnone
Chief Executive Officer
Multi-Bank Securities, Inc.

Address 1000 Town Center, Suite 2300
Southfield, Michigan 48075

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(248) 291-1100

Fax (248) 291-1101

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Multi-Bank Securities, Inc. is registered in all 50 states.

A biography of an account representative licensed in your state will be made available upon request.

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Southfield, Michigan 48075

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORTS
FORM X-17A-5
PART III

OMB APPROVAL OMB Number: 3235-0123 Expires: Nov. 30, 2026 Estimated average burden hours per response: 12
SEC FILE NUMBER 8-39547

FACING PAGE

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

FILING FOR THE PERIOD BEGINNING 01/01/2024 AND ENDING 12/31/2024
MM/DD/YY MM/DD/YY

3

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: MULTI-BANK SECURITIES, INC.

TYPE OF REGISTRANT (check all applicable boxes):

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

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

1000 TOWN CENTER DRIVE SUITE 2300

(No. and Street)

SOUTHFIELD

MI

48075

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

JEFFERY MACCAGNONE 248-291-1100

JEFFMAC@MBSSECURITIES.COM

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

HACKER, JOHNSON, & SMITH PA

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

500 N WEST SHORE BLVD #1000 TAMPA

FL

33609

(Address)

(City)

(State)

(Zip Code)

09/29/2003

400

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

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

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, JEFFERY T. MACCAGNONE, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of MULTI-BANK SECURITIES, INC. as of 12/31, 2024, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

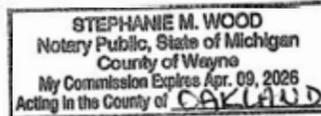
Signature:

[Handwritten signature]

Title:

PRESIDENT

[Handwritten signature: Stephanie M. Wood]
Notary Public



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

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

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

MULTI- BANK SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2024

Filed Pursuant to Rule 17a-5 (e) (3) Under the Securities Exchange Act of 1934

As a Public Document

**MULTI-BANK SECURITIES, INC.
TABLE OF CONTENTS**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BALANCE SHEET

NOTES TO STATEMENT OF FINANCIAL CONDITION



HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Orlando
Tampa

Certified Public Accountants

Report of Independent Registered Public Accounting Firm

To the Stockholders
of Multi-Bank Securities, Inc.
Fort Lauderdale, Florida

Opinion on the Statement of Financial Condition

We have audited the accompanying statement of financial condition of Multi-Bank Securities, Inc. (the "Company") as of December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

HACKER, JOHNSON & SMITH PA

We have served as Multi-Bank Securities, Inc.'s auditor since 2024.

Tampa, Florida

February 24, 2025

500 North Westshore Boulevard, Post Office Box 20368, Tampa, Florida 33622-0368, (813) 286-2424

A Registered Public Accounting Firm

MULTI-BANK SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2024

	<u>ASSETS</u>	<u>2024</u>
Assets:		
Cash		\$9,398,711
Accounts Receivable:		
Brokers, Dealers and Clearing Organization		17,677,743
Deposit - Clearing Organization		2,000,000
Other		415,625
Securities Owned, at Fair Value (Note 3)		538,866,188
Prepaid Expenses		578,387
Total Current Assets		568,936,654
Other Assets:		
Operating Lease Right-of-Use Assets (Note 7)		5,170,841
Total Other Assets		5,170,841
Total Assets		\$574,107,495
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Liabilities:		
Accounts Payable:		
Commissions and Salaries Payable		\$17,730,520
Other		157,624
Securities Sold, Not Yet Purchased, at Fair Value		476,931,854
Accrued Expenses		1,282,013
Total Current Liabilities		496,102,011
Operating Lease Liabilities (Note 7)		5,170,841
Total Long-Term Liabilities		5,170,841
Total Liabilities		501,272,852
Stockholder's Equity:		
Common Stock, par value \$1.00 per share; 50,000 shares authorized; 16,000 shares issued		16,000
Capital in Excess of Par Value		66,192,000
Retained Earnings		6,626,643
Total Stockholder's Equity		72,834,643
Total Liabilities and Stockholder's Equity		\$574,107,495

See accompanying notes to statement of financial condition.

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 1 - ORGANIZATION

Multi-Bank Securities, Inc., (the "Company") is an institutional fixed-income securities broker-dealer registered with the Financial Industry Regulatory Authority (FINRA) and the U.S. Securities and Exchange Commission. The Company is a wholly owned subsidiary of Multi-Bank Services, Ltd. See Note 4 for transactions with Parent Company.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Securities Transactions and Revenue Recognition

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, requires that an entity recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those services. Revenue is recognized when: (a) a contract with a client has been identified, (b) the performance obligation(s) in the contract have been identified, (c) the transaction's price has been determined, (d) the transaction's price has been allocated to each performance obligation in the contract, and (e) the Company has satisfied the performance obligation.

The following represents information on the recognition of the Company's revenue from contracts with customers:

Principal transactions revenue represents the actual mark-up and mark-down on securities sales to accounts and the unrealized gains and losses from securities owned and securities sold, not yet purchased. Principal transactions are recorded on the trade date of the transactions. Management reviewed the impact of any unsettled transactions and determined there are no material differences between the trade date and settlement date positions for the years ended December 31, 2024 and 2023. Management believes that the performance obligation is satisfied on the trade date because the underlying financial instrument is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to the customer.

Securities owned and securities sold, not yet purchased are recorded at fair value in accordance with FASB ASC 820, Fair Value Measurements and Disclosures. See Note 3 - Fair Value.

Commissions and fees revenue represents commissions earned from executing customer transactions in equities, mutual funds and certificate of deposit placement fees. These transactions are recorded on a trade date basis. The Company believes that the performance obligation is satisfied on the trade date because the underlying financial instrument or purchases is identified, the pricing is agreed upon and the risks and rewards of ownerships have been transferred to/from the customer.

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest

Net interest trading revenue represents the coupon interest that the Company earns or pays on its securities positions.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk From Cash Deposits in Excess of Insured Limits

The Company maintains cash balances at financial institutions that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts, and the Company believes it is not exposed to any significant risks on cash.

Receivable from and Payable to Brokers, Dealers, and Clearing Organization

Receivables from and payable to brokers, dealers, and clearing organizations include deposits of cash and/or securities with exchange clearing organizations. In addition, there are receivables and payables from fees and commissions arising from unsettled securities transactions.

Concentrations of Counterparty Credit Risk

The Company is engaged in various trading and brokerage activities with counterparties that primarily include broker-dealers, banks, and other financial institutions. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. The Company monitors its exposure to risk through a variety of control procedures, including daily review of trading positions.

Market Risk

Market risk is the potential loss the Company may incur as a result of changes in the market value of a particular financial instrument. All financial instruments are subject to market risk. The Company's exposure to market risk is determined by a number of factors, including size, duration, composition and diversification of positions held, the absolute and relative level of interest rates, and market volatility and liquidity. The Company manages risk by setting and monitoring adherence to risk limits and by hedging its positions.

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Expected Credit Losses (CECL)

The Company accounts for estimated credit losses on financial assets measured at an amortized cost basis and certain off-balance sheet credit exposures. The Company estimates expected credit losses over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The Company records the estimate of expected credit losses as an allowance for credit losses. For financial assets measured at an amortized cost basis, the allowance for credit losses is reported as a valuation account on the balance sheet that adjusts the asset's amortized cost basis. Changes in the allowance for credit losses are reported in Credit Loss expense.

Receivables from Broker-Dealers and Clearing Organizations

The Company's receivables from broker-dealers and clearing organizations include amounts from unsettled trades, amounts receivable for securities failed to deliver, accrued interest receivables and cash deposits. A majority of the Company's trades and contracts are cleared through a clearing organization and settled daily between the clearing organization and the Company. Because of this daily settlement, the amount of unsettled credit exposure is limited to the amount owed to the Company for a very short period of time. The Company continually reviews the credit quality of its counterparties.

Federal Income Taxes

The Company files a consolidated federal income tax return with its Parent Company. The provision for Federal income tax for the year ended December 31, 2024 is based on a separate return filing.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. The primary objective of ASC 740 is to prescribe measurement and disclosure requirements for income tax provisions when uncertainty exists as to whether the reporting entity's tax positions would be sustained in the event of an examination. Company management believes that there are no material uncertainties in which tax positions taken would not be sustained upon examination.

Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through February 24, 2025, which is the same date the financial statements were available to be issued.

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 3 - FAIR VALUE

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data).

Securities Owned and Sold. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange-traded equities and highly liquid United States treasuries. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, including U.S. government backed municipal securities and corporate/ other debt. Municipal debt are valued using the Electronic Municipal Market Access system from the Municipal Securities Rulemaking Board. The price from the last "inter-dealer" trade of the year is generally the fair value. Because this is not an active market, but has significant other observable inputs, their securities are classified with Level 2 of the valuation hierarchy.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2024.

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 3 - FAIR VALUE (Continued)

At December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Corporate/Other Debt	-	\$5,931,511	-	\$5,931,511
U.S. Govt. & Agency	-	394,846,983	-	394,846,983
U.S. Treasuries	16,073,232	-	-	16,073,232
Municipal Debt	-	122,014,462	-	122,014,462
Total				
Securities Owned	\$16,073,232	\$522,792,956	-	\$538,866,188
Liabilities				
U.S. Govt. & Agency	-	\$375,323,856	-	\$375,323,856
U.S. Treasuries	54,031,015	-	-	54,031,015
Equities	47,576,983	-	-	47,576,983
Total Securities Sold, Not Yet Purchased	\$101,607,998	\$375,323,856	-	\$476,931,854

Note 4 - TRANSACTIONS WITH PARENT COMPANY

The parent company, Multi-Bank Services, Ltd., provides various administrative services to the Company, including furniture and fixtures. For the year ended December 31, 2024 administrative expenses charged to the Company amounted to \$300,000.

Note 5 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). Based on the provisions of this rule, the Company must maintain net capital equivalent to the greater of \$100,000 or 1/15th of aggregate indebtedness as defined.

At December 31, 2024, the Company's net capital was \$51,772,869 and its required net capital was \$1,278,011. The ratio of aggregate indebtedness to net capital (which may not exceed 15 to 1) was .37 to 1.

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 6 - EMPLOYEES' BENEFIT PLANS

The Company maintains a defined contribution benefit plan 401(k) to cover all eligible employees of the Company. Under provisions of the Plan, participating employees can elect to contribute to the account a percentage of their compensation not to exceed the limitations imposed by the Internal Revenue Service. In addition, the Company at its discretion may make a matching contribution, which percentage will be determined each year by the Company. For the year ended December 31, 2024 the Company did not make any discretionary matching or nonelective contributions.

Note 7 - LEASES

The Company is a lessee in several operating leases for office space, and recognizes a lease asset and a lease liability for operating lease arrangements greater than 12 months. The Company recognizes a right of use asset and lease liability at the commencement date of the lease. Right of use assets and liabilities are recognized on the Company's balance sheet based at the present value of future lease payments relating to the use of the underlying asset during the lease terms.

