

The background of the cover is a dark, abstract image featuring financial market data. It includes a candlestick chart with orange and purple bars, and several line graphs in blue and orange. Faint text like "INDEX 12,256" and "(+7.2)" is visible in the upper left. The overall aesthetic is high-tech and professional, with a color palette dominated by dark blues, purples, and oranges.

**SIEBERT**

SIEBERT FINANCIAL CORP.

2015  
Annual  
Report



# SIEBERT

## SIEBERT FINANCIAL CORP.

### *Stability, Quality and Value*

For more than 45 years, the Siebert name has stood for integrity, innovation and customer service in the financial services industry. Founded in 1969 by Muriel Siebert, who became the first woman member of the New York Stock Exchange in 1967, our firm became a discount broker on May 1, 1975, the first day NYSE members were allowed to negotiate commissions. We were also an early provider of online brokerage services.

In 1977, Ms. Siebert placed the firm in a blind trust for five years to serve as New York State's Superintendent of Banks, with responsibility for the safety and soundness of banks and other state chartered financial institutions, at the time the highest position in banking supervision or regulation ever achieved by a woman in New York State. During those years, she experienced first-hand the considerable responsibility involved in protecting other people's money. When she returned to her firm, that experience became the standard by which we do business at Siebert.

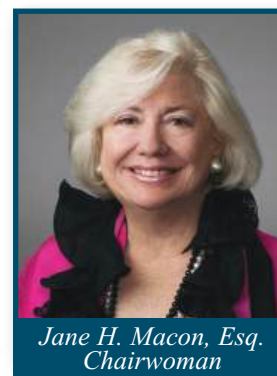
Our firm is characterized by conservative business principles and a policy of putting safety first, providing our retail clients with peace of mind, exceptional personal service, a variety of investment products and an array of online research and analytic tools. At Siebert, our mission is the pursuit and delivery of value – both for shareholders and clients. We pursue growth by playing to our strengths in select areas of activity, while making continual advancements in our approach to take advantage of ever-evolving opportunities in the brokerage and capital markets areas.



**November 2016**

Dear Shareholders:

Siebert Financial Corp.'s Board of Directors ("SFC", the "Company", "our", or "we") began considering strategic alternatives for the Company in August 2013, after the passing of Muriel Siebert. At that time, the Company engaged a financial advisor to assist in this process and to identify potential purchasers for of the Company's businesses. With a view toward maximizing shareholder value, the Board explored both selling the Company as a whole and also selling the Company's component businesses separately. During this process, non-disclosure agreements were signed with more than 50 potential purchasers, each of which was granted access to a due diligence data room set up by the Company with the assistance our financial advisor. During 2014, 2015 and the beginning of 2016, we negotiated with a number of potential purchasers, but in each case the parties were unable to reach agreement regarding valuation and transaction structure and negotiations were terminated.




On September 1, 2016, Siebert Financial entered into an acquisition agreement with Kennedy Cabot Acquisition, LLC, and the Estate of Muriel F. Siebert, ("Siebert Estate") pursuant to which, among other things, the Siebert Estate, which currently owns beneficially and of record approximately 87.4% of SFC's outstanding common stock, will sell all such common stock to Kennedy Cabot Acquisition. Kennedy Cabot Acquisition will make a tender offer for all of the Company's outstanding common stock not owned by the Siebert Estate. The consummation of the sale by the Siebert Estate and the tender offer is conditioned on, among other conditions, approval of the transaction by the Financial Industry Regulatory Authority, ("FINRA") which approval is still pending.

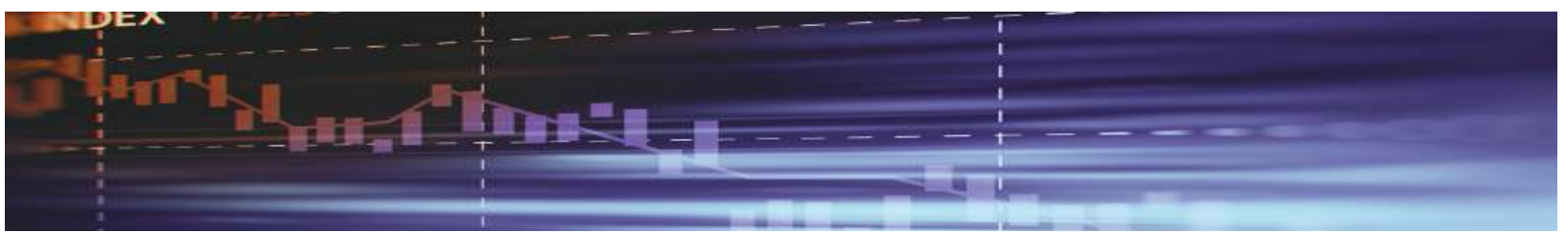
The members of our Board are pleased that, assuming the pending transaction is approved by FINRA and is thereafter consummated, the enduring vision and legacy established by Mickie Siebert nearly fifty years ago will continue into the future.

### **A Firm Legacy**

In the Company's years without Muriel Siebert, the incredible legacy she left behind remains apparent. The Company continues to serve clients throughout the United States and the world and our clients have remained loyal to us throughout this transition. SFC is relevant and active, serving its clients, maintaining its position in the marketplace and proving its ongoing value and potential.

Most recently on November 15, 2016, the NYSE Group announced the dedication of Siebert Hall at the New York Stock Exchange in honor of the late Muriel Siebert, who became the first woman to own a seat on the New York Stock Exchange and the first to head one of its member firms, Muriel Siebert & Co., Inc. on December 28, 1967.





## 2015 Financial Performance

The Company retains a strong debt free balance sheet as 59% of the Company's assets are highly liquid, held in cash and cash equivalents, and our net capital is more than 32 times greater than our required regulatory minimum.

Total revenues for 2015 were \$10.1 million. The 2015 net loss was \$2.87 million, or \$0.13 per share, compared with 2014's net loss of \$6.56 million, or \$0.30 per share. The decrease in revenues was primarily due to the sale of the Siebert Capital Markets Group to our former affiliate, Siebert Cisneros Shank LLC in 2014.

We have continued to build on and realize the value of the Siebert firm and its businesses in the future and to adhering to the principles and tenets adopted by Muriel Siebert from inception — integrity, ethics, sound business practices, conservative management, investor security and fair play.

Finally, we offer our thanks to our steadfast clients, fellow shareholders, and loyal employees.

We appreciate your trust and confidence.

Sincerely,

Jane H. Macon  
Chairwoman

## DIRECTORS

**Jane H. Macon, Esq.**

Chairwoman, Siebert Financial Corp.  
Partner, Bracewell & Giuliani, LLP



**Robert P. Mazzarella**

Vice-Chairman, Siebert Financial Corp.  
Former President, Fidelity Investments  
Brokerage Services LLC



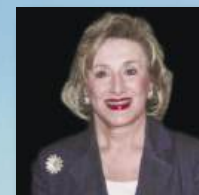
**Patricia L. Francy**

Retired Treasurer & Controller  
Columbia University



**Nancy Peterson Hearn**

Chairwoman  
Peterson Tool Company, Inc.



## OFFICERS

**Joseph M. Ramos, Jr.**

Executive Vice President  
Chief Operating Officer  
Chief Financial Officer  
Secretary

## TRANSFER AGENT

American Stock Transfer & Trust Company

## INDEPENDENT AUDITOR

EisnerAmper LLP

## Offices In:

### **New York Headquarters**

885 Third Avenue, 31st Floor, New York, NY 10022  
Telephone: 877.327.8379 Fax: 212.486.2784

### Boca Raton

4400 North Federal Highway, Suite 152, Boca Raton, FL 33431  
Telephone: 800.728.3352 Fax: 561.368.9750



MURIEL SIEBERT & CO., INC.

[www.siebertnet.com](http://www.siebertnet.com)

Member NYSE/FINRA/SIPC • Established 1967 • NASDAQ Symbol SIEB

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

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**Form 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended: December 31, 2015**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number 0-5703**

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**Siebert Financial Corp.**

(Exact name of registrant as specified in its charter)

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**New York  
(State or other jurisdiction of  
incorporation or organization)**

**11-1796714  
(I.R.S. Employer  
Identification No.)**

**885 Third Avenue, New York, New York  
(Address of principal executive offices)**

**10022  
(Zip Code)**

**(212) 644-2400  
Registrant's telephone number, including area code**

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Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class  
**COMMON STOCK, PAR VALUE \$.01 PER SHARE**

Name of each exchange on which registered  
**THE NASDAQ CAPITAL MARKET**

Securities registered under Section 12(g) of the Exchange Act:

**NONE  
(Title of class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

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The aggregate market value of the Common Stock held by non-affiliates of the registrant (based upon the last sale price of the Common Stock reported on the NASDAQ Capital Market as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2015), was \$3,546,760.

The number of shares of the registrant's outstanding Common Stock, as of March 11, 2016, was 22,085,126 shares.

Documents Incorporated by Reference: Definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act on or before April 30, 2016 is incorporated by reference into Part III.

### **Special Note Regarding Forward-Looking Statements**

Statements in this Annual Report on Form 10-K, as well as oral statements that may be made by the Company or by officers, directors or employees of the Company acting on the Company's behalf, that are not statements of historical or current fact constitute "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve risks and uncertainties and known and unknown factors that could cause the actual results of the Company to be materially different from historical results or from any future results expressed or implied by such forward looking statements, including without limitation: changes in general economic and market conditions; changes and prospects for changes in interest rates; fluctuations in volume and prices of securities; demand for brokerage and investment banking services; competition within and without the discount brokerage business, including the offer of broader services; competition from electronic discount brokerage firms offering greater discounts on commissions than the Company; the prevalence of a flat fee environment; decline in participation in corporate or municipal finance underwritings; limited trading opportunities; the method of placing trades by the Company's customers; computer and telephone system failures; the level of spending by the Company on advertising and promotion; trading errors and the possibility of losses from customer non-payment of amounts due; other increases in expenses and changes in net capital or other regulatory requirements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date when such statements were made or to reflect the occurrence of unanticipated events. An investment in us involves various risks, including those mentioned above and those which are detailed from time to time in our Securities and Exchange Commission filings.

## **PART I**

### **Item 1. BUSINESS**

#### **General**

Siebert Financial Corp. is a holding company that conducts its retail discount brokerage business through its wholly-owned subsidiary, Muriel Siebert & Co., Inc., ("MSCO") a Delaware corporation. In addition, in 2014 we began business as a registered investment advisor through our wholly-owned subsidiary, Siebert Investment Advisors, Inc. ("SIA") The estate of Muriel F. Siebert, our former Chairwoman, Chief Executive Officer and President, owns approximately 90% of our outstanding common stock, par value \$.01 per share (the "Common Stock"). For purposes of this Annual Report, the terms "Siebert," "Company," "we," "us" and "our" refer to Siebert Financial Corp. and its consolidated subsidiaries, unless the context otherwise requires.

Our principal offices are located at 885 Third Avenue, New York, New York 10022, and our phone number is (212) 644-2400. Our Internet address is [www.siebertnet.com](http://www.siebertnet.com). Our SEC filings are available through our website at [www.siebertnet.com](http://www.siebertnet.com), where you are able to obtain copies of the Company's public filings free of charge. Our Common Stock trades on the NASDAQ Capital Market under the symbol "SIEB".

#### **Business Overview**

Siebert's principal activity is providing online and traditional discount brokerage and related services to retail investors. On November 4, 2014, the Company sold its capital market business to an affiliate, Siebert Brandford Shank Financial, LLC ("SBSF") (see Note B) and on November 9, 2015, sold its 49% membership interest in SBSF (see Note C).

#### **The Retail Division**

**Discount Brokerage and Related Services.** Siebert became a discount broker on May 1, 1975. Siebert believes that it has been in business and a member of The New York Stock Exchange, Inc. (the "NYSE") longer than any other discount broker. In 1998, Siebert began to offer its customers access to their accounts through SiebertNet, its Internet website. Siebert's focus in its discount brokerage business is to serve retail clients seeking a wide selection of quality investment services, including trading through a broker on the telephone, through a wireless device or via the Internet, at commissions that are substantially lower than those of full-commission firms. Siebert clears its securities transactions on a fully disclosed basis through National Financial Services Corp. ("NFS"), a wholly owned subsidiary of Fidelity Investments.

Siebert serves investors who make their own investment decisions. Siebert seeks to assist its customers in their investment decisions by offering a number of value added services, including easy access to account information. Siebert's representatives are available to assist customers with information via toll-free 800 service Monday through Friday between 7:30 a.m. and 7:30 p.m.

Eastern Time. Through its SiebertNet, Mobile Broker, inter-active voice recognition and Siebert Brokerage Express services, 24-hour access is available to customers.

**Independent Retail Execution Services.** Siebert and NFS monitor order flow in an effort to ensure that we are getting the best possible trade executions for customers. Siebert does not make markets in securities, nor does it take positions against customer orders.

Siebert's equity orders are routed by NFS in a manner intended to afford its customers the opportunity for price improvement on all orders. The firm also offers customers execution services through various electronic communication networks ("ECNs") for an additional fee. These systems give customer's access to numerous ECNs before and after regular market hours. Siebert believes that its over-the counter executions consistently afford its customers the opportunity for price improvement.

Customers may also indicate online interest in buying or selling fixed income securities, including municipal bonds, corporate bonds, mortgage-backed securities, government sponsored enterprises, unit investment trusts or certificates of deposit. These transactions are serviced by registered representatives.

**Retail Customer Service.** Siebert believes that superior customer service enhances its ability to compete with larger discount brokerage firms and therefore provides retail customers, at no additional charge, with personal service via toll-free access to dedicated customer support personnel for all of its products and services. Customer service personnel are located in each of Siebert's branch offices. Siebert has retail offices in New York, New York; Boca Raton, Florida; and Beverly Hills, California. Siebert uses a proprietary Customer Relationship Management System that enables representatives, no matter where located, to view a customer's service requests and the response thereto. Siebert's telephone system permits the automatic routing of calls to the next available agent having the appropriate skill set.

**Retirement Accounts.** Siebert offers customers a variety of self-directed retirement accounts for which it acts as agent on all transactions. Custodial services are provided through an affiliate of NFS, the firm's clearing agent, which also serves as trustee for such accounts. Each IRA, SEP IRA, ROTH IRA, 401(k) and KEOGH account can be invested in mutual funds, stocks, bonds and other investments in a consolidated account.

**Customer Financing.** Customer's margin accounts are carried through NFS which lends customers a portion of the market value of certain securities held in the customer's account. Margin loans are collateralized by these securities. Customers also may sell securities short in a margin account, subject to minimum equity and applicable margin requirements, and the availability of such securities to be borrowed. In permitting customers to engage in margin, short sale or any other transaction, Siebert assumes the risk of its customers' failure to meet their obligations in the event of adverse changes in the market value of the securities positions. Both Siebert and NFS reserve the right to set margin requirements higher than those established by the Federal Reserve Board.

Siebert has established policies with respect to maximum purchase commitments for new customers or customers with inadequate collateral to support a requested purchase. Managers have some flexibility in the allowance of certain transactions. When transactions occur outside normal guidelines, Siebert monitors accounts closely until their payment obligations are completed; if the customer does not meet the commitment, Siebert takes steps to close out the position and minimize any loss. Siebert has not had significant credit losses in the last five years.

**Information and Communications Systems.** Siebert relies heavily on the data technology platform provided by its clearing agent, NFS. This platform offers an interface to NFS' main frame computing system where all customer account records are kept and is accessible by Siebert's network. Siebert's systems also utilize browser based access and other types of data communications. Siebert's representatives use NFS systems, by way of Siebert's technology platform, to perform daily operational functions which include trade entry, trade reporting, clearing related activities, risk management and account maintenance.

Siebert's data technology platform offers services used in direct relation to customer related activities as well as support for corporate use. Some of these services include email and messaging, market data systems and third party trading systems, business productivity tools and customer relationship management systems. Siebert's branch offices are connected to the main offices in New York, New York and Jersey City, New Jersey via a virtual private network. Siebert's data network is designed with redundancy in case a significant business disruption occurs.

Siebert's voice network offers a call center feature that can route and queue calls for certain departments within the organization. Additionally, the systems call manager offers reporting and tracking features which enable staff to determine how calls are being managed, such as time on hold, call duration and total calls by agent.

To ensure reliability and to conform to regulatory requirements related to business continuity, Siebert maintains backup systems and backup data. However, in the event of a wide-spread disruption, such as a massive natural disaster, Siebert's ability to satisfy the obligations to customers and other securities firms could be significantly hampered or completely disrupted. For more information regarding Siebert's Business Continuity Plan, please visit our website at [www.siebertnet.com](http://www.siebertnet.com) or write to us at Muriel Siebert & Co., Inc., Compliance Department, 885 Third Avenue, Suite 3100, New York, NY 10022.

Our website has design, navigation, and functionality features such as:

- Informative trading screens: Customers can stay in touch while trading, double-check balances, positions and order status, see real time quotes, intraday and annual charts and news headlines – automatically – as they place orders.
- Multiple orders: Customers can place as many as 10 orders at one time.
- Tax-lot trading: Our online equity order entry screen allows customers to specify tax lots which display with cost basis and current gain/loss on a real-time positions page.
- Trailing stop orders: Customers can enter an order that trails the market as a percentage of share price or with a flat dollar value and the system will execute their instructions automatically.
- Contingent orders: Customers can place One-Triggers-Two Bracket and One-Cancels-Other Bracket orders.
- An easy-to-install desktop security program that may be installed to help protect against certain types of online fraud such as “keylogging” and “phishing.”

## **The Capital Markets Division**

Siebert’s Capital Markets Group (“SCM”) division served the Company as a co-manager, underwriting syndicate member, or selling group member on a wide spectrum of securities offerings for corporations and Federal agencies. The principal activities of SCM were investment banking and institutional equity execution services. SCM provided Muriel Siebert & Co., Inc. high-quality brokerage service to both institutional investors and issuers of equity and fixed-income securities.

On November 4, 2014, the Company, which held a 49% membership interest in, and the other members of, Siebert Brandford Shank & Co., LLC (“SBS”), contributed their SBS membership interests into a newly formed Delaware limited liability company, Siebert Brandford Shank Financial, L.L.C. (“SBSF”), in exchange for the same percentage interests in SBSF. On the same day, the Company entered into an Asset Purchase Agreement (the “Purchase Agreement”) with SBS and SBSF, pursuant to which the Company sold substantially all of the SCM assets to SBSF. Pursuant to the Purchase Agreement, SBSF assumed post-closing liabilities relating to the transferred business.

