OPPENHEIMER

Oppenheimer Holdings Inc.

Annual Report 2013

BY THE NUMBERS

$1B

Gross Revenue

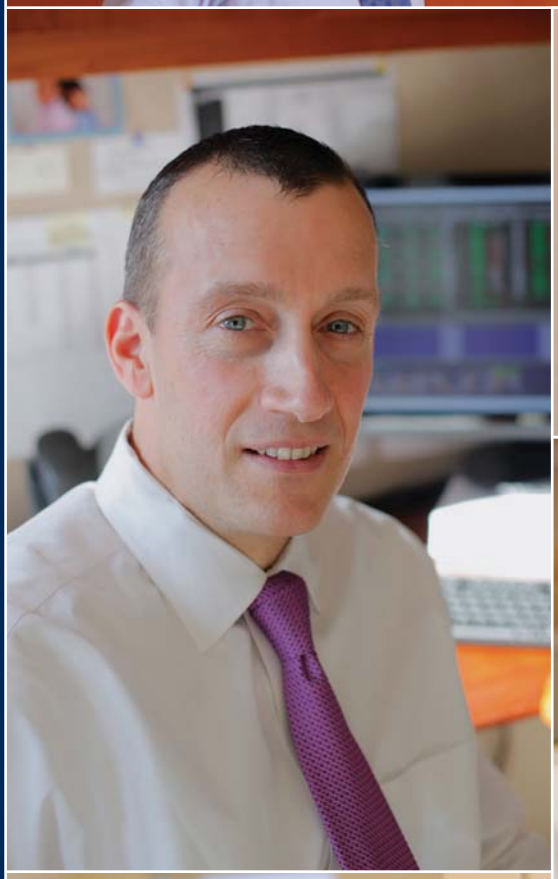
$38.77

Book Value/Share

43%

Increase in Share Price
12/31/12 – 12/31/13

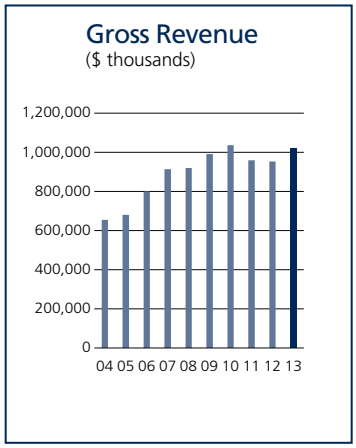
- Through its principal subsidiaries, Oppenheimer & Co. Inc. (a U.S. broker-dealer) and Oppenheimer Asset Management Inc., Oppenheimer offers a wide range of investment banking, securities, investment management and wealth management services from 96 offices in 25 states and through local investment firms in five foreign jurisdictions.
- OPY Credit Corp. offers syndication as well as trading of issued corporate loans.
- Oppenheimer employs over 3,500 people.
- Oppenheimer offers trust and estate services through Oppenheimer Trust Company of Delaware.
- Oppenheimer Multifamily Housing & Healthcare Finance, Inc. is a Commercial Mortgage Banking Firm that originates and services loans
- Through its subsidiary, Freedom Investments, Inc. and the BUYandHOLD division of Freedom, Oppenheimer offers online discount brokerage and dollar-based investing services.

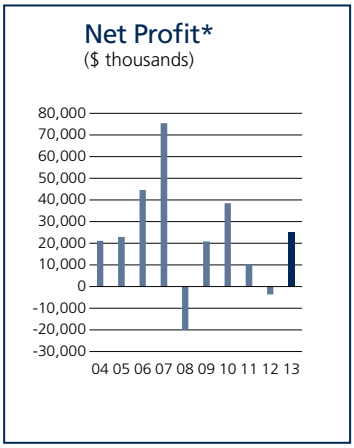


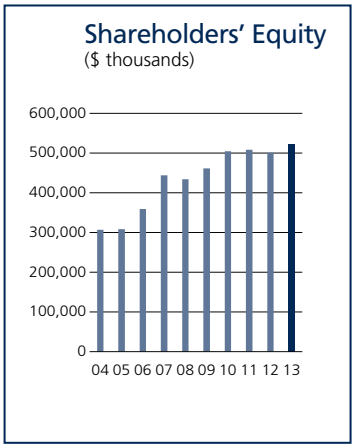
FINANCIAL HIGHLIGHTS—Annual Report 2013

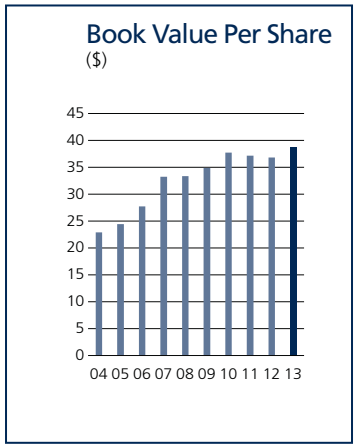
(In thousands of dollars except per share amounts)

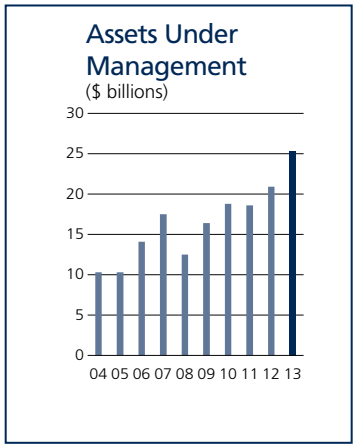
	2013	2012	2011	2010	2009
Gross Revenue	$1,019,714	$952,612	$958,992	$1,036,273	$990,480
Profit (loss) before income taxes	$43,909	($527)	$17,848	$67,991	$37,067
Net profit (loss)*	$25,061	($3,613)	$10,316	$38,532	$20,824
Basic earnings (loss) per share*	$1.85	($0.27)	$0.76	$2.89	$1.59
Total assets	$2,952,720	$2,678,020	$3,527,439	$2,515,062	$2,162,582
Shareholders' equity*	$522,518	$500,740	$508,070	$504,330	$461,012
Book value per share*	$38.77	$36.80	$37.16	$37.73	$34.88
Total shares outstanding	13,478	13,608	13,672	13,368	13,218
Number of employees	3,517	3,521	3,576	3,576	3,616

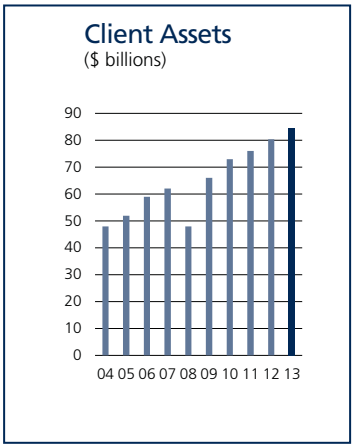


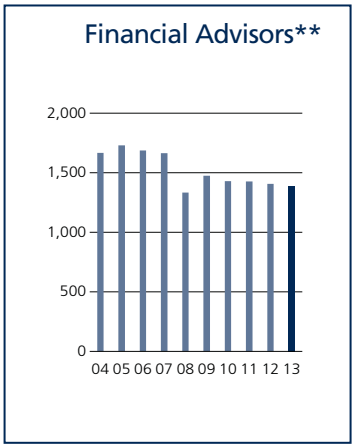


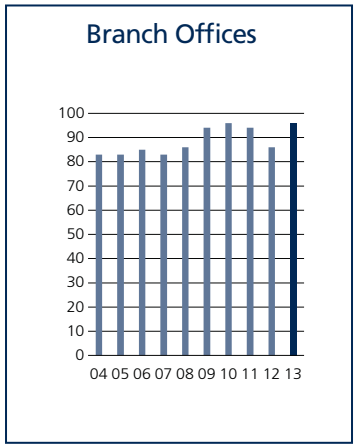












* Attributable to Oppenheimer Holdings Inc.
** In past years we have actually disclosed registered personnel, not financial advisors in the chart

Dear Fellow Shareholders

You can't complain about a year when the stock market appreciates 29%. Despite the Federal Reserve's December 2013 announcement of its intention to slow bond-buying, the market liked what it saw: improving industrial production, an improving housing market, better consumer sentiment, lower levels of unemployment and continued low inflation. As we turned the corner into 2014, markets have paused as investors became concerned about volatile emerging markets, weaker reports out of Europe and a slowing Chinese economy. Nonetheless, the recovery continues and higher interest rates are likely by year-end. We expect 2014 to continue to be a constructive environment for Oppenheimer.

Today's world is filled with uncertainty – fiscal, economic and political – that breeds extreme caution, disrupts thoughtful planning and is generally bad for business. And while this is true in the U.S., at Oppenheimer, we are as certain as ever about our own businesses and future prospects. We believe in the quality and reliability of our services, the talent and commitment of our employees, as well as the capacity and efficiency of our platform. We are equally confident that as the population of potential clients swells in size and affluence, abundant opportunities will emerge for Oppenheimer to deliver substantial value to them. We see momentum picking up in our business, as the plans we have made, the people we have hired, the problems we have resolved and the confidence of our clients move us forward. When faced with challenges, it is how we respond that defines us.

At year-end 2013, client assets under administration totaled approximately $84.6 billion, a new milestone, while client assets under management in fee-based programs totaled approximately $25.3 billion, also at record levels, compared to $80.3 billion and $20.9 billion, respectively, at December 31, 2012.

During 2013, the Company reported revenues of $1.02 billion, an increase of 7% from $953 million in the prior year. We reported a profit of $25 million, compared to a loss of $3.6 million in 2012. The profit per share was $1.85 ($1.77 fully diluted) compared to a loss of $0.27 per share ($0.27 fully diluted) in 2012. At December 31, 2013, the Company had a total of 13,478,000 shares outstanding, with a book value per share of $38.77 compared to $36.80 at the end of 2012.

As reported above, for the second time our full year results produced revenue exceeding $1 billion. Our costs associated with litigation remained elevated, although down significantly from the prior year, and most importantly we put a number of major issues behind us. Helping our results was continued growth in our asset management business with fee-based programs producing record revenues with an added boost from incentive fees earned in our alternative investments for which we act as a general partner.

We continue to see redemptions of client-held auction rate securities and the holdings by clients eligible for firm tenders was down to $167 million at year-end from total client holdings of $2.8 billion when the auction rate market failed in 2008. While this problem has not completely disappeared, and we hold, on a proprietary basis, more auction rate securities than we like or want ($92 million), the prospect of higher short term interest rates in 2015, now less than a year away, should provide the remaining issuers with the incentive to redeem that which remains. It has indeed been a painful and expensive process for us and our clients.

As we look back over the past six years from the top of the last market to today, we take pride in having come through this period having preserved and grown a valuable franchise. This is true, despite dealing with the largest and longest recession since the 1930's and having spent over one hundred million dollars successfully dealing with legal and regulatory issues, while having maintained our enviable reputation. We have achieved new records in client assets under administration (up 36%), from the market high in 2007, as well as client assets in fee-based programs (up 50%) since that market high. We have increased value for shareholders with no significant dilution, with shares outstanding today at 13,478,000 vs. 13,366,000 at the end of 2007. Our book value has grown to $38.77 vs. $33.22 in 2007.

During the past year, we showed progress in a number of areas:

- We hired 68 experienced financial advisors across the country adding to recently opened offices as well as long established ones. We continue to constructively handle the transition as senior members of our sales force retire.
- Our growth in our ability to transact in emerging market debt continued with an almost doubling of our revenues through the addition of traders and experienced sales talent. This is one of the positive effects of retrenchment by large bank competitors.
- We finished the year with 38 senior publishing equity analysts covering 550 public companies.
- In addition to a record year in our asset management division, we saw particular progress in our alternatives platform through a combination of new fund offerings, the success of our existing funds and overall growth of our alternatives platform with total assets of $3.2 billion at year end.
- Final construction of our headquarters was completed by mid-year, with all of our core operations unified in one building. We began to enjoy the benefit of significant savings in occupancy cost in 2013, as well as the efficiency brought by so many of our employees residing together in one building.

Providing strong support to our growth plans are the powerful tailwinds of a growing and increasingly sophisticated population of young well-educated professionals who are in their prime earning years and are about to participate in the greatest transfer of wealth in history. As a result of these trends, which are most pronounced in the metropolitan areas that we serve, we will be required to expand our offerings of sophisticated and appropriate products with an eye to doubling our client assets under administration and those under management over the next five years. At the same time, this will trigger a strong need for more experienced financial advisors trained to handle sophisticated client needs. As we build, we will continue to focus on operating excellence and customer service as pillars of our client experience.