The components of lease expense and other lease information are as follows:

	For the Year Ended December 31, 2024
Operating lease expense recognized	\$1,125,922
Cash Paid for amounts included in measurement of operating lease liabilities	<u>\$641,083</u>
	At December 31, 2024
Operating lease right-of-use assets	\$5,170,841
Operating lease liabilities	5,170,841
Weighted-average remaining lease term	3.37 years
Weighted-average discount rate	6.0%

MULTI-BANK SECURITIES, INC.
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2024

Note 7 - LEASES (Continued)

The Company has operating leases for its primary operating facilities in Southfield, Michigan and Fort Lauderdale, Florida. They also lease facilities in various other states. The future minimum lease payments for these leases are summarized as follows:

Years Ended December 31	Amount
2025	\$842,286
2026	852,385
2027	826,884
2028	666,933
2029	686,275
2030-2034	3,308,466
Total	\$7,183,229
Less Imputed Interest	(\$2,012,388)
Total Operating Lease Liabilities	\$5,170,841

The lease agreements include escalation clauses that increase the minimum rental payment for increased lessor taxes and operating expenses.

Furniture and equipment is provided by the Parent Company, the charge for which is included in the administrative charges paid to the Parent Company, see Note 4.

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IMPORTANT COMPLIANCE INFORMATION

USA PATRIOT ACT / ANTI-MONEY LAUNDERING / BANK SECRECY ACT / CIP RULE / KNOW YOUR CUSTOMER

Multi-Bank Securities, Inc. is committed to complying with the U.S. statutory and regulatory requirements designed to combat money laundering and terrorist financing. The USA PATRIOT Act requires all financial institutions to obtain certain identification documents or other information in order to comply with their Customer Identification Procedures (CIP).

When you open an account, we will ask you for your name, address and other information that will allow us to satisfy our Know Your Customer requirements. We also may ask to see your driver's license or other identifying documents. Until you provide the required information or documents, we may not be able to open an account or effect any transactions for you. For additional information, contact Chief Compliance Officer Merlin Elsner, our designated Anti-Money Laundering Compliance Officer, at 1-800-967-9008.

The Customer Due Diligence Rule (CDD Rule) from FinCEN, effective May 11, 2018, requires that certain financial institutions are now obligated to disclose the ultimate beneficiary of the company upon new account opening. We will ask that you provide documentation on each individual that owns 25 percent of the equity interests in your institution, or any individual with significant responsibility to control, manage or direct your institution. We will ask for personal information on the CEO, CFO, COO, managing members, general partners, presidents, vice presidents, treasurers, et al. We will seek to retain sufficient information on any individual who regularly performs functions that demonstrate "control." Under the definition provided by FinCEN, we will seek information on beneficial owners using Appendix A to CFR 1010.230 (Beneficial Owner Certification Form).

ORDER ROUTING

Order routing information for your specific orders is available upon request by contacting your account representative. You can also see the most recent quarterly routing information on our corporate website, www.mbssecurities.com, by clicking on Order Routing at the bottom of the home page.

FINRA BROKERCHECK INFORMATION

The FINRA BrokerCheck program is available at www.finra.org and can be accessed by clicking on BrokerCheck at the top of the home page. The site gives background information, registration/license status and disciplinary history of brokers and firms.

SECURITIES INVESTOR PROTECTION CORPORATION (SIPC)

Information about SIPC, including the SIPC brochure, can be obtained by calling SIPC at 1-202-371-8300 or visiting the SIPC website at www.sipc.org.

IMPORTANT COMPLIANCE INFORMATION (CONTINUED)

MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULE G-10 – INVESTOR EDUCATION AND PROTECTION

Multi-Bank Securities, Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

The website address for the Municipal Securities Rulemaking Board is www.msrb.org.

A brochure is posted on the website of the Municipal Securities Rulemaking Board. In addition to having investor education materials available, there are also descriptions of the protections provided by MSRB rules and how to file a complaint with FINRA's Investor Complaint Center.

FIRM CONTACT INFORMATION

If you have any concerns about your account, please contact Merlin Elsner at 1-800-967-9008.

Updated March 2025

PRIVACY POLICY

Multi-Bank Securities, Inc. (MBS) respects your right to privacy. We are committed to securing the confidentiality and integrity of your personal information. We are proud of our privacy practices and want our current and prospective clients to understand what information we collect and how we use it.

WHY WE COLLECT YOUR INFORMATION

We gather your information about you and your accounts so we can (1) know who you are and thereby prevent unauthorized access to your information, (2) design and improve the products and services we offer, and (3) comply with the laws and regulations that govern the financial industry.

WHAT INFORMATION WE COLLECT

We may collect the following types of nonpublic personal information about you:

- Information about your identity, such as your name, address and Taxpayer Identification Number.
- Information about your transactions with us.
- Information we receive from you from applications, forms or direct discussions with you.

SOURCES FROM WHICH WE OBTAIN YOUR INFORMATION

We collect nonpublic personal information about MBS's clients from the following sources:

- Information we receive from you from applications, forms or direct discussions with you.
- Information we may obtain via the internet.
- Information we receive from our clearing firm or any third-party vendor for authentication purposes.

WHAT INFORMATION WE DISCLOSE

Your securities account is carried by our clearing firm pursuant to clearing agreements. We may disclose to them all the information we collect regarding your account. Our clearing firm is contractually obligated to keep the information we have provided them confidential and use the information only for the services required and as allowed by applicable law or regulation.

We also may disclose some nonpublic personal information about our customers or former customers to facilitate servicing your account or to our regulators upon proper request, except as permitted by law and noted above. Moreover, we will not release information about our customers or former customers, except as noted above, unless one of the following conditions is met:

- We receive your prior written consent.
- We believe the recipient to be you or your authorized representative.
- We are required by law or regulation to release information to the recipient.

PRIVACY POLICY (CONTINUED)

CONFIDENTIALITY AND SECURITY

We maintain physical, electronic and procedural safeguards to protect your personal account information. We also restrict access to your personal and financial data to authorized associates who have a need for these records. We require all non-affiliated organizations to conform to our privacy standards and are contractually obligated to keep the provided information confidential and used only as requested. Furthermore, we will continue to adhere to the privacy policies and practices described in this notice even after your account is closed or becomes inactive.

CALIFORNIA CONSUMER PRIVACY ACT (CCPA)

If you are a California resident, you may have the right to (1) request access to certain personal information* we have collected about you, or (2) request that we delete certain personal information* we may have collected from you. To exercise any of these rights, please visit www.mbssecurities.com and click the CCPA link in the website footer.

The examples contained within the Privacy Policy are illustrations and are not intended to be exclusive. If there are material changes to this policy, they will be posted on our website at www.mbssecurities.com.

Updated March 2025

**Personal information request exceptions: The CCPA does not apply to personal information that may not be provided or deleted based on other laws, rules or regulations.*

BUSINESS CONTINUITY STATEMENT

In the event of a disruption of service, if you cannot contact us as you usually do through your account representative or your branch office, call our alternative number, 1-800-967-5094, or visit our website at www.mbssecurities.com. If you cannot access us through either of these means, contact our clearing firm, Pershing LLC (Pershing), a BNY Mellon company, directly in one of the following ways:

1. Call 1-201-413-3635. Pershing will process limited trade-related transactions (option No. 1), cash disbursements (option No. 2) and security transfers (option No. 3) on your behalf.
2. Via facsimile at 1-201-413-5368.
3. Via postal service at Pershing LLC, P.O. Box 2065, Jersey City, NJ 07303-2065.

OUR BUSINESS CONTINUITY PLAN

We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the Firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our Firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption. Our business continuity plan addresses the following: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternate physical location of employees; critical suppliers, contractors, banks and counter-party impact; regulatory reporting; and assuring our customers' prompt access to their funds and securities if we are unable to continue our business. Our clearing firm, Pershing, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to quickly restore its own operations and be able to complete existing transactions and accept new transactions and payments. Your orders and requests for funds and securities could be delayed during the restoration period.

VARYING DISRUPTIONS

Significant business disruptions can vary in their scope, including the business district, the city or the entire region where one or more of our offices are located. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In the event of a disruption to one or more of our offices, we will transfer our operations to an appropriate location when needed and expect to recover and resume full business operations. In the event of a disruption affecting a larger area, we will transfer our operations to a location outside of the affected area when needed and expect to recover and resume full business operations in a timely manner. In either situation, we plan to continue normal business operations, transferring functionality to other offices within our Firm or to our clearing firm if necessary. We will notify our customers in the most prudent and expeditious method. If a significant business disruption is so severe that it prevents us from remaining in business, we will work with our clearing firm to assure our customers receive prompt access to their funds and securities.

Please contact us at businesscontinuity@mbssecurities.com if you have questions about our business continuity planning.

Corporate Headquarters

1000 Town Center, Suite 2300, Southfield, MI 48075
1-800-967-9045 phone
1-248-291-1101 fax

Updated March 2025

March 3, 2025

To Whom It May Concern,

This letter is to inform you that as of the date of this letter, (1) there are no current regulatory sanctions outstanding against Multi-Bank Securities, Inc. (MBS) nor any of its account representatives or officers, and (2) MBS has never had a regulatory customer complaint.

Additionally, MBS confirms we have an Anti-Money Laundering (AML) Program in place with policies and procedures that are reasonably designed to detect and prevent the use of our facilities and services for illegal purposes, including the laundering of monies, the financing of terrorist activities and the proliferation of weapons of mass destruction. This AML Program includes the designation of an AML officer, an ongoing AML employee training program and an annual independent audit to test the effectiveness of the AML Program. The Program is approved by the Board of Directors on an annual basis.

We further attest that we are in compliance:

1. With the Bank Secrecy Act (BSA), as amended by the USA PATRIOT Act, including, without limitation, a system of internal controls for detection and prevention of money laundering and illegal activity, independent testing of the company's BSA program, designation of a qualified individual for coordinating and monitoring day-to-day compliance, and training programs for all employees, officers and directors as appropriate.
2. With regulations and requirements of the Office of Foreign Assets Control (OFAC), including, without limitation, screening in OFAC-prohibited parties databases of all individuals involved in transactions by, through or with your institution, screening of OFAC embargoed country regulations for prevention of transactions involving countries subject to U.S. trade and economic sanctions, comparison of transactions on a daily basis, identification procedures and document retention.
3. With the Customer Identification Program requirements of the BSA, as amended by the USA PATRIOT Act, including, without limitation, risk-based procedures to verify customer identity, a risk assessment of our customer base and products, and due diligence for correspondent accounts.
4. With "Know Your Customer" and monitoring requirements as necessary to ensure effective detection of suspicious transactions and procedures for the filing of Suspicious Activity Reports (SARs) and Currency Transactions Reports (CTRs).

Sincerely,



Merlin Elsner
Chief Compliance Officer
Multi-Bank Securities, Inc.

Address 1000 Town Center, Suite 2300
Southfield, Michigan 48075

Phone (800) 967-9045
(248) 291-1100

Fax (248) 291-1101

www.mbssecurities.com

2400 East Commercial Boulevard, Suite 1200
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(954) 351-6930

(954) 351-9197

Member of FINRA & SIPC; MSRB Registered.

Proudly Veteran-Owned!

Dear Multi-Bank Securities, Inc. Client,

Thank you for performing your due diligence on Multi-Bank Securities, Inc. (MBS). We understand that this is a crucial part of building a trusting relationship with your broker, and we are more than happy to provide a response concerning your finding(s).

