Oppenheimer & Co. Inc. and Subsidiaries

Consolidated Statement of Financial Condition
June 30, 2013
(Unaudited)

Oppenheimer & Co. Inc. and Subsidiaries
Index
June 30, 2013 (unaudited)

Page(s)

Consolidated Statement of Financial Condition 1–2

Notes to Consolidated Statement of Financial Condition 3–18

Oppenheimer & Co. Inc. and Subsidiaries
Consolidated Statement of Financial Condition
June 30, 2013 (unaudited)

Assets		
Cash and cash equivalents		$ 34,197,722
Cash and securities (includes securities with a fair value of $11,494,480) segregated under Federal and other regulations		39,199,700
Deposits with clearing organizations (includes securities with a fair value of $9,091,509)		25,630,281
Receivable from brokers and clearing organizations		
Deposits paid for securities borrowed	$ 191,214,160	
Securities failed to deliver	39,223,400	
Clearing organizations	24,391,728	
Omnibus accounts	16,778,080	
Other	14,225,886	
Total receivable from brokers and clearing organizations		285,833,254
Receivable from customers		964,119,284
Securities owned, at fair value		861,603,158
Office facilities, net		13,357,504
Notes receivable, net		42,482,061
Deferred income tax,net		49,764,205
Other assets		87,253,896
Total assets		$ 2,403,441,065

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

Oppenheimer & Co. Inc. and Subsidiaries
Consolidated Statement of Financial Condition
June 30, 2013 (unaudited)

Liabilities and Stockholder's Equity		
Drafts payable		$ 47,677,634
Bank call loans		219,800,000
Securites sold under agreements to repurchase		496,022,212
Payable to brokers and clearing organizations		
Deposits received for securities loaned	$ 234,879,774	
Securities failed to receive	15,496,272	
Other	4,343,425	
Total payable to brokers and clearing organizations		254,719,471
Securities sold, but not yet purchased, at fair value		111,076,085
Payable to customers		634,208,791
Income taxes payable		7,697,289
Accrued compensation		110,190,501
Accounts payable and other liabilities		112,730,021
Subordinated borrowings		112,558,118
Total liabilities		2,106,680,122
Commitments and contingencies (Note 10)		
Stockholder's equity		
Common stock, par value $100 per share - 1,000 shares authorized; 760 shares issued and outstanding	76,000	
Additional paid-in capital	287,438,744	
Retained earnings	9,685,514	
Accumulated other comprehensive income	918,617	
369 shares of treasury stock, at cost	(1,357,932)	
Total stockholder's equity		296,760,943
Total liabilities and stockholder's equity		$ 2,403,441,065

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

1. Organization and Nature of Business

Oppenheimer & Co. Inc. (the "Company") is a wholly owned subsidiary whose direct parent is Viner Finance Inc. and whose ultimate parent is Oppenheimer Holdings Inc. (the "Parent"), a Delaware public corporation. The Company is a registered broker-dealer in securities under the Securities Exchange Act of 1934 ("the Act") and is a member of various exchanges, including the New York Stock Exchange, Inc.

The Company engages in a broad range of activities in the securities industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), underwritings, research, market-making, and investment advisory and asset management services.

The Company provides its services from offices located throughout the United States. In addition, the Company conducts business through local broker-dealers in Israel and Latin America.

2. Significant Accounting Policies

Basis of Presentation

The consolidated statement of financial condition of the Company includes the accounts of the Company's wholly owned subsidiaries, Freedom Investments, Inc. ("Freedom"), a registered broker-dealer in securities under the Act; Oppenheimer Israel (OPCO) Ltd., which is engaged in offering investment services in the State of Israel as a local broker dealer under the supervision of the Israeli Securities Authority; Prime Charter Ltd., Old Michigan Corp. and Subsidiaries (inactive) and Reich & Co., Inc. (in liquidation) (collectively, the "Company").

This consolidated statement of financial condition has been prepared in conformity with accounting principles generally accepted in the United States of America. These accounting principles are set out in the notes to the Company's audited consolidated statement of financial condition for the year ended December 31, 2012.

All material intercompany transactions and balances have been eliminated in the preparation of the consolidated statement of financial condition.

Use of Estimates

The preparation of the consolidated statement of financial condition in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated statement of financial condition.

In presenting the consolidated statement of financial condition, management makes estimates regarding valuations of financial instruments, allowances for doubtful accounts, the outcome of legal and regulatory matters, the carrying amount of goodwill and intangibles, valuation of stock-based compensation plans, and income taxes. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could be different from these estimates.