A strengthening economy creates many more opportunities for the development of new and innovative companies in need of capital. It also increases the likelihood of existing companies reviewing their businesses and rethinking their corporate goals which will create a great need for investment banking services. To capitalize on this promising opportunity, Oppenheimer has been pursuing a far-reaching strategy and made further strides in 2013 by attracting teams of experienced investment bankers in areas where their expertise matches Oppenheimer's strong research focus and where we see the greatest potential growth. We aim to substantially expand our investment banking presence and achieve further improvements in profitability.

The investments we continue to make in our people and the build out of our business lines are yielding results. We continue to look toward acquiring new capabilities. While many organizations can run into trouble when they attempt to fulfill a new strategy or provide the basis for transformation through acquisitions, we practice a disciplined approach by looking for opportunities that build on, or extend, a capability Oppenheimer already has, and which provide immediate returns through scaling of existing resources. As we reach beyond the distractions of recent years and build free cash flow, we expect to find more opportunities to constructively move our business forward.

We have no doubt our company is well-equipped to seize these opportunities – we will pay particular attention to areas of our business that appear most promising – including a goal of reaching $1.25 billion in revenues by 2018. This requires the addition of productive financial advisors, attracting experienced investment banking talent and adding market and trading expertise in the emerging markets that we expect will outgrow traditional developed markets in the years ahead.

I am grateful to the men and women of Oppenheimer for their continued commitment to serving clients. The relationships arising from this dedication have never been more important or more productive as our many professionals assist clients in navigating a volatile environment. In sum, our strong strategic positioning, solid balance sheet, recurring revenue, improving profits—and especially our capacity for innovation —give us confidence that we can and will continue to provide differentiating value to our clients.

Let me close by expressing my appreciation and gratitude to you, our shareholders, for your unwavering support. I trust you share our excitement about your Company's future and the way in which we are building on our past in order to build an even brighter future.

Albert G. Lowenthal
Chairman of the Board

Private Client Services

2013 marked the beginning of a shift in investors' appetite for asset classes that offered higher returns as they saw an improving economy and another year of record low returns on their fixed income portfolios. As a result, clients began the long awaited rebalancing from cash and bond holdings to riskier assets, such as equities. This was the first measurable reallocation from lower risk assets since before the crisis. Positive double digit returns in equities in the year just ended strengthened this conviction.

Looking ahead, we expect a continued migration away from cash and lower risk assets, as investor confidence continues to return. Our highly qualified advisors are well positioned to provide insightful advice to assist clients in reallocating their investments to new choices and strategies that can help to enable them to achieve longer-term objectives. Clients are considering alternative investments designed to provide a higher rate of return with a moderate amount of additional risk but that have the potential to provide a superior return to cash and fixed-income securities, preserve purchasing power and provide the possibility of future growth. These investment alternatives include research-followed equities, equity-dividend strategies, open- and closed-ended mutual funds, preferred stocks and adjustable-rate securities, and convertibles along with bonds and annuities – in addition to the money-managers and hedged-equity vehicles on the Oppenheimer Asset Management Platform. We are particularly pleased with our research-centric "Top Picks" Family of Unit Investment Trusts (UITs). These have provided our research analysts' best ideas packaged in a Unit Investment Trust that has offered our clients excellent results as well as equity diversification.

We believe that we are uniquely positioned to capitalize on this environment, as our open platform and entrepreneurial culture differentiate us among financial services providers. Our platform allows us to offer our client significant flexibility and financial solutions that are tailored to their goals, objectives and unique circumstances.

We ended 2013 with record assets under administration and custody of over 84.6 billion. During 2013, we hired 68 experienced Financial Advisors, and since 2007, we have hired in excess of 600. We currently employ over 1,300 Financial Advisors in 96 offices in the United States.

In addition to long-established offices in major metropolitan areas that have been the foundation of our private client effort, in recent years Oppenheimer has added offices in mid-size and smaller communities such as: Greensboro, NC; Asheville, NC; Leawood, KS; Wichita, KS; Wyandotte, MI; Springfield, MO; Chesterfield, MO; White Plains, NY; Pittsburgh, PA; Monroeville, PA; Austin, TX and Clarksburg, WV. These branches have developed into productive and profitable locations for us and permit us to extend our services to new communities and new clients.

Professional Development

The greatest challenge any financial organization confronts is remaining relevant in its clients' eyes. As each client evolves, matures and experiences new stages in their lives, it is up to their financial providers to evolve and change as well. To understand each new challenge that our clients face requires constant outreach, careful

listening and the willingness to craft new solutions. Oppenheimer's emphasis on professional development meets this need.

Many Advisors are now steeped in skills that allow them to prepare custom analyses that depict their client's ability to maintain their lifestyles going forward. Many of our Financial Advisors are producing strategies that seek to ensure the integrity of their client's finances not only through the existing generation, but through those of succeeding generations.

Oppenheimer Trust Company of Delaware

We are pleased that the Delaware Office of the State Bank Commissioner approved the formation of Oppenheimer Trust Company of Delaware in 2013, into which Oppenheimer Trust Company merged. This development allows Oppenheimer Trust of Delaware to offer the many advantages to our clients of being domiciled in that state. The state's sophisticated trust law and bequest-friendly attitude have caused it to be widely regarded as the premier situs, and prompted us to move our trust company so that our clients could enjoy these benefits.

Oppenheimer Trust Company of Delaware continues to service the fiduciary needs of affluent individuals, corporations and institutions. At year-end, assets under the fiduciary care or custody of Oppenheimer Trust Company of Delaware exceeded $775 million.

Oppenheimer Life Agency, Ltd.

We offer sophisticated planning techniques and comprehensive solutions to meet our clients' long-term financial needs. In 2013, we continued to address client concerns about outliving their accumulated wealth and market risk by providing annuity solutions that offer market participation and guaranteed lifetime income. These types of investments can help our clients to meet their retirement goals by alleviating concerns about the uncertainty of the markets.

Our life insurance platform continues to focus on the changing tax landscape and its impact on our clients' overall estate planning objectives. Our goal is to address client concerns regarding wealth transfer by establishing and designing appropriate techniques that utilize life insurance as part of their overall investment strategy. This thoughtful and long-term approach helps our clients recognize life insurance as another important asset class for their investment portfolio.

Executive Services

The Executive Services Group continues to assist corporate executives and high net worth individuals diversify their holdings through Rule 10b5-1 trading plans, hedging strategies and exchange funds. Our exchange fund business has increased significantly as clients have seen dramatic increases in the value of their concentrated holdings and this strategy offers them a tax free exchange into a diversified portfolio. We have also worked with many corporations in executing stock buyback programs. The Financial Advisors in the Private Client Division have referred their corporate relationships to our investment banking group, which resulted in significant benefits to the clients in meeting their strategic goals and also investment banking opportunities and transactions for the firm.

Retirement Services

The Retirement Services Department consults with individuals, small employers and institutional employee benefit plan sponsors to develop strategies that meet their retirement goals. Various strategies and plan designs are developed to meet both employer and employee objectives in providing retirement income.

2013 was a year of opportunity for those Financial Advisors who advise employers on their employee benefit plans. Because of increasing regulation, government scrutiny and precedent-setting activity in the courts, it is more important now than ever before that employers work with qualified Financial Advisors to manage the fiduciary responsibilities associated with their retirement plans.

Through an expanded number of retirement savings and income planning tools, we are able to provide key insights to clients enabling them to plan for the future. On the horizon are significant upgrades to our retirement planning software, which will provide an impactful yet simplified way to illustrate our clients' readiness for retirement. In addition, we offer services focused on assisting clients to smoothly transition from retirement saving to retirement spending. Our IRA and other programs focused on individual retirement savers finished the year with more than $17.5 billion in assets, bringing total assets under advisement to more than $23 billion.

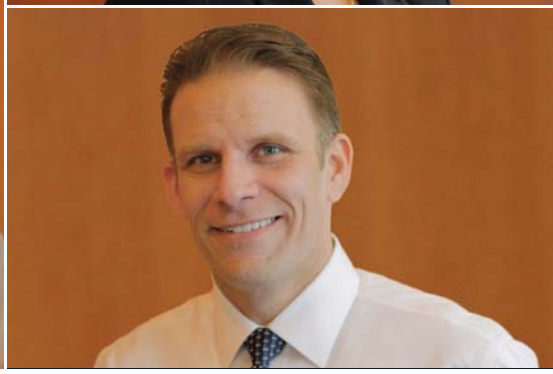
Professional Alliance Group

The Professionals Alliance Group (PAG) facilitates the referral of clients and fee sharing from third party trusted professionals such as CPAs and lawyers to our Financial Advisors. PAG maintains relationships with accounting firms, business managers, sports agents, consultants and other professionals throughout the world. It administers and advises over $2 billion in assets deposited with our firm.

Private Equity and Special Investments Department

The Private Equity and Special Investments Department originates and oversees private equity and other special investments for qualified clients. The department also structures investment vehicles that permit Oppenheimer clients to gain access to high-quality third party investment managers in areas such as commercial real estate, peer to peer lending and activist investing.

Asset Management



Oppenheimer Asset Management continues its mission to provide investment advice that best serves the needs and objectives of our clients. We seek to identify effective solutions and innovative investment strategies designed to help our clients protect and grow capital with appropriate risk controls. In 2013, we achieved a 21.2% increase in assets under management ("AUM") to $25.3 billion, a record for our division compared to $20.9 billion for the previous year. The increase in AUM was comprised of both asset appreciation and newly contributed assets.

Our experienced investment team, client-focused advisory process, analytical capabilities and commitment to exceptional client service, represent the cornerstone of who we are, and what we do. During the past year, we continued to enhance our traditional and alternative investment capabilities. We expanded our suite of hedge fund offerings and added additional high-conviction managers to our recommended list of traditional managers. Throughout the history of our firm, we have focused on identifying specialized, niche areas to invest in, and this continues to be where we find the best investment opportunities managed by talented investment professionals with strong credentials.

As reported last year, we are increasingly being called upon to provide financial planning services for clients seeking to unify their financial life. Our effort requires having opinions, views and ideas, developed through an effort, dedicated to proprietary investment research and market analysis. Our services will provide an ongoing program so that clients can be prepared to fund education expenses and retirement in a systematic manner. In coordination with a client's Financial Advisor, our professional staff collects the required information from clients, consults extensively with the client and ultimately reviews the results with the client to ensure that the plan provides a financial roadmap, both for now and into the future.

Consulting Group

The Consulting Group provides value-added services in asset allocation, manager selection, portfolio construction and manager-of-manager investment programs. The Consulting Group continues to increase the number of unique investment managers and high-conviction strategies that we offer. Traditional, long-only investing is characterized by directional investing across global capital markets where the sources of risk and return are largely market dependent. We emphasize our preference for working with managers who have the flexibility and nimbleness to successfully navigate difficult markets. Assets in our discretionary and non-discretionary programs now exceed $6.8 billion.

The Portfolio Advisory Service (PAS), a fee-based mutual fund advisory program, and the Unified Managed Account (UMA) program, which allows for multiple investment managers, mutual funds and/or ETFs to be combined into a single custodial account, continue to be our fastest growing offerings. The Managed Allocation Series (MAS), part of the discretionary offerings available in separate account or mutual fund structures, continued its strong growth and risk-adjusted performance for clients. The MAS portfolios combine the Consulting Group's asset allocation, manager research and portfolio construction philosophy with a dynamic overlay process designed to respond to changing market conditions.

Oppenheimer Investment Advisers (OIA)/Oppenheimer Investment Management (OIM)/ Fahnestock Asset Management (FAM)

The OIA and OIM investment teams provide fixed income strategies that share a common philosophy emphasizing a disciplined investment process and a long-term perspective focused on managing risk. The primary objective is to reduce risk by focusing on a diversified selection of higher quality investment-grade bond issues. OIA and OIM managers have a broad capability and extensive experience managing taxable and tax-exempt investment portfolios. Assets under management exceed $2.3 billion.

> Throughout the history of our firm, we have focused on identifying specialized, niche areas to invest in, and this continues to be where we find the best investment opportunities managed by talented investment professionals with strong credentials.

We recently introduced a new strategy focused on high yield tax-exempt bonds. Consistent with our investment philosophy of seeking investment opportunities in specialized areas of less efficient markets, we believe that such a timely opportunity is present today in high yield tax-exempt debt. In 2014 we will introduce a new fund offering designed to help our clients address their need for current income in a challenging environment for fixed income investing.

FAM provides a balanced approach to investing with exposure to both equity and debt investments. Its experienced managers manage in excess of $1 billion.

OIA, FAM and OIM offer clients direct access to Oppenheimer portfolio managers. They also provide a customized approach that allows the creation of a variety of portfolios to meet specific client needs.