There are four items on our BrokerCheck report we would like to further explain.

The first incident was initiated by the State of Alabama on June 16, 1994. The incident occurred when MBS submitted a broker-dealer application to the State and incorrectly filled out the paperwork in the process. MBS paid a small fine, and Alabama vacated the denial order following the paperwork corrections.

The second incident was initiated by the Vermont Securities Division on June 12, 1997. MBS was cited for transacting business as an unregistered broker-dealer in Vermont. We paid a small fine, became registered in the State of Vermont and conduct business there today.

In the third incident, as the result of a sweep, FINRA found that our Firm failed to accurately report to TRACE certain inter-dealer transactions in a timely manner.

The citation states,

“Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report the correct time of trade execution for transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securitized products within 15 minutes of the time of execution to TRACE; and failed to show the correct time of execution on the memorandum of brokerage orders.”

MBS paid a small fine without admitting or denying the facts as presented, and will continue to do business in the market of fixed-income securities. To prevent future events like this, we made changes to our supervisory policies and procedures to reduce redundant supervisory reviews. We reviewed and continue to review our inter-dealer relationships to ensure that trade times are reported, and to ensure that both parties contractually understand and agree to each transaction prior to creating a TRACE reporting obligation.

Finally, as a result of our 2014 and 2016 regular cycle examinations, FINRA took the position that during a specific period of time, on a specific form, there was language that could be potentially confusing to some municipal entities with respect to the capacity in which the Firm would be acting relative to the Municipal Advisor Rule. Additionally, FINRA took the position that the Firm’s Risk Management Controls outside of the Written Supervisory Procedures caused the Written Supervisory Procedures to be inadequate, and that the Firm needed to make specific reference to a particular rule during the annual CEO certification of compliance systems and controls.

We are proud of our customer compliance record and will continue to provide you the best in customer service. We thank you again for the opportunity to provide you with additional details. Should you have any questions or concerns, I can be reached directly at 1-800-967-9008, or by email at melsner@mbssecurities.com.

Sincerely,



Merlin Elsner
Chief Compliance Officer
Multi-Bank Securities, Inc.

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Southfield, Michigan 48075

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CODE OF ETHICAL BUSINESS CONDUCT

MISSION STATEMENT

Multi-Bank Securities, Inc. is a fixed-income securities Firm focused on delivering value to the institutional markets. We seek to earn and preserve the respect, confidence and loyalty of our employees and customers through integrity, professionalism, investment expertise, progressive technology and exceptional personal service.

CODE OF ETHICAL BUSINESS CONDUCT

Our Code of Ethical Business Conduct outlines our principles, ethics and standards to help guide our employees. Every person at our Firm is valuable and fulfills a vital role. Each client's objective can be successfully met when all departments work harmoniously with that singular goal in mind. The following are in addition to the rules required by FINRA and other regulatory authorities.

Commitment: We have made a commitment to operate ethically and to lead with integrity. We are committed to maintain the trust of fellow employees, clients, business partners and other industry professionals. This commitment is embedded in our core values.

Integrity: Is the sum of the collective actions of our employees and how those actions measure up every day to our fundamental values. We are obligated to demonstrate moral and sound judgment in all actions within the office environment and the public. Our reputation is a direct reflection of our culture.

Respect: We support an environment that encourages respect. We do not make false or misleading statements about our customers, business partners or competitors, nor do we misrepresent facts in order to gain a competitive advantage or engage in illegal or unethical business practices.

Professional Growth: Our representatives are instructed to familiarize themselves with all policies, laws and regulations that apply to their jobs – including but not limited to state statutes, bylaws and investment policies – prior to conducting business. We support our representatives' pursuit of professional licenses and certifications.

Accurate Records: It is critical that we properly maintain records and uphold state statutes, bylaws and investment policies at the corporate level, as well as in personal files for each customer. These documents will be updated accordingly or as required by law.

Employee Manual: The Employee Manual is provided to assist employees in being successful at their job. The manual outlines our expectations, employment practices and policies, including the Code of Conduct. It is the responsibility of every employee to be familiar with and understand the contents of the manual. A verification receipt is required to be executed by each employee. We should all work to create a positive and diverse workplace that is free from discrimination and harassment. We are committed to a zero-tolerance policy against harassment or threatening behavior of any kind.

Travel: We strongly encourage building trust and rapport with customers and business partners. Representatives are supported and make every effort to attend board meetings and council/commissioner meetings, including state conferences and chapter meetings, locally and nationally.

MULTI-BANK SECURITIES, INC. ANTI-MONEY LAUNDERING POLICY TEST PROCEDURES

EXECUTIVE SUMMARY

Multi-Bank Securities, Inc. (MBS) has in place an Anti-Money Laundering (AML) policy. Merlin Elsner is our Chief Compliance Officer. Senior management has approved the AML policy as written, and all questions are to be directed to Merlin Elsner. The company's AML policy is available for review upon request.

Merlin Elsner is responsible for ensuring the review of all new accounts and routine transactional surveillance. Additionally, the company's clearing agent Pershing LLC (Pershing), a BNY Mellon company, also reviews each account entity and transaction. Many MBS accounts (credit unions, banks, municipalities and SEC-registered investment advisors) are exempt from full Customer Identification Procedures (CIP). MBS relies on the fact that each of these exempted institutional entities is independently audited to ensure AML program compliance. Whenever practical and/or available, MBS will review external AML policies and independent audit reports made available for compliance with appropriate rules and regulations.

MBS engaged the company controller to perform the annual AML independent testing. The company controller operates fully independent of the Compliance Department and reports directly to the CEO. During the annual independent testing of our AML procedures, randomly selected accounts were checked against the Office of Foreign Asset Control (OFAC) list found at www.ustreas.gov/ofac. The controller verified that as of the most recent test (concluded Dec. 18, 2024), none of the randomly selected accounts were found on the OFAC list. The company controller, upon a review of the processed documentation of account opening files and ongoing review of transactions, found no material deficiencies for 2024.

DAY-TO-DAY OPERATIONS

Merlin Elsner, or his designee, is responsible for making sure that new accounts have appropriate and sufficient information, including but not limited to names, addresses and Taxpayer Identification Numbers requested at the time of account opening. Operations will reject all accounts with improperly filled-out forms or forms missing material information. Pershing systems do not allow for customer accounts to be opened without proper identification information.

Pershing is responsible for verifying new control lists against all existing accounts. They have assured us that they do this task regularly. MBS screens all accounts on a continuous basis through a third-party vendor established as best industry practice.

Merlin Elsner, or his designee, is responsible for deposit and withdrawal review. He follows the AML policy instructions for verifying information and record-keeping. Reviews are performed in a timely manner utilizing in-house CRM reports as well as Pershing system reports to capture all information necessary for AML review. MBS does not accept money or securities from clients at any time. MBS account activity is reviewed systematically against a complex series of dynamic logical rules to screen for potential AML activity through the Pershing platform. This platform produces behavior-based reports, which are reviewed in addition to internal CRM reports. CRM reports are reviewed on a daily basis by executive management. This two-pronged approach ensures that MBS has in place an adequate policy to guard against and detect potential AML activity. Given the sophistication of MBS's internal client account AML policies, MBS considers the risk of an actual AML incident to be extremely low. The risk rating of accounts at MBS is presented in a spectrum to be considered in the overall securities market, and while there may be differences in ratings within the Firm, the overall AML risk remains low when considering the overall market.

**MULTI-BANK SECURITIES, INC.
ANTI-MONEY LAUNDERING POLICY TEST PROCEDURES (CONTINUED)**

Merlin Elsner is also responsible for ensuring the review of the biweekly Financial Crimes Enforcement Network (FinCEN) report and compares them to the MBS customer database in a timely fashion. Evidence of these report reviews is kept extremely confidential and is available for review upon request from FINRA and/or the SEC. MBS screens new accounts (banks, credit unions and municipalities are exempt) against the OFAC database. Pershing screens accounts and transaction beneficiaries against the report for all clearing transactions. MBS performs OFAC screening on an “ongoing” basis in addition to the initial account opening procedures.

Merlin Elsner is responsible for AML training of new and existing employees. The company also holds employee meetings to cover sales practice and compliance issues. The company maintains attendance records and has the record book available for review as necessary. Employees must complete Firm Element continuing education training as well as the FINRA-required continuing education. Merlin Elsner coordinates compliance training for all MBS locations.

The company has procedures in place to maintain files for at least six years. The company maintains documentation for two years on-site. The company also has an off-site storage facility to maintain previous years. The company controller personally verifies the packaging and storage of all relevant documents. The off-site storage facility is subject to an inspection by MBS and all associated files are stored in a safe and secure location with extremely limited access.

Merlin Elsner is responsible for the Suspicious Activity Report (SAR). He is familiar with the SAR form and Bank Secrecy Act (BSA) e-filing procedures. He will file a SAR immediately as applicable. The company does not accept money from clients and therefore does not maintain a Currency Transaction Report (CTR). All customer checks must be payable to Pershing LLC and all money wires go directly to Pershing. Pershing will not accept funds that originate from outside of the U.S.; this includes, but is not limited to, checks and electronic transfers.

Please contact me at 1-800-967-9008 with any questions related to this AML document.



Merlin Elsner
Chief Compliance Officer
Multi-Bank Securities, Inc.

INFORMATION SECURITY ATTESTATION LETTER

March 3, 2025

In 2024, Multi-Bank Securities, Inc. (MBS) conducted its annual External Penetration Testing engagement utilizing the Horizon3.ai penetration testing platform. The objective of this penetration test was to proactively identify and remediate vulnerabilities within MBS's internet-facing systems, minimizing exposure to threats from both internal and external actors.

The initial assessment phase was conducted from Nov. 8-10, 2024, followed by a remediation validation scan performed on Dec. 7-8, 2024. During the testing period, the Horizon3.ai platform executed a total of 4,436 attack modules, utilizing 20 distinct techniques aligned with seven MITRE ATT&CK[®] tactics.

The results of the assessment confirmed MBS has effectively implemented sufficient security controls to mitigate any significant cybersecurity risks. The security posture demonstrated during the engagement reflects MBS's commitment to safeguarding personally identifiable information and critical business data, ensuring ongoing business operations and resilience against cyber threats.

As of the date of this attestation, I confirm there have been no material changes or security incidents subsequent to this penetration testing engagement.

MBS remains dedicated to continuous improvement in cybersecurity practices and robust risk management strategies to maintain and enhance its security posture.

Should you have any questions regarding this matter, please feel free to contact me directly at 1-800-967-9008 or via email at merlin@mbsecurities.com.

Sincerely,



Merlin Elsner
Chief Compliance Officer
Multi-Bank Securities, Inc.

Address 1000 Town Center, Suite 2300
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32 Old Slip
 New York, NY 10005-3504
 Phone 800-221-5830
 Fax 800-383-1852

CONFIRMATION OF INSURANCE

NAMED INSURED
Multi-Bank Securities, Inc. 1000 Town Center Drive, Suite 2300 Southfield, MI 48075

BINDER DATE	BINDER NO.
09/18/2024	n/a

CLIENT CODE	POLICY TYPE
MULTSEC-01	Securities Dealers Bond

ACCOUNT SERVICER
Abigail Escalera

Page 1 of 1

EFFECTIVE DATE	EXPIRATION DATE	POLICY NUMBER	INSURER
11/01/2024	11/01/2025	81940548	Federal Insurance Company

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Coverage: Securities Dealer Blanket Bond

Effective Date of Change: 11/01/2024
 Description of Change: Renewal

It is hereby understood and agreed that the renewal of coverage is bound effective 12:01 a.m. on November 1, 2024 for a one year period as follows:

Limit of Liability: \$3,000,000 per loss
 Deductible: \$20,000 per loss
 One Year Premium:

All other terms and conditions remain the same.

