Siebert

MURIEL SIEBERT & CO., INC.

STATEMENT OF FINANCIAL CONDITION

As of June 30, 2023
(with supplemental information)

MURIEL SIEBERT & CO., INC.

As of June 30, 2023

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STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2023

ASSETS		
Current assets		
Cash and cash equivalents	$	5,035,000
Cash and securities segregated for regulatory purposes		254,575,000
Receivables from customers		61,087,000
Receivables from non-customers		146,000
Receivables from broker-dealers and clearing organizations		6,179,000
Other receivables		3,784,000
Securities borrowed		690,108,000
Securities owned, at fair value		17,781,000
Prepaid expenses and other assets		1,184,000
Total Current assets		1,039,879,000
Deposits with broker-dealers and clearing organizations		1,477,000
Property, office facilities, and equipment, net		406,000
Software, net		998,000
Lease right-of-use assets		1,617,000
Deferred tax assets		2,240,000
Total Assets	$	1,046,617,000
LIABILITIES ANDSTOCKHOLDER’S EQUITY		
Liabilities:		
Current liabilities		
Payables to customers	$	281,213,000
Payables to non-customers		1,351,000
Drafts payable		1,750,000
Payables to broker-dealers and clearing organizations		4,967,000
Accounts payable and accrued liabilities		2,575,000
Taxes payable		1,595,000
Securities loaned		693,409,000
Securities sold, not yet purchased, at fair value		2,000
Current portion of lease liabilities		820,000
Deferred contract incentive		8,000
Total Current liabilities		987,690,000
Lease liabilities, less current portion		932,000
Total Liabilities		988,622,000
Commitment and Contingent Liabilities		
Stockholder’s equity		
Common stock, $1 par value; 1,000 shares authorized; 649 shares issued		1,000
Additional paid-in capital		22,839,000
Retained earnings		35,155,000
Total Stockholder’s equity		57,995,000
Total Liabilities and Stockholder’s Equity	$	1,046,617,000

Numbers are rounded for presentation purposes. See accompanying notes to the financial statements.

MURIEL SIEBERT & CO., INC.
NOTES TO FINANCIAL STATEMENT

1. Business

Muriel Siebert & Co., Inc. (“MSCO” or the "Company"), a wholly-owned subsidiary of Siebert Financial Corp. ("Siebert" or "Parent"), is registered as a broker-dealer with the Financial Industry Regulatory Authority (“FINRA”), the New York Stock Exchange (“NYSE”), the Securities and Exchange Commission (“SEC”), the Securities Investor Protection Corporation (“SIPC”), the National Futures Association (“NFA”), and the Commodities Futures Trading Commission (“CFTC”). The Company engages in the business of providing brokerage services for customers and trading securities for its own account.

The Company is headquartered in Jersey City, NJ with primary operations in New Jersey, Florida, and California. The Company has various offices throughout the United States of America (“U.S.”) and clients around the world.

The Company primarily operates in the securities brokerage industry. All of the Company's revenues for the six months ended June 30, 2023 were derived from its operations in the U.S.

As of June 30, 2023, the Company is comprised of a single operating segment based on the factors related to management’s decision-making framework as well as management evaluating performance and allocating resources based on assessments of the Company from a consolidated perspective.

Kakaopay Transaction with Siebert

On April 27, 2023, Siebert entered into an agreement to issue new shares of Siebert’s common stock to Kakaopay Corporation (“Kakaopay”), a company established under the Laws of the Republic of Korea, and a fintech subsidiary of Korean-based conglomerate Kakao Corp. Refer to Siebert’s Current Report on Form 8-K filed on May 3, 2023 for further detail regarding this transaction.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as established by the Financial Accounting Standards Board (“FASB”) to ensure consistent reporting of financial condition. The U.S. dollar is the functional currency of the Company and numbers are rounded for presentation purposes.

Segment Information

The Company operates and reports financial information in one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. All the Company’s revenues and substantially all of the Company’s assets are attributed to or located in the United States.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

These estimates relate primarily to revenue and expenses in the normal course of business as to which the Company receives no confirmations, invoices, or other documentation at the time the books are closed. The Company uses its best judgment, based on knowledge of these revenue transactions and expenses incurred, to estimate the amount of such revenue and expenses. Actual results could differ from those estimates. The Company is not aware of any material differences between the estimates used in closing the Company’s books for the last five years and the actual amounts of revenue and expenses incurred when the Company subsequently receives the actual confirmations, invoices, or other documentation.