Alternative Investments

The Alternative Investments Group (AIG) ended 2013 with $3 billion in assets under management across a select number of investment partnerships. AIG provides alternative investment research and consulting and offers single-strategy, multi-strategy and separate account management for hedge funds and private equity. Our focus in alternative investing includes non-directional, highly specialized investing in niche areas of global capital markets where the sources of return are less market dependent. This past year, we introduced additional new strategies that produced strong risk adjusted performance across all investments including European long-short equity and global event driven strategies. We look to achieve distribution to a broader investor audience through the introduction of new registered funds and liquid alternatives.

Advisor-Directed Portfolio Management

The OMEGA Program of discretionary portfolio management strategies saw its assets grow to over $2.6 billion reflecting 30% growth for the year. We continue to attribute the momentum driving this trend to our ability to attract experienced Financial Advisor Portfolio Managers to our firm. These advisors utilize a variety of investment approaches in their efforts to achieve attractive returns for clients over time. The Preference Advisory program is a non-discretionary, fee-based advisory program for clients who want to select their investments with the flexibility to change investment direction without additional costs or commissions. Preference Advisory assets at year-end were $3.7 billion.

Capital Markets

Many of the headwinds in recent years, including concerns about: the European Sovereign debt crises, the U.S. debt ceiling, Washington budget debates and continued growth of the U.S. economy - appeared to subside in 2013, and Equity markets were quite strong throughout the year. Secondary volumes were once again muted as volatility remained contained, and clients were generally rewarded for holding long positions in equities. A gradual rotation out of the more risky emerging markets toward the end of the year signaled perhaps the beginnings of a more cautious approach to the asset class as a whole, although any pull back in U.S. blue chip stocks generally was quickly curtailed by fresh buying. The issuance of equity securities in the primary market improved as companies elected to take advantage of favorable valuations for equity, and the year saw some very high profile IPOs. Investors were often highly receptive to new issuance, leading to several spectacular first day trade results.

EQUITY CAPITAL MARKETS

During 2013, Oppenheimer continued the process of further improving, refining and expanding our Equity product and service. As Equity markets continued to climb, recovering the ground lost during the financial crisis, investors reevaluated their requirements for both value added content and trade execution and liquidity.

Oppenheimer's Equity Sales and Trading Department has continued to provide the firm's clients with a consistent and high quality research product coupled with a global trade execution capability. Our trading desks in New York, London, Boston, Chicago, San Francisco and Hong Kong continue to serve more than 1,000 institutional clients around the world. Particularly noteworthy in 2013, we experienced significant pick-up in revenue generated by our Event Driven & Risk Arbitrage desk. We attribute this growth primarily to the increased number of merger and acquisition transactions announced and consummated throughout the year. Our team of 6 professionals in this area was able to capitalize on a very sound reputation for consistent high-level service and rigorous research into the details of complex proposed transactions.

As our global reach continues to expand, the addition of several professionals to Oppenheimer Europe Ltd., based in London, aided a significant increase in revenue from non U.S. Equity product. We now have a consistent daily flow of equity activity from clients buying and selling on both major European exchanges and in certain emerging markets.

Oppenheimer's Equity Research Department continues to provide our clients with high-quality, differentiated research. At year-end, our research group consisted of 38 senior research analysts covering approximately 550 companies across six major sectors: Consumer & Business Services; Energy; Financial Institutions; Healthcare; Industrial Growth and Technology, Telecom & Internet.

In addition, we provide Special Situations as well as Investment Strategy and Technical research. This year also saw continued expansion of our offering in our Top Picks portfolios, which have, since 2011 have cumulatively raised over $300 million. Performance of our analysts' picks has been outstanding. The Top Picks #3 UIT Portfolio that matured on January 6, 2014, provided a total return of 46%, and outperformed the S&P 500 total return by 14% after fees and expenses. Our research analyst professionals were once again prominent in the media, with Oppenheimer's staff making more than 282 appearances on such media outlets as CNBC and Bloomberg television, and in numerous mass market and specialized print media.

Oppenheimer benefitted from a number of initiatives designed to improve efficiency in delivering our product, as well as increasing the quality of content and service. We experienced a significant increase in market share as the year progressed and these initiatives gained traction with our client base.

As Equity prices continued to climb throughout the year, 2013 also saw a return to more normalized levels of Equity issuance, and Oppenheimer saw important growth in participation in new issue and secondary transactions. The firm's participation in equity transactions was broad based across a variety of industry sectors and aligned strongly with our core verticals in Healthcare, Technology, Financial Institutions and Energy. Oppenheimer completed 107 public, private and equity-linked offerings, raising in aggregate, approximately $24 billion. We continue to participate in an expanded dialogue providing strategic capital raising advice to key corporate clients and we expect 2014 to be a year of increased underwriting activity.

As in prior years, the ability of our research and sales staff to provide interesting and productive venues for our clients to meet with corporate managements in a format that allows for unique insight into business strategy and industry developments, has been paramount to the success of both our equity new issuance product and our daily secondary transaction business. During 2013, we conducted 10 investor conferences during which approximately 500 companies met with over 2,000 institutional investors. Additionally, we were pleased to take over 260 companies on the road throughout the U.S., Canada and Europe to provide tailored and intimate meetings for company managements and institutional investors in each of those regions.

Looking to 2014 and beyond we are enthusiastic about the opportunity to continue to distinguish and differentiate the equity product at Oppenheimer. We expect the requirement for careful stock selection and the utilization of greater input from fundamental company research will aid stock selection and will lead more clients to rely heavily on the high quality and consistent work they have come to expect from the globally recognized Oppenheimer franchise.

Investment Banking

A Leading Middle Market Investment Bank

$500,000,000 NEWMARKET Advisor on Sale to amadeus December 2013	**€1,279,000,000** UNIT4 BUSINESS SOFTWARE Advisor on Sale to Advent International GLOBAL PRIVATE EQUITY November 2013
$50,050,000 TetraLogic Pharmaceuticals Lead Bookrunner Initial Public Offering December 2013	**$119,999,990 / $95,450,000** PHYSICIANS REALTY TRUST Joint-Bookrunner / Co-Lead Manager Initial Public Offering / Follow-on Offering July 2013 December 2013
$583,000,000 PROLOR BIOTECH Advisor on Sale to OPKO April 2013	**$252,761,598** TELULAR CORPORATION Advisor on Sale to AVISTA CAPITAL PARTNERS June 2013
Undisclosed $100,000,000 transtelco Advisor on Acquisition Sole Placement Agent in Connection with the Debt Private Placement xc NETWORKS November 2013	**$637,500,000** AHERN RENTALS Financial Advisor Chapter 11 Reorganization June 2013

Oppenheimer's investment banking business results were led by our capital markets and mergers and acquisitions practices. As clients continued to re-position their business for a changing environment, they engaged Oppenheimer to raise capital, render actionable advice and assist them in executing on their strategies. Increasingly, middle market corporate clients and private equity firms rely on us for capital and advice in our sectors of focus where we have proven expertise and strong industry knowledge.

Oppenheimer was active in supporting our clients in their issuance of equity securities to the public and private markets through IPOs, follow-on offerings and private placements of securities. In 2013, Oppenheimer completed 107 public equity offerings and three private placements, raising approximately $29.9 billion in capital across all of our coverage sectors particularly healthcare, technology and financial institutions. These results represent a significant increase over 2012, underscoring our initiatives to drive growth and capitalize on improving markets. Oppenheimer continues to build on its capabilities in Israel, Asia and Europe, where it works with companies in the region to access the U.S. capital markets.

The firm acted as strategic financial advisor on mergers and acquisitions transactions with a total value of $3.5 billion in 2013. While, overall M&A activity continued to be constrained by uncertain macroeconomic conditions, momentum improved as the year progressed and confidence levels increased. We believe that a stronger economy and healthy capital markets will continue to stimulate M&A activity throughout 2014. During 2013, Oppenheimer announced several significant M&A assignments, including the $253 million sale of Telular Corporation to Avista Capital Partners, the $583 million sale of PROLOR Biotech, Inc. to OPKO Health, Inc., the $500 million sale of Newmarket International, Inc. to Amadeus IT Group SA, the $1.7 billion sale of Unit 4 N.V. to Advent International and represented the debtor in Ahern Rentals $745 million reorganization which was awarded "Deal of the Year" by the *M&A Advisor*.

Oppenheimer also continued to build on its collaborative relationship with RBS Citizens Bank to provide M&A and capital markets expertise to their middle market clients, while simultaneously offering credit and commercial banking solutions from RBS Citizens Bank to Oppenheimer's clients. This relationship, which has resulted in several completed transactions and active mandates, leverages complementary middle market commercial and investment banking products, services and expertise.

In 2013, we made significant progress implementing initiatives to drive growth, including: (1) enhancing the breadth and depth of solutions for our clients; (2) improving our ability to execute on behalf of our clients and (3) better positioning our business for the current market environment. We have recruited over 25 senior investment bankers, enhanced and expanded our industry coverage and significantly strengthened our capital markets origination and financial sponsor coverage capabilities. We also added a Private Shares Group and expanded our European and Asian Investment Banking franchises. We will continue to focus on these initiatives in 2014 and build upon our success.

The environment of historically low interest rates and narrow credit spreads that characterized the post financial crisis years dissipated rapidly in mid-June, after a dramatic three-day spike in interest rates. Market conditions continued to worsen after the City of Detroit filed for Chapter 9 bankruptcy protection and as fears of Puerto Rico's financial deterioration increased. All told, 10-year tax-exempt "AAA" yields rose 99 basis points in 2013, while 30-year yields increased by 133 basis points.

The effects of rising interest rates and credit concerns have been experienced on both the buy- and sell-sides of the municipal market. In addition to sustaining substantial losses in asset values, municipal bond mutual funds suffered 33 consecutive weeks of outflows, with over $42 billion exiting the market. In the primary market, long-term bond issuance fell 13.1%. This decline was triggered primarily by a 30% reduction in refunding issues from 2012.

Despite these conditions, Oppenheimer continued to thrive in 2013 and remains committed to serving the needs of governmental and non-profit entities and providing our retail and institutional clients with municipal bonds from a variety of market sectors. In 2013, Oppenheimer served as senior manager of over $1.7 billion of municipal bonds, ranging from general obligation to project revenue bonds. The vast majority of our volume continues to be generated by our short-term desk, which is ranked 4th nationally in total number of issues.

The core of our negotiated business remains in the Midwest, where Oppenheimer served as senior manager or placement agent on over $350 million in transactions in 2013. For example, Oppenheimer is one of the leading underwriters in Kansas. In Texas, the education-focused group that we added in 2012 served as senior manager of over $116 million in financings. Nationwide, we underwrote over $240 million in bonds for school districts and charter schools on a senior-managed, negotiated basis.

Oppenheimer has undertaken significant efforts to increase our visibility in municipal finance across the U.S. while maintaining profitability. Due to the very nature of government and the formal procurement processes generally utilized in the selection of investment banking teams, firm league table rankings are particularly relevant when seeking new business.

Adding to our overall strategy for increased market penetration, we hired a new Head of municipal underwriting, who has been charged with bidding in the competitive market as well as underwriting managed offerings that will provide more municipal bond offerings to our high net worth and institutional accounts. Our near-term success has been reflected by a distinct improvement in our competitive ranking during the past year. In addition, we opened a public finance office domiciled in New York, with the goal of serving the Northeast market including many of the largest issuers: Metropolitan Transportation Authority, the Triborough Bridge and Tunnel Authority and the Commonwealth of Massachusetts. This group will also assist in transforming our short-term underwriting transaction business into long-term banking relationships and the handling of longer term offerings for these issuers.

Public Finance

Significant Financings by the Municipal Capital Markets Group in 2013

$5,500,000,000
State of California
2013-2014 Revenue Anticipation Notes

$1,833,790,000
Metropolitan Transportation Authority
Transportation Revenue Bonds

$525,000,000
Commonwealth of Massachusetts
General Obligation Consolidated Loan

$160,000,000
Rockland County, New York
Tax Anticipation Notes
Revenue Anticipation Notes

$93,567,000
Hudson County, New Jersey Improvement Authority
County-Guaranteed Pooled Notes

$36,325,000
City of Wichita, Kansas
Sales Tax Obligation Revenue Bonds
(K-96 and Greenwich STAR Bond Project)

$26,500,000
Washington Economic Development Finance Authority
Environmental Facilities Revenue Bonds
(Coalview Centralia, LLC Project)

$31,185,000
Alabama Capital Region Solid Waste Disposal Authority
Solid Waste Disposal Revenue Bonds
(IREP-Montgomery MRF, LLC Project)

$57,485,000
Unified School District No. 345, Shawnee County, Kansas
General Obligation Refunding Bonds

$43,525,000
The Unified Government of Wyandotte County/Kansas City, Kansas
Transportation Development District Revenue Bonds
(Plaza at the Speedway Project)

$51,569,500
Township of Lyndhurst, New Jersey
Bond Anticipation Notes

Debt Capital Markets

Fixed Income Sales, Trading and Research

The fixed income market in 2013 will be best remembered for the Federal Reserve's announcement that it would begin tapering its monthly purchases of U.S. Government and Agency bonds related to its Quantitative Easing initiative. This announcement had an immediate and dramatic impact on the bond market. We saw the 10-year Treasury go from a yield of 1.66% in May to end the year at a high of 3.04%. This dramatic move in interest rates left investors owning rate sensitive and longer term securities with sizable losses in their portfolios. This announcement reminded all fixed income investors that their fate continues to lie in hands of monetary policymakers and the Federal Reserve. It also signaled what was likely the end of a 25 year bull market in fixed income securities.