This confirmation of insurance sets forth the general terms, conditions and subjectivities, if any, of placement effected by Alliant on your behalf and at your direction. This confirmation of insurance will be cancelled, superseded and replaced upon delivery of the insurer's binder of coverage. The insurer's binder will be in effect and control this placement until the receipt of the insurer's formal policy/bond documentation.

In addition to the fees and/or commissions received by Alliant for the placement of insurance in certain circumstances other parties, including other intermediaries, may earn and retain usual and customary commissions for their role in providing insurance products or services under their separate contracts with insurers and/or reinsurers. Further, in certain segments of our business, some of our compensation may be derived from supplemental or bonus commissions paid by insurers or intermediaries based on criteria designed by the insurer or intermediary, to value of the policies that we place with it in a particular period.

Premium:	Federal Insurance Company	
Confirmed By:	Authorized Representative: Program	
At Alliant Refer To: Abigail Escalera	Admitted: X	Non-Admitted



SECURITIES INVESTOR PROTECTION CORPORATION

1667 K Street NW Suite 1000
WASHINGTON, D.C. 20006-2215
(202) 371 – 8300 FAX (202) 223 – 1679
WWW.SIPC.ORG

Via E-mail (melsner@mbssecurities.com)
Merlin Elsner
Chief Compliance Officer
Multi-Bank Securities, Inc.
1000 Town Center, Suite 2300
Southfield, MI 48075

February 28, 2025
8-39547

Dear Mr. Elsner:

In response to your request, please be advised that according to SIPC's records, Multi-Bank Securities, Inc. is registered with the Securities and Exchange Commission as a securities broker or dealer under Section 15(b) of the 1934 Act, (8-39547, 05/06/1988). By operation of the Securities Investor Protection Act of 1970, the corporation is a SIPC member unless (i) its principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions; (ii) its business as a broker or dealer consists exclusively of (I) the distribution of shares of registered open end investment companies or unit investment trusts, (II) the sale of variable annuities, (III) the business of insurance, or (IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts, or (iii) it effects transactions in security futures products only.

Sincerely,

**Christine R.
King**

Christine R. King

Manager – Member Assessments

Digitally signed by
Christine R. King
Date: 2025.02.28
07:39:22 -05'00'

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PERSHING LLC
(An Indirect Wholly Owned Subsidiary of
The Bank of New York Mellon Corporation)

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Statement of Financial Condition

December 31, 2024

(With Report of Independent Registered Public Accounting Firm)

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PERSHING LLC
(An Indirect Wholly Owned Subsidiary of
The Bank of New York Mellon Corporation)

Statement of Financial Condition

December 31, 2024

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Report of Independent Registered Public Accounting Firm

Statement of Financial Condition

Notes to Statement of Financial Condition



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Report of Independent Registered Public Accounting Firm

To the Member and Board of Managers
Pershing LLC:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Pershing LLC (the Company) as of December 31, 2024, and the related notes (collectively, the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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 are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

KPMG LLP

We have served as the Company's auditor since 2007.

New York, New York
February 27, 2025

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

PERSHING LLC
 (An Indirect Wholly Owned Subsidiary of
 The Bank of New York Mellon Corporation)
 Statement of Financial Condition
 December 31, 2024
 (Dollars in millions)

Assets

Cash and cash equivalents	\$	376
Cash segregated for regulatory purposes		820
Collateralized financing agreements:		
Securities borrowed		12,247
Securities purchased under agreements to resell		3,686
Receivables:		
Customers		14,935
Broker-dealers and clearing organizations		2,841
Affiliates		657
Securities owned in fractional shares held by customers, at fair value		400
Financial instruments owned, at fair value		35
Other assets		873
		873
Total assets	\$	36,870

Liabilities and Member's Equity

Liabilities:		
Overdrafts payable	\$	281
Collateralized financing agreements:		
Securities loaned		2,385
Securities sold under agreements to repurchase		8,235
Payables:		
Customers		15,229
Broker-dealers and clearing organizations		5,288
Repurchase obligations for fractional shares held by customers		400
Affiliates		926
Financial instruments sold, not yet purchased, at fair value		9
Accounts payable, accrued expenses and other		598
		598
Total liabilities		33,351
Member's equity:		
Member's contributions		1,139
Accumulated earnings		2,380
		2,380
Total member's equity		3,519
Total liabilities and member's equity	\$	36,870

See accompanying notes to statement of financial condition.

PERSHING LLC
(An Indirect Wholly Owned Subsidiary of
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Notes to Statement of Financial Condition
December 31, 2024

(1) Organization and Description of Business

Pershing LLC (the Company) is a single member Delaware Limited Liability Company and a wholly owned subsidiary of Pershing Group LLC (the Parent), which is a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon).

The Company is registered as a securities broker-dealer with the Securities and Exchange Commission (SEC) authorized to engage in fully disclosed and omnibus clearing, sales and trading and brokerage services. The Company is a member of the New York Stock Exchange, Inc. (NYSE), Financial Industry Regulatory Authority (FINRA), Chicago Board of Options Exchange, Inc., Securities Investor Protection Corporation (SIPC), and other regional exchanges.

(2) Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss (collectively referred to as the “significant expense principle”). The ASU, which also applies to public entities with a single reportable segment, requires disclosure of the title and position of CODM, and how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources. This ASU is effective for fiscal years beginning after December 15, 2023. The Company adopted this guidance on January 1, 2024 which pertains to the annual statement of financial condition contained herein. The adoption of ASU 2023-07 did not have a material effect on the Company’s consolidated statement of financial condition or disclosures.

(3) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The Company maintains its records in United States dollars. These statement of financial condition is prepared in accordance with U.S. generally accepted accounting principles.

(b) Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the statement of financial condition and accompanying footnotes. Management believes that the estimates utilized in the statement of financial condition are reasonable. Actual results could differ from these estimates. Market conditions could increase the risk and complexity of the judgments in these estimates.

(continued)

PERSHING LLC
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Notes to Statement of Financial Condition
December 31, 2024

(c) Cash and Cash Equivalents

The Company defines cash as demand deposits held at banks. Cash equivalents include highly liquid investments with original maturities of three months or less. There were no cash equivalents at December 31, 2024.

(d) Cash Segregated for Regulatory Purposes

The Company defines cash segregated for regulatory purposes as deposits of cash that have been segregated in special reserve bank accounts for the benefit of customers and the proprietary accounts of brokers (PAB) under Rule 15c3-3 of the SEC. Restricted cash consists of excess client funds and totaled \$820 million at December 31, 2024. Restricted cash is included in cash segregated for regulatory purposes on the statement of financial condition.

(e) Collateralized Financing Agreements

Securities borrowed and securities loaned are collateralized financing arrangements that are recorded at the amount of cash collateral advanced or received. For securities borrowed, the Company deposits cash or other collateral with the lender. For securities loaned, the Company receives cash collateral that typically exceeds the market value of securities loaned.

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (resale agreements) are treated as collateralized financing arrangements and are carried at their contract amount, the amount at which they will subsequently be resold or repurchased, plus related accrued interest. Repurchase and resale agreements are typically collateralized by cash or government and government agency securities and generally have terms from overnight up to three months. The Company nets certain repurchase agreements and resale agreements in the statement of financial condition in accordance with Accounting Standards Codification (ASC) Subtopic 210-20, *Balance Sheet Offsetting*.

It is the Company's policy to take possession of the underlying collateral, monitor its market value relative to the amounts due under the agreements and, when necessary, require prompt transfer of additional collateral or reduction in the loan balance in order to maintain contractual margin protection. In the event of counterparty default, the financing agreement provides the Company with the right to liquidate the collateral held.

The Company has adopted ASU 2016-13, *Financial Instruments – Credit Losses* ("CECL"). Under CECL, the Company has elected to use the collateral maintenance provision practical expedient for its collateralized financing agreements. Collateralized financing agreements are reported net of the expected credit losses, which was not material at December 31, 2024.

(continued)

PERSHING LLC
(An Indirect Wholly Owned Subsidiary of
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Notes to Statement of Financial Condition
December 31, 2024

(f) *Receivables and Payables – Broker-Dealers and Clearing Organizations*

Receivables from broker-dealers and clearing organizations include amounts receivable for securities not delivered by the Company to a purchaser by the settlement date (fails to deliver), deposits with clearing organizations and the Company's introducing brokers' margin loans. Payables to broker-dealers and clearing organizations include amounts payable for securities not received by the Company from a seller by the settlement date (fails to receive), clearing deposits from introducing brokers and amounts payable to the Company's introducing brokers.

Under CECL, the Company has elected to use the collateral maintenance provision practical expedient for its margin loans. Margin loans are reported net of the expected credit losses, which was \$78 thousand at December 31, 2024.

(g) *Revenue Recognition*

The Company's clients are billed based on fee schedules that are agreed upon in each customer contract. Receivables from contracts with customers were \$195.7 million at December 31, 2024. An allowance is maintained for accounts receivables which is generally based on the number of days outstanding. A provision of \$7.1 thousand was recorded as of December 31, 2024. Receivables from contracts with customers are included in other assets on the statement of financial condition.

Contract assets represent accrued revenues that have not yet been billed to the customers due to certain contractual terms other than the passage of time and were \$6.9 million at December 31, 2023 and \$6.4 million at December 31, 2024. Accrued revenues recorded as contract assets are usually billed on an annual basis. There were no impairments recorded on contract assets in 2024. Contract assets are included in other assets on the statement of financial condition.

Contract liabilities represent payments received in advance of providing services under certain contracts were \$6.3 million at December 31, 2023 and \$6.5 million at December 31, 2024. Contract liabilities are included in accounts payable, accrued expenses and other on the statement of financial condition.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

(h) *Fair Value of Financial Instruments Owned and Sold*

Financial instruments owned and financial instruments sold, not yet purchased are stated at fair value. See Note 5 to statement of financial condition for disclosures with respect to ASC Topic 820.

(i) *Furniture, equipment and leasehold improvements*

Furniture, equipment and leasehold improvements are recorded at cost, net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the useful lives of the related assets, generally two to five years. Leasehold improvements are amortized on a straight-line basis over the lesser of the lease term or 10 years. For internal-use computer software, the Company capitalizes

(continued)

PERSHING LLC
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Notes to Statement of Financial Condition
December 31, 2024

qualifying costs incurred during the application development stage. The resulting asset is amortized using the straight-line method over the expected life, which is generally five years. All other nonqualifying costs incurred in connection with any internal-use software projects are expensed as incurred.

(j) *Receivables and Payables - Customers*

Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables. Customer securities transactions are recorded on a settlement date basis, which is generally one business day after trade date. Securities owned by customers, including those that collateralize margin or other similar transactions, are not reflected in the statement of financial condition.