The Purchase Agreement provides for an aggregate purchase price for the disposition of \$3,000,000, payable by SBSF after closing in annual installments commencing on March 1, 2016 and continuing on each of March 1, 2017, 2018, 2019 and 2020. The transferred business was contributed by SBSF to, and operated by SBS. The amount payable to the Company on each annual payment date will equal 50% of the net income attributable to the transferred business recognized by, SBS in accordance with generally accepted accounting principles during the fiscal year ending immediately preceding the applicable payment date; provided that, if net income attributable to the transferred business generated prior to the fifth annual payment date is insufficient to pay the remaining balance of the purchase price in full on the fifth annual payment date, then the unpaid amount of the purchase price will be paid in full on March 1, 2021. The annual installment payable on March 1, 2016 is based on the net income attributable to the capital markets business for the year ended December 31, 2015, amounted to \$493,000.

Transferred assets of SCM, consisted of customer accounts and goodwill, which had no carrying value to the Company, and the Company recorded a gain on sale of \$1,820,000, which reflected the fair value of the purchase obligation. Such fair value was based on the present value of estimated annual installments to be received during 2016 through 2020 from forecasted net income of the transferred business plus a final settlement in 2021, discounted at 11.5% (representing SBS’s weighted average cost of capital).

The discount recorded for the purchase obligation is being amortized as interest income using an effective yield initially calculated based on the original carrying amount of the obligation and estimated annual installments to be received and adjusted in future periods to reflect actual installments received and changes in estimates of future installments. Interest income recognized on the obligation for the year ended December 31, 2015 amounted to \$235,000 based on a yield of approximately 12%.

## **Siebert Brandford Shank Financial, LLC**

On November 9, 2015, the Company sold its 49% membership investment in SBSF back to SBSF for \$8,000,000 of which \$4,000,000 was paid in cash and the balance of which was paid in the form of a secured junior subordinated promissory note of \$4,000,000 (the “SBSF Junior Note”). The sale of the investment in SBSF, which was accounted for by the equity method, represents a strategic shift for the Company based on its significance to the Company’s financial condition and results of operations and the major effect it will have on the Company’s operations and financial results and, accordingly, the Company’s share of operating results of the investment are reflected as discontinued operations in the accompanying statement of operations. The investment was sold for approximately \$448,000 less than the carrying value of the investment at November 9, 2015, after adjusting the carrying value of the investment for the Company’s equity in SBSF’s results of operations through such date. Such loss is also included in discontinued operations.

## **SBS Financial Products Company, LLC**

Effective April 19, 2005, Siebert Financial Corp. (“SFC”) entered into an Operating Agreement with Suzanne Shank and Napoleon Brandford III, the two individual principals (the “Principals”) of SBS Financial Products Company, LLC, a Delaware limited liability company (“SBSFPC”). Pursuant to the terms of the Operating Agreement, SFC and each of the Principals made an initial capital contribution of 33.33% initial interest in SBSFPC. SBSFPC engaged in derivatives transactions related to the municipal underwriting business. SBSFPC closed down operations as of December 31, 2014.

Certain risks are involved in the underwriting of securities. Underwriting syndicates agree to purchase securities at a discount from the initial public offering price. An underwriter is exposed to losses on the securities that it has committed to purchase if the securities must be sold below the cost to the syndicate. In the last several years, investment banking firms have increasingly underwritten corporate and municipal offerings with fewer syndicate participants or, in some cases, without an underwriting syndicate.

In these cases, the underwriter assumes a larger part or all of the risk of an underwriting transaction. Under Federal securities laws, other laws and court decisions, an underwriter is exposed to substantial potential liability for material misstatements or omissions of fact in the prospectus used to describe the securities being offered.

### **Siebert Investment Advisors, Inc.**

Siebert Investment Advisors Inc. (“SIA”) is a registered investment adviser that began business in 2014. SIA is a wholly owned subsidiary of Siebert Financial Corp and affiliated with Muriel Siebert & Co., a registered broker dealer. SIA is a boutique investment management firm that greatly extends our ability to meet our customer’s investment needs.

SIA offers advice to clients regarding asset allocation and the selection of investments. Our investment management services include the design, implementation, and continued monitoring of client accounts on a discretionary or non-discretionary basis. Investment selections and recommendation are guided by the stated objectives of the customer, other considerations include the customer’s risk profile and financial status.

SIA offers to its clients a number of Asset Management Programs (“Managed Programs”) consisting of asset allocation, flexible asset management and focused or completion strategies. In these Managed Programs, SIA acts as the co-adviser to clients. IA Representatives will assist each client in reviewing information about the programs, completing a client questionnaire to determine the client’s risk tolerance, financial situation and investment objectives and selecting an investment strategy. SIA does not ever act as portfolio manager directly; SIA selects other investment advisers to act as portfolio manager on behalf of its clients.

### **Advertising, Marketing and Promotion**

Siebert develops and maintains its retail customer base through printed advertising in financial publications, internet advertising and social media. Additionally, a significant number of the firm’s new accounts are developed directly from referrals by satisfied customers.

### **Competition**

Siebert encounters significant competition from full-commission, online and discount brokerage firms, as well as from financial institutions, mutual fund sponsors and other organizations, many of which are significantly larger and better capitalized than Siebert. Although there has been consolidation in the industry in both the online and traditional brokerage business during recent years, Siebert believes that additional competitors such as banks, insurance companies, providers of online financial and information services and others will continue to be attracted to the online brokerage industry. Many of these competitors are larger, more diversified, have greater capital resources, and offer a wider range of services and financial products than Siebert. Some of these firms are offering their services over the Internet and have devoted more resources to and have more elaborate websites than Siebert. Siebert competes with a wide variety of vendors of financial services for the same customers. Siebert believes that its main competitive advantages are high quality customer service, responsiveness, cost and products offered, the breadth of product line and excellent executions.

### **Regulation**

The securities industry in the United States is subject to extensive regulation under both Federal and state laws. The Securities and Exchange Commission (“SEC”) is the Federal agency charged with administration of the Federal securities laws. Siebert is registered as a broker-dealer with the SEC, and is a member of the New York Stock Exchange (“NYSE”) and the Financial Industry Regulatory Authority (“FINRA”). Much of the regulation of broker-dealers has been delegated to self-regulatory organizations, principally FINRA and national securities exchanges such as the NYSE, which is Siebert’s primary regulator with respect to financial and operational compliance. These self-regulatory organizations adopt rules (subject to approval by the SEC) governing the industry and conduct periodic examinations of broker-dealers. Securities firms are also subject to regulation by state securities authorities in the states in which they do business. Siebert is registered as a broker-dealer in 50 states, the District of Columbia and Puerto Rico.

The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than protection of creditors and stockholders of broker-dealers. The regulations to which broker-dealers are subject cover all aspects of the securities business, including training of personnel, sales methods, trading practices among broker-dealers, uses and safekeeping of customers’ funds and securities, capital structure of securities firms, record keeping, fee arrangements, disclosure to

clients, and the conduct of directors, officers and employees. Additional legislation, changes in rules promulgated by the SEC and by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules may directly affect the method of operation and profitability of broker-dealers. The SEC, self-regulatory organizations and state securities authorities may conduct administrative proceedings which can result in censure, fine, cease and desist orders or suspension or expulsion of a broker-dealer, its officers or its employees.

As a registered broker-dealer and FINRA member organization, Siebert is required by Federal law to belong to the Securities Investor Protection Corporation (“SIPC”) which provides, in the event of the liquidation of a broker-dealer, protection for securities held in customer accounts held by the firm of up to \$500,000 per customer, subject to a limitation of \$250,000 on claims for cash balances. SIPC is funded through assessments on registered broker-dealers. In addition, Siebert, through NFS, has purchased from private insurers additional account protection in the event of liquidation up to the net asset value, as defined, of each account. Stocks, bonds, mutual funds and money market funds are included at net asset value for purposes of SIPC protection and the additional protection. Neither SIPC protection nor the additional protection insures against fluctuations in the market value of securities.

Siebert is also authorized by the Municipal Securities Rulemaking Board (the “MSRB”) to effect transactions in municipal securities on behalf of its customers and has obtained certain additional registrations with the SEC and state regulatory agencies necessary to permit it to engage in certain other activities incidental to its brokerage business.

Margin lending arranged by Siebert is subject to the margin rules of the Board of Governors of the Federal Reserve System and the NYSE. Under such rules, broker-dealers are limited in the amount they may lend in connection with certain purchases and short sales of securities and are also required to impose certain maintenance requirements on the amount of securities and cash held in margin accounts. In addition, those rules and rules of the Chicago Board Options Exchange govern the amount of margin customers must provide and maintain in writing uncovered options.

### **Net Capital Requirements**

As a registered broker-dealer, Siebert is subject to the SEC’s Uniform Net Capital Rule (Rule 15c3-1) (the “Net Capital Rule”), which has also been adopted by the NYSE. The Net Capital Rule specifies minimum net capital requirements for all registered broker-dealers and is designed to measure financial integrity and liquidity. Failure to maintain the required regulatory net capital may subject a firm to suspension or expulsion by the NYSE and FINRA, certain punitive actions by the SEC and other regulatory bodies and, ultimately, may require a firm’s liquidation.

Regulatory net capital is defined as net worth (assets minus liabilities), plus qualifying subordinated borrowings, less certain deductions that result from excluding assets that are not readily convertible into cash and from conservatively valuing certain other assets. These deductions include charges that discount the value of security positions held by Siebert to reflect the possibility of adverse changes in market value prior to disposition.

The Net Capital Rule requires notice of equity capital withdrawals to be provided to the SEC prior to and subsequent to withdrawals exceeding certain sizes. The Net Capital Rule also allows the SEC, under limited circumstances, to restrict a broker-dealer from withdrawing equity capital for up to 20 business days. The Net Capital Rule of the NYSE also provides that equity capital may not be drawn or cash dividends paid if resulting net capital would be less than 5 percent of aggregate debits.

Under applicable regulations, Siebert is required to maintain regulatory net capital of at least \$250,000. At December 31, 2015 and 2014, Siebert had net capital of \$8.1 million and \$5.1 million, respectively. Siebert claims exemption from the reserve requirement under Section 15c3-3(k)(2)(ii).

### **Employees**

As of March 13, 2016, we had approximately 43 full-time employees, one of whom was a corporate officer. None of our employees are represented by a union, and we believe that relations with our employees are good.

## **Item 1A. RISK FACTORS**

### ***Securities market volatility and other securities industry risk could adversely affect our business***

Most of our revenues are derived from our securities brokerage business. Like other businesses operating in the securities industry, our business is directly affected by volatile trading markets, fluctuations in the volume of market activity, economic and political conditions, upward and downward trends in business and finance at large, legislation and regulation affecting the national and international business and financial communities, currency values, inflation, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived credit-worthiness of the securities industry in the marketplace and the level and volatility of interest rates. We also face risks relating to trading losses, losses resulting from the ownership or underwriting of securities, counterparty failure to meet commitments, customer fraud, employee fraud, issuer fraud, errors and misconduct, failures in connection with the processing of securities transactions and litigation. A reduction in our revenues or a loss resulting from our ownership of securities or sales or trading of securities could have a material adverse effect on our business, results of operations and financial condition. In addition, as a result of these risks, our revenues and operating results may be subject to significant fluctuations from quarter to quarter and from year to year.

### ***Lower price levels in the securities markets may reduce our profitability.***

Lower price levels of securities may result in (i) reduced volumes of securities, options and futures transactions, with a consequent reduction in our commission revenues, and (ii) losses from declines in the market value of securities we held in investment. In periods of low volume, our levels of profitability are further adversely affected because certain of our expenses remain relatively fixed. Sudden sharp declines in market values of securities and the failure of issuers and counterparties to perform their obligations can result in illiquid markets which, in turn, may result in our having difficulty selling securities. Such negative market conditions, if prolonged, may also lower our revenues from investment banking and other activities. A reduction in our revenues from investment banking or other activities could have a material adverse effect on our business, results of operations and financial condition.

### ***There is intense competition in the brokerage industry.***

Siebert encounters significant competition from full-commission, online and other discount brokerage firms, as well as from financial institutions, mutual fund sponsors and other organizations many of which are significantly larger and better capitalized than Siebert. Over the past several years, price wars and lower commission rates in the discount brokerage business in general have strengthened our competitors. Siebert believes that such changes in the industry will continue to strengthen existing competitors and attract additional competitors such as banks, insurance companies, providers of online financial and information services, and others. Many of these competitors are larger, more diversified, have greater capital resources, and offer a wider range of services and financial products than Siebert. Siebert competes with a wide variety of vendors of financial services for the same customers. Siebert may not be able to compete effectively with current or future competitors.

Some competitors in the discount brokerage business offer services which we may not. In addition, some competitors have continued to offer lower flat rate execution fees that are difficult for any conventional discount firm to meet. Industry-wide changes in trading practices are expected to cause continuing pressure on fees earned by discount brokers for the sale of order flow. Many of the flat fee brokers impose charges for services such as mailing, transfers and handling exchanges which Siebert does not and also direct their execution to captive market makers. Continued or increased competition from ultra low cost, flat fee brokers and broader service offerings from other discount brokers could limit our growth or lead to a decline in Siebert's customer base which would adversely affect our business, results of operations and financial condition.

### ***We are subject to extensive government regulation.***

Our business is subject to extensive regulation in the United States, at both the Federal and state level. We are also subject to regulation by self-regulatory organizations and other regulatory bodies in the United States, such as the SEC, the NYSE, FINRA and the MSRB. We are registered as a broker-dealer in 50 states, the District of Columbia and Puerto Rico. The regulations to which we are subject as a broker-dealer cover all aspects of the securities business including: training of personnel, sales methods, trading practices, uses and safe keeping of customers' funds and securities, capital structure, record keeping, fee arrangements, disclosure and the conduct of directors, officers and employees. Failure to comply with any of these laws, rules or regulations, which may be subject to the uncertainties of interpretation, could result in civil penalties, fines, suspension or expulsion and have a material adverse effect on our business, results of operations and financial condition.

The laws, rules and regulations, as well as governmental policies and accounting principles, governing our business and the financial services and banking industries generally have changed significantly over recent years and are expected to continue to do so. We cannot predict which changes in laws, rules, regulations, governmental policies or accounting principles will be adopted. Any changes in the laws, rules, regulations, governmental policies or accounting principles relating to our business could materially and adversely affect our business, results of operations and financial condition.

***We are subject to net capital requirements.***

The SEC, FINRA, and various other securities and commodities exchanges and other regulatory bodies in the United States have rules with respect to net capital requirements which affect us. These rules have the effect of requiring that at least a substantial portion of a broker-dealer's assets be kept in cash or highly liquid investments. Our compliance with the net capital requirements could limit operations that require intensive use of capital, such as underwriting or trading activities. These rules could also restrict our ability to withdraw our capital, even in circumstances where we have more than the minimum amount of required capital, which, in turn, could limit our ability to implement growth strategies. In addition, a change in such rules, or the imposition of new rules, affecting the scope, coverage, calculation or amount of such net capital requirements, or a significant operating loss or any unusually large charge against net capital, could have similar adverse effects.

***Our customers may fail to pay us.***

A principal credit risk to which we are exposed on a regular basis is that our customers may fail to pay for their purchases or fail to maintain the minimum required collateral for amounts borrowed against securities positions maintained by them. We cannot assure you that the policies and procedures we have established will be adequate to prevent a significant credit loss.

***An increase in volume on our systems or other events could cause them to malfunction.***

During 2015, we received and processed up to approximately 70% of our trade orders electronically. This method of trading is heavily dependent on the integrity of the electronic systems supporting it. While we have never experienced a significant failure of our trading systems, heavy stress placed on our systems during peak trading times could cause our systems to operate at unacceptably low speeds or fail altogether. Any significant degradation or failure of our systems or the systems of third parties involved in the trading process (e.g., online and Internet service providers, record keeping and data processing functions performed by third parties, and third party software), even for a short time, could cause customers to suffer delays in trading. These delays could cause substantial losses for customers and could subject us to claims from these customers for losses. There can be no assurance that our network structure will operate appropriately in the event of a subsystem, component or software failure. In addition, we cannot assure you that we will be able to prevent an extended systems failure in the event of a power or telecommunications failure, an earthquake, terrorist attack, fire or any act of God. Any systems failure that causes interruptions in our operations could have a material adverse effect on our business, financial condition and operating results.

***We rely on information processing and communications systems to process and record our transactions.***

Our operations rely heavily on information processing and communications systems. Our system for processing securities transactions is highly automated. Failure of our information processing or communications systems for a significant period of time could limit our ability to process a large volume of transactions accurately and rapidly. This could cause us to be unable to satisfy our obligations to customers and other securities firms, and could result in regulatory violations. External events, such as an earthquake, terrorist attack or power failure, loss of external information feeds, such as security price information, as well as internal malfunctions such as those that could occur during the implementation of system modifications, could render part or all of these systems inoperative.

***We may not be able to keep up pace with continuing changes in technology.***

Our market is characterized by rapidly changing technology. To be successful, we must adapt to this rapidly changing environment by continually improving the performance, features and reliability of our services. We could incur substantial costs if we need to modify our services or infrastructure or adapt our technology to respond to these changes. A delay or failure to address technological advances and developments or an increase in costs resulting from these changes could have a material and adverse effect on our business, financial condition and results of operations.

***We depend on our ability to attract and retain key personnel.***

Our continued success was principally dependent on our founder, Muriel F. Siebert, our former Chairwoman, Chief Executive Officer and President, and our senior management. The loss of the services of any of these individuals could significantly harm our business, financial condition and operating results. However the appointment of Suzanne Shank as Acting Chief Executive Officer and Joseph Ramos as Chief Operating Officer has stabilized the Company as a result of our loss of Ms. Siebert. On March 3, 2015 Suzanne Shank completed her role as acting Chief Executive Officer of our Company to devote full time to her continuing position as Chief Executive Officer of SBSF.

***Our principal shareholder may control many key decisions.***

The estate of Ms. Muriel F. Siebert currently owns approximately 90% of our outstanding common stock. The executors of the estate, Jane Macon and Patricia Francy, who are both directors of the Company, have the power to elect the entire Board of Directors and, except as otherwise provided by law or our Certificate of Incorporation or by-laws, to approve any action requiring shareholder approval without a shareholders meeting.

***There may be no public market for our common stock.***

Only approximately 2,200,000 shares, or approximately 10% of our shares outstanding, are currently held by the public. Although our common stock is traded in The NASDAQ Capital Market, there can be no assurance that an active public market will continue.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None.

**Item 2. PROPERTIES**

Siebert currently maintains three retail discount brokerage offices. Customers can visit these offices to obtain market information, place orders, open accounts, deliver and receive checks and securities, and obtain related customer services in person. Nevertheless, most of Siebert's activities are conducted on the Internet or by telephone and mail.