Our Debt Capital Markets group experienced reduced volumes of new issuance in 2013 versus 2012 due to fears that developed around the "taper" and rising interest rates. Our syndicate desk participated in 28 deals in 2013 versus 53 deals in 2012. The majority of preferred new issuance in the second half of the year came in the form of fixed to floating rate structures, designed to help position investors for higher benchmark rates in the future. Although new issuance may continue to be soft in 2014, we expect many issuers to tap the preferred market in an effort to satisfy regulatory capital requirements under Dodd-Frank and Basel III. Late in the year we hired a new Head of Taxable Debt Underwriting and Syndicate. We expect this will position our Debt Capital Markets Group to participate as a Senior Manager in future Emerging Market and High Yield bond transactions, by taking advantage of our significant distribution capabilities and knowledge of issuers in this market.

Throughout 2013, Oppenheimer's Fixed Income division maintained its conservative approach to the deployment of proprietary capital. We remain a customer focused business with limited proprietary risk trading activities. Our business model relies on servicing customers and helping them develop portfolios that meet their specific needs. The finalization of the Volcker Rule will likely offer new and broader opportunities for Oppenheimer as relationships replace the use of capital in getting business done.

During the year we spent considerable time advising High Net Worth customers to adjust portfolios by lowering the duration of their fixed income portfolios and offering them variable interest rate alternatives in lieu of fixed rate investments.

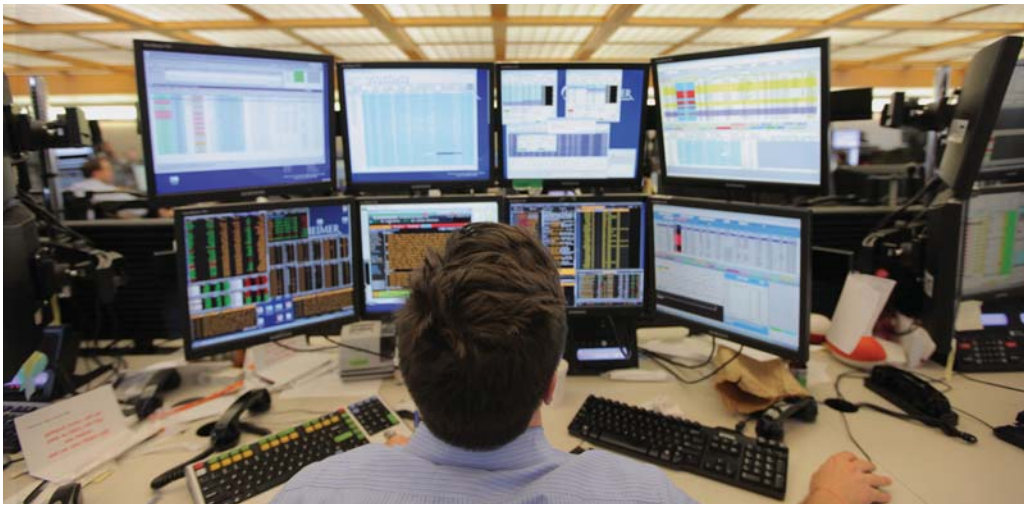
For our institutional customers, we focused on helping them find value in less interest rate sensitive asset classes. Our High Yield and Emerging Markets desks were busy assisting customers with the execution of transactions in credit sensitive securities. In both areas we experienced year-over-year growth, with particularly strong revenues from the Emerging Markets desk. The addition of experienced, research, sales and trading staff also had a positive impact on our global fixed income business, where we saw more synergies between desks in Hong Kong, London and New York.

Across all fixed income asset classes, we observed opportunities to grow organically. We continued to add staff in key areas and make leadership changes where necessary. When making hiring decisions, we take into consideration the cultural fit of each candidate. We place a high value on individuals who understand our conservative approach to risk, and our team oriented sales and trading efforts. The addition of these types of high quality professionals across the platform led to better integration of our capabilities.

We believe the opportunity to hire exceptionally talented professionals will continue. The market environment and industry trends have led global banks to pull back their use of capital and reduce staffing in non-core markets. These trends are only just developing and further hiring opportunities will likely present themselves as the Volcker Rule, bank capital requirements and pressure to reduce compensation, continue to hamper the traditional business models of our largest competitors.

Among our peers and smaller boutiques, we have seen consolidation and the reduction of marginal players that lack the critical mass and overall diversity of business mix to weather periods of price volatility and weaker industry trading volumes. These trends will make talented professionals more likely to pursue career opportunities at firms that are better able to take advantage of their skills and experience.

Our mortgage and rates groups continued to contribute to the overall profitability of the division, but they were negatively impacted by activity in Washington. Starting in May, concerns developed around the "taper," rising rates, the replacement of Ben Bernanke and a government shutdown. Institutional customers, particularly small depositories and municipalities, were less active than in prior periods. We expect that there may be fewer distractions coming out of Washington going forward and with the direction of interest rates being set, investors will begin positioning their portfolios based on the underlying improvement of economic data.



Oppenheimer Europe

Oppenheimer continued to grow both its equities and fixed income franchise outside the United States. Our London-based fixed income trading group continues to expand, appointing a new Managing Director to serve as co-head of the Fixed Income business in Europe. We will continue to grow our business, sourced from our Island of Jersey facility, our London headquarters and the rest of Europe, via our global platform that enables us to service inquiries from institutions that require high levels of service and attention.

The equities business headquartered in London continues to expand with the addition of two senior professionals providing research coverage to European and UK based clients.

In a milestone for Oppenheimer Europe, we successfully launched our Technology & Telecoms Mergers & Acquisition practice in Europe. We set up an investment facility serving single family offices based in EMEA across fixed income, equities and investments in private placements and alternative investments.

Oppenheimer Asia

Oppenheimer Asia re-commenced our investment banking operations in Hong Kong during the year participating in 4 deals. We also continued to service both equity and fixed income institutional investors in Hong Kong and throughout Asia.

Commercial Mortgage Banking

Representative Properties Financed by OMHHF in 2013

Gardens at Twin Hickory	Virginia	**$46,934,600**
Casa Bella on Westshore	Florida	**$42,244,200**
Alden Court Nursing/ Rehabilitation Center	Massachusetts	**$17,003,000**
Maria Joseph Nursing & Rehabilitation Center	Ohio	**$16,479,000**
Hacienda del Sol	Texas	**$16,432,800**
City Block Apartments	North Carolina	**$13,499,100**
The Heights at Towne Lake	Georgia	**$11,600,000**
Bostonian Nursing & Rehabilitation Center	Massachusetts	**$10,762,100**
Clayton Oaks Senior Living	Texas	**$10,732,500**
St. Barnabas Housing for the Elderly	New York	**$10,129,100**
Clover on the Ridge (refi)	Texas	**$8,715,100**
West Hartford Health & Rehabilitation Center (refi)	Connecticut	**$6,811,600**
Southwood at Norwell Nursing Center	Massachusetts	**$6,132,400**
Apple Grove Alzheimer's & Dementia Residence	Tennessee	**$5,614,100**

Oppenheimer Multifamily Housing & Healthcare Finance (OMHHF) is a licensed FHA mortgagee and GNMA Seller/Servicer. Its business is to enable owners of multifamily apartment properties and healthcare facilities, including nursing home and assisted living properties, to employ a government-assisted mortgage program in financing or re-financing their mortgages in a cost effective manner.

As a leading mortgage banker, we provide customers with a full range of services, including origination, underwriting, closing, securitizing and servicing of their mortgage loans. In 2013, we closed 89 loans for approximately $857 million. These loans represented a variety of properties, including apartments, hospitals and healthcare facilities. We also modified $122 million in loans for a total volume of $979 million – a $55 million increase over 2012's results.

Results for fiscal 2013 put us in the top 10 lenders for FHA Multifamily Initial Endorsements as well as the top 10 of all lenders for FHA Firm Commitments. We continued our position as one of the largest GNMA issuers and Servicers of HUD commercial loans. Our servicing portfolio increased over $535 million from 2012 as fiscal 2013 ended at $3.9 billion in unpaid principal balance.

One of our key client solutions for 2013 was the initiation of a partnership with the Oppenheimer Public Finance group to propose bridge financing solutions to owners and property developers seeking earlier funding than can typically be available utilizing FHA insured loans and GNMA financing.

2013 also contained a number of challenges. Climbing interest rates reduced refinancing opportunities. We increased our focus on health care and construction loans, both of which are less rate sensitive than other financings. With increased competition from other funding sources such as Collateralized Mortgage Backed Securities (CMBS) and other GSE lenders, we were able to offer additional funding sources, including CMBS markets. We also upgraded our website to allow clients enhanced access to interactive and real time information, thus meeting their need for current information.

Going into 2014, we continue to pursue relationships that will allow our clients the ability to finance all of their commercial property needs.

Casa Bella on Westshore, Florida

As filed with the U.S. Securities and Exchange Commission on March 7, 2014

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

FORM 10-K

(Mark One)

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

Our Annual Report on Form 10-K for the year ended December 31, 2013 also serves as our 2013 Annual Report to Stockholders. It is available to view and print online on our website at www.opco.com on the Investor Relations page. A stockholder who wants to receive a paper or email copy of our Annual Report on Form 10-K for the year ended December 31, 2013 must request one. The report is available, without charge, except for exhibits to the report, by (i) writing to Oppenheimer Holdings Inc., 85 Broad Street, 22nd Floor, New York, New York 10004, Attention: Secretary, (ii) calling 1-800-221-5588, or (iii) emailing us with your request at info@opco.com. Exhibits will be provided upon request and payment of a reasonable fee.

incorporation or organization)	Identification No.)
85 Broad Street, New York, NY (Address of principal executive offices)	10004 (Zip Code)

Registrant's Telephone number, including area code: (212) 668-8000

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

Title of each class	Name of each exchange on which registered
Class A non-voting common stock	New York Stock Exchange

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

Not Applicable
(Title of class)

Branch Offices (U.S.)

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16427 North Scottsdale Road
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Los Angeles, CA 90024
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Newport Beach, CA 92660
(949) 219-1000

4370 La Jolla Village Drive
San Diego, CA 92122
(858) 202-3800

580 California Street
San Francisco, CA 94104
(415) 438-3000

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3200 Cherry Creek South Drive
Denver, CO 80209
(303) 698-5300

501 St. Vrain Lane
Estes Park, CO 80517
(970) 586-1895

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1781 Highland Avenue
Cheshire, CT 06410
(203) 272-9400

100 Mill Plain Road
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(203) 748-2626

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Litchfield, CT 06759
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(616) 732-3380

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(269) 381-4800

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Wilmington, DE 19809
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FAX (302) 792-3509

OPY Credit Corp.
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New York, NY 10004
(212) 885-4489
FAX (212) 885-4933

Freedom Investments, Inc.
375 Raritan Center Parkway
Edison, NJ 08837
(732) 934-3000
FAX (732) 225-6289

Oppenheimer Multifamily Housing & Healthcare Finance
1180 Welsh Road, Suite 210
North Wales, PA 19454
(215) 631-9151
FAX (215) 412-4583

Photography by John Abbott Photography

Officers
A.G. Lowenthal
Chairman of the Board
and Chief Executive Officer

J.J. Alfano
Executive Vice President and Chief Financial Officer

D.P. McNamara, Esq.
Secretary

Board of Directors
R. Crystal✧
W. Ehrhardt*°
M. Goldfarb
M. Keehner*°✧
A.G. Lowenthal
R.S. Lowenthal
K.W. McArthur*
A.W. Oughtred°✧
E.K. Roberts

* members of the audit committee
° members of the compensation committee
✧ members of the nominating/corporate governance committee

Auditors

Deloitte & Touche LLP

Registrar and Transfer Agent
Computershare Shareholder Services LLC
480 Washington Blvd,
AIMS 074-29-135
Jersey City, NJ 07310

The Company's financial information and press releases are available on its website, www.opco.com, under "Investor Relations".