Estimates are used in the allowance for credit losses, valuation of certain investments, depreciation, income taxes, and the contingent liabilities related to legal and healthcare expenses. The Company also estimates the valuation allowance for its deferred tax assets based on the more likely than not criteria. The Company believes that its estimates are reasonable.

Concentrations of Credit Risk

The Company is engaged in various trading and brokerage activities whose contra-parties include broker-dealers, banks, and other financial institutions.

In the event contra-parties do not fulfill their obligations, the Company may sustain a loss if the market value of the instrument is different from the contract value of the transaction. The risk of default primarily depends upon the credit worthiness of the contra-parties involved in the transactions. It is the Company's policy to review, as necessary, the credit standing of each contra-party with which it conducts business. The Company has experienced no material historical losses in relation to its contra-parties for the six months ended June 30, 2023.

As of June 30, 2023, the Company maintained its cash balances at various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. The Company is subject to credit risk to the extent that the financial institution with which it conducts business is unable to fulfill its contractual obligations and deposits exceed FDIC limits.

Current Expected Credit Losses

The Company follows Topic 326 which applies to financial assets measured at amortized cost, held-to-maturity debt securities and off-balance sheet credit exposures. For on-balance sheet assets, an allowance must be recognized at the origination or purchase of in-scope assets and represents the expected credit losses over the contractual life of those assets. Expected credit losses on off-balance sheet credit exposures must be estimated over the contractual period the Company is exposed to credit risk as a result of a present obligation to extend credit. The impact to the period presented is not material since the Company's in-scope assets are primarily subject to collateral maintenance provisions for which the Company elected to apply the practical expedient of reporting the difference between the fair value of the collateral and the amortized cost for the in-scope assets as the allowance for current expected credit losses.

Fair Value

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

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

Level 1 - Quoted prices (unadjusted) in active markets for an identical asset or liability that the Company can assess at the measurement date.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a variety of factors, such as the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. As such, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3. As of June 30, 2023, the Company had no level 3 assets.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

A description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

U.S. government securities: U.S. government securities are valued using quoted market prices and as such, valuation adjustments are not applied. Accordingly, U.S. government securities are generally categorized in level 1 of the fair value hierarchy.

Certificates of deposit: Certificates of deposit are included in investments valued at cost, which approximates fair value. When certificates of deposits are held directly with banking institutions and issued directly to the Company, these are categorized within cash equivalents in level 2 of the fair value hierarchy. When certificates of deposits are available for trading, they are categorized within securities owned, at fair value in level 2 of the fair value hierarchy.

Corporate bonds: The fair value of corporate bonds is determined using recently executed transactions, market price quotations (when observable), bond spreads, or credit default swap spreads obtained from independent external parties such as vendors and brokers, adjusted for any basis difference between cash and derivative instruments. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When position-specific external price data is not observable, fair value is determined based on either benchmarking to similar instruments or cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates as significant inputs. Corporate bonds are generally categorized in level 2 of the fair value hierarchy.

Equity securities: Equity securities are valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in level 1 of the fair value hierarchy. Securities quoted in inactive markets or with observable inputs are categorized into level 2. If there are no observable inputs or quoted prices, securities are categorized as level 3 assets in the fair value hierarchy. Level 3 assets are not actively traded and subjective estimates based on managements' assumptions are utilized for valuation.

Municipal securities: Municipal securities are valued using recently executed transactions, market price quotations (when observable), bond spreads from independent external parties such as vendors and brokers, adjusted for any basis difference between cash and derivative instruments. The spread data used is for the same maturity as the bond. Municipal securities are generally categorized in level 2 of the fair value hierarchy.

Unit investment trusts ("UITs"): Units of UITs are carried at redemption value, which represents fair value. Units of UITs are categorized as level 2.

Options: Options are valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in level 1 of the fair value hierarchy. Securities quoted in inactive markets or with observable inputs are categorized into level 2. If there are no observable inputs or quoted prices, securities are categorized as level 3 assets in the fair value hierarchy. Level 3 assets are not actively traded and subjective estimates based on managements' assumptions are utilized for valuation.

Cash and Cash Equivalents

Cash and cash equivalents are all cash balances that are unrestricted. The Company has defined cash equivalents as highly liquid investments with original maturities of less than 90 days that are not held for sale in the ordinary course of business. As of June 30, 2023, the Company did not hold any cash equivalents.

As of June 30, 2023, the Company maintained its cash balances at various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. The Company is subject to credit risk to the extent that the financial institution with which it conducts business is unable to fulfill its contractual obligations and deposits exceed FDIC limits. At certain times, cash balances may exceed FDIC insured limits.