3. New Accounting Pronouncements

Recently Adopted

On December 31, 2011, the FASB issued ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities," which requires new disclosures about balance sheet offsetting and related arrangements. For derivatives and financial assets and liabilities, the ASU requires disclosure of gross asset and liability amounts, amounts offset on the balance sheet, and amounts subject to the offsetting requirements but not offset on the balance sheet. In January 2013, the FASB issued ASU No. 2013-01, "Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities." The ASU clarifies which instruments and transactions are subject to the offsetting disclosure requirements established by ASU No. 2011-11. The ASU limits the scope of the new balance sheet offsetting disclosures in ASU No. 2011-11 to derivatives, repurchase agreements, and securities lending transactions. The effective date of the ASU coincides with the effective date of the disclosure requirements in ASU No. 2011-11. The Company adopted this guidance in the period ended June 30, 2013. See Note 5, Financial Instruments and Fair Value measurements, below.

In February 2013, the FASB issued ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The ASU requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety from accumulated other comprehensive income to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The Company adopted this guidance in the period ended June 30, 2013.

Recently Issued

In June 2013, the FASB issued ASU No. 2013-08 "Financial Services – Investment Companies, Amendments to the Scope, Measurement and Disclosure Requirement." The ASU clarifies the characteristics of an investment company by amending the measurement criteria for certain interests in other investment companies. Additionally, the ASU introduces new disclosure requirements. The ASU is effective for the annual reporting period in the fiscal year that begins after December 15, 2013. The Company is currently evaluating the impact, if any, that the ASU will have on its financial condition.

4. Cash and Securities Segregated Under Federal and Other Regulations

Deposits of $39.2 million were held at June 30, 2013 in special reserve bank accounts for the exclusive benefit of customers in accordance with regulatory requirements. To the extent permitted, these deposits may be invested in interest bearing accounts collateralized by qualified securities.

5. Financial Instruments and Fair Value Measurements

Financial Instruments

Securities owned and securities sold, but not yet purchased are carried at fair value. The Company's other financial instruments are generally short-term in nature or have variable interest rates and as such their carrying values approximate fair value, with the exception of notes receivable from employees which are carried at cost.

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

(in thousands of dollars)

	June 30, 2013	
	Owned	Sold
U.S. Government, agency, & sovereign obligations	$ 580,883	$ 55,026
Corporate debt and other obligations	9,918	3,187
Mortgage and other asset-backed securities	3,246	5
Municipal obligations	93,155	795
Convertible bonds	60,851	8,230
Corporate equities	45,117	43,757
Other	68,433	76
Total	$ 861,603	$ 111,076

Securities owned and securities sold, but not yet purchased, consist of trading and investment securities at fair values. Included in securities owned at June 30, 2013 are mutual funds with estimated fair values of approximately $13.3 million, which are related to deferred compensation liabilities to certain employees included in accrued compensation on the consolidated statement of financial condition.

Valuation Techniques

A description of the valuation techniques applied and inputs used in measuring the fair value of the Company's financial instruments is as follows:

U.S. Government Obligations
U.S. Treasury securities are valued using quoted market prices obtained from active market makers and inter-dealer brokers and, accordingly, are categorized in Level 1 of the fair value hierarchy.

U.S. Agency Obligations
U.S. agency securities consist of agency issued debt securities and mortgage pass-through securities. Non-callable agency issued debt securities are generally valued using quoted market prices. Callable agency issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of mortgage pass-through securities are model driven with respect to spreads of the comparable To-be-announced ("TBA") security. Actively traded noncallable agency issued debt securities are categorized in Level 1 of the fair value hierarchy. Callable agency issued debt securities and mortgage pass-through securities are generally categorized in Level 2 of the fair value hierarchy.

Sovereign Obligations
The fair value of sovereign obligations is determined based on quoted market prices when available or a valuation model that generally utilizes interest rate yield curves and credit spreads as inputs. Sovereign obligations are categorized in Level 1 or 2 of the fair value hierarchy.

Corporate Debt and Other Obligations
The fair value of corporate bonds is estimated using recent transactions, broker quotations and bond spread information. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Mortgage and Other Asset-Backed Securities

The Company holds non-agency securities primarily collateralized by home equity and various other types of collateral which are valued based on external pricing and spread data provided by independent pricing services and are generally categorized in Level 2 of the fair value hierarchy. When specific external pricing is not observable, the valuation is based on yields and spreads for comparable bonds and, consequently, the positions are categorized in Level 3 of the fair value hierarchy.