(k) *Securities owned in Fractional Shares held by Customers*

The Company offers fractional share trading to customers and maintains an inventory of securities held exclusively for the fractional share program. The Company has determined that fractional shares purchased by customers do not meet the criteria for derecognition under the accounting guidance and should therefore be accounted for as secured borrowings with the underlying financial assets pledged to the customer as collateral. These financial assets are included in securities owned in fractional shares held by customers and a corresponding liability is recorded in repurchase obligations for fractional shares held by customers in the statement of financial condition for the obligation to settle the secured borrowing. In accordance with ASC Topic 825, *Financial Instruments*, the Company has elected the fair value option to measure these financial assets and liabilities. ASC Topic 825 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of these financial instruments are based on quoted prices in active markets.

(l) *Stock-based Compensation*

Certain employees of the Company participate in BNY Mellon's stock option award plans. BNY Mellon follows the guidance in FASB ASC 718, *Compensation – Stock Compensation, and Certain Redeemable Financial Instruments*. BNY Mellon's stock option plans provide for the issuance of stock options at fair market value at the date of grant to officers and employees of BNY Mellon and its subsidiaries. Restricted stock and restricted stock units (RSUs) are granted under BNY's long-term incentive plans at no cost to the recipient.

As of December 31, 2024, \$30.7 million of total unrecognized compensation cost related to nonvested restricted stock is expected to be recognized over a period of approximately zero to four years.

(continued)

PERSHING LLC
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Notes to Statement of Financial Condition
December 31, 2024

(m) Income Taxes

The Company is included in the consolidated federal and combined state and local income tax returns filed by BNY. In addition, the Company files stand-alone tax returns in certain jurisdictions including Pennsylvania. Income taxes are calculated using the modified separate return method, and the amount of current tax expense or benefit is either remitted to or received from BNY, pursuant to a tax sharing agreement between BNY and the Company.

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*, which generally requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and the tax basis of assets and liabilities. If appropriate, deferred tax assets are adjusted by a valuation allowance, which reflects expectations of the extent to which such assets are more likely than not to be realized.

In accordance with ASC Topic 740, *Income Taxes*, the Company uses a two-step approach in recognizing and measuring its uncertain tax benefits whereby it is first determined if the tax position is more likely than not to be sustained under examination. If the tax position meets the more likely than not threshold, the position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. A tax position that fails to meet the more likely than not recognition threshold will result in either a reduction of current or deferred tax assets, and/or recording of current or deferred tax liabilities.

(n) Leases

We determine if an arrangement is a lease at inception. Right-of-use (ROU) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments. The ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date or at lease modification date for certain lease modifications. For all leases, we use a rate that represents a collateralized incremental borrowing rate based on similar terms and information available at lease commencement date or at the modification date for certain lease modifications in determining the present value of lease payments. In addition to the lease payments, the determination of an ROU asset may also include certain adjustments related to lease incentives and initial direct costs incurred. Options to extend or terminate a lease are included in the determination of the ROU asset and lease liability only when it is reasonably certain that we will exercise that option.

Lease expense for operating leases is recognized on a straight-line basis over the lease term, while the lease expense for finance leases is recognized using the effective interest method. ROU assets are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. For operating leases, if deemed impaired, the ROU asset is written down and the remaining balance is subsequently amortized on a straight-line basis which results in lease expense recognition that is similar to finance leases.

For all leases, we have elected to account for the contractual lease and non-lease components as a single lease component and include in the calculation of the lease liability.

(continued)

PERSHING LLC
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 Notes to Statement of Financial Condition
 December 31, 2024

(o) Segment Reporting

The Company manages its business within a single operating segment in accordance with ASC Topic 280, *Segment Reporting* (“ASC 280”). Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker (CODM), which is our Chief Executive Officer, in deciding how to allocate resources and in assessing performance. Segment information is consistent with how management reviews the business, makes investing and resource allocation decisions and assesses operating performance. The CODM uses this information, which may be adjusted for items that are non-recurring, as well as regularly provided budgeted or forecasted expense information for the single operating segment, in managing the business.

(4) Receivables from and Payables to Broker-Dealers and Clearing Organizations

Amounts receivable from and payable to broker-dealers and clearing organizations include the following (dollars in millions):

Receivables:	
Brokers and dealers	\$ 1,841
Securities failed to deliver	566
Clearing organizations	434
Total receivables	\$ 2,841
Payables:	
Brokers and dealers	\$ 4,904
Securities failed to receive	384
Total payables	\$ 5,288

(5) Financial Instruments

ASC Topic 820 applies to all financial instruments that are being measured and reported on a fair value basis. This includes those items currently reported in financial instruments owned, at fair value and financial instruments sold, not yet purchased, at fair value on the statement of financial condition.

As defined in ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market and income approaches. Based on these approaches, the Company utilizes certain assumptions that market participants would use in pricing the asset or liability. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value

(continued)

PERSHING LLC
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 Notes to Statement of Financial Condition
 December 31, 2024

hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial instrument assets and liabilities carried at fair value have been classified and disclosed in one of the following three categories:

Level 1: Primarily consists of financial instruments whose value is based on quoted market prices such as listed equities. Quoted market prices are derived from active markets for identical assets or liabilities.

Level 2: Includes those financial instruments that are valued using models or other valuation methodologies calibrated to observable market inputs. These models are primarily industry-standard models that consider various assumptions, including discount margins, credit spreads, discounted anticipated cash flows, the terms and liquidity of the instrument, the financial condition, operating results and credit ratings of the issuer or underlying company, the quoted market price of publicly traded securities with similar duration and yield, time value, yield curve, default rates, as well as other measurements. In order to be classified as Level 2, substantially all of these assumptions would need to be observable in the marketplace and can be derived from observable data or supported by observable levels at which transactions are executed in the marketplace.

Level 3: Comprises financial instruments whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are unobservable from objective sources. The Company did not have any assets or liabilities classified as Level 3 at December 31, 2024.

Assets at fair value as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Securities owned in fractional shares held by customers, at fair value	\$ 400	—	—	400
Financial instruments owned, at fair value				
Money market funds	3	—	—	3
Equity instruments	25	—	—	25
Debt instruments	—	7	—	7
	<u>428</u>	<u>7</u>	<u>—</u>	<u>435</u>
Total assets at fair value	\$ 428	7	—	435
Liabilities at fair value as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Repurchase obligation for fractional shares held by customers	\$ 400	—	—	400
Financial instruments sold, not yet purchased				
Equity instruments	1	—	—	1
Debt instruments	—	2	—	2
Derivatives - foreign exchange	—	6	—	6
	<u>401</u>	<u>8</u>	<u>—</u>	<u>409</u>
Total liabilities at fair value	\$ 401	8	—	409

(continued)

PERSHING LLC
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Fair Value of non-financial assets and liabilities

The fair values of the other non-financial assets and liabilities are considered to approximate their carrying amounts because they have limited counterparty credit risk and are short-term, replaceable on demand, or bear interest at market rates.

The table below presents the carrying value and fair value of Pershing LLC's financial instruments which are not carried at fair value (dollars in millions). The table below therefore excludes items measured at fair value on a recurring basis presented in the table above. In addition, the table excludes the values of non-financial assets and liabilities.

	December 31, 2024				
	Level 1	Level 2	Level 3	Estimated fair value	Carrying value
Summary of financial instruments:					
Assets:					
Cash and cash equivalents	\$ 376	—	—	376	376
Cash and securities segregated for regulatory purposes	820	—	—	820	820
Securities borrowed	—	12,247	—	12,247	12,247
Securities purchased under agreements to resell	—	3,686	—	3,686	3,686
Receivables from customers	—	14,935	—	14,935	14,935
Receivables from broker-dealers and clearing organizations	—	2,841	—	2,841	2,841
Due from affiliates	—	657	—	657	657
Other assets	—	873	—	873	873
Total	<u>\$ 1,196</u>	<u>35,239</u>	<u>—</u>	<u>36,435</u>	<u>36,435</u>
Liabilities:					
Overdrafts payable	\$ —	281	—	281	281
Securities loaned	—	2,385	—	2,385	2,385
Securities sold under agreements to repurchase	—	8,235	—	8,235	8,235
Payables to customers	—	15,229	—	15,229	15,229
Payables to broker-dealers and clearing organizations	—	5,288	—	5,288	5,288
Due to affiliates	—	926	—	926	926
Accounts payable, accrued expenses other	—	598	—	598	598
Total	<u>\$ —</u>	<u>32,942</u>	<u>—</u>	<u>32,942</u>	<u>32,942</u>

Fair value can vary from period to period based on changes in a wide range of factors, including interest rates, credit quality, and market perceptions of value and as existing assets and liabilities run off and new transactions are entered into.

(continued)

PERSHING LLC
 (An Indirect Wholly Owned Subsidiary of
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 Notes to Statement of Financial Condition
 December 31, 2024

Offsetting assets and liabilities

The following table presents financial instruments that are either subject to an enforceable netting agreement or offset by collateral arrangements. There were no financial instruments subject to a netting agreement for which the Company is not currently netting (dollars in millions).

Financial assets subject to enforceable master netting agreements						
December 31, 2024	Gross assets recognized	Gross amounts offset in the statement of financial condition	Net assets recognized on the statement of financial condition	Gross amounts not offset (1)		Net amount
				Financial instruments	Cash collateral received	
Securities borrowed	\$ 12,247	—	12,247	11,877	—	370
Securities purchased under agreements to resell	4,500	814	3,686	3,656	—	30
Total financial assets subject to enforceable master netting agreement	<u>\$ 16,747</u>	<u>814</u>	<u>15,933</u>	<u>15,533</u>	<u>—</u>	<u>400</u>

Financial liabilities subject to enforceable master netting agreements						
December 31, 2024	Gross liabilities recognized	Gross amounts offset in the statement of financial condition	Net liabilities recognized on the statement of financial condition	Gross amounts not offset (1)		Net amount
				Financial instruments	Cash collateral pledged	
Securities loaned	\$ 2,385	—	2,385	2,300	—	85
Securities sold under agreements to repurchase	9,049	814	8,235	8,235	—	—
Total financial liabilities subject to enforceable master netting agreement	<u>\$ 11,434</u>	<u>814</u>	<u>10,620</u>	<u>10,535</u>	<u>—</u>	<u>85</u>

(1) The total amount reported in financial instruments is limited to the amount of the related instruments presented in the statement of financial condition and therefore any over-collateralization of these positions is not included.

(continued)

PERSHING LLC
 (An Indirect Wholly Owned Subsidiary of
 The Bank of New York Mellon Corporation)
 Notes to Statement of Financial Condition
 December 31, 2024

Repurchase agreements and securities lending

The following table presents the contract value of repurchase agreements and securities lending transactions accounted for as secured borrowings by the type of collateral provided to counterparties.