Cash and Securities Segregated for Regulatory Purposes

The Company is subject to Exchange Act Rule 15c3-3, referred to as the "Customer Protection Rule," which requires segregation of funds in special reserve accounts for the exclusive benefit of customers. As of June 30, 2023, the Company had approximately $82.5 million in cash deposits in special reserve accounts and $172.1 million in securities segregated for regulatory purposes.

Receivables from and Payables to Customers

Receivables from and payables to customers include amounts due and owed on cash and margin transactions. Payables to customers amounts include any amounts received from interest on credit balances. Receivables from customers include margin loans to securities brokerage clients and other trading receivables. Margin loans are collateralized by customer securities and are carried at the amount receivable, net of an allowance for credit losses. Collateral is required to be maintained at specified minimum levels at all times.

The Company monitors margin levels and requires customers to provide additional collateral, or reduce margin positions, to meet minimum collateral requirements if the fair value of the collateral changes. The Company expects the borrowers will continually replenish the collateral as necessary because the Company subjects the borrowers to an internal qualification process to align investing objectives and risk tolerance in addition to monitoring customer activity.

The Company elected the practical expedient for Topic 326 which permits it to compare the amortized cost basis of the loaned amount with the fair value of collateral received at the reporting date to measure the estimate of expected credit losses. The Company has no expectation of credit losses for its receivables from customers as of June 30, 2023. Securities beneficially owned by customers, including those that collateralize margin or other similar transactions, are not reflected in the statement of financial condition.

Receivables from and Payables to Non-Customers

Receivables from and payables to non-customers includes amounts due and owed on cash and margin transactions on accounts owned and controlled by principal officers and directors of the Company. Payables to non-customers amounts include any amounts received from interest on credit balances. Receivables from non-customers include margin loans to securities brokerage clients and other trading receivables. Margin loans are collateralized by customer securities and are carried at the amount receivable, net of an allowance for credit losses. Collateral is required to be maintained at specified minimum levels at all times. The Company monitors margin levels and requires non-customers to provide additional collateral, or reduce margin positions, to meet minimum collateral requirements if the fair value of the collateral changes. The Company expects the borrowers will continually replenish the collateral as necessary because the Company subjects the borrowers to an internal qualification process to align investing objectives and risk tolerance in addition to monitoring non-customer activity.

The Company elected the practical expedient for Topic 326 which permits it to compare the amortized cost basis of the loaned amount with the fair value of collateral received at the reporting date to measure the estimate of expected credit losses. The Company has no expectation of credit losses for its receivables from non-customers as of June 30, 2023. Securities beneficially owned by non-customers, including those that collateralize margin or other similar transactions, are not reflected in the statement of financial condition.

Receivables From, Payables To, and Deposits with Broker-Dealers and Clearing Organizations

Receivables from and payables to broker-dealers and clearing organizations includes amounts due from / to introducing broker-dealers, fail-to-deliver and fail-to-receive items, and amounts receivable for unsettled regular-way transactions. Deposits with broker-dealers and clearing organizations include amounts held on deposit with broker-dealers and clearing organizations.

The Company's customer transactions for the six months ended June 30, 2023 were both self-cleared and cleared on a fully-disclosed basis through National Financial Services Corp. ("NFS").

The Company signed a four-year renewal with NFS commencing August 1, 2021 and ending on July 31, 2025, and NFS's fees are offset against the Company's revenues on a monthly basis.

Receivables from brokers-dealers and clearing organizations are in scope of the amended guidance for Topic 326. The Company continually reviews the credit quality of its counterparties and historically has not experienced a default. Further, management reassessed the risk characteristics of its receivables and applied the collateral maintenance practical expedient for the secured receivables in line with the CECL guidance. As a result, the Company has no expectation of credit losses for these arrangements as of June 30, 2023.

Securities Borrowed and Securities Loaned

Securities borrowed transactions are recorded at the amount of cash collateral delivered to the counterparty. Securities loaned are recorded at the amount of cash collateral received. For securities borrowed and loaned, the Company monitors the market value of the securities and obtains or refunds collateral as necessary.

The Company can elect to use an approach to measure the allowance for credit losses using the fair value of collateral where the borrower is required to, and reasonably expected to, continually adjust and replenish the amount of collateral securing the instrument to reflect changes in the fair value of such collateral. The Company has elected to use this approach for its allowance for credit losses on securities borrowed. As a result of this election, and the fully collateralized nature of these arrangements, the Company has no expectation of credit losses on its securities borrowed balances as of June 30, 2023.

Securities Owned and Securities Sold, Not Yet Purchased at Fair Value

Securities owned, at fair value represent marketable securities owned by the Company at trade-date valuation. Securities sold, not yet purchased, at fair value represent marketable securities sold by the company prior to purchase at trade-date valuation.