Municipal Obligations

The fair value of municipal obligations is estimated using recently executed transactions, broker quotations, and bond spread information. These obligations are generally categorized in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Convertible Bonds

The fair value of convertible bonds is estimated using recently executed transactions and dollar-neutral price quotations, where observable. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves and bond spreads as key inputs. Convertible bonds are generally categorized in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Corporate Equities

Equity securities and options are generally valued based on quoted prices from the exchange or market where traded and categorized as Level 1 of the fair value hierarchy. To the extent quoted prices are not available, fair values are generally derived using bid/ask spreads, and these securities are generally categorized in Level 2 of the fair value hierarchy.

Other

In February 2010, Oppenheimer finalized settlements with each of the New York Attorney General's office ("NYAG") and the Massachusetts Securities Division ("MSD" and, together with the NYAG, the "Regulators") concluding investigations and administrative proceedings by the Regulators concerning Oppenheimer's marketing and sale of Auction Rate Securities ("ARS"). Pursuant to those settlements and legal settlements, as of June 30, 2013, the Company purchased and holds approximately $83.3 million in ARS from its clients pursuant to several purchase offers and legal settlements. The Company's purchases of ARS from its clients will, subject to the terms and conditions of the settlements with the Regulators, continue on a periodic basis pursuant to the settlements with the Regulators. In addition, the Company is committed to purchase another $33.9 million in ARS from clients through 2016. The ultimate amount of ARS to be repurchased by the Company cannot be predicted with any certainty and will be impacted by redemptions by issuers and legal and other actions by clients during the relevant period, which cannot be predicted. The Company also held $150,000 in ARS in its proprietary trading account as of June 30, 2013 as a result of the failed auctions in February 2008. These ARS positions primarily represent Auction Rate Preferred Securities issued by closed-end funds and, to a lesser extent, Municipal Auction Rate Securities which are municipal bonds wrapped by municipal bond insurance and Student Loan Auction Rate Securities which are asset-backed securities backed by student loans.

Interest rates on ARS typically reset through periodic auctions. Due to the auction mechanism and generally liquid markets, ARS have historically been categorized as Level 1 of the fair value hierarchy. Beginning in February 2008, uncertainties in the credit markets resulted in substantially all of the ARS market experiencing failed auctions. Once the auctions failed, the ARS could no longer be valued using observable prices set in the auctions. The Company has used less

observable determinants of the fair value of ARS, including the strength in the underlying credits, announced issuer redemptions, completed issuer redemptions, and announcements from issuers regarding their intentions with respect to their outstanding ARS. The Company has also developed an internal methodology to discount for the lack of liquidity and non-performance risk of the failed auctions. Key inputs include spreads on comparable Treasury yields to derive a discount rate, an estimate of the ARS duration, and yields based on current auctions in comparable securities that have not failed. Additional information regarding the valuation technique and inputs used is as follows:

(in thousands of dollars)

Quantitative Information about Level 3 Fair Value Measurements at June 30, 2013

Product	Principal	Valuation Adjustment	Fair Value	Valuation Technique	Unobservable Input	Range
Auction Rate Securities(1)	$ 117,249	$ 7,619	$ 109,630	Discounted Cash Flow	Discount Rate	1.12% to 3.14%
					Duration	4 to 7 Years
					Current Yield(2)	0.11% to 1.35%

(1) Includes ARS owned by the Company of $83.3 million and included in the consolidated statement of financial condition at June 30, 2013 as well as additional commitments to purchase ARS from clients of $33.9 million which is disclosed in the notes to the consolidated financial statement.

(2) Based on current auctions in comparable securities that have not failed.

The fair value of ARS is particularly sensitive to movements in interest rates. Increases in short-term interest rates would increase the discount rate input used in the ARS valuation and thus reduce the fair value of the ARS (increase the valuation adjustment). Conversely, decreases in short-term interest rates would decrease the discount rate and thus increase the fair value of ARS (decrease the valuation adjustment). However, an increase (decrease) in the discount rate input would be partially mitigated by an increase (decrease) in the current yield earned on the underlying ARS asset increasing the cash flows and thus the fair value. Furthermore, movements in short term interest rates would likely impact the ARS duration (i.e., sensitivity of the price to a change in interest rates), which would also have a mitigating effect on interest rate movements. For example, as interest rates increase, issuers of ARS have an incentive to redeem outstanding securities as servicing the interest payments gets prohibitively expensive which would lower the duration assumption thereby increasing the ARS fair value. Alternatively, ARS issuers are less likely to redeem ARS in a lower interest rate environment as it is a relatively inexpensive source of financing which would increase the duration assumption thereby decreasing the ARS fair value.