Siebert operates its business out of the following three leased offices:

<u>Location</u>	<u>Approximate Office Area in Square Feet</u>	<u>Expiration Date of Current Lease</u>	<u>Renewal Terms</u>
<u>Corporate Headquarters</u>			
885 Third Avenue New York, NY 10022 .....	8,585	2/28/17	None
<u>Retail Offices</u>			
9701 Wilshire Boulevard, Suite 1111 Beverly Hills, CA 90212.....	1,189	Month to Month	None
4400 North Federal Highway Boca Raton, FL 33431 .....	2,438	Month to Month	None

**Item 3.           LEGAL PROCEEDINGS**

In December 2015, a current employee of MSCO commenced an arbitration before FINRA against MSCO, alleging a single cause of action for employment retaliation under the Sarbanes-Oxley Act of 2002. In February 2016, the employee amended his claim to replace the Sarbanes-Oxley claim with a substantially identical claim arising under the Dodd-Frank Act of 2010. In the opinion of management, this matter is without merit, and its ultimate outcome will not have a significant effect on the financial position of the Company.

In July 2014, the Company entered into a settlement agreement in regards to a dispute with a former employee, in which the former employee sought, among other things, damages arising from his separation from the Company. The Company asserted counter claims in the arbitration. Pursuant to the settlement, the Company paid \$4,300,000 to the former employee, and the claims and counterclaims have been dismissed and released. The accompanying statement of operations reflects a change to give effect to the settlement.

The Company is party to certain claims, suits and complaints arising in the ordinary course of business. In the opinion of management, all such matters are without merit, or involve amounts which would not have a significant effect on the financial position of the Company.

**Item 4.           MINE SAFETY DISCLOSURES**

Not applicable

## PART II

### Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock traded on the NASDAQ Global Market until June 29, 2011 when our common stock started trading on the NASDAQ Capital Market, under the symbol "SIEB". The high and low sales prices of our common stock reported by NASDAQ during the following calendar quarters were:

	High	Low
First Quarter – 2014 .....	\$ 4.45	\$ 1.61
Second Quarter – 2014.....	\$ 3.44	\$ 2.67
Third Quarter – 2014 .....	\$ 2.85	\$ 2.05
Fourth Quarter – 2014.....	\$ 2.90	\$ 2.03
First Quarter – 2015.....	\$ 2.62	\$ 1.44
Second Quarter – 2015.....	\$ 2.11	\$ 1.45
Third Quarter – 2015 .....	\$ 1.95	\$ 1.35
Fourth Quarter – 2015.....	\$ 1.56	\$ 1.14

On March 11, 2016, the closing price of our common stock on the NASDAQ Capital Market was \$1.20 per share. There were 130 holders of record of our common stock and more than 1,500 beneficial owners of our common stock on March 11, 2016.

On January 4, 2011, we received notice from The NASDAQ Stock Market stating that for more than 30 consecutive business days, the market value of publicly held shares closed below the minimum \$5 million required for continued listing on The NASDAQ Global Market under NASDAQ Rule 5450(b) (1)(C). Market value of publicly held shares is calculated by multiplying the publicly held shares, which is total shares outstanding less any shares held by officers, directors, or beneficial owners of more than 10%, by the closing bid price. The estate of Muriel F. Siebert owns approximately 90% of our outstanding common stock. The value of shares by the estate of Muriel F. Siebert's estate, and the value of shares beneficially owned by other officers and directors of the Company, is therefore excluded from the market value of publicly held shares of the Company.

NASDAQ Rule 5810(c)(3)(D) provided the Company a grace period of 180 calendar days, or until July 5, 2011, to regain compliance with The NASDAQ Stock Market requirement. As the market value of publicly held shares did not reach the required value during the grace period, our common stock was transferred to the NASDAQ Capital Market on June 29, 2011.

#### Dividend Policy

Our Board of Directors periodically considers whether to declare dividends. In considering whether to pay such dividends, our Board of Directors will review our earnings capital requirements, economic forecasts and such other factors as are deemed relevant. Some portion of our earnings will be retained to provide capital for the operation and expansion of our business.

#### Issuer Purchases of Equity Securities

On January 23, 2008, our Board of Directors authorized the repurchase of up to 300,000 shares of our common stock. We will purchase shares from time to time, in our discretion, in the open market and in private transactions. No shares were purchased in 2015.

A summary of our repurchase activity for the three months ended December 31, 2015 is as follows:

<b>Period</b>	<b>Total Number Of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Cumulative Number of Shares Purchased as Part of Publicly Announced Plans</b>	<b>Maximum Number of Shares That May Yet Be Purchased Under The Plan</b>
October 2015 .....	—	\$ —	129,137	170,863
November 2015 .....	—	\$ —	129,137	170,863
December 2015 .....	—	\$ —	129,137	170,863
Total .....	0	\$ 0	129,137	170,863

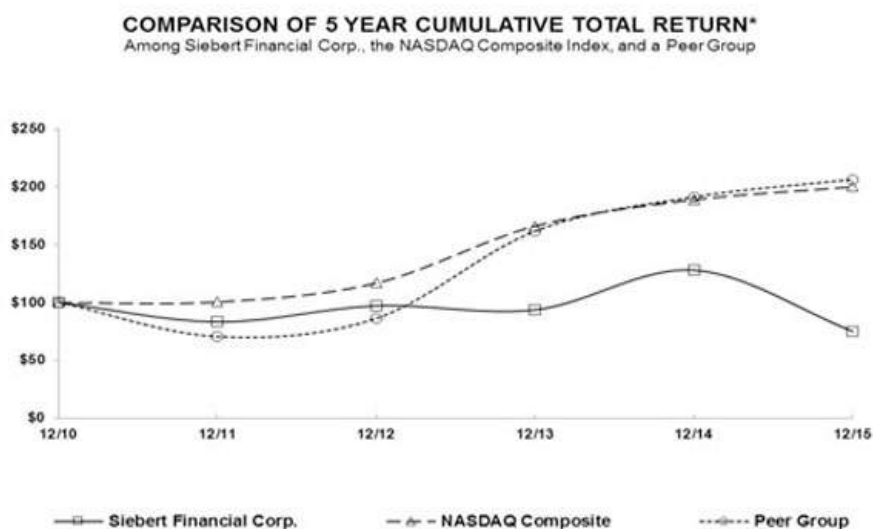
#### Equity Compensation Plan Information

The following table sets forth information as of December 31, 2015 with respect to our equity compensation plans.

<b>Plan Category</b>	<b>Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted- average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of Securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders (1) .....	265,000	\$ 3.02	1,760,000
Total .....	265,000	\$ 3.02	1,760,000

(1) Consists of our 1997 and 2007 compensation plans.

**Our Performance** The graph below compares our performance from December 31, 2010 through December 31, 2015 against the performance of the NASDAQ Composite Index and a peer group. The peer group consists of Ameritrade Holding Corporation, E\*Trade Financial Corporation and the Charles Schwab Corporation.



\*\$100 invested on 12/31/10 in stock or index, including reinvestment of dividends.  
Fiscal year ending December 31.

	Cumulative Total Return					
	2010	2011	2012	2013	2014	2015
Siebert Financial Corp. ....	100.00	83.14	97.09	93.60	127.91	75.00
Nasdaq Composite .....	100.00	100.53	116.92	166.19	188.98	199.95
Peer Group .....	100.00	70.30	86.02	161.49	190.97	206.08

**Item 6. SELECTED FINANCIAL DATA**

(In thousands except share and per share data)

**The Following Selected Financial Information Should Be Read In Conjunction with Our Consolidated Financial Statements and the Related Notes Thereto.**

	2015	2014	2013	2012	2011
Income statement data:					
Total Revenues.....	\$ 10,096	15,815	\$ 16,401	\$ 20,983	\$ 20,199
Net loss.....	\$ (2,869)	(6,557)	\$ (5,912)	\$ (171)	\$ (5,379)
Net loss per share of common stock					
Basic .....	\$ (.13)	(0.30)	\$ (0.27)	\$ (0.01)	\$ (0.24)
Diluted .....	\$ (.13)	(0.30)	\$ (0.27)	\$ (0.01)	\$ (0.24)
Weighted average shares outstanding (basic) .....	22,085,126	22,085,126	22,087,324	22,100,759	22,114,121
Weighted average shares outstanding (diluted) ...	22,085,126	22,085,126	22,087,324	22,100,759	22,114,121
Statement of financial condition data (at year end):					
Total assets .....	\$ 17,785	20,728	\$ 27,970	\$ 33,456	\$ 34,823
Total liabilities excluding subordinated borrowings .....	\$ 2,102	2,176	\$ 2,861	\$ 2,416	\$ 3,599
Stockholders' equity .....	\$ 15,683	18,552	\$ 25,109	\$ 31,040	\$ 31,224
Cash dividends declared on common shares .....	\$ 0	0	\$ 0	\$ 0	\$ 0

**Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This discussion should be read in conjunction with our audited Consolidated Financial Statements and the Notes thereto contained elsewhere in this Annual Report.

Our working capital is invested primarily in money market funds, so that liquidity has not been materially affected. The recent financial crisis did have the effect of reducing participation in the securities market by our retail and institutional customers, which had an adverse effect on our revenues. While the stock market improved in 2015 our revenues did not. For the period ended November 9, 2015, in which Siebert sold its 49% equity interest to our former affiliate resulting in discontinued operations, income of our affiliate, SBSF increased to \$1.4 million as a result of an increase in the number of offerings by municipalities. A loss resulted from the disposal of this equity investment in the amount of \$52,000 for 2015 which includes equity earnings of former affiliate of \$671,000, net of \$448,000 loss related to disposal of investment in 2015, net of income tax of \$275,000. Siebert also earned interest income from the receivable from the SCM sale to SBSF of \$235,000 in 2015 which is included in revenue in continuing operations as the receivable will be retained by Siebert. The Company's professional expenses during 2014 and 2013 include the costs of an arbitration proceeding commenced by a former employee following the termination of his employment, which was resolved in 2014 resulting in a \$4,300,000 settlement payment. The action has adversely affected the Company's results of operations. Competition in the brokerage industry remains intense.

On November 4, 2014, the Company, which at the time held a 49% membership interest in, and the other members of, Siebert Brandford Shank & Co., LLC ("SBS"), contributed their SBS membership interests into a newly formed Delaware limited liability company, Siebert Brandford Shank Financial, LLC ("SBSF"), in exchange for the same percentage interests in SBSF. On the same day, the Company entered into an Asset Purchase Agreement (the "SCM Purchase Agreement") with SBS and SBSF, pursuant to which the Company sold substantially all of the assets relating to the Company's capital markets business to SBSF. Pursuant to the SCM Purchase Agreement, SBSF assumed post-closing liabilities relating to the transferred business.

The SCM Purchase Agreement provides for an aggregate purchase price for the disposition of \$3,000,000, payable by SBSF after closing in annual installments commencing on March 1, 2016 and continuing on each of March 1, 2017, 2018, 2019 and 2020. The transferred business was contributed by SBSF to, and operated by SBS. The amount payable to the Company on each annual payment date will equal 50% of the net income attributable to the transferred business recognized by SBS in accordance with generally accepted accounting principles during the fiscal year ending immediately preceding the applicable payment date; provided

that, if net income attributable to the transferred business generated prior to the fifth annual payment date is insufficient to pay the remaining balance of the purchase price in full on the fifth annual payment date, then the unpaid amount of the purchase price will be paid in full on March 1, 2021. The annual installment payable on March 1, 2016 was based on the net income attributable to the capital markets business for the year ended December 31, 2015, which amounted to \$493,000 and was paid on March 3, 2016.

Transferred assets of the Company's capital markets business consisted of issuer relationships and goodwill, which assets had no carrying value to the Company, and the Company recorded a gain on sale of \$ 1,820,000, which reflected the fair value of the purchase obligation. Such fair value (Level 3) was based on the present value of estimated annual installments to be received during 2016 through 2020 from forecasted net income of the transferred business plus a final settlement in 2021, discounted at 11.5% (representing SBS's weighted average cost of capital).

The discount recorded for the purchase obligation will be amortized as interest income using an effective yield, initially calculated based on the original carrying amount of the obligation and estimated annual installments to be received and adjusted in future periods to reflect actual installments received and changes in estimates of future installments. Interest income recognized on the obligation for the period December 31, 2015, amounted to approximately \$235,000 based on a yield of approximately 12%.

The following table sets forth certain metrics as of December 31, 2015, 2014 and 2013, respectively, which we use in evaluating our business.

	For the Twelve Months ended December 31,		
Retail Customer Activity:	2015	2014	2013
Total retail trades: .....	259,624	293,419	327,285
Average commission per retail trade: .....	\$ 22.29	19.50	\$ 21.70

	As of December 31,	
	2015	2014
Retail customer balances:		
Retail customer net worth (in billions): .....	\$ 6.8	\$ 7.3
Retail customer money market fund value (in billions): .....	\$ .9	\$ 1.0
Retail customer margin debit balances (in millions): .....	\$ 254.7	\$ 232.3
Retail customer accounts with positions: .....	30,851	32,962

Description:

- Total retail trades represents retail trades that generate commissions.
- Average commission per retail trade represents the average commission generated for all types of retail customer trades.
- Retail customer net worth represents the total value of securities and cash in the retail customer accounts before deducting margin debits.
- Retail customer money market fund value represents all retail customers accounts invested in money market funds.
- Retail customer margin debit balances represents credit extended to our customers to finance their purchases against current positions.
- Retail customer accounts with positions represent retail customers with cash and/or securities in their accounts.

We, like other securities firms, are directly affected by general economic and market conditions including fluctuations in volume and prices of securities, changes and the prospect of changes in interest rates, and demand for brokerage and investment banking services, all of which can affect our profitability. In addition, in periods of reduced financial market activity, profitability is likely to be adversely affected because certain expenses remain relatively fixed, including salaries and related costs, portions of communications costs and occupancy expenses. Accordingly, earnings for any period should not be considered representative of earnings to be expected for any other period.

Competition continues to intensify among all types of brokerage firms, including established discount brokers and new firms entering the on-line brokerage business. Electronic trading continues to account for an increasing amount of trading activity, with some firms charging very low trading execution fees that are difficult for any conventional discount firm to meet. Some of these brokers, however, impose asset based charges for services such as mailing, transfers and handling exchanges which we do not currently impose, and also direct their orders to market makers where they have a financial interest. Continued competition could limit our growth or even lead to a decline in our customer base, which would adversely affect our results of operations. Industry-wide changes in trading practices, such as the continued use of Electronic Communications Networks, are expected to put continuing pressure on commissions/fees earned by brokers while increasing volatility.

We are a party to an Operating Agreement (the “Operating Agreement”), with Suzanne Shank and Napoleon Brandford III, the two individual principals (the “Principals”) of SBSFPC. Pursuant to the terms of the Operating Agreement, the Company and each of the Principals made an initial capital contribution of \$400,000 in exchange for a 33.33% initial interest in SBSFPC. SBSFPC engages in derivatives transactions related to the municipal underwriting business. The Operating Agreement provides that profit and loss will be shared 66.66% by the Principals and 33.33% by us. The Company and principals closed down the operations of SBSFPC in 2014.

In 2014, we began business as a registered investment advisor through our wholly-owned subsidiary, Siebert Investment Advisors, Inc. (“SIA”). SIA is a boutique investment management firm that greatly extends our ability to meet our customer’s investment needs. SIA offers advice to clients regarding asset allocation and the selection of investments. Our investment management services include the design, implementation, and continued monitoring of client accounts on a discretionary or non-discretionary basis. Investment selections and recommendation are guided by the stated objectives of the customer, other considerations include the customer’s risk profile and financial status.

SIA offers to its clients a number of Asset Management Programs (“Managed Programs”) consisting of asset allocation, flexible asset management and focused or completion strategies. In these Managed Programs, SIA acts as the co-adviser to clients. IA Representatives will assist each client in reviewing information about the programs, completing a client questionnaire to determine the client’s risk tolerance, financial situation and investment objectives and selecting an investment strategy. SIA does not ever act as portfolio manager directly, SIA selects other investment advisers to act as portfolio manager on behalf of its clients. During 2015, the results of SIA operations are immaterial to the operations of the Company.

On January 23, 2008, our Board of Directors authorized a buy back of up to 300,000 shares of our common stock. Under this program, shares are purchased from time to time, at our discretion, in the open market and in private transactions. No shares were purchased during 2015.

### **Critical Accounting Policies**

We generally follow accounting policies standard in the brokerage industry and believe that our policies appropriately reflect our financial position and results of operations. Our management makes significant estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities included in the financial statements. The estimates relate primarily to revenue and expense items in the normal course of business as to which we receive no confirmations, invoices, or other documentation, at the time the books are closed for a period. We use our best judgment, based on our knowledge of revenue transactions and expenses incurred, to estimate the amount of such revenue and expenses. We are not aware of any material differences between the estimates used in closing our books for the last five years and the actual amounts of revenue and expenses incurred when we subsequently receive the actual confirmations, invoices or other documentation. Estimates are also used in determining the useful lives of intangibles assets, and the fair market value of intangible assets. Our management believes that its estimates are reasonable.

### **Results of Operations**

#### ***Year Ended December 31, 2015 Compared to Year Ended December 31, 2014***

*Revenues.* Total revenues for 2015 were \$10.1 million, a decrease of \$5.8 million, or 36.3%, from 2014. Commission and fee income decreased \$1.6 million, or 14.9%, from the prior year to \$9.2 million primarily due to a decrease in retail trading. The Capital Markets Division was sold to our former affiliate SBSF on November 4, 2014 resulting in reduced institutional trading commissions and investment banking revenues. Commission recapture operations were shut down on September 30, 2014.

Investment banking revenues decreased \$1.8 million or 97.8%, from the prior year to \$40,000 in 2015 due to the Capital Markets division being sold on November 4, 2014 to our former affiliate.

Trading profits decreased \$776,000, or 57.4%, from the prior year to \$575,000 in 2015 primarily due to an overall decrease in trading volume primarily in the debt markets.

The Company recorded a gain on the sale of our Capital Markets Segment of \$1,820,000, which reflected the fair value of the purchase obligation (transferred assets of the Company's capital markets business, consisted of customer accounts and goodwill, which had no carrying value to the Company. Such fair value was based on the present value of estimated annual installments to be received during 2016 through 2020 from forecasted net income of the transferred business plus a final settlement in 2021, discounted at 11.5% (representing SBS's weighted average cost of capital), the sale was for \$3,000,000 recorded at a discount.

The discount recorded for the purchase obligation will be amortized as interest income using an effective yield initially calculated based on the original carrying amount of the obligation and estimated annual installments to be received and adjusted in future periods to reflect actual installments received and changes in estimates of future installments. Interest income recognized on the obligation for the period December 31, 2015 amounted to \$235,000 based on a yield of approximately 12%.

Income from interest and dividends increased \$232,000, or 246.8%, from the prior year to \$326,000 in 2015 primarily due to accrued interest on our receivable from business sold to affiliate (see above paragraph) and the sale of our equity interest to our former affiliate offset by secured demand note interest with our former affiliate which expired on August 31, 2015.

*Expenses.* Total expenses for 2015 were \$13.2 million, a decrease of \$9.3 million, or 41.3%, from the prior year.

Employee compensation and benefit costs decreased \$2.9 million, or 34.9%, from the prior year to \$5.4 million in 2015. This decrease was due to a reduction in head count from the previous year, as well as the Capital Markets Division being sold to SBSF on November 4, 2014.