Property, Office Facilities, and Equipment, Net

Property, office facilities, and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation for equipment is calculated using the straight-line method over the estimated useful lives of the assets, generally not exceeding four years. Office facilities are amortized over the shorter of their estimated useful life or the remaining lease term unless the lease transfers ownership of the underlying asset to the lessee, or the lessee is reasonably certain to exercise an option to purchase the underlying asset, in which case the lessee will amortize over the estimated useful life of the leasehold improvements.

Software, Net

The Company capitalizes certain costs for software such as website and other internal technology development and amortizes them over their useful life, generally not exceeding three years. Depending on the terms of the contract, the Company either records costs from software hosting arrangements as software and amortizes them over the contract term, or the costs are expensed as incurred.

The Company enters into certain software hosting arrangements where the associated professional development services work is capitalized and then amortized over the term of the contract.

Other software costs such as routine maintenance and various data services to provide market information to customers are expensed as incurred.

Leases

The Company reviews all relevant contracts to determine if the contract contains a lease at its inception date. A contract contains a lease if the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. If the Company determines that a contract contains a lease, it recognizes, in the statement of financial condition, a lease liability and a corresponding right-of-use asset on the commencement date of the lease. The lease liability is initially measured at the present value of the future lease payments over the lease term using the rate implicit in the lease or, if not readily determinable, the Company's secured incremental borrowing rate. An operating lease right-of-use asset is initially measured at the value of the lease liability minus any lease incentives and initial direct costs incurred plus any prepaid rent.

The Company's leases are classified as operating leases and consist of real estate leases for office space, data centers and other facilities. Each lease liability is measured using the Company's secured incremental borrowing rate, which is based on an internally developed rate based on the Company's size, growth, risk profile and a duration similar to the lease term. The Company does not include renewal options as the renewal options are not reasonably certain to be exercised; however, the Company continues to monitor the lease renewal options. The Company's operating leases contain both lease components and non-lease components. Non-lease components are distinct elements of a contract that are not related to securing the use of the underlying assets, such as common area maintenance and other management costs. The Company has elected the practical expedient to not separate lease and non-lease components, and as such, the variable lease cost primarily represents variable payments such as common area maintenance and utilities which are usually determined by the leased square footage in proportion to the overall office building.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in line item "Rent and occupancy" in the statements of operations.

Drafts Payable

Drafts payable represent checks drawn by the Company against customer accounts which remained outstanding and had not cleared the bank as of the end of the period.

Deferred Contract Incentive

The Company entered into an amendment with its agreement with NFS whereby the Parent received a one-time business development credit of $3 million, and NFS will pay the Company four annual credits of $100,000, which are recorded within the line item "Deferred contract incentive" on the statement of financial condition. Annual credits shall be paid on the anniversary of the date on which the first credit was paid. The business development credit and annual credits will be recognized as contra expense over four years and one year, respectively, in the line item "Clearing fees, including execution costs" on the statements of income.

Revenue Recognition

Revenue from contracts with customers and counterparties includes commissions and fees, principal transactions and proprietary trading, market making, stock borrow / stock loan, other income, as well as interest, marketing and distribution fees. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time, how to allocate transaction prices where multiple performance obligations are identified, when to recognize revenue based on the appropriate measure of the Company's progress under the contract, and whether constraints on variable consideration should be applied due to uncertain future events. For the six months ended June 30, 2023, there were no costs capitalized related to obtaining or fulfilling a contract with a customer, and thus the Company has no balances for contract assets or contract liabilities.

Income Taxes

The results of the Company's operations are included in the consolidated federal and state income tax return of the Parent and the state and local income tax return of the Parent or the Company, as appropriate. Federal income taxes are calculated as if the companies filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize deferred taxes in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the provision for income taxes line in the statement of income. Accrued interest and penalties would be included on the related tax liability line in the accompanying statement of financial condition.

Capital Stock

The authorized capital stock of the Company consists of a single class of common stock which is wholly-owned by the Parent.

Accounting Standards Adopted in Fiscal 2023

The Company did not adopt any new accounting standards during the six months ended June 30, 2023. In addition, the Company has evaluated other recently issued accounting standards and does not believe that any of these standards will have a material impact on the Company's financial statements and related disclosures as of June 30, 2023.