Due to the less observable nature of these inputs, the Company categorizes ARS in Level 3 of the fair value hierarchy.

Investments
In its role as general partner in certain hedge funds and private equity funds, the Company holds direct investments in such funds. The Company uses the net asset value of the underlying fund as a basis for estimating the fair value of its investment. Due to the illiquid nature of these investments and difficulties in obtaining observable inputs, these investments are included in Level 3 of the fair value hierarchy.

Derivative Contracts

From time to time, the Company transacts in exchange-traded derivative transactions to manage its interest rate risk. Exchange-traded derivatives, namely U.S. Treasury futures, Federal funds futures, and Eurodollar futures, are valued based on quoted prices from the exchange and are categorized as Level 1 of the fair value hierarchy.

The Company from time to time enters into securities financing transactions that mature on the same date as the underlying collateral (referred to as "repo-to-maturity" transactions). Such transactions are treated as a sale of financial assets and a forward repurchase commitment, or conversely as a purchase of financial assets and a forward reverse repurchase commitment. The forward repurchase and reverse repurchase commitments are valued based on the spread between the market value of the government security and the underlying collateral and are categorized in Level 2 of the fair value hierarchy.

Fair Value Measurements

The Company's assets and liabilities recorded at fair value on a recurring basis as of June 30, 2013 have been categorized based upon the fair value hierarchy as follows:

	Fair Value Measurements at June 30, 2013			
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 14,253	$ -	$ -	$ 14,253
Securities segregated for regulatory and other purposes	17,087	-	-	17,087
Deposits with clearing organizations	3,500	-	-	3,500
Securities owned				
U.S Treasury securities	551,792	-	-	551,792
U.S. Agency securities	8,450	18,573	-	27,023
Sovereign obligations	-	2,068	-	2,068
Corporate debt and other obligations	-	9,918	-	9,918
Mortgage and other asset-backed securities	-	3,180	66	3,246
Municipal obligations	-	81,586	11,569	93,155
Convertible bonds	-	60,851	-	60,851
Corporate equities	34,471	10,646	-	45,117
Other	1,690	-	66,743	68,433
Securities owned, at fair value	596,403	186,822	78,378	861,603
Investments [(1)]	19	42,514	566	43,099
TBAs	-	1,718	-	1,718
	$ 631,262	$ 231,054	$ 78,944	$ 941,260
Liabilities				
Securities sold, but not yet purchased				
U.S Treasury securities	$ 46,241	$ -	$ -	$ 46,241
U.S. Agency securities	7,732	38	-	7,770
Sovereign obligations	-	1,015	-	1,015
Corporate debt and other obligations	-	3,187	-	3,187
Mortgage and other asset-backed securities	-	5	-	5
Municipal obligations	-	795	-	795
Convertible bonds	-	8,230	-	8,230
Corporate equities	30,248	13,509	-	43,757
Other	76	-	-	76
Securities sold, but not yet purchased at fair value	84,297	26,779	-	111,076
Derivative contracts	401	40	2,329	2,770
TBAs	-	1,989	-	1,989
	$ 84,698	$ 28,808	$ 2,329	$ 115,835

1) Included in other assets on the consolidated statement of financial condition.

Financial Instruments Not Measured at Fair Value

The table below presents the carrying value, fair value and fair value hierarchy category of certain financial instruments that are not measured at fair value in the condensed consolidated balance sheet. The table below excludes non-financial assets and liabilities (e.g., office facilities and accrued compensation).

The carrying value of financial instruments not measured at fair value categorized in the fair value hierarchy as Level 1 or Level 2 (e.g., cash and receivables from customers) approximates fair value because of the relatively short period of time between their origination and expected maturity.

Assets and liabilities not measured at fair value on a recurring basis as of June 30, 2013

(in thousands of dollars)

	As of June 30, 2013		Fair Value Measurement: Assets As of June 30, 2013			
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Cash	$ 34,198	$ 34,198	$ 34,198	$ -	$ -	$ 34,198
Cash segregated for regulatory and other purposes	22,113	22,113	22,113	-	-	22,113
Deposits with clearing organization	22,130	22,130	22,130	-	-	22,130
Receivable from brokers and clearing organizations						
Deposits paid for securities borrowed	191,214	191,214	-	191,214	-	191,214
Receivables from brokers	35,844	35,844	-	35,844	-	35,844
Securities failed to deliver	39,223	39,223	-	39,223	-	39,223
Clearing organizations	209	209	-	209	-	209
Omnibus accounts	16,778	16,778	-	16,778	-	16,778
Other	2,565	2,565	-	2,565	-	2,565
	285,833	285,833	-	285,833	-	285,833
Receivable from customers	964,119	964,119	-	964,119	-	964,119
Notes receivable	42,482	42,482	-	-	42,482	42,482