Clearing and floor brokerage fees decreased \$426,000, or 25.6%, from the prior year to \$1.2 million in 2015 primarily due to lower retail trading volumes, as well as shutting down our rebate recapture business on September 30, 2014.

Professional fees decreased \$1.1 million, or 25.8% from the prior year to \$3.2 million in 2015 primarily due to a decrease in legal fees relating to a dispute with a former employee (see settlement of case below).

In July 2014, the Company entered into a settlement agreement in regard to a dispute with a former employee, in which the former employee sought, among other things, damages arising from his separation from the Company. The Company asserted counter claims in the arbitration. Pursuant to the settlement, the Company paid \$4,300,000 to the former employee, and the claims and counterclaims have been dismissed and released.

Advertising and promotion expense increased \$20,000, or 8.1%, from the prior year to \$268,000 in 2015 due to an increase in social media advertising.

Communications expense decreased \$270,000, or 31.2%, from the prior year to \$595,000 in 2015 due to a new phone system and phone vendor. Quote fees were down as well due to the reduction in Bloomberg terminals due to the sale of our Capital Markets segment on November 4, 2014. Retail trading revenues were down causing quotes to go down.

Occupancy costs decreased \$12,000, or 1.5%, from the prior year to \$776,000 in 2015 due to our Palm Beach branch closing on March 31, 2014 and the Jersey City branch closing down on June 30, 2015, offset by increases in rent at our Beverly Hills office due to our month to month status. Security deposits were written off to rent for Jersey City and a former Beverly Hills location.

Other general and administrative expenses decreased \$309,000, or 15.2%, from the prior year to \$1.7 million in 2015 due decreases in office expense in travel, entertainment, computer security updates, and registration expense.

Discontinued operations - Loss from our equity investment in SBSF, an entity which Siebert sold its 49% equity interest to on November 9, 2015, for 2015 was \$52,000 which includes equity earnings of former affiliate of \$671,000, net of \$448,000 loss related to disposal of investment in 2015, net of income tax of \$275,000, compared to income of \$84,000 net of income tax of \$27,000 for 2014, a decrease of \$139,000, primarily due to SBSF participating in more municipal bond offerings as senior- and co-manager. Income from our equity investment in SBSFPC, an entity in which we hold a 33% equity interest, for 2015 was \$0 as compared to a loss of \$17,000 from the same period in 2014. This decrease was principally due to SBSFPC winding down and shutting down their operations in 2014.

Income tax benefit for the year ended December 31, 2015 and 2014 was \$275,000 and \$27,000, respectively. The benefit for income taxes for 2015 and 2014 represent the utilization of the loss from continuing operations against income from discontinued operations, exclusive in 2015 of the capital loss from disposal of the investment in former affiliate. The Company has recorded a valuation allowance to fully offset our deferred tax asset at December 31, 2015 and 2014.

## **Results of Operations**

### ***Year Ended December 31, 2014 Compared to Year Ended December 31, 2013***

*Revenues.* Total revenues for 2014 were \$15.9 million, a decrease of \$549,000, or 3.3%, from 2013. Commission and fee income decreased \$1.2 million, or 9.9%, from the prior year to \$10.8 million primarily due to a decrease in retail trading and in the average commission charged per retail trade. Capital Markets Division was sold to our former affiliate SBSF on November 4, 2014 resulting in reduced institutional trading commissions and investment banking revenues. Commission recapture operations were shut down on September 30, 2014.

Investment banking revenues decreased \$588,000 or 24.3%, from the prior year to \$1.8 million in 2014 due to our participation in fewer new issues in the equity and debt capital markets. The Capital Markets division was sold on November 4, 2014 to our affiliate.

Trading profits decreased \$625,000, or 31.6%, from the prior year to \$1.4 million in 2014 primarily due to an overall decrease in trading volume primarily in the debt markets.

The Company recorded a gain on the sale of our Capital Markets Segment of \$ 1,820,000, which reflected the fair value of the purchase obligation (transferred assets of the Company's capital markets business, consisted of customer accounts and goodwill, which had no carrying value to the Company. Such fair value was based on the present value of estimated annual installments to be received during 2016 through 2020 from forecasted net income of the transferred business plus a final settlement in 2021, discounted at 11.5% (representing SBS's weighted average cost of capital), the sale was for \$3,000,000 recorded at a discount.

The discount recorded for the purchase obligation will be amortized as interest income using an effective yield initially calculated based on the original carrying amount of the obligation and estimated annual installments to be received and adjusted in future periods to reflect actual installments received and changes in estimates of future installments. Interest income recognized on the obligation for the period from November 4, 2014 to December 31, 2014 amounted to \$36,641 based on a yield of approximately 12%.

Income from interest and dividends increased \$32,000, or 51.6%, from the prior year to \$94,000 in 2014 primarily due to accrued interest on our receivable from business sold to former affiliate in 2014.

*Expenses.* Total expenses for 2014 were \$22.5 million, an increase of \$247,000, or 1.1%, from the prior year.

Employee compensation and benefit costs decreased \$995,000, or 10.7%, from the prior year to \$8.3 million in 2014. This decrease was due a reduction in head count from the previous year.

Clearing and floor brokerage fees decreased \$717,000, or 30.1%, from the prior year to \$1.7 million in 2014 primarily due to lower retail trading volumes, lower execution charges for institutional equity trading, as well as shutting down our rebate recapture business on September 30, 2014.

Professional fees decreased \$1.0 million, or 18.6% from the prior year to \$4.3 million in 2014 primarily due to a decrease in legal fees relating to a dispute with a former employee (see settlement of case below).

In July 2014, the Company entered into a settlement agreement in regard to a dispute with a former employee, in which the former employee sought, among other things, damages arising from his separation from the Company. The Company asserted counter claims in the arbitration. Pursuant to the settlement, the Company paid \$4,300,000 to the former employee, and the claims and counterclaims have been dismissed and released.

Advertising and promotion expense decreased \$157,000, or 38.8%, from the prior year to \$248,000 in 2014 due to a decrease in online and print advertising.

Communications expense decreased \$431,000, or 33.3%, from the prior year to \$865,000 in 2014 due to a new phone system and phone vendor. Quote fees were down as well due to the reduction in Bloomberg terminals due to the sale of our Capital Markets segment on November 4, 2014. Retail trading revenues were down causing quotes to go down.

Occupancy costs decreased \$258,000, or 24.7%, from the prior year to \$788,000 in 2014 due to our Palm Beach branch closing on March 31, 2014, reduction in our Jersey City branch operating expenses, and New York rent rebates as per our lease.

Impairment of intangibles of \$300,000 in 2013 was the result of the Company writing down the carrying value of its unamortized intangible assets to zero.

Other general and administrative expenses decreased \$212,000, or 9.4%, from the prior year to \$2.0 million in 2014 due decreases in office expense in travel, entertainment, computer security updates, and registration expense.

Discontinued Operations - Income from our equity investment in SBSF, an entity in which Siebert holds a 49% equity interest, for 2014 was \$84,000 compared to income of \$94,000 for 2013, a decrease of \$10,000, primarily due to SBSF participating in fewer municipal bond offerings as senior- and co-manager. Losses from our equity investment in SBSFPC, an entity in which we hold a 33% equity interest, for 2014 was a loss of \$17,000 as compared to a loss of \$159,000 from the same period in 2013. This decrease was principally due to SBSFPC winding down and shutting down their operations in 2014.

Income tax (benefit) provision for the year ended December 31, 2014 and 2013 was \$(27,000) and \$19,000, respectively. The benefit for income taxes for 2014 represent the utilization of the loss from continuing operations against income from discontinued operations. The provision for income taxes for 2013 represents New York State, New York City and Internal Revenue Service payments. The Company has recorded a valuation allowance to fully offset our deferred tax asset at December 31, 2014 and 2013.

## ***Liquidity and Capital Resources***

Our working capital is invested in cash and money market funds. Our total assets at December 31, 2015 were \$17.8 million, of which we regarded \$9.4 million, or 53%, as highly liquid.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At December 31, 2015, Siebert's regulatory net capital was \$8.1 million, which was \$7.9 million in excess of its minimum capital requirement of \$250,000.

The Company entered into a Secured Demand Note Collateral Agreement with SBS under which the Company is obligated to lend SBS up to \$1,200,000 on a subordinated basis collateralized by cash equivalents of approximately \$1,532,000. SBS pays the Company interest on this amount at the rate of 4% per annum, which amounted to \$32,000 for the period from January 1, 2015 to August 31, 2015, the date the facility expired and was not renewed and the collateral was released from restricted cash.

## ***Contractual Obligations***

Below is a table that presents our obligations and commitments at December 31, 2015:

Contractual Obligations	Total	Payment Due By Period				More Than Five Years
		Less Than 1 Year	1-3 Years	3-5 Years		
Operating lease obligations.....	\$ 631,000	\$ 541,000	\$ 90,000	\$ 0	\$ 0	0

## ***Off-Balance Sheet Arrangements***

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customer obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers and other counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2015.

## **Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **Financial Instruments Held For Trading Purposes:**

Through Siebert, we maintain inventories in exchange-listed equity securities and municipal securities on both a long and short basis. We did not have any short positions at December 31, 2015. The Company does not directly engage in derivative transactions, has no interest in any special purpose entity and has no liabilities, contingent or otherwise, for the debt of another entity. The Company entered into a Secured Demand Note Collateral Agreement with SBS under which the Company is obligated to lend SBS up to \$1,200,000 on a subordinated basis collateralized by cash equivalents of approximately \$1,532,000. SBS pays the Company interest on this amount at the rate of 4% per annum, which amounted to \$32,000 for the period from January 1, 2015 to August 31, 2015, the date the facility expired and was not renewed and the collateral was released from restricted cash.

### **Financial Instruments Held For Purposes Other Than Trading:**

We generally invest working capital temporarily in dollar denominated money market funds and commercial paper. These investments are not subject to material changes in value due to interest rate movements.

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customers' obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers and other counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2015.

## **Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

See financial statements and supplementary data required pursuant to this item beginning on page F-1 of this Annual Report on Form 10-K.

## **Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**Item 9A. CONTROLS AND PROCEDURES**

We carried out an evaluation, under the supervision and with the participation of management, including our former Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15 of Securities Exchange of 1934, as amended. Based on that evaluation, our management, including our former Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to our management, including our former Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding timely disclosure.

## **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Exchange Act Rule 13a-15(f)). To evaluate the effectiveness of our internal control over financial reporting, we use the 2013 framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “2013 COSO Framework”). Using the 2013 COSO Framework, our management, including our former Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2015.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Limitation of the Effectiveness of Internal Controls**

None

### **Item 9B. OTHER INFORMATION**

None

### PART III

#### Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

##### Identification of Directors

The names of our directors and their ages, positions, and biographies are set forth below.

**Patricia L. Francy**  
Age 70

Patricia Francy retired as Special Advisor for Alumni Relations and Treasurer & Controller, Columbia University, December 31, 2005. Ms. Francy is a director of Old Westbury Funds, Inc., the Matheson Foundation, the Guttman Foundation and the Muriel F. Siebert Foundation. Ms. Francy became a director on March 11, 1997. Ms. Francy is one of two executors of the Estate of Muriel F. Siebert, our former Chairwoman, President and Chief Executive Officer, although she does not possess the power in that capacity to control the voting of the shares of our common stock held by the Estate.

*Specific experience, qualifications, attributes or skills:*

Ms. Francy served as Treasurer and Controller of Columbia University from 1989 until 2003. She had been affiliated with Columbia University since 1968, and has served as a Director of Finance and Director of Budget Operations. Ms. Francy was Governor of the Columbia University Club of New York, and a former director for the Children's Tumor Foundation and the Metropolitan New York Library Council. She serves on the Outward Bound Advisory Board. Ms. Francy participates as director emeritus of Junior Achievement Worldwide, and is a member of the Economic Club of New York and the International Women's Forum. Ms. Francy provides expertise on financial matters

**Nancy Peterson Hearn**  
Age 81

Nancy Peterson Hearn is Chairwoman of Peterson Tool Company, Inc. and was its President/CEO from 1979 until 2012. Ms. Hearn became a director on June 4, 2001.

*Specific experience, qualifications, attributes or skills:*

A nationally recognized business entrepreneur, Nancy Peterson Hearn is chairman of Peterson Tool Company, Inc. Under her leadership, the company has made exponential gains in sales, production and reputation, and is ranked among the world's premier designers and manufacturers of custom insert tooling. Peterson Tool successfully received ISO 9001 certification, and has earned numerous quality and certification awards including General Motors' Targets for Excellence Award and Caterpillar's coveted Certified Supplier of Quality Materials awards.

She was the first American to earn the prestigious Veuve Clicquot Business Woman of the Year Award (1990). Ms. Hearn has a distinguished leadership record that includes roles on some of the most prestigious boards in the nation. She has served as Vice Chair of the Foundation, Southeast Region Chair and Membership Chair for Committee of 200 ("C200"), an international organization of businesswomen, which has established the Nancy Sanders Peterson Scholars Award in her honor. She chaired the C200 Auction from 2000 to 2008, and her efforts helped raise several millions of dollars for the C200 Foundation. She has also served on the boards of The Society of International Business Fellows, the Aquinas College Board of Governors, the Mississippi University for Women's National Board of Distinguished Women, Nashville Symphony, Cheekwood Museum and Botanical Gardens and Nashville Ballet.

Most recently, she received the Golden Micrometer Award from Precision Machine Producers Association for 40 Years of service in the metal working industry.

Ms. Hearn has a longstanding record of community activism that includes roles in Leadership Nashville, the Tennessee Workforce Development Board, the

Tennessee Council on Vocational Education, and has been recognized by The National Federation of Parents for Drug Free Youth. As a spokesperson for private industry, she champions the advancement of sound economic policies and professional healthcare standards.

Ms. Hearn is the mother of six adult children, two of whom are actively involved in Peterson Tool Company, Inc.

**Jane H. Macon**  
Age 69

Jane Macon is a Partner with the law firm of Bracewell & Giuliani, LLP. Prior to joining the Bracewell firm in October 2013, she was a Partner in the law firm of Fulbright & Jaworski L.L.P., San Antonio, Texas for nearly 30 years. Norton Rose Fulbright US LLP (formerly Fulbright & Jaworski L.L.P.) and Bracewell & Giuliani, LLP continue to provide legal services to the Company. Ms. Macon became a director on November 8, 1996 and was named Chairwoman in August 2013. Ms. Macon is one of two executors of the Estate of Muriel F. Siebert, our former Chairwoman, President and Chief Executive Officer and, in that capacity, she possesses the power to control the voting and disposition of the shares of our common stock held by the Estate.

***Specific experience, qualifications, attributes or skills:***

Ms. Macon centers her legal practice on public finance and administrative law, public and private partnerships, real estate, zoning, platting, condemnation and municipal bonds. Prior to joining Fulbright & Jaworski L.L.P. in 1983, Ms. Macon served as the first female city attorney of the City of San Antonio where she served in that position from 1977 to 1983. Active in professional organizations, Ms. Macon is a past president of the International Women's Forum, the Women Lawyers of Texas and the San Antonio Young Lawyers Association. She presently serves as the program chair of the San Antonio Bar Association. She has served as a member of the Boards of Directors for the following national boards: NOW Legal Defense Fund, Child Care Action Campaign, Center for Democracy, National Women's Political Caucus, National Nurses League and National Civic League (formerly National Municipal League). Ms. Macon is also a member of the San Antonio and American Bar Associations and the State Bar of Texas. She has received both awards as Outstanding Young Lawyer of Texas and the Outstanding Young Lawyer of San Antonio and is listed in Who's Who in America. Ms. Macon was recently awarded the Prevent Blindness Texas Person of Vision Award signed by Gov. Rick Perry and the Hope Award by the WOW (Women's Opportunity Week) by the Greater San Antonio Chamber of Commerce). Ms. Macon provides expertise on legal matters.

**Robert P. Mazzearella**  
Age 69

Robert Mazzearella formerly served as a director and as a member of the audit and compensation committees of Placemark Investments, Inc., a registered investment adviser in Wellesley, Massachusetts, and Investors Capital Holdings Ltd., in Lynfield Massachusetts. Mr. Mazzearella also acts as a consultant to a number of major financial services firms and venture capital firms. Mr. Mazzearella became a director on March 1, 2004.

***Specific experience, qualifications, attributes or skills:***

Mr. Mazzearella retired from Fidelity Investments Brokerage Services LLC in January 2002, at which time he served as its president. The Board of Directors has determined that Mr. Mazzearella qualifies as an "audit committee financial expert" under the applicable rules of the Securities and Exchange Commission. Mr. Mazzearella provides expertise on financial and brokerage matters.

## Identification of Executive Officers

Name	Age	Position
Joseph M. Ramos, Jr.	57	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Secretary

Mr. Ramos has been Executive Vice President, Chief Financial Officer and Assistant Secretary of Siebert since February 10, 2003, Chief Financial Officer of Siebert, Brandford, Shank, & Co., L.L.C. since April 20, 2009 and Chief Operating Officer Since June 10, 2013. From May 1999 to February 2002, Mr. Ramos served as Chief Financial Officer of Internet Financial Services, Inc. From November 1996 to May 1999, Mr. Ramos served as Chief Financial Officer of Nikko Securities International, Inc. From September 1987 to March 1996, Mr. Ramos worked at Cantor Fitzgerald and held various accounting and management positions, the last as Chief Financial Officer of their registered broker-dealer based in Los Angeles. From October 1982 to September 1987, Mr. Ramos was an audit manager for Deloitte & Touche LLP, a public accounting firm. Mr. Ramos is a Certified Public Accountant licensed in the State of New York.

## Corporate Governance

### *Board Meetings*

The Board of Directors held 12 regular meetings during 2015. Each incumbent director attended at least 75% of his or her Board of Directors meetings and all of his or her committee meetings.

### *Controlled Company*

We are a “Controlled Company” as defined in Rule 5615(c)(1) of The Nasdaq Stock Market because the Estate of Muriel F. Siebert, our former Chairwoman, President and Chief Executive Officer, holds more than 50% of our voting power for the election of directors. As a “Controlled Company” we are not required to have a majority of our Board of Directors comprised of independent directors, a compensation committee comprised solely of independent directors or a nominating committee comprised solely of independent directors.

### *Audit Committee of the Board of Directors*

The Audit Committee of our Board of Directors currently consists of Ms. Francy, Chairwoman, Ms. Hearn and Mr. Mazzarella. The Board of Directors has determined that Ms. Francy, Ms. Hearn and Mr. Mazzarella is each an “independent director” within the meaning of Rule 5605(a)(2) of The Nasdaq Stock Market and within the meaning of the applicable rules and regulations of the Securities and Exchange Commission. The Audit Committee held six meetings during 2015.

The Board of Directors has determined that Mr. Mazzarella qualifies as an “audit committee financial expert” under the applicable rules of the Securities and Exchange Commission.