3. Receivables From, Payables To, and Deposits with Broker-Dealers and Clearing Organizations

Amounts receivable from, payables to, and deposits with broker-dealers and clearing organizations consisted of the following as of the period indicated:

	As of June 30, 2023
Receivables from and deposits with broker-dealers and clearing organizations	
DTCC / OCC / NSCC [1]	$ 5,528,000
National Financial Services, LLC ("NFS")	1,911,000
Securities fail-to-deliver	23,000
Globalshares	194,000
Total Receivables from and deposits with broker-dealers and clearing organizations	$ 7,656,000
Payables to broker-dealers and clearing organizations	
Securities fail-to-receive	$ 3,021,000
Payables to broker-dealers and clearing organizations	1,946,000
Total Payables to broker-dealers and clearing organizations	$ 4,967,000

[1] Depository Trust & Clearing Corporation is referred to as ("DTCC"), Options Clearing Corporation is referred to as ("OCC"), and National Securities Clearing Corporation is referred to as ("NSCC").

Under the DTCC shareholders' agreement, the Company is required to participate in the DTCC common stock mandatory purchase. As of June 30, 2023, the Company had shares of DTCC common stock valued at approximately $1,236,000 which is included within the line item "Deposits with broker-dealers and clearing organizations".

In September 2022, MSCO and RISE Financial Services, LLC ("RISE"), a subsidiary of Siebert, entered into a clearing agreement whereby RISE would introduce clients to MSCO. As part of the agreement, RISE deposited a clearing fund escrow deposit of $50,000 to MSCO, and cash balance of approximately $1.3 million in its brokerage account at MSCO as of June 30, 2023, which is included in the line item "Payables to broker dealers and clearing organizations". Interest expense of approximately $12,000 was incurred for the six months ended June 30, 2023. There was no other income or expense related to this clearing relationship for the six months ended June 30, 2023.

4. Fair Value Measurements

Overview

ASC 820 defines fair value, establishes a framework for measuring fair value as well as a hierarchy of fair value inputs. Refer to the below as well as Note 2 – Summary of Significant Accounting Policies for further information regarding fair value hierarchy, valuation techniques and other items related to fair value measurements.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The tables below present, by level within the fair value hierarchy, financial assets and liabilities, measured at fair value on a recurring basis for the periods indicated. As required by ASC Topic 820, financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the respective fair value measurement.

	As of June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and securities segregated for regulatory purposes				
U.S. government securities	$ 172,115,000	$ —	$ —	$ 172,115,000
Securities owned, at fair value				
U.S. government securities	$ 17,421,000	$ —	$ —	$ 17,421,000
Certificates of deposit	—	92,000	—	92,000
Municipal securities	—	56,000	—	56,000
Corporate bonds	—	3,000	—	3,000
Equity securities	44,000	165,000	—	209,000
Total Securities owned, at fair value	$ 17,465,000	$ 316,000	$ —	$ 17,781,000
Liabilities				
Securities sold, not yet purchased, at fair value				
Equity securities	$ 2,000	$ —	$ —	$ 2,000
Total Securities sold, not yet purchased, at fair value	$ 2,000	$ —	$ —	$ 2,000

The Company had U.S. government securities with the below market values and maturity dates for the periods indicated:

	As of June 30, 2023
Market value of U.S. government securities portfolio	
Maturing 07/25/2023, 4.762% Discount Rate	$ 19,939,000
Maturing 08/03/2023, 4.820% Discount Rate	24,890,000
Maturing 08/31/2023, 1.375% Coupon Rate	9,938,000
Maturing 09/21/2023, 4.865% Discount Rate	14,828,000
Maturing 11/16/2023, 5.270% Coupon Rate	2,941,000
Maturing 12/31/2023, 0.750% Coupon Rate	63,549,000
Maturing 01/31/2024, 0.875% Coupon Rate	24,356,000
Maturing 05/16/2024, 4.966% Coupon Rate	2,863,000
Maturing 05/16/2024, 5.019% Coupon Rate	9,544,000
Maturing 05/31/2024, 2.500% Coupon Rate	4,870,000
Maturing 05/31/2024, 2.500% Coupon Rate	4,870,000
Maturing 08/15/2024, 0.375% Coupon Rate	2,838,000
Maturing 04/30/2025, 3.875% Coupon Rate	3,922,000
Accrued interest	188,000
Total Market value of U.S. government securities portfolio	$ 189,536,000

The following represents financial instruments in which the ending balances as of June 30, 2023 are not carried at fair value in the statement of financial condition:

Short-term financial instruments: The carrying value of short-term financial instruments, including cash and cash equivalents as well as cash and securities segregated for regulatory purposes, are recorded at amounts that approximate the fair value of these instruments. These financial instruments generally expose the Company to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market rates. The Company had no cash equivalents segregated for regulatory purposes as of June 30, 2023. Securities segregated for regulatory purposes consist solely of U.S. government securities and are included in the fair value hierarchy table above. Cash and cash equivalents and cash and securities segregated for regulatory purposes are classified as level 1.