Repurchase agreements and securities lending transactions accounted for as secured borrowings at December 31, 2024							
Remaining contractual maturity of the agreements							
<i>(in millions)</i>	Overnight and continuous		Up to 30 days		30 days or more		Total
Repurchase agreements:							
U.S. Treasury	\$	1,936	\$	—	\$	1,480	\$ 3,416
U.S. Government agencies		82		—		178	260
State and political subdivisions		37		15		716	768
Agency commercial MBS		—		—		—	—
Agency RMBS		346		17		583	946
Non-agency commercial MBS		—		3		8	11
Non-agency RMBS		—		11		35	46
Non-agency commercial MBS		—		—		—	—
Commercial paper/CDs		19		153		228	400
Asset-backed CLOs		—		12		6	18
Other asset-backed securities		—		4		23	27
Corporate bonds		84		81		2,082	2,247
Equity securities		—		4		906	910
Total repurchase agreements	\$	2,504	\$	300	\$	6,245	\$ 9,049
Securities Lending:							
U.S. Government agencies		1		—		—	1
U.S. Treasury		21		—		—	21
Agency RMBS		98		—		—	98
Agency commercial MBS		—		—		—	—
Corporate bonds		93		—		—	93
Equity securities		2,172		—		—	2,172
Total securities loaned	\$	2,385	\$	—	\$	—	\$ 2,385

The Company's repurchase agreements and securities lending transactions primarily encounter risk associated with liquidity. The Company is required to pledge collateral based on predetermined terms within the agreements. If the Company were to experience a decline in the fair value of the collateral pledged for these transactions, additional collateral could be required to be provided to the counterparty, thereby decreasing the amount of assets available for other liquidity needs that may arise.

(continued)

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As of December 31, 2024, the Company has \$2,520 million of collateral related to repurchase agreements that had remaining contractual maturities that exceeded 90 days. In addition, as of December 31, 2024 the Company pledged securities with a contract value of \$8,235 million that have been pledged without rehypothecation rights.

(6) Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are included in other assets on the statement of financial condition and consists of the following (dollars in millions):

Capitalized software	\$	479
Leasehold improvements		62
Computer software		15
Computer equipment		1
Other		87
Total		<u>644</u>
Less accumulated depreciation		(298)
Total furniture, equipment and leasehold improvements , net	\$	<u><u>346</u></u>

(7) Leasing

The Company has non-cancelable operating leases for office space that expire on various dates through 2037, some of which include options to extend or terminate the lease.

The following table presents the statement of financial condition information related to operating leases.

Statement of financial condition information	December 31 ,2024
<i>(dollar in thousands)</i>	Operating leases
Right-of-use assets <i>(a)</i>	\$ 120.4
Lease liability <i>(b)</i>	\$ 148.6

Weighted average:

Remaining lease term	11.57 year
Discount rate <i>(annualized)</i>	2.42%

(a) Included in other assets on the statement of financial condition.

(b) Operating lease liabilities are included in accounts payable, accrued expenses and other on the statement of financial condition.

(continued)

PERSHING LLC
 (An Indirect Wholly Owned Subsidiary of
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 Notes to Statement of Financial Condition
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The following table presents cash flow information related to leases.

Cash flow information <i>(in millions)</i>	Year-to-Date ended December 31, 2024
Cash paid for amounts included in measurement of liabilities:	
Operating cash flows from finance leases	\$ –
Operating cash flows from operating leases	20.1
Financing cash flows from finance leases	–
Right-of-use Assets Obtained In Exchange For New Operating Liabilities	(17.3)

The following table presents the maturities of lease liabilities.

Maturities of lease liabilities <i>(in millions)</i>	Operating leases
For the year ended December 31, 2024	
2025	15.4
2026	14.0
2027	14.6
2028	15.3
2029	15.4
Thereafter	96.2
Total lease payments	170.9
Less: Imputed interest	22.3
Total	\$ 148.6

(8) Third Party Bank Loan and Lines of Credit

The Company has a \$300 million uncommitted line of credit with a non-affiliated bank as of December 31, 2024. There were no borrowings against these lines of credit at December 31, 2024. Interest on such borrowings is determined at the time each loan is initiated.

(9) Income Taxes

The deferred income taxes reflect the tax effects of temporary differences between the financial reporting and tax bases of asset and liabilities. The Company has a gross deferred tax asset of \$83.4 million and a gross deferred tax liability of \$46.8 million at December 31, 2024. The deferred tax asset is primarily attributable to operating lease liabilities, while the deferred tax liability is primarily attributable to operating

(continued)

PERSHING LLC
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Notes to Statement of Financial Condition
December 31, 2024

lease right-of-use assets. The net deferred tax asset is \$36.6 million. The Company has not recorded a valuation allowance because the Company believes it is more likely than not that the deferred tax assets will be realized.

Federal and state taxes payable of \$64.7 million and \$12.5 million, respectively, due to BNY are included in affiliate payables on the statement of financial condition. State taxes receivable of \$6.1 million are included in other assets on the statement of financial condition.

BNY's federal consolidated income tax returns are open to examination from 2017 through 2019 and after 2020. The New York State income tax returns are open to examination after 2015 and the New York City income tax returns are open to examination after 2014. The Company's New Jersey returns are open to examination after 2019.

(10) Related Party Transactions

The Company conducts recurring business with affiliated entities pursuant to applicable services agreements. Receivables and payables related to these transactions are included in due to and due from affiliates on the statement of financial condition and are settled monthly.

The Company provides clearing, sales and trading, and brokerage related services to indirect wholly owned subsidiaries of BNY Mellon. Balances due from/to these affiliates related to these services were approximately \$657.0 million and \$103.2 million, respectively. They are included in receivables from affiliates and payables to affiliates, respectively, on the statement of financial condition. The Company had securities failed to deliver of \$79.9 million and securities failed to receive of \$12.8 million with affiliates. They are included in receivables from broker-dealers and clearing organizations and payables to broker-dealers and clearing organizations, respectively, on the statement of financial condition.

The Company has \$8.1 billion of unsecured loan facilities with the Parent. At December 31, 2024, there were \$610 million borrowings against the loan facilities which are included in payable to affiliates on the statement of financial condition. The average interest rate was approximately 6.19% for the year ended December 31, 2024. The Company also has a loan agreement with affiliate with a maximum loan of \$50 million. At December 31, 2024, there were borrowings against the loan of approximately \$33 million, which are included in payables to affiliates. The average interest rate was approximately 5.36% for the year ended December 31, 2024.

Balances due to BNY Mellon for taxes, payroll, technology and leased equipment were \$179.4 million and are included in payables to affiliates on the statement of financial condition. The Company maintains a collateralized financing arrangement with an affiliate associated with repurchase agreements, with the maximum facility of \$200 million. At December 31, 2024, the Company did not have any affiliated repurchase agreement transactions. At December 31, 2024, the Company had not entered into securities lending agreements with another affiliate.

The Company charges various affiliates for technology related and shared services.

For the year ended December 31, 2024, the Company leased furniture and fixtures and computer and other communications equipment from an affiliate.

(continued)

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Additionally, the Company contracts through certain related parties acting in their role as agents to facilitate transactions between the Company and certain principal third parties for securities borrowed and tri-party repurchase or reverse repurchase transactions. Any risk assumed in these transactions is solely between the principal third parties and the Company.

(11) Employee Benefit Plans

BNY Mellon sponsors a 401(k) plan (the Plan) for its active employees. The Plan offers the Company's employees the opportunity to plan, save and invest for their future financial needs. The Company makes periodic contributions to the Plan based on the discretion of management.

(12) Pledged Assets and Guarantees

Under the Company's collateralized financing arrangements and other business activities, the Company either receives or provides collateral. In many cases, the Company is permitted to sell or repledge these securities held as collateral. At December 31, 2024, the fair value of securities received as collateral where the Company is permitted to sell or repledge the securities was \$50,680 million and the fair value of the portion that had been sold or repledged was \$31,920 million. The details of these sources and the uses of collateral are noted in the below tables (dollars in millions).

Source of available collateral – received, borrowed or owned:	
Financial instruments owned, at fair value	\$ 31
Securities borrowed	11,962
Securities purchased under agreements to resell	4,466
Margin securities available to sell or re-pledge	34,221
Total source of collateral	\$ 50,680
Use of available collateral – re-pledged, loaned or sold:	
Financial instruments sold, not yet purchased, at fair value	\$ 3
Securities loaned	2,300
Securities sold under agreements to repurchase	9,343
Pledged to clearing corporations	2,531
Short sale covering	13,045
Qualified securities segregated for regulatory purposes	4,698
Total use of collateral	\$ 31,920

The Company also conducts a fully paid lending program, in which customers agree to make available their fully paid securities to be loaned to third parties in exchange for a fee. At December 31, 2024, the fair value of the securities borrowed with an obligation to return securities under this program was \$44 million and is included in securities borrowed and securities loaned on the statement of financial condition and included in the table above.

(continued)

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Obligations under Guarantees

The Company applies the disclosure and recognition requirements for guarantees in accordance with ASC Topic 460, *Guarantees*, whereby the Company will recognize a liability at the inception of a guarantee for obligations it has undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that certain events or conditions occur.

The Company provides guarantees to securities clearinghouses and exchanges. Under the standard membership agreement, members are required to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable or limited and could exceed the cash and securities it has posted as collateral. However, management believes the potential for the Company to be required to make payments under these arrangements is remote. Accordingly, no contingent liability is carried on the statement of financial condition for these arrangements.

In connection with its securities clearing business, the Company performs securities execution, clearance and settlement services on behalf of other broker-dealer clients. Management believes the potential for the Company to be required to make unreimbursed payments relating to such services is remote due to the contractual capital requirements associated with clients' activity and the regular review of clients' capital. Accordingly, no contingent liability is carried on the statement of financial condition for these transactions.

(13) Commitments and Contingences

As of December 31, 2024, the Company had commitments with ten clients to lend a maximum total of \$279.5 million for various terms. There were \$50 million unfunded commitments as of December 31, 2024.

The Company is involved in various legal and regulatory proceedings arising in connection with the Company's business activities. Based on currently available information and the advice of counsel, the Company believes that the aggregate results of all such proceedings will not have a material adverse effect on the Company's financial condition. The Company intends to defend itself vigorously against all claims asserted against it. In accordance with applicable accounting guidance, the Company establishes reserves for litigation and settlements for which loss contingencies are both probable and estimable. The Company will continue to monitor all such matters and will adjust the reserve amounts as appropriate.

Matters Related to R. Allen Stanford

In late December 2005, Pershing LLC ("Pershing") became a clearing firm for Stanford Group Co. ("SGC"), a registered broker-dealer that was part of a group of entities ultimately controlled by R. Allen Stanford ("Stanford"). Stanford International Bank, also controlled by Stanford, issued certificates of deposit ("CDs"). Some investors allegedly wired funds from their SGC accounts to purchase CDs. In 2009, the Securities and Exchange Commission charged Stanford with operating a Ponzi scheme in connection with the sale of CDs, and SGC was placed into receivership. Alleged purchasers of CDs have filed two putative class action proceedings against Pershing: one in November 2009 in Texas federal court, and one in May 2016 in New Jersey federal court. On Nov. 5, 2021, the court dismissed the class action filed in New Jersey and that matter has concluded. Three lawsuits remain against Pershing in Louisiana and New Jersey federal courts, which were filed in January 2010, October 2015 and May 2016. The purchasers allege that Pershing, as SGC's clearing firm, assisted Stanford in a fraudulent scheme and assert contractual, statutory and common law

(continued)

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claims. In March 2019, a group of investors filed a putative class action against The Bank of New York Mellon in New Jersey federal court, making the same allegations as in the prior actions brought against Pershing. On Nov. 12, 2021, the court dismissed the class action against The Bank of New York Mellon; on Dec. 15, 2022, an appeals court reversed the dismissal and returned the case to the trial court for further proceedings. On June 28, 2024, an unincorporated association that claims to represent the interests of Stanford investors filed a lawsuit in New Jersey federal court against The Bank of New York Mellon, making the same allegations as prior cases. All the cases that have been brought in federal court against Pershing have been consolidated in Texas federal court for discovery purposes. Various alleged Stanford CD purchasers asserted similar claims in Financial Industry Regulatory Authority, Inc. (“FINRA”) arbitration proceedings.