(in thousands of dollars)

	As of June 30, 2013		Fair Value Measurement: Liabilities As of June 30, 2013			
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Drafts payable	$ 47,678	$ 47,678	$ 47,678	$ -	$ -	$ 47,678
Bank call loans	219,800	219,800	219,800	-	-	219,800
Payables to brokers and clearing organizations						
Deposits received for securities loaned	234,880	234,880	-	234,880	-	234,880
Securities failed to receive	15,496	15,496	-	15,496	-	15,496
Clearing organizations and other	4,343	4,343	-	4,343	-	4,343
	254,719	254,719	-	254,719	-	254,719
Payables to customers	634,209	634,209	-	634,209	-	634,209
Securities sold under agreements to repurchase	496,022	496,022	-	496,022	-	496,022

Fair Value Option

The Company has the option to measure certain financial assets and financial liabilities at fair value. The Company may make a fair value option election on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument.

The Company elected the fair value option for those securities sold under agreements to repurchase (“repurchase agreements”) and securities purchased under agreements to resell (“reverse repurchase agreements”) that do not settle overnight or have an open settlement date or that are not accounted for as purchase and sale agreements (such as repo-to-maturity transactions). The Company has elected the fair value option for these instruments to more accurately reflect market and economic events in its earnings and to mitigate a potential imbalance in earnings caused by using different measurement attributes (i.e. fair value versus carrying value) for certain assets and liabilities. At June 30, 2013, the fair value of the reverse repurchase agreements and repurchase agreements were $nil and $nil, respectively.

Fair Value of Derivative Activities

The Company transacts, on a limited basis, in exchange traded and over-the-counter derivatives for both trading and investment purpose.

Foreign Exchange Hedges

From time to time, the Company also utilizes forward and options contracts to hedge the foreign currency risk associated with compensation obligations to Oppenheimer Israel (OPCO) Ltd. employees denominated in New Israeli Shekels. When used, these hedges have not been designated as accounting hedges. At June 30, 2013, the Company did not have any such hedges in place.

"To-be-Announced" Securities

The Company also transacts in pass-through mortgage-backed securities eligible to be sold in the "To-Be-Announced" or TBA market. TBAs provide for the forward or delayed delivery of the underlying instrument with settlement up to 180 days. The contractual or notional amounts related to these financial instruments reflect the volume of activity and do not reflect the amounts at risk. Unrealized gains and losses on TBAs are recorded in the consolidated statement of financial condition in receivable from brokers and clearing organizations and payable to brokers and clearing organizations, respectively.

	June 30, 2013	
(in thousands of dollars)	**Notional Amount**	**Fair Value**
Sale of TBAs	$ 484,159	$ 1,718
Purchase of TBAs	481,434	1,989

Derivatives Used for Trading and Investment Purposes

Futures contracts represent commitments to purchase or sell securities or other commodities at a future date and at a specified price. Market risk exists with respect to these instruments. Notional or contractual amounts are used to express the volume of these transactions, and do not represent the amounts potentially subject to market risk. The futures contracts the Company used include U.S. Treasury notes, Federal Funds and Eurodollar contracts. At June 30, 2013, the Company had 355 open short contracts for 10-year U.S. Treasury notes with a fair value of $401,000 used primarily as an economic hedge of interest rate risk associated with a portfolio of fixed income investments. At June 30, 2013, the Company had 1,110 open contracts for Federal Funds futures with a fair value of approximately $29,000 used primarily as an economic hedge of interest rate risk associated with government trading activities.

The notional amounts and fair values of the Company's derivatives at June 30, 2013 were as follows:

	Fair Value of Derivative Instruments at June 30, 2013			
(in thousands of dollars)	**Type**	**Balance Sheet Location**	**Notional**	**Fair Value**
Liabilities				
Derivatives not designated as hedging instruments [1]				
Commodity contracts	U.S Treasury Futures	Payables to brokers and clearing organizations	$ 51,000	$ 401
	Federal Funds Futures	Payables to brokers and clearing organizations	5,550,000	29
	Euro Dollars Futures	Payables to brokers and clearing organizations	68,000	11
Other contracts	Auction Rate Securities	Securities owned	33,884	2,329
			$ 5,702,884	$ 2,770

[1] See "Fair Value of Derivative Instruments" below for description of derivative financial instruments.