A copy of the Company's Annual Report on Form 10-K is available by request from info@opco.com

Oppenheimer Holdings Inc.

Corporate Headquarters
85 Broad Street
New York, NY 10004

As filed with the U.S. Securities and Exchange Commission on March 7, 2014

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____.

Commission file number 1-12043

OPPENHEIMER HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**98-0080034** (I.R.S. Employer Identification No.)
85 Broad Street, New York, NY (Address of principal executive offices)	**10004** (Zip Code)

Registrant's Telephone number, including area code: (212) 668-8000

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

Title of each class	Name of each exchange on which registered
Class A non-voting common stock	New York Stock Exchange

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

Not Applicable
(Title of class)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

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

The aggregate market value of the voting stock of the Company held by non-affiliates of the Company cannot be calculated in a meaningful way because there is only limited trading in the class of voting stock of the Company. The aggregate market value of the Class A non-voting common stock held by non-affiliates of the Company at June 28, 2013 was $257.0 million based on the per share closing price of the Class A non-voting common stock on the New York Stock Exchange as at June 28, 2013 of $19.04.

The number of shares of the Company's Class A non-voting common stock and Class B voting common stock (being the only classes of common stock of the Company) outstanding on February 28, 2014 was 13,501,626 and 99,680 shares, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's definitive Proxy Statement for the 2014 Annual Meeting of Stockholders to be filed by the Company pursuant to Regulation 14A is incorporated into Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K.

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Throughout this annual report, we refer to Oppenheimer Holdings Inc., collectively with its subsidiaries, as the "Company." We refer to the directly and indirectly owned subsidiaries of Oppenheimer Holdings Inc. collectively as the "Operating Subsidiaries."

PART I

Item 1. BUSINESS

OVERVIEW

Oppenheimer Holdings Inc., through its Operating Subsidiaries, is a leading middle-market investment bank and full service broker-dealer. With roots tracing back to 1881, the Company is engaged 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), research, market-making, trust services and investment advisory and asset management services. The Company owns, directly or through subsidiaries, Oppenheimer & Co. Inc. ("Oppenheimer"), a New York-based securities broker-dealer, Oppenheimer Asset Management Inc. ("OAM"), a New York-based investment advisor, Freedom Investments, Inc. ("Freedom"), a discount securities broker-dealer based in New Jersey with a representative office located in Beijing, China, Oppenheimer Trust Company ("Oppenheimer Trust"), a Delaware limited purpose bank, OPY Credit Corp., a New York corporation, organized to trade and clear syndicated corporate loans, and Oppenheimer Multifamily Housing & Healthcare Finance, Inc. ("OMHHF"), a Federal Housing Administration ("FHA")-approved mortgage company based in Pennsylvania. The Company's international businesses are carried on through Oppenheimer Europe Ltd. (United Kingdom), Oppenheimer Investments Asia Limited (Hong Kong), and Oppenheimer Israel (OPCO) Ltd. (Israel).

Oppenheimer Holdings Inc. was originally incorporated under the laws of British Columbia. Pursuant to its Certificate and Articles of Incorporation, effective on May 11, 2005, the Company's legal existence was continued under the Canada Business Corporations Act. Effective May 11, 2009, the Company changed its jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Delaware in the United States with the approval of its shareholders.

PRIVATE CLIENT

Through its Private Client Division, Oppenheimer provides a comprehensive array of financial services through a network of approximately 1,388 financial advisers in 96 offices located throughout the United States. Clients include high-net-worth individuals and families, corporate executives, and small and mid-sized businesses. Clients may choose a variety of ways to establish a relationship and conduct business including brokerage accounts with transaction-based pricing and/or investment advisory accounts with asset-based fee pricing. As of December 31, 2013, the Company held client assets under administration of approximately $84.6 billion. Oppenheimer provides the following private client services:

Full-Service Brokerage – Oppenheimer offers full-service brokerage covering a broad array of investment alternatives including exchange-traded and over-the-counter corporate equity and debt securities, money market instruments, exchange-traded options and futures contracts, municipal bonds, mutual funds, and unit investment trusts. A substantial portion of Oppenheimer's revenue is derived from commissions from private clients through accounts with transaction-based pricing. Brokerage commissions are charged on investment products in accordance with a schedule which Oppenheimer has formulated. Discounts are available to customers based on transaction size and volume.

Wealth Planning – Oppenheimer also offers financial and wealth planning services which include asset management, individual and corporate retirement solutions, including insurance and annuity products, IRAs and 401(k) plans, U.S. stock plan services to corporate executives and businesses, education savings programs, and trust and fiduciary services to individual and corporate clients.

Margin Lending – Oppenheimer extends credit to its customers, collateralized by securities and cash in the customer's account, for a portion of the purchase price, and receives income from interest charged on such extensions of credit. The customer is charged for such margin financing at interest rates derived from Oppenheimer's rate, as defined.

ASSET MANAGEMENT

The Company offers a wide range of investment advisory services to its retail and institutional clients through proprietary and third party distribution channels. Clients include high-net-worth individuals and families, foundations and endowments, insurance companies, and trust and pension funds. Asset management capabilities include equity, fixed income, large-cap balanced and alternative investments, which are offered through vehicles such as privately managed accounts, and retail and institutional separate accounts. At December 31, 2013, the Company had approximately $25.3 billion of client assets under management ("AUM") in fee-based programs. The Company's asset management services include:

Separate Managed Accounts – The Company provides clients with three wrap fee-based programs: (i) Investment Advisory Services through which clients may select among those managers approved by the Company; (ii) Strategic Asset Review through which clients may select among those managers reviewed and recommended by the Company and those outside of the Company's approved list of managers; and (iii) Unified Managed Account which allows multiple investment managers, mutual funds and ETFs to be combined in a single custodial account.

Other Managed Accounts – The Company offers a long-term strategic asset allocation program, Portfolio Advisory Services, in which clients select among mutual funds approved by the Company.

Oppenheimer Investment Advisory Services – Oppenheimer Investment Advisors offers internal portfolio managers servicing high-net-worth individuals, retirement plans, endowments, foundations and trusts using fixed income strategies.

Discretionary Portfolio Management – Through its Omega, Fahnestock Asset Management, and Alpha program, Oppenheimer offers discretionary investment management wrap programs managed by Oppenheimer advisors with a client-focused approach to money management, servicing high-net-worth individuals, families, endowments and foundations, and institutions.

Fee-Based Non-Discretionary Accounts – Under Oppenheimer's Preference Program, Oppenheimer provides non-discretionary investment advisory services to high-net-worth individuals and families who pay an advisory fee on a quarterly basis with no commissions or additional charges for transactions. The program includes features such as initial portfolio consultation, quarterly performance reporting and periodic consultation.

Institutional Investment Management – Oppenheimer Investment Management, LLC ("OIM") provides fixed income management and solutions to institutional investors including: Taft-Hartley funds, public pension funds, corporate pension funds, insurance companies, and foundations and endowments.

Alternative Investments – The Company offers high-net-worth and institutional investors the opportunity to participate in a wide range of non-traditional investment strategies. Strategies include single manager hedge funds, fund of funds and private equity vehicles. For proprietary funds, the Company, through its subsidiaries, acts as general partner in these investments and typically earns 1% to 2% per year in management fees and 20% performance (or incentive) fees. The fees which the Company receives are shared in a pre-determined manner with the portfolio manager.

CAPITAL MARKETS

Investment Banking

Oppenheimer employs approximately 100 investment banking professionals throughout the United States and in the United Kingdom, Israel and Asia. Our investment banking department provides strategic advisory services and capital markets products to emerging growth and middle market businesses. The investment banking business has industry coverage groups that focus on each of consumer and business services, energy, real estate, financial institutions, healthcare, industrial growth and services, technology and telecom. Oppenheimer's industry groups serve their clients by working with colleagues in each of the relevant product groups including Mergers and Acquisitions, Leveraged Finance, Equity Capital Markets and Restructuring. Oppenheimer has extensive experience working with financial sponsors and maintains a dedicated Financial Sponsor group.

Financial Advisory – Oppenheimer advises buyers and sellers on sales, divestitures, mergers, acquisitions, tender offers, privatizations, restructurings, spin-offs and joint ventures. With experience facilitating and financing acquisitions and recapitalizations, Oppenheimer executes both buy-side and sell-side mandates. Oppenheimer provides dedicated senior banker focus to clients throughout the financial advisory process, which leverages Oppenheimer's industry knowledge, extensive relationships, and capital markets expertise.

Equities Underwriting – Oppenheimer provides capital raising solutions for corporate clients through initial public offerings, follow-on offerings, equity-linked offerings, private investments in public entities, and private placements. Oppenheimer focuses on emerging companies in growth industries, including consumer and business services, energy, financial institutions, healthcare, industrial growth and services, media and entertainment, technology and telecom.

Debt Underwriting – Oppenheimer offers a full range of debt financing for emerging growth and middle market companies and financial sponsors. Oppenheimer focuses on structuring and distributing public and private debt in leveraged finance transactions, including leveraged buyouts, acquisitions, growth capital financings, recapitalizations and Chapter 11 exit financings. Oppenheimer specializes in high yield debt and fixed and floating-rate senior and subordinated debt offerings. Oppenheimer recently began advising on bond financing alternatives for both sovereign and corporate emerging market issuers.

EQUITIES CAPITAL MARKETS

Institutional Equity Sales and Trading – Oppenheimer provides equity market execution and market making services on all major U.S. exchanges and alternative execution venues, capital markets/origination, risk arbitrage, statistical arbitrage, special situations, pair trades, relative value, and portfolio and electronic trading. In addition, Oppenheimer offers a suite of quantitative and algorithmic trading solutions as well as access to liquidity in order to access the global markets. Oppenheimer's clients include domestic and international investors such as investment advisors, banks, mutual funds, insurance companies, hedge funds, and pension and profit sharing plans. These investors normally purchase and sell securities in block transactions, the execution of which requires focused marketing and trading expertise. Oppenheimer believes that its institutional customers are attracted by the insights and market intelligence provided by its sales and trading staff and by the quality of its execution (measured by volume, timing and price) offered at competitive commission rates, which are negotiated on the basis of market conditions, the size of the particular transaction and other factors.

Equity Research – Oppenheimer employs over 38 senior analysts covering approximately 550 equity securities worldwide, and over 100 dedicated equity research sales professionals. Oppenheimer provides regular research reports, notes and earnings updates and sponsors numerous research conferences where the management of covered companies can meet with investors in a group format as well as in one-on-one meetings. Oppenheimer also arranges for company managements to meet with interested investors through arranged meetings wherein the management representatives travel to various sites to meet with Oppenheimer representatives and with investors. Oppenheimer's analysts use a variety of quantitative and qualitative tools, integrating field analysis, proprietary channel checks and ongoing dialogue with the managements of the companies they cover in order to produce reports and studies on individual companies and industry developments.

Equity, Debt and Index Options – Oppenheimer offers extensive equity and index options for investors seeking to manage risk and optimize returns within the equities market. Oppenheimer's experienced professionals have expertise in listed and over-the-counter transactions and products. In addition, the Company focuses on serving the diverse needs of its institutional, corporate and private client base across multiple product lines, offering listed and OTC options.

Convertible Bonds – Oppenheimer commits dedicated personnel to serve the convertible markets, offering expertise in the sales, trading and analysis of U.S. domestic and international convertible bonds, convertible preferred shares, warrants and structured products, with a focus on minimizing transaction costs and maximizing liquidity. In addition Oppenheimer offers hedged (typically long convertible bonds and short equities) positions to its clients on an integrated trade basis.

Event Driven Sales and Trading – Oppenheimer has a dedicated team focused on providing specialized advice and trade execution expertise to institutional clients with an interest in investment strategies such as: Merger Arbitrage; Dutch tender offers; Splits and Spin-offs; and Recapitalizations and Corporate Reorganizations.

DEBT CAPITAL MARKETS

Fixed Income Sales & Trading

Fixed Income – Oppenheimer offers trading and a high degree of sales support in highly rated ("high grade") corporate bonds, mortgage-backed securities, government and agency bonds and the sovereign and corporate debt of industrialized and emerging market countries, which may be denominated in currencies other than U.S. dollars. Since June 2009, Oppenheimer has participated in auctions for U.S. Government securities conducted by the Federal Reserve Bank of New York on behalf of the U.S. Treasury. Oppenheimer trades non-investment grade public and private debt securities, mortgage-backed securities, sovereign and corporate debt of industrialized and emerging market countries and distressed securities both for its own account as well as for institutional clients qualified to sustain the risks associated with such securities. Oppenheimer also publishes research with respect to a number of such securities. Risk of loss upon default by the borrower is significantly greater with respect to unrated or less than investment grade corporate debt securities than with other corporate debt securities. These securities are generally unsecured and are often subordinated to other creditors of the issuer. These issuers usually have high levels of indebtedness and are more sensitive to adverse economic conditions, such as recession or increasing interest rates, than are investment grade issuers. There is a limited market for some of these securities and market quotes are available only from a small number of dealers.