The Audit Committee was established to (i) assist the Board of Directors in its oversight responsibilities regarding the integrity of our financial statements, our compliance with legal and regulatory requirements and our auditor’s qualifications and independence, (ii) prepare the report of the Audit Committee contained herein, (iii) retain, consider the continued retention and terminate our independent auditors, (iv) approve audit and non-audit services performed by our independent auditors and (v) perform any other functions from time to time delegated by the Board of Directors. The Board of Directors has adopted a written charter for the Audit Committee, which is available on the website of Muriel Siebert & Co., Inc. at <https://www.siebertnet.com/html/StartAboutAuditCommittee.aspx>.

### *Compensation Committee of the Board of Directors*

The Compensation Committee of our Board of Directors currently consists of Ms. Macon, Chairwoman, Ms. Francy and Mr. Mazzarella. The Compensation Committee reviews and determines all forms of compensation provided to our executive officers and directors. The Compensation Committee also administers our stock option and other employee benefit plans. The Compensation Committee does not function pursuant to a formal written charter and as a “Controlled Company” we are not required to comply with The Nasdaq Stock Market’s independence requirements. The Compensation Committee held no meetings during 2015.

The Compensation Committee evaluates the performance of the Chief Executive Officer in terms of our operating results and financial performance and determines her compensation in connection therewith. For the 2015 fiscal year, the Company did have a Chief Financial Officer and Chief Operating Officer who acted as our principal executive officer.

In accordance with general practice in the securities industry, our executive compensation includes base salaries, an annual discretionary cash bonus, and stock options and other equity incentives that are intended to align the financial interests of our executives with the returns to our shareholders. The Compensation Committee determines compensation of our executive officers (other than the Chief Executive Officer) after carefully reviewing self-evaluations completed by the executive officers, each executive officer's business responsibilities, current compensation, the recommendation of our Chief Executive Officer and our financial performance. We did not change the 2015 base salaries of any of our executive officer from the levels in effect at the end of 2014. After evaluating our financial performance in 2015, our Compensation Committee did award our executive officer a 100,000 bonus for 2015. In addition, we did not award any stock options or other equity incentives to our executive officer in 2015.

As part of its oversight of the Company's executive compensation, the Compensation Committee considers the impact of the Company's executive compensation, and the incentives created by the compensation awards that it administers, on the Company's risk profile. In addition, the Company reviews all of its compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. The review found that there were no excessive risks encouraged by the Company's rewards programs and the rewards programs do not produce payments that have a material impact on the financial performance of the Company.

#### ***Nominating Committee of the Board of Directors***

The Nominating Committee of the Board of Directors currently consists of Ms. Hearn, Chairwoman, Ms. Francy and Ms. Macon. The Nominating Committee does not function pursuant to a formal written charter and as a "Controlled Company" we are not required to comply with The Nasdaq Stock Market's independence requirements. The Nominating Committee did not meet in 2015.

The purpose of the Nominating Committee is to identify individuals qualified to become members of our Board of Directors and to recommend to the Board of Directors or the shareholders that such individuals be selected for directorship. In identifying and evaluating nominees for director, the Nominating Committee considers each candidate's experience, integrity, background and skills as well as other qualities that the candidate may possess and factors that the candidate may be able to bring to the Board of Directors. We do not have a formal policy with regard to the consideration of diversity in identifying director nominees. However, the Board of Directors believes that it is essential that its members represent diverse viewpoints, with a broad array of experiences, professions, skills, geographic representation and backgrounds that, when considered as a group, provide a sufficient mix of perspectives to allow the Board of Directors to best fulfill its responsibilities to the long-term interests of our shareholders.

The Nominating Committee will consider shareholder nominees for election to our Board of Directors. In evaluating such nominees, the Nominating Committee will use the same selection criteria the Nominating Committee uses to evaluate other potential nominees.

#### ***Indemnification of Officers and Directors***

We indemnify our executive officers and directors to the extent permitted by applicable law against liabilities incurred as a result of their service to us and against liabilities incurred as a result of their service as directors of other corporations when serving at our request. We have a director's and officer's liability insurance policy, underwritten by Illinois National Insurance Company, a member of the American International Group, Inc., in the annual aggregate amount of \$15 million. As to reimbursements by the insurer of our indemnification expenses, the policy has a \$250,000 deductible; there is no deductible for covered liabilities of individual directors and officers.

#### ***Annual Shareholders Meeting Attendance Policy***

It is the policy of our Board of Directors that all of our directors are strongly encouraged to attend each annual shareholders meeting. All of our directors attended the 2015 annual meeting of shareholders.

#### ***Code of Ethics***

We have adopted a Code of Ethics for Senior Financial Officers applicable to our chief executive officer, chief financial officer, treasurer, controller, principal accounting officer, and any of our other employees performing similar functions. A copy of the Code of Ethics for Senior Financial Officers is available on our website at <https://www.siebertnet.com/html/StartAboutGovernance.aspx>.

#### ***Board Leadership Structure and Board of Directors***

Jane Macon is the Chairwoman of our Board of directors. The Board of Directors does not have a lead independent director. The Company believes this structure allows all of the directors to participate in the full range of the Board's responsibilities with respect to its oversight of the Company's management. The Board of Directors has determined that this leadership structure is appropriate given the size of the Company, the number of directors overseeing the Company and the Board of Directors' oversight responsibilities.

The Board of Directors holds four to seven regular meetings each year to consider and address matters involving the Company. The Board of Directors also may hold special meetings to address matters arising between regular meetings. These meetings may take place in person or by telephone. The independent directors also regularly meet in executive sessions outside the presence of management. The Board of Directors has access to legal counsel for consultation concerning any issues that may occur during or between regularly scheduled Board meetings. As discussed above, the Board has established an Audit Committee, a Compensation Committee and a Nominating Committee to assist the Board in performing its oversight responsibilities.

### ***The Board of Directors' Role in Risk Oversight***

Consistent with its responsibility for oversight of the Company, the Board of Directors, among other things, oversees risk management of the Company's business affairs directly and through the committee structure that it has established. The principal risks associated with the Company are risks related to securities market volatility and the securities industry, lower price levels in the securities markets, intense competition in the brokerage industry, extensive government regulation, net capital requirements, customers' failure to pay, investment banking activities, an increase in volume on our systems or other events which could cause them to malfunction, reliance on information processing and communications systems, continuing changes in technology, dependence on the ability to attract and retain key personnel, the ability of our principal shareholder to control many key decisions and there may be no public market for our common stock.

The Board of Directors' role in the Company's risk oversight process includes regular reports from senior management on areas of material risk to the Company, including operational, financial, legal, regulatory, strategic and reputational risks. The full Board of Directors (or the appropriate committee) receives these reports from management to identify and discuss such risks.

The Board of Directors periodically reviews with management its strategies, techniques, policies and procedures designed to manage these risks. Under the overall supervision of the Board of Directors, management has implemented a variety of processes, procedures and controls to address these risks.

The Board of Directors requires management to report to the full Board of Directors on a variety of matters at regular meetings of the Board of Directors and on an as-needed basis, including the performance and operations of the Company and other matters relating to risk management. The Audit Committee also receives regular reports from the Company's independent registered public accounting firm on internal control and financial reporting matters. These reviews are conducted in conjunction with the Board of Directors' risk oversight function and enable the Board of Directors to review and assess any material risks facing the Company.

### **Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. These executive officers, directors and shareholders are required by the Securities and Exchange Commission to furnish us with copies of all forms they file pursuant to Section 16(a).

No forms were filed under Section 16(a) or were furnished to us during fiscal 2015. Based solely upon this review, we believe that during fiscal 2015 all Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10% beneficial owners were complied with on a timely basis.

## **Item 11. EXECUTIVE COMPENSATION**

### **Summary Compensation Table**

The following table shows, during the years ended December 31, 2015 and 2014, the annual compensation paid to or earned by (1) our Acting Chief Executive Officer and (2) Executive Vice President, Chief Operating in Chief Financial Officer (collectively, the "Named Executive Officers").

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Suzanne Shank <sup>(2)</sup> .....	2015	41,669	—	—	—	—	—	—	41,669
Acting Chief Executive Officer	2014	250,000	—	—	—	—	—	—	250,000
Joseph M. Ramos, Jr. <sup>(3)</sup> .....	2015	385,000	100,000	—	—	—	—	—	485,000
Executive Vice President, Chief Operating Officer and Chief Financial Officer	2014	385,000	100,000	—	—	—	—	—	485,000

- (1) Represents the dollar amount recognized for financial statement reporting in accordance with ASC Topic 718.
- (2) Ms. Shank was named Active Chief Executive Officer effective September 16, 2013 at a salary of \$250,000 annually. Ms. Shank has resigned from her position as Acting Chief Executive Officer of Siebert Financial Corporation effective as of February 27, 2015.
- (3) Mr. Ramos was named to the additional position of Chief Operating Officer effective June 17, 2013.

#### Grants of Plan-Based Awards

Our Compensation Committee did not approve grants of options to purchase our common stock or other equity awards under our 2007 Long-Term Incentive Plan to any of our Named Executive Officers in 2015.

#### Outstanding Equity Awards at December 31, 2015

The following table sets forth the outstanding equity award holdings of our Named Executive Officers at December 31, 2015:

Name	OPTION AWARDS					STOCK AWARDS			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
Suzanne Shank .....	—	—	—	—	—	—	—	—	—
Joseph M. Ramos, Jr. ..	25,000	—	—	2.75	8/11/16	—	—	—	—

#### Termination of Employment and Change-in-Control Arrangements

##### *Employment Agreements.*

We are not a party to an employment agreement with any Named Executive Officer. All of our Named Executive Officers are employees at will.

##### *Option Agreements.*

The Option Agreements we entered into with our Named Executive Officers provide that in the event of a Change in Control (as defined below) of our Company, the options shall immediately become fully exercisable. A Change in Control means the occurrence of (i) any consolidation or merger in which we are not the continuing or surviving entity or pursuant to which shares of our common stock are converted into cash, securities or other property, other than a consolidation or merger in which the holders of our common stock immediately prior to such consolidation or merger own not less than 50% of the total voting power of the surviving entity immediately after the consolidation or merger, (ii) any sale, lease, exchange or other transfer of all or substantially all of our assets, (iii) the approval by our shareholders of any plan or proposal for our complete liquidation or dissolution or (iv) any person or entity becoming the owner of 50% or more of our common stock. All options to purchase our common stock issued to Mr. Ramos have vested and are fully exercisable.

## Compensation of Directors

In September 2013, our non-employee director's fees were increased annually to \$60,000 from \$40,000 for service on our Board of Directors. We do not compensate our employees or employees of our subsidiaries for service as directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Patricia L. Francy <sup>(1)</sup> .....	60,000	—	—	—	—	—	60,000
Nancy Peterson Hearn <sup>(2)</sup> .....	60,000	—	—	—	—	—	60,000
Jane H. Macon <sup>(3)</sup> .....	60,000	—	—	—	—	—	60,000
Robert P. Mazzarella <sup>(4)</sup> .....	60,000	—	—	—	—	—	60,000

(1) Ms. Francy is the Chairwoman of the Audit Committee.

(2) Ms. Hearn is the Chairwoman of the Nominating Committee.

(3) Ms. Macon is the Chairwoman of the Board and Compensation Committee.

(4) Mr. Mazzarella is the Audit Committee Financial Expert.

## Audit Committee Report to Shareholders

The Audit Committee has reviewed and discussed with management the audited financial statements for the fiscal year ended December 31, 2015. The Audit Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standards No. 16, adopted by the Public Company Accounting Oversight Board (United States) regarding, "Communications with Audit Committees," including our critical accounting policies and our interests, if any, in "off balance sheet" entities. Additionally, the Audit Committee has received the written disclosures and representations from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board (United States) regarding "Communication with Audit Committees concerning Independence" and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

Based on the review and discussions referred to within this report, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2015 be included in Siebert Financial Corp.'s Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Audit Committee,  
Patricia L. Francy, Chairwoman  
Nancy Peterson Hearn  
Robert P. Mazzarella

## Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table lists share ownership of our common stock as of March 13, 2016. The information includes beneficial ownership by each of our directors, the persons named in the Summary Compensation Table, all directors and executive officers as a group and beneficial owners known by our management to hold at least 5% of our common stock. To our knowledge, each person named in the table has sole voting and investment power with respect to all shares of common stock shown as beneficially owned by such person. No persons or groups filed statements with the Securities and Exchange Commission during 2015 disclosing that they held more than 5% of our common stock.

Name of Beneficial Owner(1)	Shares of Common Stock	Percent of Class
The Estate of Muriel F. Siebert.....	19,878,700	89.9%
Joseph M. Ramos, Jr. ....	25,000 <sup>(2)</sup>	*
Patricia L. Francy .....	61,000 <sup>(3)</sup>	*
Nancy Peterson Hearn.....	60,000 <sup>(2)</sup>	*
Jane H. Macon .....	61,000 <sup>(3)</sup>	*
Robert P. Mazzarella.....	60,000 <sup>(2)</sup>	*
Directors and current executive officers as a group (6 persons).....	267,000 <sup>(4)</sup>	1.2%

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\* Less than 1%

- (1) The address for each person named in the table is c/o Siebert Financial Corp., 885 Third Avenue, Suite 3100, New York, New York 10022.
- (2) Represents options to purchase shares of our common stock which are currently exercisable.
- (3) Includes options to purchase 60,000 shares of our common stock which are currently exercisable.
- (4) Includes options to purchase an aggregate of 265,000 shares of our common stock described above which are currently exercisable.

## **Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

### **Review and Approval of Related Party Transactions**

As set forth in our Amended and Restated Audit Committee Charter, the Audit Committee is responsible for reviewing and approving all related party transactions.

Our Code of Ethics for Senior Financial Officers, applicable to our chief executive officer, chief financial officer, controller, treasurer, principal accounting officer and other employees performing similar functions, provides that our Senior Financial Officers should endeavor to avoid any actual or potential conflict of interest between their personal and professional relationships and requires them to promptly report and disclose all material facts relating to any such relationships or financial interests which give rise, directly or indirectly, to an actual or potential conflict of interest to the Audit Committee. The Code of Ethics also provides that no Senior Financial Officer should knowingly become involved in any actual or potential conflict of interest without the relationship or financial interest having been approved by the Audit Committee. Our Code of Ethics does not specify the standards that the Audit Committee would apply to a request for a waiver of this policy.

## **Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

EisnerAmper LLP currently serves as our independent registered public accounting firm.

### **Audit Fees**

Our Audit Committee has determined that the services described below that were rendered by EisnerAmper LLP are compatible with the maintenance of EisnerAmper LLP's independence from our management.

#### ***Audit Fees***

The aggregate fees billed by EisnerAmper LLP for professional services rendered for the audit of our annual financial statements and reviews of our quarterly financial statements were \$214,000 for the year ended December 31, 2015 and \$212,000 for the year ended December 31, 2014.

#### ***Audit-Related Fees***

EisnerAmper LLP did not perform any audit-related services during the years ended December 31, 2015 and December 31, 2014.

#### ***Tax Fees***

EisnerAmper LLP billed aggregate fees of \$57,000 during each the years ended December 31, 2015 and December 31, 2014 for tax compliance services, respectively.

**All Other Fees.** The aggregate fees billed by EisnerAmper LLP during the years ended December 31, 2015 for other products and services totaled \$11,000 related to examination of agreements. No other products or services were rendered for the year ended December 31, 2014.

### **Pre-Approval Policy**

The Audit Committee pre-approves all audit and non-audit services provided by our independent auditors prior to the engagement of the independent auditors with respect to such services. With respect to audit services and permissible non-audit services not previously approved, the Audit Committee has authorized the Chairwoman of the Audit Committee to approve such audit services and permissible non-audit services, provided the Chairwoman informs the Audit Committee of such approval at the next regularly scheduled meeting. All "Audit Fees", "Tax Fees" and "All Other Fees" set forth above were pre-approved by the Audit Committee in accordance with its pre-approval policy.

## **PART IV**

### **Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

The exhibits required by Item 601 of Regulation S-K filed as part of, or incorporated by reference in, this Annual Report are listed in the accompanying Exhibit Index.

(a) The following documents are filed as part of this report:

1. Financial Statements

The consolidated Financial statements for the year ended December 31, 2015 commence on page F-1 of this Annual Report on Form 10-K.

2. Financial Statement Schedules None.

3. Exhibits

The exhibits required by Item 601 of Regulation S-K filed as part of, or incorporated by reference in, this report are listed in the accompanying Exhibit Index. Exhibit Numbers 10.1, 10.2 and 10.6 are management contracts, compensatory plans or arrangements.

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Shareholders  
Siebert Financial Corp.

We have audited the accompanying consolidated statements of financial condition of Siebert Financial Corp. and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in stockholders’ equity and cash flows for each of the years in the three-year period ended December 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Siebert Financial Corp. and subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

New York, New York  
March 30, 2016

**SIEBERT FINANCIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents .....	\$ 9,420,000	\$ 6,749,000
Cash equivalents - restricted .....	—	1,532,000
Receivable from brokers .....	626,000	788,000
Receivable from business sold to former affiliate net of unamortized discount of \$908,000 and \$1,143,000 .....	2,092,000	1,857,000
Other receivable from former affiliate, including accrued interest of \$46,000 .....	4,046,000	—
Securities owned, at fair value .....	593,000	488,000
Furniture, equipment and leasehold improvements, net .....	374,000	609,000
Investments in and advances to former affiliate .....	—	7,979,000
Prepaid expenses and other assets .....	634,000	718,000
Intangibles, net .....	—	8,000
	<u>\$ 17,785,000</u>	<u>\$ 20,728,000</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable and accrued liabilities, including \$171,000 payable to former affiliate in 2015 .....	\$ 2,102,000	\$ 2,176,000
Commitments, contingencies and other - Note J		
Stockholders' equity:		
Common stock, \$.01 par value; 49,000,000 shares authorized, 23,211,846 shares issued, 22,085,126 shares outstanding .....	232,000	232,000
Additional paid-in capital .....	19,490,000	19,490,000
Retained earnings .....	721,000	3,590,000
Less: 1,126,720 shares of treasury stock, at cost .....	(4,760,000)	(4,760,000)
	<u>15,683,000</u>	<u>18,552,000</u>
	<u>\$ 17,785,000</u>	<u>\$ 20,728,000</u>

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2015	2014	2013
Revenue:			
Commissions and fees .....	\$ 9,155,000	\$ 10,757,000	\$ 11,945,000
Investment banking .....	40,000	1,830,000	2,418,000
Trading gains, net .....	575,000	1,351,000	1,976,000
Gain on the disposition of business to former affiliate .....	—	1,820,000	—
Interest and dividends .....	326,000	94,000	62,000
	<u>10,096,000</u>	<u>15,852,000</u>	<u>16,401,000</u>
Expenses:			
Employee compensation and benefits .....	5,386,000	8,267,000	9,262,000
Clearing fees, including floor brokerage .....	1,239,000	1,665,000	2,382,000
Professional fees .....	3,200,000	4,310,000	5,293,000
Loss related to arbitration settlement .....	—	4,300,000	—
Advertising and promotion .....	268,000	248,000	405,000
Communications .....	595,000	865,000	1,296,000
Occupancy .....	776,000	788,000	1,046,000
Impairment of intangibles .....	—	—	300,000
Other general and administrative .....	1,724,000	2,033,000	2,245,000
	<u>13,188,000</u>	<u>22,476,000</u>	<u>22,229,000</u>
Loss from continuing operations before income taxes .....	(3,092,000)	(6,624,000)	(5,828,000)
(Benefit) provision for income taxes .....	<u>(275,000)</u>	<u>(27,000)</u>	<u>19,000</u>
Loss from continuing operations .....	<u>(2,817,000)</u>	<u>(6,597,000)</u>	<u>(5,847,000)</u>
<b>Discontinued operations:</b>			
(Loss) income from equity in earnings of former affiliate, net of \$448,000 loss related to disposal of investment in former affiliate in 2015, and income net of income taxes of \$275,000 in 2015 and \$27,000 in 2014 .....	<u>(52,000)</u>	<u>40,000</u>	<u>(65,000)</u>
Net loss .....	<u>\$ (2,869,000)</u>	<u>\$ (6,557,000)</u>	<u>\$ (5,912,000)</u>
Net loss per share of common stock			
Continuing operation .....	(\$ .13)	(\$ .30)	(\$ .27)
Discontinued operations .....	\$ —	\$ —	(\$ —)
Basic and diluted .....	<u>(\$ .13)</u>	<u>(\$ .30)</u>	<u>(\$ .27)</u>
Weighted average shares outstanding .....	22,085,126	22,085,126	22,087,324

See notes to consolidated financial statements.