Receivables and other assets: Receivables from customers, receivables from non-customers, receivables from and deposits with broker-dealers and clearing organizations, other receivables, prepaid service contract, and prepaid expenses and other assets are recorded at amounts that approximate fair value and are classified as level 2 under the fair value hierarchy. The Company may hold cash equivalents related to rent deposits in prepaid expenses and other assets that are categorized as level 2 under the fair value hierarchy.

Securities borrowed and securities loaned: Securities borrowed and securities loaned are recorded at amounts which approximate fair value and are primarily classified as level 2 under the fair value hierarchy. The Company's securities borrowed and securities loaned balances represent amounts of equity securities borrow and loan contracts and are marked-to-market daily in accordance with standard industry practices which approximate fair value.

Payables: Payables to customers, payables to non-customers, drafts payable, payables to broker-dealers and clearing organizations, taxes payable and accounts payable and accrued liabilities are recorded at amounts that approximate fair value due to their short-term nature and are classified as level 2 under the fair value hierarchy.

Deferred contract incentive: The carrying amount of the deferred contract incentive approximates fair value due to the relative short-term nature of the liability. Under the fair value hierarchy, the deferred contract incentive is classified as level 2.

6. Property, Office Facilities, and Equipment, Net

Property, office facilities, and equipment consist of the following as of the period indicated:

	As of June 30, 2023
Property	$ —
Office facilities	1,622,000
Equipment	650,000
Total Property, office facilities, and equipment	2,272,000
Less accumulated depreciation	(1,866,000)
Total Property, office facilities, and equipment, net	$ 406,000

7. Software, Net

Software consisted of the following as of the period indicated:

	As of June 30, 2023
Software	$ 2,732,000
Less accumulated amortization	(1,734,000)
Total Software, net	$ 998,000

8. Leases

As of June 30, 2023, all of the Company's leases are classified as operating and primarily consist of office space leases expiring in 2023 through 2027. The Company elected not to include short-term leases (i.e., leases with initial terms of less than twelve months), or equipment leases (deemed immaterial) on the statement of financial condition. The Company leases some miscellaneous office equipment, but they are immaterial and therefore the Company records the costs associated with this office equipment on the statements of operations rather than capitalizing them as lease right-of-use assets. The balance of the lease right-of-use assets and lease liabilities are displayed on the statement of financial condition and the below tables display further detail on the Company's leases.

Lease Term and Discount Rate	As of June 30, 2023
Weighted average remaining lease term – operating leases (in years)	2.5
Weighted average discount rate – operating leases	5.0%

The following table represents lease costs and other lease information. The Company has elected the practical expedient to not separate lease and non-lease components, and as such, the variable lease cost primarily represents variable payments such as common area maintenance and utilities which are usually determined by the leased square footage in proportion to the overall office building.

	Six Months Ended June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 585,000
Lease right-of-use assets obtained in exchange for new lease liabilities	
Operating leases	$ —

Lease Commitments

Future annual minimum payments for operating leases with initial terms of greater than one year as of June 30, 2023 were as follows:

Year	**Amount**
2023	$ 543,000
2024	588,000
2025	450,000
2026	234,000
2027	48,000
Remaining balance of lease payments	1,863,000
Less: Difference between undiscounted cash flows and discounted cash flows	111,000
Lease liabilities	$ 1,752,000

9. Income Taxes

The results of the Company's operations are included in the consolidated federal and state income tax return of the Parent and the state and local income tax return of the Parent or the Company, as appropriate. Federal income taxes are calculated as if the companies filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize deferred taxes in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company's provision for income taxes consists of federal and state taxes, as applicable, in amounts necessary to align the Company's year-to-date tax provision with the effective rate that it expects to achieve for the full year. Each quarter the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary. As of June 30, 2023, the Company has concluded that its deferred tax assets are realizable on a more-likely-than-not basis with the exception of certain state net operating losses.

Uncertain Tax Positions

The Company accounts for uncertain tax positions in accordance with the authoritative guidance issued under ASC 740-10, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure requirements.

The Company recognizes interest and penalties related to unrecognized tax benefits on the provision for income taxes line on the statements of income. Accrued interest and penalties would be included on the related tax liability line on the statement of financial condition.

As of June 30, 2023, the Company recorded an uncertain tax position of $956,000 related to the ability to the use of certain U.S. federal net operating loss carryforwards.