Collateralized Transactions

The Company enters into collateralized borrowing and lending transactions in order to meet customers' needs and earn residual interest rate spreads, obtain securities for settlement and finance trading inventory positions. Under these transactions, the Company either receives or provides collateral, including U.S. government and agency, asset-backed, corporate debt, equity, and non U.S. government and agency securities.

The Company obtains short-term borrowings primarily through bank call loans. Bank call loans are generally payable on demand and bear interest at various rates but not exceeding the broker call rate. At June 30, 2013, bank call loans were $219.8 million.

At June 30, 2013, the Company had collateralized loans, collateralized by firm and customer securities with market values of approximately $157.3 million and $255.3 million, respectively, primarily with two U.S. money center banks. At June 30, 2013, the Company had approximately $1.3 billion of customer securities under customer margin loans that are available to be pledged, of which the Company has repledged approximately $201.9 million under securities loan agreements.

At June 30, 2013, the Company had deposited $402.1 million of customer securities directly with the Options Clearing Corporation to secure obligations and margin requirements under option contracts written by customers.

At June 30, 2013, the Company had no outstanding letters of credit.

The Company finances its government trading operations through the use of repurchase agreements and reverse repurchase agreements. Except as described below, repurchase and reverse repurchase agreements, principally involving government and agency securities, are carried at amounts at which the securities subsequently will be resold or reacquired as specified in the respective agreements and include accrued interest. Repurchase and reverse repurchase agreements are presented on a net-by-counterparty basis, when the repurchase and reverse repurchase agreements are executed with the same counterparty, have the same explicit settlement date, are executed in accordance with a master netting arrangement, the securities underlying the repurchase and reverse repurchase agreements exist in "book entry" form and certain other requirements are met.

The following tables present the gross amounts and the offsetting amounts of reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions as of June 30, 2013:

As of June 30, 2013

(in thousands of dollars)

				Gross Amounts Not Offset on the Balance Sheet		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented on the Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amount
Reverse repurchase agreements	$ 3,455,764	$ 3,455,764	$ -	$ -	$ -	$ -
Securities borrowed [(1)]	191,214	-	191,214	(191,214)	-	-
Total	$ 3,646,978	$ 3,455,764	$ 191,214	$ (191,214)	$ -	$ -

(1) Included in receivable from brokers and clearing organizations on the consolidated statement of financial condition.

				Gross Amounts Not Offset on the Balance Sheet		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented on the Balance Sheet	Financial Instruments	Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 3,951,786	$ 3,455,764	$ 496,022	$ (496,022)	$ -	$ -
Securities loaned [(2)]	234,880	-	234,880	(234,880)	-	-
Total	$ 4,186,666	$ 3,455,764	$ 730,902	$ (730,902)	$ -	$ -

(2) Included in payable to brokers and clearing organizations on the consolidated statement of financial condition.

Certain of the Company's repurchase agreements and reverse repurchase agreements are carried at fair value as a result of the Company's fair value option election. The Company elected the fair value option for those repurchase agreements and reverse repurchase agreements that do not settle overnight or have an open settlement date or that are not accounted for as purchase and sale agreements (such as repo-to-maturity transactions described above). The Company has elected the fair value option for these instruments to more accurately reflect market and economic events in its earnings and to mitigate a potential imbalance in earnings caused by using different measurement attributes (i.e. fair value versus carrying value) for certain assets and liabilities. At June 30, 2013, the fair value of the reverse repurchase agreements and repurchase agreements was $nil and $nil, respectively.

The Company receives collateral in connection with securities borrowed and reverse repurchase agreement transactions and customer margin loans. Under many agreements, the Company is permitted to sell or repledge the securities received (e.g., use the securities to enter into securities lending transactions, or deliver to counterparties to cover short positions). At June 30, 2013, the fair value of securities received as collateral under securities borrowed transactions and reverse repurchase agreements was $185.6 million and $3.5 billion, respectively, of which the Company has sold and re-pledged approximately $20.5 million under securities loaned transactions and $3.5 billion under repurchase agreements.

The Company pledges certain of its securities owned for securities lending and repurchase agreements and to collateralize bank call loan transactions. The carrying value of pledged securities owned that can be sold or re-pledged by the counterparty was $550.0 million, as presented on the face of the consolidated statement of financial condition at June 30, 2013. The carrying value of securities owned by the Company that have been loaned or pledged to counterparties where those counterparties do not have the right to sell or re-pledge the collateral was $157.9 million as at June 30, 2013.