Off-Channel Business-Related Communications

The Company has been responding to a request for information from the SEC and the Commodity Futures Trading Commission concerning compliance with recordkeeping obligations relating to business communications transmitted on unapproved electronic communication platforms. SEC and CFTC have been conducting similar inquiries into recordkeeping practices at other financial institutions. On Aug. 14, 2024, the SEC issued an order under which BNY Mellon agreed to pay a \$40 million penalty and to certain undertakings to resolve the SEC matter. The fine has been paid, and BNY Mellon is complying with the other settlement terms. BNY did not seek reimbursement from the Company.

Pershing Rule 15c3-3 Matter

The Company has been responding to investigative requests for information and records from the SEC concerning Pershing LLC’s compliance with its obligations under SEC Rule 15c3-3, among other regulatory rules and statutes. The Company continues to cooperate with the inquiry.

(14) Regulatory Requirements

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule under Rule 15c3-1 of the Securities Exchange Act of 1934 and has elected to use the alternative method of computing regulatory net capital requirements provided for in that Rule. Under the alternative method, the required net capital may not be less than two percent of aggregate debit items arising from customer transactions or \$1.5 million, whichever is greater. On December 31, 2024, the Company’s regulatory net capital of approximately \$2.5 billion was 15.10% of aggregate debit items and in excess of the minimum requirement by approximately \$2.13 billion.

Advances to affiliates, repayment of borrowings, dividend payments to Parent and other equity withdrawals are subject to certain notification and other provisions of the Rule 15c3-1 and other regulatory bodies.

Pursuant to Rule 15c3-3 of the SEC, the Company may be required to deposit in a Special Reserve Bank Account, cash or acceptable qualified securities for the exclusive benefit of customers. On December 31, 2024, the Company had approximately \$4.7 billion of cash and acceptable qualified securities on deposit in such accounts which are included in cash segregated for regulatory purposes (\$817 million), securities

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borrowed (\$1.4 billion) and securities purchased under agreements to resell (\$2.5 billion) on the statement of financial condition.

As a clearing broker, the Company is required to compute a reserve requirement for the proprietary accounts of broker-dealers (the PAB Reserve Formula). On December 31, 2024, the Company had approximately \$821 million of cash deposits and acceptable qualified securities on deposit in accounts designated for the exclusive benefit of proprietary accounts of broker-dealers pursuant to Rule 15c3-3 of the SEC, such accounts are included in cash segregated for regulatory purposes (\$3.4 million), securities borrowed (\$25.3 million) and securities purchased under agreements to resell (\$792.5 million).

(15) Financial Instruments and Related Risks

(a) Customer Activities

Certain market and credit risks are inherent in the Company's business, primarily in facilitating customers' trading and financing transactions in financial instruments. In the normal course of business, the Company's customer activities include execution, settlement, and financing of various customer securities, which may expose the Company to both on and off-balance sheet risk in the event the customer is unable to fulfill its contractual obligations.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to customers, which is collateralized by cash and/or securities in the customer's account. In connection with these activities, the Company executes and clears customer transactions involving securities sold but not yet purchased and option contracts. The Company seeks to control risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory, exchange and internal guidelines. The Company monitors required margin levels daily; pursuant to such guidelines, the Company requires the customer to deposit additional collateral or to reduce positions, when necessary. Such transactions may expose the Company to significant off-balance sheet risk in the event the collateral is not sufficient to fully cover losses which customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell the collateral at prevailing market prices in order to fulfill the customer's obligations.

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral in support of various secured financing sources, such as securities loaned. Additionally, the Company pledges customer securities as collateral to satisfy margin deposits of the Options Clearing Corporation. 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 obligation. 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 exposures.

(b) Credit Risk

As a securities broker and dealer, the Company is engaged in various securities trading and brokerage activities servicing a diverse group of domestic and foreign corporations, governments, and

(continued)

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institutional and individual investors. A substantial portion of the Company's transactions is executed with and on behalf of institutional investors including other broker-dealers, banks, U.S. government agencies, mutual funds, hedge funds and other financial institutions.

Credit risk is the potential for loss resulting from the default by a counterparty of its obligations. Exposure to credit risk is generated by securities and currency settlements, contracting derivative and forward transactions with customers and dealers, and the holding in inventory of loans. The Company uses various means to manage its credit risk. The creditworthiness of all counterparties is analyzed at the outset of a credit relationship with the Company. These counterparties are subsequently reviewed on a periodic basis. The Company sets a maximum exposure limit for each counterparty, as well as for groups or classes of counterparties. Furthermore, the Company enters into master netting agreements when feasible and demands collateral from certain counterparties or for certain types of credit transactions.

(c) Market Risk

Market risk is the potential loss the Company may incur as a result of changes in the market or fair value of a particular financial instrument. All financial instruments are subject to market risk. The Company's exposure to market risk is determined by a number of factors, including size, duration, composition and diversification of positions held, the absolute and relative level of interest rates and foreign currency exchange rates, as well as market volatility and liquidity. The Company manages market risk by setting and monitoring adherence to risk limits.

Financial instruments sold, not yet purchased represent obligations of the Company to deliver the specified security at the contracted price and thereby, create a liability to purchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance sheet risk, as the Company's ultimate obligation to satisfy the sale of financial instruments sold, not yet purchased may exceed the amount reflected in the statement of financial condition.

(d) Operational Risk

In providing a comprehensive array of products and services, the Company may be exposed to operational risk. Operational risk may result from, but is not limited to, errors related to transaction processing, breaches of internal control systems and compliance requirements, fraud by employees or persons outside the Company or business interruption due to systems failures or the other events. Operational risk may also include breaches of the Company's technology and information systems resulting from unauthorized access to confidential information or from internal or external threats, such as cyber attacks. Operational risk also includes potential legal or regulatory actions that could arise as a result of noncompliance with applicable laws and/or regulatory requirements. In the case of an operational event, the Company could suffer a financial loss as well as damage to our reputation.

(e) Financial Instruments with Off-Balance-Sheet Risk

The Company may enter into various transactions involving derivatives and other off-balance sheet financial instruments. These financial instruments may include forward foreign exchange contracts

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that are used to meet the needs of customers. Generally, forward foreign exchange contracts represent future commitments to purchase or sell foreign currency at specific terms at specified future dates.

(16) Subsequent Events

The Company has evaluated subsequent events from December 31, 2024 through February 27, 2025, the date the Company's statement of financial condition are available to be issued. No events were identified.



KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Service Auditors' Report

To the Audit Committee of The Bank of New York Mellon Corporation:

Scope

We have examined management of BNY | Pershing's ("Pershing") accompanying description of its introducing firm services and prime services operations system (the System) for processing user entities' transactions throughout the period October 1, 2023 to September 30, 2024 titled "Management of BNY | Pershing's Description of its Introducing Firm Services and Prime Services Operations System" (the Description) and the suitability of the design and operating effectiveness of the controls included in the Description to achieve the related control objectives stated in the Description, based on the criteria identified in "Management of BNY | Pershing's Assertion" (the Assertion). The controls and control objectives included in the Description are those that management of Pershing believes are likely to be relevant to user entities' internal control over financial reporting, and the Description does not include those aspects of the System that are not likely to be relevant to user entities' internal control over financial reporting.

The information included in Section V, "Other Information Provided by Management of BNY | Pershing," is presented by management of Pershing to provide additional information and is not a part of the Description. Information about relevance of the controls to the user entities; NetX360 Report Center and eAnalytics reports completeness and accuracy; Pershing's enterprise resiliency overview and SEC Rule 206(4)-2 "Custody of Funds or Securities of Clients by Investment Advisers" under the Investment Advisers Act of 1940 has not been subjected to the procedures applied in the examination of the Description and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the Description and, accordingly, we express no opinion on it.

Pershing uses the subservice organizations identified in Section III to perform some of the services provided to user entities that are likely to be relevant to those user entities' internal control over financial reporting. The Description includes only the control objectives and related controls of Pershing and excludes the control objectives and related controls of the subservice organizations. The Description also indicates that certain control objectives specified by Pershing can be achieved only if complementary subservice organization controls assumed in the design of Pershing's controls are suitably designed and operating effectively, along with the related controls at Pershing. Our examination did not extend to controls of the subservice organizations and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary user entity controls assumed in the design of Pershing's controls are suitably designed and operating effectively, along with related controls at Pershing. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

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Service Organization's Responsibilities

In Section II, Pershing has provided the Assertion about the fairness of the presentation of the Description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description. Pershing is responsible for preparing the Description and Assertion, including the completeness, accuracy, and method of presentation of the Description and Assertion, providing the services covered by the Description, specifying the control objectives and stating them in the Description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the Assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the Description.

Service Auditors' Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the Description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in the Assertion, the Description is fairly presented and the controls were suitably designed and operated effectively to achieve the related control objectives stated in the Description throughout the period October 1, 2023 to September 30, 2024. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Inherent Limitations

The Description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the System that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the Description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives stated in the Description is subject to the risk that controls at a service organization may become ineffective.



Description of Tests of Controls

The specific controls tested and the nature, timing and results of those tests are listed in Section IV.

Opinion

In our opinion, in all material respects, based on the criteria described in the Assertion:

- a. the Description fairly presents the System that was designed and implemented throughout the period October 1, 2023 to September 30, 2024
- b. the controls related to the control objectives stated in the Description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period October 1, 2023 to September 30, 2024, and subservice organizations and user entities applied the complementary controls assumed in the design of Pershing's controls throughout the period October 1, 2023 to September 30, 2024.
- c. the controls operated effectively to provide reasonable assurance that the control objectives stated in the Description were achieved throughout the period October 1, 2023 to September 30, 2024 if complementary subservice organization controls and complementary user entity controls, assumed in the design of Pershing's controls, operated effectively throughout the period October 1, 2023 to September 30, 2024.