10. Capital Requirements

Net Capital

MSCO is subject to the Uniform Net Capital Rules of the SEC (Rule 15c3-1) of the Exchange Act. Under the alternate method permitted by this rule, net capital, as defined, shall not be less than the lower of $1 million or 2% of aggregate debit items arising from customer transactions. As of June 30, 2023, MSCO's net capital was $45.8 million, which was approximately $44.2 million in excess of its required net capital of $1.6 million, and its percentage of aggregate debit balances to net capital was 57.60%.

Special Reserve Account

MSCO is subject to Customer Protection Rule 15c3-3 which requires segregation of funds in a special reserve account for the exclusive benefit of customers. As of June 30, 2023, MSCO had cash and securities deposits of $253.4 million (cash of $81.3 million, securities with a fair value of $172.1 million) in the special reserve accounts which was $22.5 million in excess of the deposit requirement of $230.9 million. After adjustments for deposit(s) and / or withdrawal(s) made on July 3, 2023, MSCO had $2.5 million in excess of the deposit requirement.

As of June 30, 2023, the Company was subject to the PAB Account Rule 15c3-3 of the SEC which requires segregation of funds in a special reserve account for the exclusive benefit of proprietary accounts of introducing broker-dealers. As of June 30, 2023, the Company had $1.3 million in the special reserve account which was approximately $0.01 million in excess of the deposit requirement of approximately $1.3 million. The Company made no subsequent deposits or withdrawals on July 3, 2023.

11. Financial Instruments with Off-Balance-Sheet Risk

Credit Risk

The Company is engaged in various trading and brokerage activities whose counterparties include broker-dealers, banks, and other financial institutions.

In the event counterparties do not fulfill their obligations, the Company may sustain a loss if the market value of the instrument is different from the contract value of the transaction. The risk of default primarily depends upon the credit worthiness of the counterparties involved in the transactions. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business. The Company has experienced no material historical losses in relation to its counterparties for six months ended June 30, 2023.

Off-Balance Sheet Risks

The Company enters into various transactions to meet the needs of customers, conduct trading activities, and manage market risks and is, therefore, subject to varying degrees of market and credit risk.

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

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, and is collateralized by cash and securities in the customers' accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations.

As of June 30, 2023, the Company had margin loans extended to its customers of approximately $350.3 million, of which $61.1 million is within the line item "Receivables from customers" on the statements of financial condition. There were no material losses for unsettled customer transactions for the six months ended June 30, 2023. Such transactions may expose the Company to off-balance sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations.

The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines which meet or exceed regulatory requirements. The Company monitors required margin levels daily and pursuant to such guidelines, requires customers to deposit additional collateral or to reduce positions when necessary.

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral in support of various secured financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities pledged as collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to mitigate this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. In addition, the Company establishes credit limits for such activities and continuously monitors compliance.

The Company's securities lending transactions are subject to master netting agreements with other broker-dealers; however, amounts are presented gross in the statement of financial condition. The Company further mitigates risk by using a program with a clearing organization which guarantees the return of cash to the Company as well as using industry standard software to ensure daily changes to market value are continuously updated and any changes to collateralization are immediately covered.

12. Commitments, Contingencies and Other

Legal and Regulatory Matters

The Company is party to certain claims, suits and complaints arising in the ordinary course of business. As of June 30, 2023, all legal matters are without merit or involve amounts which would not have a material impact on the Company's results of operations or financial position.

Overnight Financing

The Company has an available line of credit for short term overnight demand borrowing of up to $25 million with BMO Harris Bank as of June 30, 2023. As of June 30, 2023, the Company had no outstanding loan balance with BMO Harris Bank and there are no commitment fees or other restrictions on the line of credit. The Company utilizes customer or firm securities as a pledge for short-term borrowing needs.

General Contingencies

In the normal course of its business, the Company indemnifies and guarantees certain service providers against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company, through its affiliate, Kennedy Cabot Acquisition, LLC ("KCA") is self-insured with respect to employee health claims. KCA maintains stop-loss insurance for certain risks and has a health claim reinsurance limit capped at approximately $65,000 per employee as of June 30, 2023.

The estimated liability for self-insurance claims is initially recorded in the year in which the event of loss occurs and may be subsequently adjusted based upon new information and cost estimates. Reserves for losses represent estimates of reported losses and estimates of incurred but not reported losses based on past and current experience. Actual claims paid and settled may differ, perhaps significantly, from the provision for losses. This adds uncertainty to the estimated reserves for losses. Accordingly, it is at least possible that the ultimate settlement of losses may vary significantly from the amounts included in the financial statements.