The Company manages credit exposure arising from repurchase and reverse repurchase agreements by, in appropriate circumstances, entering into master netting agreements and collateral arrangements with counterparties that provide the Company, in the event of a customer default, the right to liquidate and the right to offset a counterparty's rights and obligations. The Company also monitors the market value of collateral held and the market value of securities receivable from others. It is the Company's policy to request and obtain additional collateral when exposure to loss exists. In the event the counterparty is unable to meet its contractual obligation to return the securities, the Company may be exposed to off-balance sheet risk of acquiring securities at prevailing market prices.

Credit Concentrations

Credit concentrations may arise from trading, investing, underwriting and financing activities and may be impacted by changes in economic, industry or political factors. In the normal course of business, the Company may be exposed to risk in the event customers, counterparties including other brokers and dealers, issuers, banks, depositories or clearing organizations are unable to fulfill their contractual obligations. The Company seeks to mitigate these risks by actively monitoring exposures and obtaining collateral as deemed appropriate. Included in receivable from brokers and clearing organizations as of June 30, 2013 are receivables from two major U.S. broker-dealers totaling approximately $66.5 million.

The Company is obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligations to the Company. Clients are required to complete their transactions on settlement date, generally one to three business days after trade date. If clients do not fulfill their contractual obligations, the Company may incur losses. The Company has clearing/participating arrangements with the National Securities Clearing Corporation ("NSCC"), the Fixed Income Clearing Corporation ("FICC"), R.J. O'Brien & Associates (commodities transactions) and others. With respect to its business in reverse repurchase and repurchase agreements, substantially all open contracts at June 30, 2013 are with the FICC. In addition, the Company began clearing its non-U.S. international equities business through BNP Securities Corp. The clearing corporations have the right to charge the Company for losses that result from a client's failure to fulfill its contractual obligations. Accordingly, the Company has credit exposures with these clearing brokers. The clearing brokers can re-hypothecate the securities held on behalf of the Company. As the right to charge the Company has no maximum amount and applies to all

trades executed through the clearing brokers, the Company believes there is no maximum amount assignable to this right. At June 30, 2013, the Company had recorded no liabilities with regard to this right. The Company's policy is to monitor the credit standing of the clearing brokers and banks with which it conducts business.

6. Variable Interest Entities ("VIEs")

The Company's policy is to consolidate all subsidiaries in which it has a controlling financial interest, as well as any VIEs where the Company is deemed to be the primary beneficiary, when it has the power to make the decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb significant losses or the right to receive benefits that could potentially be significant to the VIE. The Company reviews factors, including the rights of the equity holders and obligations of equity holders to absorb losses or receive expected residual returns, to determine if the investee is a VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company. The consolidation analysis is generally performed qualitatively. This analysis, which requires judgment, is performed at each reporting date. Accounting Standards Update ("ASU") No. 2010-10, "Amendments for Certain Investment Funds," defers the application of the revised consolidation rules for a reporting entity's interest in an entity if certain conditions are met. An entity that qualifies for the deferral will continue to be assessed for consolidation under the overall guidance on VIEs, before its amendment, and other applicable consolidation guidance. Generally, the Company would consolidate those entities when it absorbs a majority of the expected losses or a majority of the expected residual returns, or both, of the entities.

For entities that the Company has concluded are not VIEs, the Company then evaluates whether the fund is a partnership or similar entity. If the fund is a partnership or similar entity, the Company evaluates the fund under the partnership consolidation guidance. Pursuant to that guidance, the Company consolidates funds in which it is the general partner and/or manages through a contract, unless presumption of control by the Company can be overcome. This presumption is overcome only when unrelated investors in the fund have the substantive ability to liquidate the fund or otherwise remove the Company as the general partner without cause, based on a simple majority vote of unaffiliated investors, or have other substantive participating rights. If the presumption of control can be overcome, the Company accounts for its interest in the fund pursuant to the equity method of accounting.

The Company serves as general partner of hedge funds and private equity funds that were established for the purpose of providing investment alternatives to both its institutional and qualified retail clients. The Company holds variable interests in these funds as a result of its rights to receive management and incentive fees. The Company's investment in and additional capital commitments to these hedge funds and private equity funds are also considered variable interests. The Company's additional capital commitments are subject to call at a later date and are limited in amount.

The Company assesses whether it is the primary beneficiary of the hedge funds and private equity funds in which it holds a variable interest in the form of the total general and limited partner interests held in these funds by all parties. In each instance, the Company has determined that it is not the primary beneficiary and therefore need not consolidate the hedge funds or private equity funds. The Company's general partnership interests, additional capital commitments, and management fees receivable represent its maximum exposure to loss. The Company's general partnership interests and management fees receivable are included in other assets on the consolidated statement of financial condition.