Fixed Income Research – Oppenheimer has a total of six fixed income research professionals. There are three dedicated analysts covering over 250 companies in the high yield bond and leveraged loan sectors.

Oppenheimer's fixed income research supports its investment banking and sales and trading activities. Its research is designed to identify debt issues that provide a combination of high yield plus capital appreciation over the short to medium term. In addition, Oppenheimer employs one bank strategist, focused on portfolio strategy for financial institutions and depositories. The approach is client centric, incorporating both an understanding of the operating position, risk profile and policy constraints of the client, as well as the efficient market execution of a particular strategy. In providing strategy-based services and ideas, the group utilizes a wide range of sophisticated, state-of-the-art financial models as well as comprehensive portfolio analytics. There is one Mortgage Backed Securities analyst focused on the detailed analysis of individual agency and non-agency Mortgage Backed Securities.

Public Finance – Oppenheimer's public finance department advises and raises capital for state and local governments, public agencies, private developers and other borrowers. The group assists its clients by developing and executing capital financing plans that meet our clients' objectives and by maintaining strong national institutional and retail securities distribution capabilities. Public finance bankers have expertise in specific areas, including local governments and municipalities, primary and secondary schools, post-secondary and private schools, state and local transportation entities, health care institutions, senior-living facilities, public utility providers and project financing. In addition to underwriting longer-term municipal securities, Oppenheimer also provides advice to municipal issuers with respect to the timing and issuance of short-term municipal notes, which Oppenheimer then underwrites and distributes.

Municipal Trading – Oppenheimer has municipal trading desks located throughout the country that serve retail financial advisers within their regions as well as mid-tier and national institutional accounts. Oppenheimer also assists in underwriting municipal securities originated by its Public Finance Department. These desks serve Oppenheimer's financial advisers in supporting their high net worth clients' needs for taxable and non-taxable municipal securities.

PROPRIETARY TRADING

In the regular course of its business, Oppenheimer takes securities positions as a market maker and/or principal to facilitate customer transactions and for investment purposes. In making markets and when trading for its own account, Oppenheimer exposes its own capital to the risk of fluctuations in market value. In 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") that proposes to prohibit proprietary trading by certain financial institutions (the "Volcker Rule") except where facilitating customer trades. The Company does not believe that this legislation will affect its business or operations as the Volcker Rule applies to banks and other subsidiaries of bank holding companies only.

Equities – Oppenheimer acts as both principal and agent in the execution of its customers' orders. Oppenheimer buys, sells and maintains an inventory of a security in order to "make a market" in that security. In executing customer orders for securities in which it does not make a market, Oppenheimer generally charges a commission and acts as agent, or will act as principal by marking the security up or down in a riskless transaction. However, when an order is in a security in which Oppenheimer makes a market, Oppenheimer normally acts as principal and purchases from or sells to its brokerage customers at a price which is approximately equal to the current inter-dealer market price plus or minus a mark-up or mark-down. The stocks in which Oppenheimer makes a market may also include those of issuers which are followed by Oppenheimer's research department.

Fixed Income – Oppenheimer trades and holds positions in public and private debt securities, including non-investment grade and distressed corporate securities as well as municipal securities. There may be a limited market for some of these securities and market quotes may be available from only a small number of dealers or inter-dealer brokers. While Oppenheimer normally holds such securities for a short period

of time in order to facilitate client transactions, there is a risk of loss upon default by the borrower. These issuers may have high levels of indebtedness and be sensitive to adverse economic conditions, such as recession or increasing interest rates. The Company has made a determination for the short to intermediate term to refrain from positioning fixed income securities issued by European sovereign states or their agencies until prevailing conditions stabilize and improve. As of December 31, 2013, the Company did not have any exposure to European sovereign debt.

Through the use of securities sold under agreements to repurchase ("repurchase agreements") and securities purchased under agreements to resell ("reverse repurchase agreements'), the Company acts as an intermediary between borrowers and lenders of short-term funds and provides funding for various inventory positions.

Proprietary Trading and Investment Activities – Oppenheimer holds positions in its trading accounts in securities in which it does not make a market and may engage from time to time in other types of principal transactions in securities. Oppenheimer has several trading departments including: a convertible bond department, a risk arbitrage department, a corporate bond department, a municipal bond department, a government/mortgage backed securities department, and a department that underwrites and trades U.S. government agency issues, taxable corporate bonds, preferred shares, unit investment trusts and short term debt instruments. These departments continually purchase and sell securities and make markets in order to make a profit on the inter-dealer spread or to profit from investment. Although Oppenheimer from time to time holds an inventory of securities, more typically, it seeks to match customer buy and sell orders. In addition, Oppenheimer and OAM hold proprietary positions in equity or fixed income securities in which it may not act as a dealer.

The size of its securities positions vary substantially based upon economic and market conditions, allocations of capital, underwriting commitments and trading volume. Also, the aggregate value of inventories of securities which Oppenheimer may carry is limited by the Net Capital Rule. See "Regulatory Capital Requirements", below and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

The Company, through its subsidiaries, holds investments as general partner in a range of investment partnerships (hedge funds, fund of funds, private equity partnerships and real estate partnerships) which are offered to Oppenheimer hedge fund-qualified clients and on a limited basis to qualified clients of other broker-dealers.

SECURITIES LENDING

In connection with both its trading and brokerage activities, Oppenheimer borrows securities to cover short sales and to complete transactions in which customers have failed to deliver securities by the required settlement date and lends securities to other brokers and dealers for similar purposes. Oppenheimer earns interest on its cash collateral provided and pays interest on the cash collateral received less a rebate earned for lending securities. In addition, to a limited extent, Oppenheimer acts as a "broker-finder" whereby it stands between two broker-dealers, borrowing securities from one and lending to the other for an interest rate spread (or profit).

OPPENHEIMER & CO. INC.

Oppenheimer is a registered broker-dealer in securities under the Securities Exchange Act of 1934 and transacts business on various exchanges, including the New York Stock Exchange, Inc. Oppenheimer 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. Oppenheimer provides its services from offices located throughout the United States. In addition, Oppenheimer conducts business in Israel and Latin America.

OPPENHEIMER ASSET MANAGEMENT INC.

OAM is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). OAM's investment advisory business involves the provision of investment advice to clients through separate accounts and wrap fee programs.

OPY CREDIT CORP.

Through OPY Credit Corp., the Company utilized a warehouse facility provided by Canadian Imperial Bank of Commerce ("CIBC") to extend financing commitments to third party borrowers identified by the Company. This warehouse arrangement terminated on July 15, 2012. However, the Company will remain contingently liable for some minimal expenses in relation to this facility related to commitments made by CIBC to borrowers introduced by the Company until such borrowings are repaid by the borrowers or until 2016, whichever is the sooner to occur. All such owed amounts will continue to be reflected in the Company's consolidated statement of operations as incurred.

The Company reached an agreement with RBS Citizens, NA ("Citizens") that was announced in July 2012, whereby the Company, through OPY Credit Corp., will introduce lending opportunities to Citizens, which Citizens can elect to accept and in which the Company will participate in the fees earned from any related commitment by Citizens. The Company can also, in certain circumstances, assume a portion of Citizen's syndication and lending risk under such loans, and if it does so it shall be obligated to secure such obligations via a cash deposit determined through risk based formulas. Neither the Company nor Citizens is obligated to make any specific loan or to commit any minimum amount of lending capacity to the relationship. The agreement also calls for Citizens and the Company at their option to jointly participate in the arrangement of various loan syndications. At December 31, 2013, there were no outstanding loans in place.

OPPENHEIMER TRUST COMPANY

Oppenheimer Trust offers a wide variety of trust services to clients of Oppenheimer. This includes custody services, advisory services and specialized servicing options for clients. At December 31, 2013, Oppenheimer Trust held custodial assets of approximately $489.6 million. See "Other Requirements" below.

OPPENHEIMER MULTIFAMILY HOUSING & HEALTHCARE FINANCE, INC.

OMHHF is engaged in the business of originating and servicing Federal Housing Administration ("FHA") insured multifamily and healthcare facility loans and securitizing these loans into Ginnie Mae ("GNMA") mortgage backed securities. OMHHF also offers mortgage services to developers of commercial properties including apartments, elderly housing and nursing homes that satisfy FHA criteria. OMHHF maintains a mortgage servicing portfolio for which it provides a full array of services, including the collection of mortgage payments from mortgagors which are passed on to the mortgage holders, construction loan management and asset management.

ADMINISTRATION AND OPERATIONS

Administration and operations personnel are responsible for the processing of securities transactions; the receipt, identification and delivery of funds and securities; the maintenance of internal financial controls; accounting functions; custody of customers' securities; the handling of margin accounts for Oppenheimer and its correspondents; and general office services.

Oppenheimer executes its own and certain of its correspondents' securities transactions on all United States exchanges as well as many non-U.S. exchanges and in the over-the-counter market. Oppenheimer clears all of its securities transactions (i.e., it delivers securities that it has sold, receives securities that it has purchased and transfers related funds) through its own facilities and through memberships in various clearing corporations and custodian banks in the United States. For transactions executed in local markets in Europe and Asia, Oppenheimer uses BNP Paribas Securities Services for execution, clearing, and settlement on an introduced basis. Oppenheimer has a multi-currency platform which enables it to facilitate client trades in securities denominated in foreign currencies. Oppenheimer is also a futures commission merchant and clears commodities transactions on a number of commodities exchanges for its clients that trade commodities through a correspondent firm on an omnibus basis.

EMPLOYEES

At December 31, 2013, the Company employed 3,517 employees (3,435 full-time and 82 part-time), of whom approximately 1,388 were financial advisers.

COMPETITION

Oppenheimer encounters intense competition in all aspects of the securities business and competes directly with other securities firms, a significant number of which have substantially greater resources and offer a wider range of financial services. In addition, there has been increasing competition from other sources, such as commercial banks, insurance companies, private equity and financial sponsors and certain major corporations that have entered the securities industry through acquisition, and from other entities. Additionally, foreign-based securities firms and commercial banks regularly offer their services in performing a variety of investment banking functions including: mergers and acquisitions advice, leveraged buy-out financing, merchant banking, and bridge financing, all in direct competition with U.S. broker-dealers.

During the financial crisis and currently, several key market events drastically altered the landscape for financial institutions. Voluntary and involuntary consolidations among, and government assistance provided to, U.S. financial institutions has led to a greater concentration of capital and market share among large financial institutions. This, coupled with the ability of these financial institutions to finance their securities businesses with capital from other businesses, such as commercial banking deposits, as well as such institutions deriving an aura of stability in the mind of the public ("too big to fail"), may put the Company at a significant competitive disadvantage.

The Company believes that the principal factors affecting competition in the securities and investment banking industries are the quality and ability of professional personnel and relative prices of services and products offered. In some instances, competition within the industry can be impacted by the credit ratings assigned to the firm offering services when potential clients are making a determination of acceptable counterparties. The ability of securities industry participants to offer credit facilities to potential investment banking clients may affect the assignment of individual transactions. The Company's ability to compete depends substantially on its ability to attract and retain qualified employees while managing compensation and other costs. Oppenheimer and its competitors employ advertising and direct solicitation of potential customers in order to increase business and furnish investment research publications in an effort to retain existing and attract potential clients. Many of Oppenheimer's competitors engage in these programs more extensively than Oppenheimer.

BUSINESS CONTINUITY PLAN

The Company has a business continuity plan in place which is designed to enable it to continue to operate and provide services to its clients under a variety of circumstances in which one or more events may make one or more firm operating locations unavailable due to a local, regional or national emergency, or due to the failure of one or more systems that the Company relies upon to provide the services that it routinely provides to its clients, employees and various business partners and counterparties. The plan covers all business areas of the Company and provides contingency plans for technology, staffing, equipment, and communication to employees, clients and counterparties. While the plan is intended to address many types of business continuity issues, there could be certain occurrences, which by their very nature are unpredictable, which can occur in a manner that is outside of our planning guidelines and could render the Company's estimates of timing for recovery inaccurate. Under all circumstances, it is the Company's intention to remain in business and to provide ongoing investment services as if no disruption had occurred.