# **CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

	<b>Common Stock</b>				<b>Treasury Stock</b>		<b>Total</b>
	<b>Number Of Shares</b>	<b>\$.01 Par Value</b>	<b>Additional Paid -In Capital</b>	<b>Retained Earnings</b>	<b>Number Of Shares</b>	<b>Amount</b>	
Balance - January 1, 2013 .....	23,211,846	\$ 232,000	\$ 19,490,000	\$ 16,059,000	1,114,454	\$ (4,741,000)	\$ 31,040,000
Net loss.....				(5,912,000)			(5,912,000)
Treasury share purchases .....					12,266	(19,000)	(19,000)
Balance – 12/31/2013 ..	23,211,846	232,000	19,490,000	10,147,000	1,126,720	(4,760,000)	25,109,000
Net loss.....				(6,557,000)			(6,557,000)
Balance – 12/31/2014 ..	23,211,846	232,000	19,490,000	3,590,000	1,126,720	(4,760,000)	18,552,000
Net loss.....				(2,869,000)			(2,869,000)
Balance - December 31, 2015 .....	<u>23,211,846</u>	<u>\$ 232,000</u>	<u>\$ 19,490,000</u>	<u>\$ 721,000</u>	<u>1,126,720</u>	<u>\$ (4,760,000)</u>	<u>\$ 15,683,000</u>

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities:</b>			
Net loss.....	\$ (2,869,000)	\$ (6,557,000)	\$ (5,912,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization.....	284,000	267,000	130,000
Gain on the disposition of business sold to former affiliate .....	—	(1,820,000)	—
Equity in (earnings) loss of former affiliate.....	(671,000)	(67,000)	65,000
Loss on sale of investment in former affiliate .....	448,000	—	—
Amortization of discount on receivable from former affiliate.....	(235,000)	(37,000)	—
Accrued interest on note receivable from former affiliate.....	(46,000)	—	—
Distributions from former affiliate.....	98,000	13,000	1,212,000
Impairment of intangibles.....		—	300,000
Changes in:			
Cash equivalent - restricted.....	1,532,000	—	—
Securities owned, at fair value.....	(105,000)	(82,000)	(151,000)
Receivable from former affiliate investee equity interest .....	—	(76,000)	—
Receivable from clearing and other brokers.....	162,000	317,000	818,000
Prepaid expenses and other assets .....	84,000	33,000	149,000
Accounts payable and accrued liabilities .....	(74,000)	(685,000)	445,000
Net cash used in operating activities.....	<u>(1,392,000)</u>	<u>(8,694,000)</u>	<u>(2,944,000)</u>
<b>Cash Flows From Investing Activities:</b>			
Purchase of furniture, equipment and leasehold improvements .....	(41,000)	(154,000)	(520,000)
Distributions from equity investees .....	—	173,000	6,000
Proceeds from sale of investment in former affiliate.....	4,000,000	—	—
Collection (payment) of advances to former affiliate .....	<u>104,000</u>	<u>—</u>	<u>(1,000)</u>
Net cash provided by/ (used in) investing activities .....	<u>4,063,000</u>	<u>19,000</u>	<u>(515,000)</u>
<b>Cash Flows From Financing Activities:</b>			
Purchase of treasury shares.....	<u>—</u>	<u>—</u>	<u>(19,000)</u>
Net increase (decrease) in cash and cash equivalents.....	2,671,000	(8,675,000)	(3,478,000)
Cash and cash equivalents - beginning of year .....	<u>6,749,000</u>	<u>15,424,000</u>	<u>18,902,000</u>
Cash and cash equivalents - end of year .....	<u>\$ 9,420,000</u>	<u>\$ 6,749,000</u>	<u>\$ 15,424,000</u>
<b>Supplemental Cash Flow Disclosures:</b>			
<b>Cash for:</b>			
Income taxes paid, net.....	\$	\$ —	\$ 19,000
<b>Supplemental cash flow disclosure:</b>			
<b>Non-cash investing activity:</b>			
Note received on sale of investment in former affiliate.....	\$ 4,000,000		

See notes to consolidated financial statements.

SIEBERT FINANCIAL CORP. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BUSINESS

Siebert Financial Corp. (the “Financial”) is a holding company that conducts its retail discount brokerage business through its wholly-owned subsidiary, Muriel Siebert & Co., Inc. (“Siebert”), a Delaware corporation. Siebert’s principal activity is providing online and traditional brokerage and related services to retail investors. In addition, in 2014 Financial began business as a registered investment advisor through a wholly-owned subsidiary, Siebert Investment Advisors, Inc. (“SIA”). SIA offers advice to clients regarding asset allocation and the selection of investments. On November 4, 2014, Siebert sold its capital markets business to an affiliate Siebert Brandford Shank Financial, LLC (“SBSF”) (see Note B). Another wholly owned subsidiary, Siebert’s Women’s Financial Network Inc. (“WFN”), is engaged in providing products, services and information devoted to women’s financial needs. In the fourth quarter of 2013, management decided to substantially reduce the resources allocated to the WFN operation (see Note F). The accompanying consolidated financial statements include the accounts of Financial and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Financial, Siebert, WFN and SIA collectively are referred to herein as the “Company”.

The municipal bond investment banking business was conducted by Siebert Brandford Shank & Co., LLC, a wholly-owned subsidiary of SBSF and related derivatives transactions were conducted by SBS Financial Products Company, LLC (“SBSFP”), non - controlled investees in which the Company held a 49% and 33% equity interest respectively. Such investees are accounted for by the equity method of accounting (see Note E). The equity method provides that the Company records its share of the investees’ earnings or losses in its results of operations with a corresponding adjustment to the carrying value of its investment. In addition, the investment is adjusted for capital contributions to and distributions from the investees. Operations of SBSFP ceased in December 2014 and on November 9, 2015, the Company sold its 49% membership investment in SBSF back to SBSF (see Note C). The Company’s share of income (loss) from its investees is classified as discontinued operations in the accompanying statements of operations.

NOTE B – SALE OF BUSINESS

On November 4, 2014, the Company, which held a 49% membership interest in, and the other members of, Siebert Brandford Shank & Co., LLC (“SBS”), contributed their SBS membership interest into a newly formed Delaware limited liability company, SBSF, in exchange for the same percentage interests in SBSF. On the same day the Company entered an Asset Purchase Agreement (the “Purchase Agreement”) with SBS and SBSF, pursuant to which the Company sold substantially all of the assets relating to the Company’s capital markets business to SBSF. Pursuant to the Purchase Agreement, SBSF assumed post-closing liabilities relating to the transferred business.

The Purchase Agreement provides for an aggregate purchase price for the disposition of \$3,000,000, payable by SBSF after closing in annual installments commencing on March 1, 2016 and continuing on each of March 1, 2017, 2018, 2019 and 2020. The transferred business was contributed by SBSF to, and operated by SBS. The amount payable to the Company on each annual payment date will equal 50% of the net income attributable to the transferred business recognized by SBS in accordance with generally accepted accounting principles during the fiscal year ending immediately preceding the applicable payment date; provided that, if net income attributable to the transferred business generated prior to the fifth annual payment date is insufficient to pay the remaining balance of the purchase price in full on the fifth annual payment date, then the unpaid amount of the purchase price will be paid in full on March 1, 2021. The annual installment payable on March 1, 2016, based on the net income attributable to the capital markets business for the year ended December 31, 2015, which amounted to \$493,000 and was paid on March 3, 2016.

Transferred assets of the Company’s capital markets business, consisted of customer accounts and goodwill, which assets had no carrying value to the Company, and the Company recorded a gain on sale of \$ 1,820,000, which reflected the fair value of the purchase obligation. Such fair value (Level 3) was based on the present value of estimated annual installments to be received during 2016 through 2020 from forecasted net income of the transferred business plus a final settlement in 2021, discounted at 11.5% (representing SBS’s weighted average cost of capital),

The discount recorded for the purchase obligation is being amortized as interest income using an effective yield initially calculated based on the original carrying amount of the obligation and estimated annual installments to be received and adjusted in future periods to reflect actual installments received and changes in estimates of future installments. Interest income recognized on the obligation for the year ended December 31, 2015 amounted to \$235,000 based on a yield of approximately 12%.

As a result of the Company’s continuing involvement in the capital markets business through its then 49% ownership in SBSF, result of operations of the capital markets business and the gain on sale were not reflected as discontinued operations in the accompanying financial statements.

**Discontinued Operations:**

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU No. 2014-08 changes the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on the entity's operations and financial results. ASU No. 2014-08 is effective prospectively to all new disposals of components (including equity method investees) and new classification as held for sale beginning in fiscal years beginning after December 15, 2014 with early adoption permitted. The company adopted this update in 2015.

The revised standard cannot be applied to a component that was previously disposed of that was initially precluded from discontinued operations because of significant continuing involvement even where there are subsequent changes in the activities with a disposed component that would no longer preclude discontinued operations (See Note B).

On November 9, 2015, the Company sold its 49% membership investment in SBSF back to SBSF for \$8,000,000 of which \$4,000,000 was paid in cash and the balance of which was paid in the form of a secured junior subordinated promissory note of \$4,000,000 (the "SBSF Junior Note"). The sale of the investment in SBSF, which was accounted for by the equity method, represents a strategic shift for the Company based on its significance to the Company's financial condition and results of operations and the major effect it will have on the Company's operations and financial results and, accordingly, the Company's share of operating results of the investment are reflected as discontinued operations in the accompanying statements of operations. The investment was sold for approximately \$448,000 less than the carrying value of the investment at November 9, 2015, after adjusting the carrying value of the investment for the Company's equity in SBSF's results of operations through such date. Such loss is also included in discontinued operations.

The SBSF Junior Note ranks junior in right of payment to up to \$5.0 million of subordinated indebtedness incurred by SBSF at the time of the repurchase closing (the "SBSF Senior Debt"). The SBSF Junior Note is secured by a pledge by SBSF's post-closing members of a number of the outstanding membership interests of SBSF that at all times will equal no less than 49% of the outstanding SBSF membership interests on a fully diluted basis. The SBSF Junior Note matures on November 9, 2020 and bears interest at a rate per year equal to 8% compounding monthly and payable in full at maturity. Interest accrued on the note through December 31, 2015 amounted to \$46,000. The SBSF Junior Note does not require any principal amortization before maturity; however, SBSF has the option to prepay the interest or principal without penalty. The SBSF Junior Note contains covenants and events of defaults that are substantially equivalent to those applicable to the SBSF Senior Debt, including covenants restricting debt and lien incurrence by SBS and SBSF; provided that the SBSF Junior Note is subject to customary intercreditor arrangements with the holders of the SBSF Senior Debt. Immediately upon the dissolution, liquidation, termination or expiration of SBSF or SBS, or a change of control of SBSF or SBS, or sale of all or substantially all of their consolidated assets, SBSF is obligated to prepay all of the then outstanding balance of the SBSF Junior Note.

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Cash Equivalents:

Cash equivalents consist of highly liquid investments purchased with an original maturity of 3 months or less. Cash equivalents are carried at fair value and amount to \$9,053,000 and \$6,179,000 at December 31, 2015 and 2014, respectively, consisting of money market funds.

Cash equivalents – restricted \$1,532,000 at December 31, 2014 represented cash invested in a money market fund which served as collateral for a secured demand note payable in the amount of \$1,200,000 to SBS which expired and was not renewed and the collateral was released from restricted cash. (see Note J).

[2] Securities:

Securities owned are carried at fair value with realized and unrealized gains and losses reflected in trading profits. Siebert clears all its security transactions through unaffiliated clearing firms on a fully disclosed basis. Accordingly, Siebert does not hold funds or securities for, or owe funds or securities to, its customers. Those functions are performed by the clearing firms.

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Fair value of financial instruments:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available.

Level 3 – Unobservable inputs which reflect the assumptions that management develops based on available information about the assumptions market participants would use in valuing the asset or liability.

The classification of financial instruments valued at fair value as of December 31, 2015 is as follows:

	<u>2015</u>	<u>2014</u>
<u>Financial Instrument</u>	<u>Level 1</u>	<u>Level 1</u>
Cash equivalents.....	\$ 9,053,000	\$ 7,711,000
Securities.....	593,000	488,000
	<u>\$ 9,646,000</u>	<u>\$ 8,199,000</u>

Securities consist of common stock, which is valued on the last business day of the year at the last available reported sales price on the primary securities exchange.

[4] Income Taxes:

The Company accounts for income taxes utilizing the asset and liability approach requiring the recognition of deferred tax assets and liabilities for the expected future tax consequences of net operating loss carryforwards and temporary differences between the basis of assets and liabilities for financial reporting purposes and tax purposes and for net operating loss and other carryforwards. A valuation allowance is provided for deferred tax assets based on the likelihood of realization.

[5] Furniture, Equipment and Leasehold Improvements:

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvements or period of the lease.

[6] Advertising Costs:

Advertising costs are charged to expense as incurred.

[7] Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[8] Per Share Data:

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average outstanding common shares during the year. Diluted earnings per share is calculated by dividing net income by the number of shares outstanding under the basic calculation and adding all dilutive securities, which consist of options. The Company incurred a loss from continuing operations and a net loss for each of the years ended December 31, 2015, 2014 and 2013. Accordingly, basic and diluted per share data are the same for each year as the effect of stock options is anti-dilutive. In 2015, 2014 and 2013, 265,000, 265,000 and 350,000 common shares, respectively, issuable upon the exercise of options were not included in the computation.

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Revenue:

Commission revenues and related clearing expenses are recorded on a trade-date basis. Fees, consisting principally of revenue participation with the Company's clearing broker in distribution fees and interest are recorded as earned. In 2015 and 2014, fees also include investment advisory fees, which are recorded as earned.

Investment banking revenue, which relates to the capital markets business which was sold in 2014 (See Note B), includes gains and fees, net of syndicate expenses, arising from underwriting syndicates in which the Company participates. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Trading gains and losses are also recorded on a trade-date basis and principally represent riskless principal transactions which the Company, after receiving an order, buys or sells securities as principal and at the same time sells or buys the securities with a markup or markdown to satisfy the order.

Interest is recorded on an accrual basis and dividends are recorded on the ex-dividend date.

[10] Stock-Based Compensation:

Share-based payments to employees, including grants of employee stock options, are recognized in the statement of operations as an operating expense, based on their fair values on the grant date. Share-based compensation costs are recognized on a straight-line basis over the requisite service periods of awards which would normally be the vesting period of the options.

[11] Intangibles:

Purchased intangibles which have finite useful lives are principally being amortized using the straight-line method over estimated useful lives of three to five years. Domain names and other intellectual property which are deemed to have an indefinite useful life are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test for indefinite-lived intangibles consists of a comparison of their fair value with their carrying amount (see note F).

[12] Valuation of Long-Lived Assets:

The Company evaluates the recoverability of its long-lived assets including amortizable intangibles and recognizes an impairment loss in the event the carrying value of these assets exceeds the estimated future undiscounted cash flows attributable to these assets. The Company assesses potential impairment to its long-lived assets when events or changes in circumstances indicate that its carrying value may not be recoverable. Should impairment exist, the impairment loss would be measured based on the excess of the carrying value of the assets over their fair value.

# NOTE E - INVESTMENT IN FORMER AFFILIATES

Investment in and advances to, equity in income / (loss) of, and distributions received from, affiliates consist of the following:

<b>December 31, 2015</b>	<b>SBSF</b>	<b>SBSFPC</b>	<b>TOTAL</b>
Income from equity investee .....	\$ 671,000	—	671,000
Distributions .....	\$ 98,000	—	98,000
<b>December 31, 2014</b>	<b>SBSF</b>	<b>SBSFPC</b>	<b>TOTAL</b>
Investment and advances.....	\$ 7,979,000	—	7,979,000
Income (loss) from equity investees .....	\$ 84,000	(17,000)	67,000
Distributions .....	\$ 13,000	173,000	186,000
<b>December 31, 2013</b>	<b>SBS</b>	<b>SBSFPC</b>	<b>TOTAL</b>
Investment and advances.....	\$ 7,832,000	190,000	8,022,000
Income (loss) from equity investees .....	\$ 94,000	(159,000)	(65,000)
Distributions .....	\$ 1,212,000	6,000	1,218,000

Siebert and two individuals (the “Principals”) formed SBS to succeed to the tax-exempt underwriting business of the Siebert Brandford Shank division of Siebert. The agreements with the Principals provide that profits will be shared 51% to the Principals and 49% to Siebert.

Pursuant to the terms of the Operating Agreement, Financial and each of the Principals owned a 33.33% interest in SBSFPC which engaged in derivatives transactions related to the municipal underwriting business. The Operating Agreement provided that income/(loss) be shared 66.66% by the Principals and 33.33% by Financial. SBSFPC ceased operations in December 2014.

Balance sheet data for 2015 is as of November 9 subsequent to the redemption of the Company’s interest, Revenue and net income for 2015 is for the period from January 1 through November 9.

