

SIEBERT FINANCIAL CORP
Form 10-K
March 30, 2016

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

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

**Siebert
Financial**

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

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. Our SEC filings are available through our website at 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 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

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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 affect 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:

Location	Approximate Office Area in Square Feet	Expiration Date of Current Lease	Renewal Terms
<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

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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 MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND 5. 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.

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

Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Cumulative Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares That May Yet Be Purchased Under The Plan
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.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of Securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
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.

	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

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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.

Retail Customer Activity:	For the Twelve Months ended December 31,		
	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.

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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.

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

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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 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.

Patricia L. Francy *Specific experience, qualifications, attributes or skills:*

Age 70

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 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.

Age 81

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 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.

**Jane H.
Macon**
Age 69

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.
Mazzarella**
Age 69

Robert Mazzarella 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. Mazzarella also acts as a consultant to a number of major financial services firms and venture capital firms. Mr. Mazzarella became a director on March 1, 2004.

Specific experience, qualifications, attributes or skills:

Mr. Mazarella 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. Mazarella qualifies as an “audit committee financial expert” under the applicable rules of the Securities and Exchange Commission. Mr. Mazarella provides expertise on financial and brokerage matters.

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Identification of Executive Officers

Name	Age	Position
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Executive Vice President, Chief Operating Officer, Chief Financial Officer and Secretary

Joseph M. Ramos, Jr.	57	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.
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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 (\$)⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Suzanne Shank ⁽²⁾	2015	41,669	—	—	—	—	—	—	41,669
<i>Acting Chief Executive Officer</i>	2014	250,000	—	—	—	—	—	—	250,000
Joseph M. Ramos, Jr. ⁽³⁾	2015	385,000	100,000	—	—	—	—	—	485,000
<i>Executive Vice President,</i>	2014	385,000	100,000	—	—	—	—	—	485,000

*Chief
Operating
Officer and
Chief
Financial
Officer*

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(1) Represents the dollar amount recognized for financial statement reporting in accordance with ASC Topic 718.

Ms. Shank was named Active Chief Executive Officer effective September 16, 2013 at a salary of \$250,000 (2) 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 Exercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number 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	—	—	—
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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 ⁽¹⁾	60,000	—	—	—	—	—	60,000
Nancy Peterson Hearn ⁽²⁾	60,000	—	—	—	—	—	60,000
Jane H. Macon ⁽³⁾	60,000	—	—	—	—	—	60,000
Robert P. Mazzarella ⁽⁴⁾	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. Mazarella

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	(2)	*
Patricia L. Francy	61,000	(3)	*
Nancy Peterson Hearn	60,000	(2)	*
Jane H. Macon	61,000	(3)	*
Robert P. Mazarella	60,000	(2)	*
Directors and current executive officers as a group (6 persons)	267,000	(4)	1.2 %

*

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.

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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**

	December 31,	
	2015	2014
ASSETS		
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
	\$17,785,000	\$20,728,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
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)
	15,683,000	18,552,000
	\$17,785,000	\$20,728,000

See notes to consolidated financial statements.

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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
	10,096,000	15,852,000	16,401,000
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
	13,188,000	22,476,000	22,229,000
Loss from continuing operations before income taxes	(3,092,000)	(6,624,000)	(5,828,000)
(Benefit) provision for income taxes	(275,000)	(27,000)	19,000
Loss from continuing operations	(2,817,000)	(6,597,000)	(5,847,000)
Discontinued operations:			
(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	(52,000)	40,000	(65,000)
Net loss	\$ (2,869,000)	\$ (6,557,000)	\$ (5,912,000)
Net loss per share of common stock			
Continuing operation	(\$.13)	(\$.30)	(\$.27)
Discontinued operations	\$ —	\$ —	(\$ —)
Basic and diluted	(\$.13)	(\$.30)	(\$.27)
Weighted average shares outstanding	22,085,126	22,085,126	22,087,324

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock				Treasury Stock		
	Number Of Shares	\$.01 Par Value	Additional Paid -In Capital	Retained Earnings	Number Of Shares	Amount	Total
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	23,211,846	\$232,000	\$19,490,000	\$721,000	1,126,720	\$(4,760,000)	\$15,683,000

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2015	2014	2013
Cash Flows From Operating Activities:			
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	(1,392,000)	(8,694,000)	(2,944,000)
Cash Flows From Investing Activities:			
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	104,000	—	(1,000)
Net cash provided by/ (used in) investing activities	4,063,000	19,000	(515,000)
Cash Flows From Financing Activities:			
Purchase of treasury shares	—	—	(19,000)
Net increase (decrease) in cash and cash equivalents	2,671,000	(8,675,000)	(3,478,000)
Cash and cash equivalents - beginning of year	6,749,000	15,424,000	18,902,000
Cash and cash equivalents - end of year	\$9,420,000	\$6,749,000	\$15,424,000
Supplemental Cash Flow Disclosures:			
Cash for:			
Income taxes paid, net	\$	\$—	\$19,000

Supplemental cash flow disclosure:

Non-cash investing activity:

Note received on sale of investment in former affiliate	\$4,000,000
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See notes to consolidated financial statements.

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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.

Note C - Sale of Investment in Affiliate

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:

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

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:

December 31, 2015 SBSF SBSFPC