Oppenheimer maintains its headquarters and principal operating locations in New York City. In order to provide continuity for these services, the Company operates a primary data center as well as maintains back-up facilities (information technology, operations and data processing) in sites with requisite communications back-up systems. These facilities are maintained in multiple locations and, in addition, the Company occupies significant office facilities in locations around the United States which could, in an emergency, house dislocated staff members for a short or intermediate time frame. Oppenheimer relies on public utilities for power and phone services, industry specific entities for ultimate custody of client securities and market operations, and various industry vendors for services that are significant and important to our business for the execution, clearance and custody of client holdings, for the pricing and valuing of client holdings, and for permitting our Company's employees to communicate on an efficient basis. The Company's headquarters and the primary location for its technology infrastructure are both supported by emergency generator back-up. All of these service providers have assured the Company that they have made plans for providing continued service in the case of an unexpected event that might disrupt their services.

The fourth quarter of 2012 was impacted by Superstorm Sandy which occurred on October 29th causing the Company to vacate its two principal offices in downtown Manhattan and displaced 800 of the Company's employees including substantially all of its capital markets, operations and headquarters staff for in excess of 30 days. During the displacement period the Company successfully implemented its business continuity plan by relocating personnel from both of its downtown Manhattan locations into other branch offices and back-up facilities in the region. Other than the closure of the financial markets for two business days, the Company was able to successfully clear and settle open trades that took place prior to the storm and to get its trading, operations, technology, and other support functions mobilized to process business once the financial markets reopened. The Company was able to return to its headquarters facilities beginning in December 2012 and the locations returned to full utility power in March 2013.

REGULATION

Self-Regulatory Organization Membership - Oppenheimer is a member firm of the following self-regulatory organizations ("SROs"): the Financial Industry Regulatory Authority ("FINRA"), the Intercontinental Exchange, Inc., known as ICE Futures U.S., and the National Futures Association. In addition, Oppenheimer has satisfied the requirements of the Municipal Securities Rulemaking Board ("MSRB") for effecting customer transactions in municipal securities. Freedom is also a member of FINRA. Oppenheimer Europe

Ltd. is regulated by the Financial Conduct Authority ("FCA") in the United Kingdom and the Jersey Financial Services Commission ("JFSC") in the Isle of Jersey. Oppenheimer Investments Asia Limited is regulated by the Securities and Futures Commission ("SFC") in Hong Kong. Oppenheimer is also a member of the Securities Industry and Financial Markets Association ("SIFMA"), a non-profit organization that represents the shared interests of participants in the global financial markets. The Company has access to a number of regional and national markets and is required to adhere to their applicable rules and regulations.

Securities Regulation - The securities industry in the United States is subject to extensive regulation under both federal and state laws. The SEC is the Federal agency charged with administration of the Federal securities laws. Much of the regulation of broker-dealers has been delegated to SROs such as FINRA and the National Futures Association. FINRA has been designated as the primary regulator of Oppenheimer and Freedom with respect to securities and option trading activities and the National Futures Association has been designated as Oppenheimer's primary regulator with respect to commodities activities. SROs adopt rules (subject to approval by the SEC or the Commodities Futures Trading Commission ("CFTC"), as the case may be) governing the industry and conduct periodic examinations of Oppenheimer's and Freedom's operations. Securities firms are also subject to regulation by state securities commissions in the states in which they do business. Oppenheimer and Freedom are each registered as a broker-dealer in the 50 states and the District of Columbia and Puerto Rico.

Broker-dealer Regulation - The regulations to which broker-dealers are subject cover all aspects of the securities business, including sales methods, trade practices among broker-dealers, the use and safekeeping of customers' funds and securities, capital structure of securities firms, record keeping and the conduct of directors, officers and employees. The SEC has adopted rules requiring underwriters to ensure that municipal securities issuers provide current financial information and imposing limitations on political contributions to municipal issuers by brokers, dealers and other municipal finance professionals. Additional legislation, changes in rules promulgated by the SEC, the CFTC and by SROs, or changes in the interpretation or enforcement of existing laws and rules may directly affect the method of operation and profitability of broker-dealers. The SEC, SROs (including FINRA) and state securities commissions may conduct administrative proceedings which can result in censure, fine, issuance of cease and desist orders or suspension or expulsion of a broker-dealer, its officers, or employees. These administrative proceedings, whether or not resulting in adverse findings, can require substantial expenditures of time and money and can have an adverse impact on the reputation of a broker-dealer. The principal purpose of regulating and disciplining broker-dealers is to protect customers and the securities markets rather than to protect creditors and shareholders.

Regulation NMS and Regulation SHO have substantially affected the trading of equity securities. These regulations were intended to increase transparency in the markets and have acted to further reduce spreads and, with competition from electronic marketplaces, to reduce commission rates paid by institutional investors.

Oppenheimer and certain of its affiliates are also subject to regulation by the SEC and under certain state laws in connection with its business as an investment advisor and its research department activities.

The SEC has passed a requirement for custodians of securities on behalf of investment advisors, such as the Company, to be subject to an annual "surprise" examination of custodian assets and to deliver a control report to its clients, issued by a qualified accounting firm, describing its processes and controls affecting custody operations, which report was issued by the Company for the first time on September 12, 2010. The Company's most recent report was timely filed on December 21, 2012.

Margin lending by Oppenheimer is subject to the margin rules of the Board of Governors of the Federal Reserve System and FINRA. Under such rules, Oppenheimer is limited in the amount it may lend in

connection with certain purchases of securities and is also required to impose certain maintenance requirements on the amount of securities and cash held in margin accounts. In addition, Oppenheimer may (and currently does) impose more restrictive margin requirements than required by such rules.

The Sarbanes-Oxley Act of 2002 effected significant changes to corporate governance, auditing requirements and corporate reporting. This law generally applies to all companies, including the Company, with equity or debt securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company has taken numerous actions, and incurred substantial expenses, since the passage of the legislation to comply with the Sarbanes-Oxley Act, related regulations promulgated by the SEC and other corporate governance requirements of the NYSE. Management has determined that the Company's internal control over financial reporting as of December 31, 2013 was effective. See Item 8 under the caption "Management's Report on Internal Control over Financial Reporting".

In July 2010, Congress enacted extensive legislation entitled the Dodd-Frank Wall Street Reform and Consumer Protection Act in which it mandated that the SEC and other regulators conduct comprehensive studies and issue new regulations based on their findings to control and monitor the activities of financial institutions in order to protect the financial system, the investing public and consumers from issues and failures that occurred in the 2008-9 financial crisis. All the relevant studies have not yet been completed, but they are widely expected to extensively impact the regulation and practices of financial institutions including the Company. The changes are likely to significantly reduce leverage available to financial institutions and to increase transparency to regulators and investors of risks taken by such institutions. It is impossible to presently predict the nature of such rulemaking, although proposals that have been implemented or are being considered in the U.S. and Europe include creating a new regulator for certain activities, regulating and/or prohibiting proprietary trading for certain deposit taking institutions, controlling the amount and timing of compensation to "highly paid" employees, creating new regulations around financial transactions with consumers requiring the adoption of a uniform fiduciary standard of care of broker-dealers and investment advisers providing personalized investment advice about securities to retail customers, and increasing the disclosures provided to clients, and creating a tax on securities transactions. The Volcker Rule is targeted to become effective on July 21, 2015. In December 2012, France began applying a .2% transaction tax on financial transactions in American Depository Receipts of French companies that trade on U.S. exchanges. Italy implemented its own transaction tax on financial transactions in early 2013. The European Markets are attempting to enact a transaction tax on financial transactions that would be imposed on all financial transactions originating in the Euro zone. If and when enacted, such regulations will likely increase compliance costs and reduce returns earned by financial service providers and intensify compliance overall. It is difficult to predict the nature of the final regulations and their impact on the business of the Company. The impact of any of, or more than one of, the foregoing could have a material adverse effect on our business, financial condition and results of operations. Certain of the rule-making described above remains under consideration and has been subject to numerous changes and postponements in both the requirements of such rules and the implementation date(s).

Trust Company Regulation – Oppenheimer Trust is a limited purpose trust company organized under the laws of Delaware and is regulated by the Office of the State Banking Commissioner.

REGULATORY CAPITAL REQUIREMENTS

As registered broker-dealers and member firms regulated by FINRA, Oppenheimer and Freedom are subject to certain net capital requirements pursuant to Rule 15c3-1 (the "Net Capital Rule") promulgated under the Exchange Act. The Net Capital Rule, which specifies minimum net capital requirements for registered brokers and dealers, is designed to measure the general financial integrity and liquidity of a broker-dealer and requires that at least a minimum part of its assets be kept in liquid form.

Oppenheimer elects to compute net capital under the alternative method of calculation permitted by the Net Capital Rule. (Freedom computes net capital under the basic formula as provided by the Net Capital Rule.) Under the alternative method, Oppenheimer is required to maintain a minimum "net capital", as defined in the Net Capital Rule, at least equal to 2% of the amount of its "aggregate debit items" computed in accordance with the Formula for Determination of Reserve Requirements for Brokers and Dealers (Exhibit A to Rule 15c3-3 under the Exchange Act) or $1.5 million, whichever is greater. "Aggregate debit items" are assets that have as their source transactions with customers, primarily margin loans. Failure to maintain the required net capital may subject a firm to suspension or expulsion by FINRA, the SEC and other regulatory bodies and ultimately may require its liquidation. The Net Capital Rule also prohibits payments of dividends, redemption of stock and the prepayment of subordinated indebtedness if net capital thereafter would be less than 5% of aggregate debit items (or 7% of the funds required to be segregated pursuant to the Commodity Exchange Act and the regulations thereunder, if greater) and payments in respect of principal of subordinated indebtedness if net capital thereafter would be less than 5% of aggregate debit items (or 6% of the funds required to be segregated pursuant to the Commodity Exchange Act and the regulations thereunder, if greater). The Net Capital Rule also provides that the total outstanding principal amounts of a broker-dealer's indebtedness under certain subordination agreements (the proceeds of which are included in its net capital) may not exceed 70% of the sum of the outstanding principal amounts of all subordinated indebtedness included in net capital, par or stated value of capital stock, paid in capital in excess of par, retained earnings and other capital accounts for a period in excess of 90 days.

Net capital is essentially defined in the Net Capital Rule as net worth (assets minus liabilities), plus qualifying subordinated borrowings minus certain mandatory deductions that result from excluding assets that are not readily convertible into cash and deductions for certain operating charges. The Net Capital Rule values certain other assets, such as a firm's positions in securities, conservatively. Among these deductions are adjustments (called "haircuts") in the market value of securities to reflect the possibility of a market decline prior to disposition.

Compliance with the Net Capital Rule could limit those operations of the brokerage subsidiaries of the Company that require the intensive use of capital, such as underwriting and trading activities and the financing of customer account balances, and also could restrict the Company's ability to withdraw capital from its brokerage subsidiaries, which in turn could limit the Company's ability to pay dividends, repay debt and redeem or purchase shares of its outstanding capital stock. Under the Net Capital Rule, broker-dealers are required to maintain certain records and provide the SEC with quarterly reports with respect to, among other things, significant movements of capital, including transfers to a holding company parent or other affiliate. The SEC and/or SROs may in certain circumstances restrict the Company's brokerage subsidiaries' ability to withdraw excess net capital and transfer it to the Company or to other Operating Subsidiaries or to expand the Company's business.

On January 31, 2013, a FINRA arbitration panel rendered a decision in the previously disclosed U.S. Airways case, filed in February 2009, resulting in an award against Oppenheimer, in the amount of $30.0 million including interest and costs on a claim of approximately $140.0 million (adjusted down from $253.0 million). The effect of the award resulted in a fourth quarter after-tax charge of $17.9 million. Oppenheimer Holdings Inc., the ultimate parent of Oppenheimer, has contributed capital into Oppenheimer in an amount equal to the net after tax effect of the award. Accordingly, the Net Capital of Oppenheimer did not change as a result of the award.

Oppenheimer Europe Ltd. is authorized by the FCA of the United Kingdom to provide investment services under the Markets of Financial Instruments Directive ("MiFID"). Under its current status, Oppenheimer Europe Ltd.'s capital resource requirement is the higher of the base capital resource requirement (€50,000), or the sum of the credit risk capital and the market risk capital requirements, or the fixed overheads requirement, which is equal to 25% of the firm's relevant fixed expenditures as defined by the FCA.

Oppenheimer Investments Asia Limited was approved by the Hong Kong Securities and Futures Commission to place securities of U.S. listed companies with institutional clients and to provide corporate finance advisory services to Hong Kong institutional clients. Oppenheimer Investments Asia Limited is required to maintain Required Liquid Capital of the greater of HKD $3.0 million or 5% of Adjusted Liabilities as defined by the Hong Kong Securities and Futures Financial Resources Rules.