Summarized consolidated financial data of SBSF and SBS in 2015 and 2014 and financial data for SBS in 2013 follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total assets, including secured demand note of \$1,200,000 in 2014 due from Siebert .....	\$ 30,903,000	\$ 28,518,000	
Total liabilities, including obligations to Siebert of \$6,051,000 to in 2015 and \$3,057,000 in 2014 .....	23,254,000	12,458,000	
Total members’ capital.....	7,649,000	16,060,000	
Regulatory minimum net capital requirement.....	250,000	250,000	
Total revenue.....	27,774,000	24,806,000	\$ 24,965,000
Net income .....	1,369,000(a)	171,000	193,000

(a) Includes interest expense on purchase obligation payable to Siebert of \$195,000.

During 2015, 2014 and 2013 Siebert charged SBS \$100,000 for each year, respectively, for general and administrative services, which Siebert believes approximates the cost of furnishing such services.

In 2015, 2014 and 2013 Siebert earned interest income of \$32,000, \$48,000 and \$48,000, respectively, from SBS in connection with subordinated loans available or made to SBS and Siebert paid SBS interest earned on restricted cash equivalents of \$1,000, \$1,028 and \$1,500 in 2015, 2014 and 2013, respectively. In addition, in 2015 and 2014, Siebert earned interest income of \$235,000 and \$36,000, respectively from SBSF on the purchase obligation in connection with the sale of the capital markets business (see Note B) and in 2015, Siebert earned interest income of \$46,000 from SBSF on the receivable arising from the redemption of its ownership interest (see Note C).

# NOTE E - INVESTMENT IN FORMER AFFILIATES (CONTINUED)

Summarized financial data of SBSFPC is as follows:

	<u>2014</u>	<u>2013</u>
Total assets.....	\$ 26,000	
Total liabilities .....	26,000	
Total members' capital.....	0	
Total revenue.....	0	\$ (222,000)*
Net loss.....	(51,000)	(478,000)

\*Negative balance was attributable to loss on derivative contracts

In July 2013, as a result of the filing of a bankruptcy petition by the City of Detroit, SBSFPC unwound certain derivative contracts with a financial institution pursuant to the terms of the contracts. The contracts were recorded as liabilities with a carrying value of \$123,063,000. In connection therewith, SBSFPC assigned certain derivative contracts with the City of Detroit to the financial institution, which were recorded as assets with a carrying value of \$123,063,000. No gain or loss was recognized by SBSFPC as a result of the unwinding and assignment of these derivative contracts and SBSFPC has no continuing obligations or rights with respect to the derivative contracts. During the quarter ended March 31, 2013 SBSFPC incurred a loss of \$241,000 on the write down in value of the derivative contracts with the City of Detroit to adjust their carrying value to the carrying value of the derivative contracts with the financial institution. The Company received distributions from SBSFPC of \$173,000 during 2014 which is shown on the statement of cash flows as an investing activity as they represent a return of capital.

Effective September 16, 2013, Suzanne Shank, one of the Principals having 25.5% ownership in SBS and 33.3% interest in SBSFP became the Company's chief executive officer. On March 3, 2015, Ms. Shank completed her role as acting chief executive officer of the Company to devote full time to her continuing position as chief executive officer of SBSF.

## NOTE F - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Furniture, equipment and leasehold improvements consist of the following:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Equipment.....	\$ 375,000	\$ 524,000
Leasehold improvements .....	549,000	546,000
Furniture and fixtures.....	44,000	43,000
	968,000	1,113,000
Less accumulated depreciation and amortization .....	(594,000)	(504,000)
	<u>\$ 374,000</u>	<u>\$ 609,000</u>

Depreciation and amortization expense for the years ended December 31, 2015, 2014 and 2013 amounted to 276,000, \$257,000 and \$120,000, respectively.

## NOTE F - INTANGIBLE ASSETS

In 2000, WFN acquired the stock of Women's Financial Network, Inc. and HerDollar.com, Inc., companies in the development stage which had yet to commence principal operations and had no significant revenue for aggregate consideration of \$2,310,000, including costs. The transactions were accounted for as purchases of assets consisting of domain name, website and content, and a non-compete agreement (the "Acquired Intangible Assets"). Related deferred tax assets attributable to net operating loss carryforwards of the acquired companies and deferred tax liabilities attributable to the excess of the statement bases of the acquired assets over their tax bases were reflected as an adjustment to the carrying amount of such intangibles (see Note G).

# NOTE F - INTANGIBLE ASSETS (CONTINUED)

Intangible assets consist of the following:

	December 31, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Amortization Accumulated
Amortizable intangible assets:				
Website, content and non-compete .....	\$ 1,850,000	1,850,000	\$ 1,850,000	1,850,000
Retail brokerage accounts .....	2,638,000	2,638,000	2,638,000	2,630,000
	<u>\$ 4,488,000</u>	<u>4,488,000</u>	<u>\$ 4,488,000</u>	<u>4,480,000</u>
Amortization expense.....		<u>\$ 8,000</u>		<u>\$ 10,000</u>

During the fourth quarter of 2013, as a result of management's continuing strategic review of its operations, the Company determined to substantially reduce the amount of resources allocated to the WFN domain. Accordingly, the Company wrote off the remaining carrying value of the intangible asset of \$300,000. No significant residual value is estimated for the asset.

## NOTE G - INCOME TAXES

Financial files a consolidated federal income tax return with its subsidiaries.

Income tax (benefit) expense consists of the following:

	Year Ended December 31,		
	2015	2014	2013
Federal income tax (benefit) expense:			
Current .....	\$ (228,000)	\$ (22,000)	\$ 19,000
Deferred .....	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(228,000)</u>	<u>(22,000)</u>	<u>19,000</u>
State and local:			
Current .....	(47,000)	(5,000)	—
Deferred .....	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(47,000)</u>	<u>(5,000)</u>	<u>—</u>
Total:			
Current .....	(275,000)	(27,000)	19,000
Deferred .....	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ (275,000)</u>	<u>\$ (27,000)</u>	<u>\$ 19,000</u>

Income tax benefit in 2015 and 2014 represent the utilization of the loss from continuing operations against income from discontinued operations, exclusive in 2015 of the capital loss from disposal of the investment in the former affiliate. The provision for income taxes in 2013 represents a federal minimum tax assessment of \$19,000, including \$4,000 of interest and penalties, relating to 2012.

Reconciliation between the income tax (benefit) provision and income taxes computed by applying the statutory Federal income tax rate to loss before income taxes is as follows:

	Year Ended December 31,		
	2015	2014	2013
Expected income tax benefit at statutory Federal tax rate (34%) .....	\$ (1,051,000)	\$ (2,251,000)	\$ (2,004,000)
State and local taxes, net of Federal tax effect.....	(68,000)	(464,000)	(413,000)
Increase in valuation allowance .....	784,000	2,551,000	2,342,000
Permanent difference .....	13,000	39,000	46,000
Other.....	<u>47,000</u>	<u>98,000</u>	<u>48,000</u>
Income tax (benefit) expense .....	<u>\$ (275,000)</u>	<u>\$ (27,000)</u>	<u>\$ 19,000</u>

## NOTE G - INCOME TAXES (CONTINUED)

The principal items giving rise to deferred tax assets (liabilities) are as follows:

	December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss credit carryforwards .....	\$ 9,456,000	\$ 8,046,000
Capital loss carryforwards .....	395,000	24,000
Alternative minimum tax carryforward .....	—	9,000
Employee stock based compensation.....	237,000	237,000
Retail brokerage accounts (c).....	140,000	211,000
Contribution carryover.....	178,000	223,000
Furniture, equipment and leasehold improvements .....	181,000	115,000
Accrued expenses.....	252,000	337,000
Investment in former affiliate (a).....	—	736,000
Other .....	44,000	30,000
Total .....	10,883,000	9,968,000
Valuation allowance.....	(10,002,000)	(9,218,000)
Net deferred tax assets .....	881,000	750,000
Deferred tax liability:		
Receivable from affiliate (b).....	(881,000)	(750,000)
	<u>\$ 0</u>	<u>\$ 0</u>

- (a) Attributable to non-deductible bonus accrued at December 31, 2014 by an affiliate, which was deducted in 2015.
- (b) Relates to receivable from business sold to affiliate treated as an installment sale for tax purposes.
- (c) Related to acquired retail discount brokerage accounts, which are being amortized over 15 years for tax purposes and have been fully amortized for financial reporting purposes.

Due to cumulative losses incurred by the Company during the current and prior two years, the Company is unable to conclude that it is more likely than not that it will realize its deferred tax asset in excess of the deferred tax liability and, accordingly, has recorded a valuation allowance to fully offset such amount at December 31, 2015 and 2014.

At December 31, 2015, the Company has state net operating loss carryforwards aggregating \$15.4 million, which expires from 2029 through 2035. In addition, the Company has federal net operating loss carryforwards of \$20.3 million at December 31, 2015, which expires from 2030 through 2035. The Company also has additional federal net operating loss carryforwards of \$350,000 at December 31, 2015 which is attributable to WFN and expires through 2020. Utilization of WFN's federal net operating loss carryforwards is subject to annual limitations under Section 382 of the Internal Revenue Code.

The Company applied the "more-likely-than not" recognition threshold to all tax positions taken or expected to be taken in a tax return which resulted in no unrecognized tax benefits reflected in the financial statements as of December 31, 2015. The Company classifies interest and penalties that would accrue according to the provisions of relevant tax law as income taxes.

Tax years 2012 and thereafter are subject to examination by federal and certain tax authorities. For other states the 2010 through 2013 tax years remain open to examination. The Company is currently under tax examination by New York State for the years 2012 to 2014 and by the state of Illinois for the year 2012.

## NOTE H - STOCKHOLDERS' EQUITY

Siebert is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. Siebert has elected to use the alternative method, permitted by the rule, which requires that Siebert maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2 percent of aggregate debit balances arising from customer transactions, as defined. The Net Capital Rule of the New York Stock Exchange also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5% of aggregate debits. At December 31, 2015 and 2014, Siebert had net capital of approximately \$8,131,000 and \$5,100,000, respectively, as compared with net capital requirements of \$250,000. Siebert claims exemption from the reserve requirement under Section 15c3-3(k)(2)(ii) as it clears its customer transactions through an unaffiliated clearing firm on a fully disclosed basis.

## NOTE H - STOCKHOLDERS' EQUITY (CONTINUED)

On January 23, 2008, the Board of Directors of the Company authorized a buy back of up to 300,000 shares of common stock. Shares will be purchased from time to time in the open market and in private transactions. During 2013, the Company repurchased 12,266 shares of common stock at an average price of \$1.56. No shares were purchased during 2014 or 2015. As of December 31, 2015, 129,137 of common shares have been repurchased pursuant to such authorization.

## NOTE I - OPTIONS

The Company's 2007 Long-Term Incentive Plan (the "Plan") authorizes the grant of options to purchase up to an aggregate of 2,000,000 shares, subject to adjustment in certain circumstances. Both non-qualified options and options intended to qualify as "Incentive Stock Options" under Section 422 of the Internal Revenue Code may be granted under the Plan. A Stock Option Committee of the Board of Directors administers the Plan. The committee has the authority to determine when options are granted, the term during which an option may be exercised (provided no option has a term exceeding 10 years), the exercise price and the exercise period. The exercise price shall not be less than the fair market value on the date of grant. No option may be granted under the Plan after December 2017. Generally, employee options vest 20% per year for five years and expire ten years from the date of grant. At December 31, 2015, options for 1,760,000 shares of common stock are available for grant under the Plan.

A summary of the Company's stock option transactions for the three years ended December 31, 2015 is presented below:

	2015		2014		2013	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding - beginning of the year.....	265,000	3.02	350,000	3.10	400,000	3.33
Cancelled.....			(60,000)	3.05	—	—
Forfeited.....			—		(25,000)	5.06
Expired.....			(25,000)	4.04	(25,000)	4.75
Outstanding - end of year.....(a)	<u>265,000</u>	<u>3.02</u>	<u>265,000</u>	<u>3.02</u>	<u>350,000</u>	<u>3.10</u>
Fully vested and exercisable at end of year.....(a)	<u>265,000</u>	<u>3.02</u>	<u>265,000</u>	<u>3.02</u>	<u>350,000</u>	<u>3.10</u>

(a) Weighted average remaining contractual terms of 2.51 years and no aggregate intrinsic value.

For the years ended December 31, 2015, 2014 and 2013, no stock options were granted.

As of December 31, 2015, there was no unrecognized compensation cost.

## NOTE J - COMMITMENTS, CONTINGENCIES AND OTHER

- (1) Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customer obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2015, 2014 or 2013. Credit risk represents the potential loss that would occur if counterparties fail to perform pursuant to the terms of their obligations. The Company is subject to credit risk to the extent a custodian or broker with whom it conducts business is unable to fulfill contractual obligations.
- (2) In the ordinary course of business the Company is named a party to certain claims, suits and complaints. In the opinion of management, pending matters are without merit, and their ultimate outcome will not have a significant effect on the financial position or results of operations of the Company.

NOTE J - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

- (3) In July 2014, the Company entered into a settlement agreement in regards to a dispute with a former employee, in which the former employee sought, among other things, damages arising from his separation from the Company. The Company asserted counter claims in the arbitration. Pursuant to the settlement, the Company paid \$4,300,000 to the former employee, and the claims and counterclaims have been dismissed and released. The accompanying 2014 statement of operations reflects a charge to give effect to the settlement.
- (4) The Company rents discount retail brokerage and other office space under long-term operating leases expiring in various periods through 2017. These leases call for base rent plus escalations for taxes and operating expenses.

Future minimum base rental payments under these operating leases are as follows:

Year Ending December 31,	Amount
2016 .....	541,000
2017 .....	90,000
	<u>\$ 631,000</u>

Rent expense, including escalations for operating costs, amounted to approximately \$776,000, \$788,000 and \$1,046,000 for the years ended December 31, 2015, 2014 and 2013, respectively. Rent is being charged to expense over the entire lease term on a straight-line basis.

- (5) Siebert sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all employees. Participant contributions to the plan are voluntary and are subject to certain limitations. Siebert may also make discretionary contributions to the plan. No contributions were made by Siebert in 2015, 2014 and 2013.
- (6) Siebert was party to a Secured Demand Note Collateral Agreement with SBS which obligated Siebert to lend SBS, on a subordinated basis, up to \$1,200,000. The secured demand note payable held by SBS and a related \$1,200,000 receivable due from SBS are included in investments in and advances to former affiliate in the accompanying consolidated statement of financial condition of December 31, 2014. Amounts that Siebert was obligated to lend under this arrangement was collateralized by cash equivalents of \$1,532,000. Any amounts loaned bore interest at 4% per annum. On August 31, 2015, the facility expired and was not renewed and the collateral was released from restricted cash.

NOTE K - SUMMARIZED QUARTERLY FINANCIAL DATA (UNAUDITED)

	2015				2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue.....	\$ 2,624,000	2,104,000	2,536,000	2,832,000	\$ 3,718,000	3,705,000	3,454,000	4,975,000
Net income (loss) .....	\$ (1,534,000)	(407,000)	(728,000)	(200,000)(c)	\$ 28,000	(6,077,000)(a)	(1,456,000)	948,000(b)
Earnings (loss) per share:								
Continuing operations.....	\$ (.07)	(.02)	(.04)	(.00)	\$ .00	(.28)	(.07)	.04
Discontinued operations.....	\$ —	—	.01	(.01)	\$ —	—	—	.00

Basic and diluted

- (a) Includes \$4,300,000 loss (.19 per share) related to arbitration settlement (see Note J3).
- (b) Includes \$1,820,000 gain (\$0.08 per share) related to sale of business.
- (c) Includes \$448,000 loss (\$0.02 per share) related to disposal of investment in former affiliate.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Managers  
Siebert Brandford Shank Financial, LLC  
Siebert Brandford Shank & Co., L.L.C.  
New York, New York

We have audited the accompanying consolidated statement of financial condition of Siebert Brandford Shank Financial, LLC and subsidiary (the "Company") as of December 31, 2014 and the related consolidated statements of operations, changes in members' capital and cash flows for the period from January 1, 2015 to November 9, 2015 and for the year ended December 31, 2014. In addition, we have audited the accompanying statement of operations, changes in members' capital and cash flows of Siebert Brandford Shank & Co., LLC (the "Company") for the year ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, (i) the consolidated financial position of Siebert Brandford Shank Financial, LLC and subsidiary as of December 31, 2014 and consolidated results of their operations and their cash flows for the period from January 1, 2015 to November 9, 2015 and for the year ended December 31, 2014 and (ii) the results of operations and cash flows of Siebert Brandford Shank & Co. LLC for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

New York, New  
York March 30, 2016

Siebert Brandford Shank Financial, LLC and Subsidiary

Consolidated Statement of Financial Condition

December 31, 2014

ASSETS

Cash and cash equivalents .....	\$ 20,065,062
Accounts receivable.....	1,593,614
Due from broker .....	2,522,557
Secured demand note.....	1,200,000
Goodwill - Note B .....	1,001,000
Issuer relationships, net of amortization of \$41,212 - Note B.....	777,788
Furniture, equipment and leasehold improvements, net.....	684,736
Other assets.....	673,276
	<u>\$ 28,518,033</u>

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:	
Payable to affiliate .....	\$ 104,320
Asset purchase obligation payable to affiliate, net of unamortized discount of \$1,143,359 .....	1,856,641
Accounts payable and accrued expenses .....	4,747,648
Deferred rent .....	549,287
	<u>7,257,896</u>
Subordinated debt .....	<u>5,200,000</u>
Total liabilities .....	12,457,896
Commitments (Note G)	
Members' capital .....	<u>16,060,137</u>
	<u>\$ 28,518,033</u>

*See notes to consolidated financial statements*

# Statements of Operations

	Years Ended December 31,		
	Period from January 1, 2015 to November 9, 2015	2014	2013
	Siebert Brandford Shank Financial, LLC and Subsidiary	Siebert Brandford Shank Financial, LLC and Subsidiary	Siebert Brandford Shank & Co. LLC
Revenues:			
Investment banking .....	\$ 23,786,122	\$ 20,949,508	\$ 20,847,546
Trading profits .....	3,888,139	3,670,726	4,114,958
Commissions .....	473,117	182,771	—
Interest and other .....	4,116	3,395	2,817
	<u>28,151,494</u>	<u>24,806,400</u>	<u>24,965,321</u>
Expenses:			
Employee compensation and benefits .....	19,044,368	17,819,595	18,619,549
Clearing fees .....	469,014	383,538	122,209
Communications .....	1,015,599	929,496	889,207
Occupancy .....	898,897	1,186,967	1,088,755
Professional fees .....	1,187,892	895,951	528,313
Interest, including amortization of discount (including \$200,745, 84,691 and 48,000 to affiliate) .....	248,637	136,936	48,000
State and local income tax .....	66,818	31,901	36,326
General and administrative (including \$100,000, 100,000 and 100,000 to affiliate) .....	3,850,900	3,251,269	3,440,071
	<u>26,782,125</u>	<u>24,635,653</u>	<u>24,772,430</u>
Net income .....	<u>\$ 1,369,369</u>	<u>\$ 170,747</u>	<u>\$ 192,891</u>

*See notes to financial statements*

SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY

Consolidated Statements of Changes in Members' Capital

Balance - January 1, 2013 (a) .....	\$ 18,196,500
Distributions to members .....	(2,473,529)
Net income .....	<u>192,891</u>
Balance - December 31, 2013 (a) .....	15,915,862
Distributions to members .....	(26,472)
Net income .....	<u>170,747</u>
Balance - December 31, 2014 .....	16,060,137
Distributions to members .....	(200,000)
Net income .....	<u>1,369,369</u>
Balance - November 9, 2015 (b).....	<u>\$ 17,229,506</u>

(a) Represents members' capital of Siebert, Brandford, Shank & Co., L.L.C.