The Company had an accrual of $52,000 as of June 30, 2023, which represents the historical estimate of future claims to be recognized for claims incurred prior to the end of the reporting period.

The Company believes that its present insurance coverage and reserves are sufficient to cover currently estimated exposures, but there can be no assurance that the Company will not incur liabilities in excess of recorded reserves or in excess of its insurance limits.

Effective June 2023, MSCO entered into an amendment to its service agreement with Broadridge Securities Processing Solutions, LLC that, among other things, extends the term of their arrangement for a five-year period ending June 2028, with an option to terminate after three years. The total minimum expense for this arrangement is estimated at approximately $1.3 million.

13. Employee Benefit Plans

The Company, through KCA, sponsors a defined-contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all employees. Participant contributions to the plan are voluntary and are subject to certain limitations. The Company may also make discretionary contributions to the plan.

The Parent has an equity incentive plan that provides for the grant of stock options, restricted stock, and other equity awards of the Parent's common stock to employees, officers, consultants, directors, and other service providers of the Parent and the Company. There are three million shares reserved under the Plan and 2,704,000 shares remained as of June 30, 2023. The Parent issued no securities under the Plan for the six months ended June 30, 2023.

14. Related Party Disclosures

Kennedy Cabot Acquisition, LLC

KCA is an affiliate of the Company and is under common ownership with the Parent. To gain efficiencies and economies of scale with billing and administrative functions, KCA serves as a paymaster for the Company for payroll and related functions, the entirety of which KCA passes through to the Company proportionally. In addition, KCA has purchased the naming rights of the Company for the Company to use.

For the six months ended June 30, 2023, KCA has earned no profit for providing any services to the Company as KCA passes through any revenue or expenses to the Company.

Park Wilshire Companies, Inc.

Park Wilshire Companies, Inc. ("PW"), is a wholly-owned subsidiary of the Parent, and brokers the insurance policies for related parties. Revenue for PW from related parties was $3,000 for the six months ended June 30, 2023.

Gebbia Sullivan County Land Trust

The Company operates on a month-to-month lease agreement for its branch office in Omaha, Nebraska with the Gebbia Sullivan County Land Trust, the trustee of which is a member of the Gebbia Family. For the six months ended June 30, 2023, rent expense was $30,000 for this branch office.

Siebert AdvisorNXT, Inc. ("SNXT")

SNXT is a registered investment advisor and wholly-owned subsidiary of the Parent. The Company provides brokerage services for SNXT and its clients.

RISE Financial Services, LLC ("RISE")

RISE, a subsidiary of the Parent, has an introducing broker dealer relationship with the Company. The Company offers correspondent clearing services for RISE. Refer to Note 3 - Receivables From, Payables To, and Deposits with Broker-Dealers and Clearing Organizations for further detail.

15. Subsequent Events

The Company has evaluated events that have occurred subsequent to June 30, 2023 and through August 14, 2023, the date of the filing of this Report.

There have been no material subsequent events that occurred during such period that would require disclosure in this Report or would be required to be recognized in the financial statement as of June 30, 2023.

MURIEL SIEBERT & CO., INC. **Schedule I**
Computation of Net Capital Under Rule 15c3-1 of the SEC
As of June 30, 2023

Total Stockholder's Equity	$ 57,994,000
Additions:	
Liabilities subordinated to claims of general creditors allowable in computation of net capital	—
Total capital and allowable subordinated liabilities	57,994,000
Deductions and/or charges:	
Non-allowable assets from Statement of Financial Condition	9,508,000
Aged fail-to-deliver	1,000
Other deductions and/or charges	1,750,000
Total deductions and/or charges	11,259,000
Other additions and/or allowable credits	409,000
Net capital before haircuts on securities positions	47,144,000
Haircuts on securities	1,342,000
NET CAPITAL	**$ 45,802,000**
COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT	
2 percent of aggregate debit items (or $250,000, if greater) as shown in formula for reserve requirements pursuant to rule 15c3-3 prepared as of date of net capital computation	$ 1,590,000
Minimum dollar net capital requirement of reporting broker-dealer	$ 1,000,000
Net capital requirement	$ 1,590,000
Excess net capital	$ 44,212,000
Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	$ 41,826,000
Percentage of Net Capital to Aggregate Debits	57.6%
Percentage of Net Capital, after anticipated capital withdrawals, to Aggregate Debits	56.9%
OTHER RATIOS	
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	0.00%

Statement Pursuant to Paragraph (d)(4) of Rule 17a-5:

There were no material differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17a-5 as of June 30, 2023.

Numbers are rounded for presentation purposes. See accompanying notes to the financial statements.