Restricted Use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of management of Pershing, user entities of Pershing's System during some or all of the period October 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatement of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Philadelphia, Pennsylvania
November 27, 2024

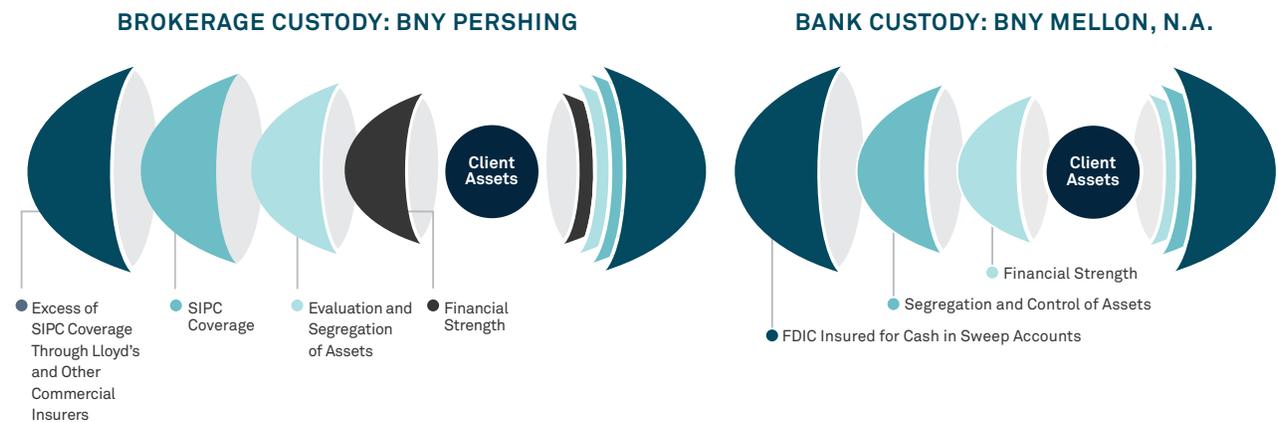
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4Q24 *Strength, Stability and Focus*

Understanding the Protection of Client Assets

BNY Pershing works behind the scenes on behalf of your wealth manager or financial firm to provide a variety of services and custody your assets. BNY Pershing has been a leading global provider of financial business solutions for 85 years, so you can feel confident that your assets are in strong hands. BNY Pershing is the trusted choice of approximately 1,000 firms, representing more than 8 million investors and is committed to the protection, servicing and reporting of assets for investors like you.

The Protection of Client Assets Remains at the Center of Our Focus



Financial Strength— December 31, 2024

BNY PERSHING

\$2.5T

Over \$2.5 trillion in
global client assets

\$2B

Net capital of over
\$2.0 billion—well above
the minimum requirement

THE BANK OF NEW YORK MELLON CORPORATION

\$52.1T

\$52.1T in assets under custody
and/or administration

\$2T

\$2T in assets
under management

Segregation and Control of Assets

BROKERAGE CUSTODY: BNY PERSHING

BNY Pershing's core financial strength provides the first measure of protection for our global client assets. Our parent company, BNY, is one of the world's largest global custodians. While financial strength does not protect against loss due to market fluctuation, our internal controls and regulatory oversight help maintain our stability and focus.

BNY Pershing protects client assets through rigorous internal control measures. An annual audit by a major independent audit firm and the audit team at our parent company, BNY, helps to monitor controls that are in place. In addition, a Service Organization Control report conducted by an independent audit firm provides additional evaluation of the design and operating effectiveness of BNY Pershing's internal controls.

Clients' fully paid-for physical assets are segregated from our own, with quarterly vault inspections conducted. In addition, we segregate cash and/or qualifying securities in special reserve bank accounts for the exclusive benefit of clients, to protect clients' funds in the unlikely event of BNY Pershing's failure and liquidation.

BNY Pershing is a FINRA member broker-dealer registered with the U.S. Securities and Exchange Commission (SEC). BNY Pershing is registered in all 50 states as well as the District of Columbia and Commonwealth of Puerto Rico, and certain foreign jurisdictions.

BANK CUSTODY: BNY MELLON, N.A.

BNY Mellon, N.A.'s structure requires clients' securities be segregated from the securities of the bank, and from those of other clients. The securities in a client's account with BNY Mellon, N.A. are the property of that client and are held in nominee name. As clients' assets and accounts are separately accounted for, creditors of The Bank of New York Mellon Corporation and those of BNY Mellon, N.A., and their subsidiaries do not have any rights to the securities in client accounts. Shares of money market mutual funds, as investment securities, also fall within this rule. Any asset, of course, is subject to losses or gains from an investment perspective.

There are also established regulatory controls that cover our institution. As a publicly traded company, The Bank of New York Mellon Corporation periodically files publicly available reports with the SEC. In addition, as a financial holding company, it is regulated by the Board of Governors of the Federal Reserve System. BNY Mellon, N.A. is regulated by the Office of the Comptroller of the Currency, which is part of the U.S. Department of the Treasury.

Additional Protection

BROKERAGE CUSTODY

Securities Investor Protection Corporation® (SIPC®) Coverage

BNY Pershing is a member of SIPC. Securities in your account protected up to \$500,000. For details, please see www.sipc.org.

Excess of SIPC Coverage Through Underwriters at Lloyd's and Other Commercial Insurers

In addition to SIPC protection, BNY Pershing provides coverage in excess of SIPC limits from certain underwriters in Lloyd's insurance market and other commercial insurers. The excess of SIPC coverage is valid through February 10, 2026 for Pershing LLC accounts. It provides the following protection for Pershing LLC's global client assets:

- An aggregate loss limit of \$1 billion for eligible securities— in total for all client accounts custodied at BNY Pershing
- A per-client loss limit of \$1.9 million for cash awaiting reinvestment—within the aggregate loss limit of \$1 billion

SIPC and the excess of SIPC coverage do not protect against loss due to market fluctuation.

An excess of SIPC claim would only arise if BNY Pershing failed financially and client assets for covered accounts—as defined by SIPC—cannot be located due to theft, misplacement, destruction, burglary, robbery, embezzlement, abstraction, failure to obtain or maintain possession or control of client securities, or to maintain the special reserve bank account required by applicable rules.

BANK CUSTODY

Federal Deposit Insurance Corporation (FDIC) Protection

BNY Mellon, N.A. clients holding bank cash deposits—which include a sweep account for bank custody products—receive separate protection.

The FDIC standard maximum insurance amount is \$250,000 per depositor, per insured bank, in each account ownership category. The FDIC rules are very specific. For a complete explanation of the FDIC's regulations, we encourage our clients to visit fdic.gov.

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Pershing LLC, member FINRA, NYSE, SIPC, is a subsidiary of Pershing Group, LLC. Pershing Advisor Solutions LLC, member FINRA, SIPC, and BNY Mellon, N.A., member FDIC, are affiliates of Pershing LLC and BNY companies.

BNY, BNY Mellon and Bank of New York Mellon are corporate brands of The Bank of New York Mellon Corporation and may be used to reference the corporation as a whole and/or its various subsidiaries generally. Investment advisory services, if offered, may be provided by one or more affiliates of BNY. Technology services may be provided by Pershing X, Inc.

Trademark(s) belong to their respective owners. The information provided is for informational and educational purposes only and is not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Investing involves risk, including the possible loss of principal invested. Past performance is no guarantee of future results. BNY Pershing does not provide legal, tax accounting, investment, financial or other professional advice on any matter.

The use of the firm's platforms and technology may be affected by factors such as trading volume, market conditions, system performance and/or other factors. BNY Pershing actively monitors the technology environment and endeavors to resolve issues promptly through various means.

Brokerage custody provided by Pershing LLC, member FINRA, NYSE, SIPC, a BNY company. Brokerage services may be provided by Pershing Advisor Solutions LLC, member FINRA, SIPC. Bank custody provided by BNY Mellon, N.A., member FDIC. Banking services and credit services, which are subject to application and credit approval, are provided by BNY Mellon, N.A. Member FDIC. Mortgage services, provided by BNY Mellon, N.A., are subject to credit approval.

Investment Products: Not FDIC Insured / No Bank Guarantee / May Lose Value

[bny.com/pershing](https://www.bny.com/pershing)

One Pershing Plaza, Jersey City, NJ 07399

BNY Insurance Coverage – U.S. Domestic

All coverage is regularly reviewed and renewed prior to expiration dates. Our policies are stand-alone policies and loss limits are not combined.

The insurance coverage listed provides protection for The Bank of New York Mellon Corporation and all other corporations, companies, firms, enterprises, or entities which are subsidiaries of or affiliated with it and in which the named insured has more than 50% ownership. All carriers identified herein are rated A- or better by A.M. Best.

Financial Institution Bond / Computer Crime Coverage

Per Loss Limit:	\$200,000,000
Carrier(s):	Lloyd's of London
Coverage Type:	a) Dishonesty of employees b) Forgery of securities, checks, drafts, or other written instruments c) Loss or destruction of cash or securities on or off premises
Expiration:	December 1, 2025

All Risk Money and Securities Coverage – J Form (On Premises and In Transit) Excess of the F. I. Bond

Per Loss Limit:	\$875,000,000
Carrier(s):	Lloyd's of London
Coverage Type:	Loss or destruction of cash or securities on or off premises (including securities of others held in custody or held at sub-custodian)
Expiration:	December 1, 2025

Mail Insurance (Per Envelope Limit)

Per Envelope Limit:	\$100,000,000 non-negotiable \$10,000,000 negotiable
Carrier(s):	Chubb
Coverage Type:	All risk of physical loss of property sent by registered mail or overnight courier.
Expiration:	Continuous

Bankers Professional Liability / Professional indemnity (E&O)

Per Loss Limit:	\$100,000,000
Carrier(s):	AXA XL, Axis, Berkeley, Starr, Nationwide, and various others domestic carriers
Coverage Type:	Losses due to errors or omissions
Expiration:	December 1, 2025

Directors and Officers Liability

Per Loss Limit:	Corporate: \$75,000,000 Individual: \$75,000,000
Carrier(s):	AXA XL, AIG, Markel, AWAC & Nationwide
Coverage Type:	Coverage for wrongful acts in respective capacities of Directors or Officers of the Company
Expiration:	December 1, 2025

All Risk Property

Per Loss Limit:	\$800,000,000
Carrier(s):	AIG
Coverage Type:	Physical damage coverage for all real and personal property including Data Processing equipment, Business Interruption, Boiler and Machinery Service Interruption / Extra Expense, Earthquake / Flood, Fine Arts
Expiration:	June 1, 2025
Coverage Type:	Terrorism
Per Loss Limit:	\$800,000,000
Carrier(s):	The Hamilton Insurance Company Corp
Expiration:	June 1, 2025

Enterprise Privacy Liability (Cyber)

Per Loss Limit:	\$15,000,000* Third Party Liability \$15,000,000* Extra Expense
Carrier(s):	Lloyd's of London
Coverage Type:	Privacy breach and internet liability
Expiration:	December 1, 2025

Workers' Compensation / Employers Liability (Domestic)

Per Loss Limit:	Statutory \$1,000,000 – Limit for Employers Liability
Carrier(s):	AIG
Coverage Type:	Job related injuries
Expiration:	April 1, 2026

Primary General Liability (Domestic)

Per Loss Limit:	\$2,000,000
Carrier(s):	Chubb
Coverage Type:	Third party bodily injury / property damage
Expiration:	April 1, 2026

Primary Automobile Liability (Domestic)

Per Loss Limit:	\$2,000,000
Carrier(s):	Chubb
Coverage Type:	Third party bodily injury / property damage
Expiration:	April 1, 2026

Excess / Umbrella Liability

Per Loss Limit:	\$25,000,000
Carrier(s):	AIG & AWAC
Coverage Type:	Liability coverage in excess of primary coverage
Expiration:	April 1, 2026

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BNY is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally.

*Only Primary Insurance Limits shown for informational purposes. All insurance coverage for the Firm meets client and regulatory expectations.

Information Classification: Public





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