(b) Represents members' capital prior to giving effect to redemption of interest of Muriel Siebert & Co., Inc. and other member and related capital contributions which in part funded such redemptions.

*See notes to consolidated financial statements*

Statements of Cash Flows

	Years Ended December 31,		
	Period from January 1, 2015 to November 9, 2015	2014	2013
	SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY	SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY	SIEBERT, BRANDFORD, SHANK & CO., LLC
Cash flows from operating activities:			
Net income.....	\$ 1,369,369	\$ 170,747	\$ 192,891
Adjustments to reconcile net income to net cash (used in) /provided by operating activities:			
Amortization of discount on obligation due affiliate.....	194,581	36,641	—
Depreciation and amortization .....	408,577	267,973	250,154
Changes in:			
Accounts receivable.....	(750,051)	(1,031,467)	395,913
Due to clearing broker .....	9,410,526	(2,514,399)	(2,328,918)
Securities owned, at fair value.....	(8,603,054)	0	11,264,998
Other assets.....	(28,001)	(54,533)	139,264
Payable to (receivable from) former affiliate .....	(52,898)	76,056	36,929
Accounts payable and accrued expenses .....	1,699,037	741,040	(1,368,577)
Bank overdraft .....	—	(1,225,779)	1,225,779
Deferred rent.....	(95,936)	(72,788)	(9,740)
Net cash (used in) /provided by operating activities.....	3,552,150	(3,606,509)	9,798,693
Cash flows from investing activities:			
Purchase of leasehold improvements and equipment .....	(41,746)	(89,364)	(47,759)
Cash flows from financing activities:			
Distributions to members .....	(200,000)	(26,472)	(2,473,529)
Subordinated borrowings.....	—	9,000,000	—
Subordinated repayments .....	(4,000,000)	(5,000,000)	—
Net cash provided by/ (used in) financing activities.....	(4,200,000)	3,973,528	(2,473,529)
Net increase/(decrease) in cash and cash equivalents...	(689,596)	277,655	7,277,405
Cash and cash equivalents - beginning of period.....	20,065,062	19,787,407	12,510,002
Cash and cash equivalents - end of period.....	\$ 19,375,466	\$ 20,065,062	\$ 19,787,407
Supplemental disclosures of cash flow information:			
Taxes paid.....	\$ 39,068	\$ 24,323	\$ 28,177
Interest paid .....	\$ 46,176	\$ 100,295	\$ 48,000
Non-cash investing and financing activities:			
Note payable for purchase of business from affiliate ...		1,820,000	
Intangible assets acquired related to business acquired from affiliate:			
Issuer relationships .....		(819,000)	
Goodwill .....		(1,001,000)	
Non cash investing and financing activities:			
Repayment of subordinated borrowing from former affiliate by cancellation of related secured demand note receivable from former affiliate.....	\$ 1,200,000		

SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY

Notes to Financial Statements

NOTE A – BUSINESS ORGANIZATION:

Siebert Brandford Shank Financial, LLC (“SBSF” or the “Company”) was organized on November 4, 2014 and through its wholly owned subsidiary, Siebert, Brandford, Shank & Co., L.L.C. (“SBS”), engages in the business of tax-exempt underwriting and related trading activities and, commencing on November 4, 2014, the capital markets business (see Note B). The Company qualifies as a Minority and Women Owned Business Enterprise in certain municipalities.

On November 9, 2015, SBSF redeemed Muriel Siebert & Co., Inc., 49% membership interest in addition to the 25.5% membership interest of another member. The accompanying 2015 financial statements are prepared immediately prior to, and do not give effect to such transactions or the related debt and equity financing funding such transactions.

NOTE B – BUSINESS ACQUISITION

On November 4, 2014, the members of SBS contributed their membership interest into a newly formed Delaware limited liability company, Siebert Brandford Shank Financial, LLC (“SBSF”), in exchange for the same percentage interests in SBSF. On the same day Muriel Siebert & Co., Inc., (“Siebert”) entered an Asset Purchase Agreement (the “Purchase Agreement”) with SBS and SBSF, pursuant to which Siebert sold substantially all of the assets relating to Siebert’s capital markets business to SBSF. Pursuant to the Purchase Agreement, SBSF assumed post-closing liabilities relating to the transferred business. An individual having a 25.5% membership interest in SBS prior to the contribution of membership interests to SBSF, was Siebert’s chief executive officer.

The Purchase Agreement provides for an aggregate purchase price for the disposition of \$3,000,000, payable by SBSF after closing in annual installments commencing on March 1, 2016 and continuing on each of March 1, 2017, 2018, 2019 and 2020. The transferred business was contributed by SBSF to, and operated by SBS. The amount payable on each annual payment date will equal 50% of the net income attributable to the transferred business recognized by SBS in accordance with generally accepted accounting principles during the fiscal year ending immediately preceding the applicable payment date; provided that, if net income attributable to the transferred business generated prior to the fifth annual payment date is insufficient to pay the remaining balance of the purchase price in full on the fifth annual payment date, then the unpaid amount of the purchase price will be paid in full on March 1, 2021. The annual installment payable on March 1, 2016 is based on the net income attributable to the capital markets business for the year ended December 31, 2015, and amounted to \$493,000.

Transferred assets of Siebert’s capital markets business, consisted of issuer relationships and goodwill. Issuer relationships, were recorded at \$819,000 representing their fair value at the date of acquisition determined based on a discounted cash flow analysis (Level 3). Goodwill, which includes employees of Siebert who transferred to SBS, was recorded at \$1,001,000, representing the excess of the fair value (\$1,820,000) of SBSF’s purchase obligation to Siebert over the fair value of the issuer relationships.

Since the date of acquisition, revenue of \$199,000 and net loss of \$129,000 attributable to the capital markets business is included in the accompanying statement of operations for the year ended December 31, 2014.

The following represents the unaudited pro forma amounts of revenue and net income of the Company for the year ended December 31, 2014, assuming the capital markets business had been acquired as of January 1, 2014:

Revenue.....	\$	27,729,000
Net Income.....	\$	672,000

The above net income reflects the additional amortization that would have been charged assuming the fair value adjustment to customer accounts had been applied as of January 1, 2014 and amortization of discount on the purchase obligation for the entire year.

## SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY

### Notes to Financial Statements

#### NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Principles of Consolidation:

Commencing on November 4, 2014, the accompanying financial statements include the accounts of SBSF and its wholly-owned subsidiary SBS after elimination of intercompany balances and transactions. Prior thereto, the financial statements represent those of SBS. The creation of SBSF and related transfer thereto of the members' interest in SBS did not result in any change in the carrying value of the existing assets or liabilities of SBS in the consolidated financial statements as both entities were under common control.

[2] Revenues:

Investment banking revenues include gains and fees, net of syndicate expenses, arising primarily from municipal bond offerings in which the Company acts as an underwriter or agent. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Security transactions are recorded on a trade-date basis. Securities owned are valued at fair value. The resulting realized and unrealized gains and losses are reflected as trading profits.

Commission revenue which relates to the capital market business are recorded on a trade date basis.

Dividends are recorded on the ex-dividend date, and interest income is recognized on an accrual basis.

[3] Fair value:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. 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. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1      Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2      Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available.

Level 3      Unobservable inputs which reflect the assumptions that the managing members develop based on available information about the assumptions market participants would use in valuing the asset or liability.

See Note C (4) for financial instruments measured at fair value.

Notes to Financial Statements

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Cash equivalents:

Cash equivalents represent short-term, highly liquid investments which are readily convertible to cash and have maturities of three months or less at time of purchase. Cash equivalents, which are valued at fair value, consist of money market funds which amounted to \$15,965,885 at December 31, 2014 (Level 1). The Company maintains its assets with financial institutions which may at times exceed federally insured limits. In the event of financial institutions insolvency, recovery of the assets may be limited.

[5] Furniture, equipment and leasehold improvements, net:

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years. Leasehold improvements are amortized over the period of the lease.

[6] Intangible Assets

Issuer relationships, which were recorded in connection with the acquisition of the capital markets business (see Note B), are being amortized by the straight-line method over 2.9 years.

Intangible assets with finite lives are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses the recoverability of its intangible assets by determining whether the unamortized balance can be recovered over the assets' remaining useful life through undiscounted estimated future cash flows. If undiscounted estimated future cash flows indicate that the unamortized amounts will not be recovered, an adjustment will be made to reduce such amounts to fair value based on estimated future cash flows discounted at a rate commensurate with the risk associated with achieving such cash flows.

[7] Goodwill

Goodwill, which was recorded in connection with the acquisition of the capital markets business (see Note B), is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test consists of a comparison of the fair value of the reporting unit with the carrying amount of its net assets, including goodwill. Fair value is typically based upon estimated future cash flows discounted at a rate commensurate with the risk involved or market-based comparables. If the carrying amount of the Company's net assets exceeds the fair value of the reporting unit, then an analysis will be performed to compare the implied fair value of goodwill with the carrying amount of goodwill. An impairment loss will be recognized in an amount equal to the excess of the carrying amount over its implied fair value.

[8] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[9] Income taxes:

The Company is not subject to federal income taxes. Instead, the members are required to include in their income tax returns their respective share of the Company's income or loss. The Company is subject to tax in certain state and local jurisdictions. Deferred taxes are not significant.

## NOTE D - SUBORDINATED BORROWINGS AND SECURED DEMAND NOTE RECEIVABLE

The subordinated debt at December 31, 2014 consists of the following:

	<u>2014</u>
Payable to affiliate (a).....	\$ 1,200,000
Payable to clearing broker (b).....	<u>4,000,000</u>
	<u>\$ 5,200,000</u>

- (a) Consists of a Secured Demand Note Collateral Agreement payable to Siebert, an indirect member of the Company, bearing 4% interest and which expired and was repaid on August 31, 2015 through an offset against a \$1,200,000 secured demand note receivable due from Siebert. Interest expense paid to Siebert in each of 2015, 2014 and 2013 amounted to \$32,000, 48,000 and 48,000 respectively.

The secured demand note receivable of \$1,200,000 was collateralized by cash equivalents of Siebert of approximately \$1,532,000 which expired and was repaid on August 31, 2015. Interest earned on the collateral amounted to approximately \$1,000, \$1,028 and \$1,500 in 2015, 2014 and 2013, respectively.

- (b) On December 9, 2014, SBS entered into a temporary subordinated loan agreement with National Financial Services, its clearing broker, in the amount of \$4,000,000 bearing interest at the federal funds rate plus 6% and maturing January 22, 2015. The note was repaid on January 22, 2015. Interest expense accrued in 2014 amounted to approximately \$16,000.

The subordinated borrowings are available in computing net capital under the Securities and Exchange Commission's ("SEC") Uniform Net Capital Rule. To the extent that such borrowing is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid.

On March 24, 2014, SBS entered into a temporary subordinated loan agreement with National Financial Services, its clearing broker, in the amount of \$5,000,000 bearing interest at the federal funds rate plus 6% and maturing May 5, 2014. The note was repaid on May 5, 2014. Interest expense paid was \$36,542.

# SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY

## Notes to Financial Statements

### NOTE E - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Furniture, equipment, and leasehold improvements consist of the following:

	<u>12/31/2014</u>
Equipment.....	\$ 926,654
Furniture and leasehold improvements.....	<u>1,718,826</u>
	2,645,480
Less accumulated depreciation and amortization .....	<u>1,960,744</u>
	<u>\$ 684,736</u>

Depreciation and amortization expense for the period ended November 9, 2015 amounted to \$160,046, For the periods ended December 31,2014 and 2013 the expense amounted to \$226,761 and \$250,154 respectively.

### NOTE F - NET CAPITAL

SBS is subject to the SEC's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2014, SBS had net capital of \$22,807,796 which was \$22,557,796, in excess of its required net capital and its ratio of aggregate indebtedness to net capital was 0.16 to 1. SBS claims exemption from the reserve requirements under Section 15c3-3(k)(2)(ii).

### NOTE G - COMMITMENTS

SBS rents office space under long-term operating leases expiring through 2026. These leases call for base rent plus escalations for property taxes and other operating expenses.

SBSF rents office space under long-term operating leases expiring through 2020. These leases call for base rent plus escalations for property taxes and other operating expenses. Future minimum base rent under these operating leases as of December 31, 2014 are as follows:

December 31, 2014	Amount
2015.....	\$ 1,043,000
2016.....	886,000
2017.....	639,000
2018.....	627,000
2019.....	587,000
Thereafter.....	185,000
	<u>\$ 3,967,000</u>

Rent expense, including taxes and operating expenses for 2015, 2014 and 2013 amounted to \$1,055,944, \$1,186,967 and \$1,088,755, respectively.

In prior years, SBS purchased leasehold improvements of approximately \$620,000 which were reimbursed by the landlord. SBS recorded such reimbursement as a credit to deferred rent liability, which is being recognized as a reduction of rental expense on a straight-line basis over the term of the lease.

Rent expense is being charged to operations on a straight-line basis resulting in a deferred rent liability which, including the reimbursement discussed above amounted to \$549,287 at December 31, 2014.

SIEBERT BRANDFORD SHANK FINANCIAL, LLC AND SUBSIDIARY

Notes to Financial Statements

NOTE H - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	<u>December 31,</u> <u>2014</u>
Accounts payable.....	\$ 313,285
Accrued bonus and other employee compensation .....	4,233,521
Other accrued expenses .....	<u>200,842</u>
	<u>\$ 4,747,648</u>

NOTE I - OTHER

During each of 2015, 2014, 2013 SBS was charged \$100,000 by Siebert for general and administrative services.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### SIEBERT FINANCIAL CORP.

By: /s/ Joseph M. Ramos, Jr.  
Joseph M. Ramos, Jr.  
Executive Vice President, Chief Operating Officer, Chief Financial  
Officer and Secretary  
(principal executive, financial and accounting officer)

Date: March 30, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Joseph M. Ramos, Jr.</u> Joseph M. Ramos, Jr.	Executive Vice President, Chief Operating Officer and Chief Financial Officer and Secretary (principal financial and accounting officer)	March 30, 2016
<u>/s/ Patricia L. Francy</u> Patricia L. Francy	Director	March 30, 2016
<u>/s/ Jane H. Macon</u> Jane H. Macon	Director	March 30, 2016
<u>/s/ Robert P. Mazzearella</u> Robert P. Mazzearella	Director	March 30, 2016
<u>/s/ Nancy Peterson Hearn</u> Nancy Peterson Hearn	Director	March 30, 2016

## EXHIBIT INDEX

Exhibit No.	Description Of Document
2.1	Plan and Agreement of Merger between J. Michaels, Inc. (“JMI”) and Muriel Siebert Capital Markets Group, Inc. (“MSCMG”), dated as of April 24, 1996 (“Merger Agreement”) (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.2	Amendment No. 1 to Merger Agreement, dated as of June 28, 1996 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.3	Amendment No. 2 to Merger Agreement, dated as of September 30, 1996 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.4	Amendment No. 3 to Merger Agreement, dated as of November 7, 1996 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
3.1	Certificate of Incorporation of Siebert Financial Corp., formerly known as J. Michaels, Inc. originally filed on April 9, 1934, as amended and restated to date (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997)
3.2	By-laws of Siebert Financial Corp. (incorporated by reference to Siebert Financial Corp.’s Registration Statement on Form S- 1 (File No. 333-49843) filed with the Securities and Exchange Commission on April 10, 1998)
10.1**	Siebert Financial Corp. 1998 Restricted Stock Award Plan (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997)
10.2**	Siebert Financial Corp. 1997 Stock Option Plan (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.3	Siebert, Brandford, Shank & Co., LLC Operating Agreement, among Siebert, Brandford, Shank & Co., L.L.C., Muriel Siebert & Co., Inc., Napoleon Brandford III and Suzanne F. Shank, dated as of March 10, 1997 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.4	Services Agreement, between Siebert, Brandford, Shank & Co., L.L.C. and Muriel Siebert & Co., Inc., dated as of March 10, 1997 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.5	Operating Agreement of SBS Financial Products Company, LLC, dated effective as of April 19, 2005, by and among Siebert Financial Corp., Napoleon Brandford III and Suzanne Shank. (incorporated by reference to Siebert Financial Corp.’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2005)
10.6**	Siebert Financial Corp. 2007 Long-Term Incentive Plan (incorporated by reference to Siebert Financial Corp.’s Registration Statement on Form S-8 (File No. 333-144680) filed with the Securities and Exchange Commission on July 18, 2007)
10.7*	Fully Disclosed Clearing Agreement, by and between National Financial Services LLC and Muriel Siebert & Co., Inc. dated May 5, 2010. (incorporated by reference to Siebert Financial Corp.’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 16, 2010)
21	Subsidiaries of the registrant (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the year ended December 31, 2001)
23	Consent of Independent Auditors
31.1	Certification of Joseph M. Ramos, Jr. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Joseph M. Ramos, Jr. of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002

\* Portions of the indicated document have been afforded confidential treatment and have been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934, as amended.

\*\* Management contract or compensatory plan or arrangement.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-144680, No. 333-43837, No. 333-43839, No. 333-72939 and No. 333-102701, and Form S-3 No. 333-81037) of Siebert Financial Corp. and in the related prospectus of our reports dated March 30, 2016, with respect to the consolidated financial statements of Siebert Financial Corp. and subsidiaries, Siebert Brandford Shank Financial, L.L.C. and subsidiary and Siebert, Brandford, Shank & Co., L.L.C. included in this Annual Report on Form 10-K for the year ended December 31, 2015.

/s/ EisnerAmper LLP

New York, New York  
March 30, 2016

**CERTIFICATION**  
**PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AND 15d-14(a),**  
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I of Joseph M. Ramos, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Siebert Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - I Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joseph M. Ramos, Jr.

Joseph M. Ramos, Jr.

Executive Vice President, Chief Operating Officer,  
Chief Financial Officer and Secretary  
(principal executive, financial and accounting officer)

Date: March 30, 2016

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Siebert Financial Corp. (the “Company”) on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission (the “Report”), I, Joseph M. Ramos, Jr, in my capacity as Chief Financial Officer, Chief Operating Officer and Secretary hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report filed by the Company with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the report.

/s/ Joseph M. Ramos, Jr.

Date: March 30, 2016

Joseph M. Ramos, Jr.

Executive Vice President, Chief Operating Officer,

Chief Financial Officer and Secretary

(principal executive, financial and accounting officer)

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.