The following tables set forth the total VIE assets, carrying value of the Company's variable interests, and the Company's maximum exposure to loss in Company-sponsored nonconsolidated VIEs in which the Company holds variable interests and other nonconsolidated VIEs in which the Company holds variable interests:

	June 30, 2013				
		Carrying Value of the Company's Variable Interest			Maximum Exposure to Loss in Nonconsolidated
(in thousands of dollars)	Total VIE Assets	Assets	Liabilities	Capital Commitments	VIE'S
Hedge funds	$ 54,100	$ 277	$ -	$ -	$ 277
Private equity funds	110,600	32	-	8	40
	$ 164,700	$ 309	$ -	$ 8	$ 317

7. Office Facilities

The components of office facilities at June 30, 2013 are as follows:

(in thousands of dollars)

Furniture, fixtures and equipment	$ 73,450
Leasehold improvements	28,662
	102,112
Accumulated depreciation and amortization	(88,754)
	$ 13,358

8. Subordinated Borrowings

The subordinated loans are payable to the Company's indirect parent, E.A. Viner International Co. ("Viner"). Certain loans bear interest at 11-1/2% per annum. These loans are due: $1.6 million, June 25, 2014; $3.8 million, November 29, 2014; and $7.1 million, December 31, 2014 are automatically renewed for an additional year unless terminated by either party within seven months of their expiration. On January 14, 2008, in connection with the acquisition of the capital markets businesses from CIBC, the Company issued a subordinated note to Viner in the amount of $100 million at a variable interest rate based on LIBOR which is due and payable on January 31, 2014. On May 4, 2011, the rate on the note changed from variable to a fixed rate of 8.75%. Interest is due semi-annually on April 15 and October 15.

The subordinated loans are available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. These borrowings may be repaid only if, after giving effect to such repayment, the Company meets the Securities and Exchange Commission's net capital requirements.

9. Income Taxes

The Company is included in an affiliated group, which files a consolidated Federal income tax return. State and local income tax returns are filed either on a unitary or stand-alone entity basis depending on the state's requirements.

Deferred tax assets, net, which relate primarily to compensation and other expenses not currently deductible for tax purposes, amounted to $49.7 million at June 30, 2013.

10. Commitments and Contingencies

The Company and its subsidiaries have operating leases for office space, equipment and furniture and fixtures expiring at various dates through 2020. Future minimum rental commitments under such office and equipment leases as at June 30, 2013 are as follows:

(in thousands of dollars)

2013	$ 21,606
2014	40,964
2015	35,770
2016	31,866
2017	28,661
2018 and thereafter	157,823
	$ 316,690

The above table includes operating leases which have been signed by the Company's immediate parent, Viner Finance Inc., in which the Company is responsible for rent charges associated with its occupancy.

Certain of the leases contain provisions for rent increases based on changes in costs incurred by the lessor.

11. Regulatory Requirements

The Company and Freedom are subject to the uniform net capital requirements of the SEC under Rule 15c3-1 (the "Rule"). The Company computes its net capital requirements under the alternative method provided for in the Rule which requires that the Company maintain net capital equal to 2% of aggregate customer related debit items, as defined in SEC Rule 15c3-3. At June 30, 2013, the Company had net capital of $158.5 million which exceeded required net capital by $132.4 million. Freedom computes its net capital requirement under the basic method provided for in the Rule, which requires that Freedom maintain net capital equal to the greater of $250 thousand or 6-2/3% of aggregate indebtedness, as defined. At June 30, 2013, Freedom had net capital of $4.6 million, which was $4.3 million in excess of the $250 thousand required to be maintained at that date.

At June 30, 2013, the Company and Freedom had $21.9 million and $17.3 million, respectively, in cash and U.S. Treasury securities segregated under Federal and other regulations.

In accordance with the SEC's No-Action Letter dated November 3, 1998, the Company has computed a reserve requirement for the proprietary accounts of introducing firms as of June 30, 2013. The Company had no deposit requirements as of June 30, 2013.

12. Related-Party Transactions

The Company does not make loans to its officers and directors except under normal commercial terms pursuant to client margin account agreements. These loans are fully collateralized by such employee-owned securities.

13. Subsequent Events

The Company has performed an evaluation of events that have occurred through the date on which the consolidated statement of financial condition is issued and determined that there are no events that have occurred that would require recognition or additional disclosure in this consolidated statement of financial condition.