OMHHF was approved to be a non-supervised HUD mortgagee under Title II of the U.S. Department of Housing and Urban Development ("HUD"). To maintain its status as an approved lender for HUD, OMHHF is required to meet and maintain various eligibility criteria established by HUD, such as minimum net worth, operational liquidity and collateral requirements. At December 31, 2013, OMHHF was required to maintain a minimum net worth of $2.5 million.

See Note 18 to the consolidated financial statements for the year ended December 31, 2013 appearing in Item 8 for further information on the Company's regulatory capital requirements.

OTHER REQUIREMENTS

Senior Secured Notes

On April 12, 2011, the Company completed the private placement of $200.0 million in aggregate principal amount of 8.75% Senior Secured Notes due April 15, 2018 (the "Notes") at par. The interest on the Notes is payable semi-annually on April 15th and October 15th. Proceeds from the private placement were used to retire the Senior Secured Credit Note due 2013 ($22.4 million) and the Subordinated Note due 2014 ($100.0 million) and for other general corporate purposes. The private placement resulted in the fixing of the interest rate over the term of the Notes compared to the variable rate debt that was retired and an extension of the debt maturity dates as described above. The Notes are non-callable until April 2014. The cost to issue the Notes was approximately $4.6 million which was capitalized in the second quarter of 2011 and is amortized over the period of the Notes.

The indenture for the Notes contains covenants which place restrictions on the incurrence of indebtedness, the payment of dividends, sale of assets, mergers and acquisitions and the granting of liens. The Notes provide for events of default including nonpayment, misrepresentation, breach of covenants and bankruptcy. The Company's obligations under the Notes are guaranteed, subject to certain limitations, by the same subsidiaries that guaranteed the obligations under the Senior Secured Credit Note and the Subordinated Note which were retired. These guarantees may be shared, on a senior basis, under certain circumstances, with newly incurred debt outstanding in the future. The Notes were filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011. At December 31, 2013, the Company was in compliance with all of its covenants.

On July 12, 2011, the Company's Registration Statement on Form S-4 filed to register the exchange of the Notes for fully registered Notes was declared effective by the SEC. The Exchange Offer was completed in its entirety on August 9, 2011.

In November 2011, the Company repurchased $5.0 million of its Notes at a cost of $4.7 million resulting in the recording of a gain of $300,000 during the fourth quarter of 2011. The Company continued to hold these Notes at December 31, 2013.

On April 4, 2012, the Company's Registration Statement on Form S-3 filed to enable the Company to act as a market maker in connection with the Notes was declared effective by the SEC.

On March 22, 2013, S&P lowered its rating on the Company and on the Notes to 'B' from 'B+' with a stable outlook citing recent weak operating results and ongoing legal and litigation costs related to ARS. The downgrade could negatively impact the Company's business. On June 5, 2013, Moody's Corporation affirmed the Company's 'B2' Corporate Family rating and "B2' rating on the Notes.

Interest expense for the year ended December 31, 2013 on the Notes was $17.1 million ($17.1 million in 2012 and $12.5 million in 2011). Interest paid on the Notes for the year ended December 31, 2013 was $17.1 million ($17.1 million in 2012).

Other debt

Through OMHHF, which is engaged in commercial mortgage origination and servicing, the Company utilizes an uncommitted warehouse facility line from PNC Bank ("PNC") under which OMHHF pledges FHA - guaranteed mortgages for a period averaging 15 business days and PNC table funds the principal payment to the mortgagee. OMHHF repays PNC upon the securitization of the mortgage by the GNMA and the delivery of the security to the counter-party for payment pursuant to a contemporaneous sale on the date the mortgage is funded. The Company's ability to originate mortgage loans depends upon our ability to secure and maintain these types of short-term financings on acceptable terms.

Through OPY Credit Corp., the Company utilized a warehouse facility provided by CIBC to extend financing commitments to third party borrowers identified by the Company. This warehouse arrangement terminated on July 15, 2012. However, the Company will remain liable for some minimal expenses in relation to this facility related to commitments made by CIBC to borrowers introduced by the Company until such borrowings are repaid by the borrower or until 2016, whichever is the sooner to occur. All such owed amounts will continue to be reflected in the Company's consolidated statement of operations as incurred.

Oppenheimer and Freedom are each members of the Securities Investor Protection Corporation ("SIPC"), which provides, in the event of the liquidation of a broker-dealer, protection for customers' accounts (including the customer accounts of other securities firms when it acts on their behalf as a clearing broker) held by the firm of up to $500,000 for each customer, subject to a limitation of $250,000 for claims for cash balances. SIPC is funded through assessments on registered broker-dealers. In addition, Oppenheimer has purchased additional "excess of SIPC" policy protection from certain underwriters at Lloyd's of London of an additional $99.5 million (and $900,000 for claims for cash balance) per customer. The "excess of SIPC" policy has an overall aggregate limit of liability of $400.0 million. The Company has entered into an indemnity agreement with Lloyd's of London pursuant to which the Company has agreed to indemnify Lloyd's of London for losses incurred by Lloyd's under the policy.

AVAILABLE INFORMATION

The Company's principal place of business is at 85 Broad Street, New York, NY 10004 and its telephone number is (212) 668-8000. The Company's Internet address is http://www.opco.com. The Company makes available free of charge through its website its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy and information statements and other SEC filings and all amendments to those reports within 24 hours of such material being electronically filed with or furnished to the SEC.

You may read and copy this Annual Report on Form 10-K for the year ended December 31, 2013 at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies by mail from the Public Reference Room of the SEC at prescribed rates. To obtain information on the operation of the Public Reference Room, you can call the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, including Oppenheimer Holdings Inc., that file electronically with the SEC. The address of the SEC's Internet website is http://www.sec.gov.

Item 1A. RISK FACTORS

The Company's business and operations are subject to numerous risks. The material risks and uncertainties that management believes affect the Company are described below. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair the Company's business operations. If any of the following risks actually occur, the Company's financial condition and results of operations may be materially and adversely affected.

The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market.

In February 2008, the market for auction rate securities ("ARS") began experiencing disruptions due to the failure of auctions for preferred stocks issued to leverage closed end funds, municipal bonds backed by tax exempt issuers, and student loans backed by pools of student loans guaranteed by U.S. government agencies. This failure followed an earlier failure of a smaller market of ARS that were backed by mortgage and other forms of derivatives in the summer of 2007. These auction failures developed as a result of auction managers or dealers, typically large commercial or investment banks, deciding not to commit their own capital when there was insufficient demand from bidders to meet the supply of sales from sellers. The failure of the ARS market has prevented clients of the Company from liquidating holdings in these positions or, in many cases, posting these securities as collateral for loans. The Company had operated in an agency capacity in this market and held and continues to hold ARS in its proprietary accounts and, as a result, is exposed to these liquidity issues as well. The Company believes that, although issuer redemptions of ARS have occurred, approximately 15% of the overall ARS issued into the ARS market remain outstanding at December 31, 2013. There is no guarantee that further ARS issuer redemptions will occur and, if so, that the Company's clients' ARS will be redeemed.

Regulators have concluded, in many cases, that securities firms, initially those that underwrote and supported the auctions for ARS, should be compelled to purchase them from retail customers. Underwriters and broker-dealers in such securities have settled with various regulators and have purchased ARS from their retail clients. The Company may be at a competitive disadvantage to those of its competitors that have already completed purchases of ARS from their clients.

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 concerning Oppenheimer's marketing and sale of ARS. Pursuant to the settlements with Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. The ultimate amount of ARS to be repurchased by the Company under the settlements with Regulators or legal settlements and awards 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. See Item 7 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory Environment – Other Regulatory Matters" and "Off-Balance Sheet Arrangements" for additional details.

Notwithstanding the foregoing settlements with the Regulators, the Company remains as a named respondent in a number of arbitrations by its current or former clients as well as lawsuits related to its sale of ARS. In addition, the Company is continuing to cooperate with investigating entities from other states.

If the ARS market remains frozen, the Company may likely be further subject to claims by its clients. There can be no guarantee that the Company will be successful in defending any or all of the current actions against it or any subsequent actions filed in the future. Any such failure could have a material adverse effect on the results of operations and financial condition of the Company, including its cash position.

See "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory and Legal Environment – Other Regulatory Matters and – Other Matters."

The Company's customers held at Oppenheimer approximately $166.8 million of ARS at December 31, 2013, exclusive of amounts that were owned by Qualified Institutional Buyers ("QIBs"), transferred to the Company or purchased by customers after February 2008, or transferred from the Company to other securities firms after February 2008. The Company does not presently have the capacity to purchase all of the ARS held by all of its former or current clients who purchased such securities prior to the market's failure in February 2008 over a short period of time. If the Company was to be required to purchase all of the ARS held by all former or current clients who purchased such securities prior to the market's failure in February 2008 over a short period of time, these purchases would have a material adverse effect on the Company's results of operations and financial condition including its cash position. Neither of the settlements with the Regulators requires the Company to do so. The Company does not currently believe that it is legally obligated to make any such purchases except for those purchases it has agreed with the Regulators to make as previously disclosed. If Oppenheimer defaults on either agreement with the Regulators, the Regulators may terminate their agreements and, in the case of the MSD, may reinstitute the previously pending administrative proceedings. In addition, there can be no guarantee that other regulators won't seek to compel the Company to repurchase a greater amount of ARS than called for by the settlements with the Regulators. See "Legal Proceedings."

The Company has sought, with very limited success, financing from a number of sources to try to find a means for all its clients to find liquidity from their ARS holdings and will continue to do so. There can be no assurance that the Company will be successful in finding a liquidity solution for all its clients' ARS holdings.

Damage to our reputation could damage our businesses.

Maintaining our reputation is critical to our attracting and maintaining customers, investors and employees. If we fail to deal with, or appear to fail to deal with, various issues that may give rise to reputational risk, we could significantly harm our business prospects. These issues include, but are not limited to, any of the risks discussed in this Item 1A, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering, privacy, record keeping, sales and trading practices, failure to sell securities we have underwritten at the anticipated price levels, and the proper identification of the legal, reputational, credit, liquidity, and market risks inherent in our products. A failure to deliver appropriate standards of service and quality, or a failure or perceived failure to treat customers and clients fairly, can result in customer dissatisfaction, litigation and heightened regulatory scrutiny, all of which can lead to lost revenue, higher operating costs and harm to our reputation. Further, negative publicity regarding us, whether or not true, may also result in harm to our prospects.

Developments in market and economic conditions have adversely affected, and may in the future adversely affect, the Company's business and profitability.

Performance in the financial services industry is heavily influenced by the overall strength of economic conditions and financial market activity, which generally have a direct and material impact on the Company's results of operations and financial condition. These conditions are a product of many factors, which are mostly unpredictable and beyond the Company's control, and may affect the decisions made by financial market participants. Uncertain or unfavorable market or economic conditions could result in reduced transaction volumes, reduced revenue and reduced profitability in any or all of the Company's principal businesses. For example:

- The Company's investment banking revenue, in the form of underwriting, placement and financial advisory fees, is directly related to the volume and value of transactions as well as the Company's role in these transactions. In an environment of uncertain or unfavorable market or economic conditions such as we have observed in recent years, the volume and size of capital-raising transactions and acquisitions and dispositions typically decrease, thereby reducing the demand for the Company's investment banking services and increasing price competition among financial services companies seeking such engagements. The completion of anticipated investment banking transactions in the Company's pipeline is uncertain and beyond its control, and its investment banking revenue is typically earned upon the successful completion of a transaction. In most cases, the Company receives little or no payment for investment banking engagements that do not result in the successful completion of a transaction. For example, a client's acquisition transaction may be delayed or terminated because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions or unexpected financial or other problems in the client's or counterparty's business. If the parties fail to complete a transaction on which the Company is advising or an offering in which it is participating, the Company will earn little or no revenue from the transaction but may incur expenses including but not limited to legal fees. The Company may perform services subject to an engagement agreement and the client may refuse to pay fees due under such agreement, requiring the Company to re-negotiate fees or commence legal action for collection of such earned fees. Accordingly, the Company's business is highly dependent on market conditions, the decisions and actions of its clients and interested third parties. The number of engagements the Company has at any given time is subject to change and may not necessarily result in future revenues.

- A portion of the Company's revenues are derived from fees generated from its asset management business segment. Asset management fees often are primarily comprised of base management and performance (or incentive) fees. Management fees are primarily based on assets under management. Assets under management balances are impacted by net inflow/outflow of client assets and changes in market values. Poor investment performance by the Company's funds and portfolio managers could result in a loss of managed accounts and could result in reputational damage that might make it more difficult to attract new investors and thus further impact the Company's business and financial condition. If the Company experiences losses of managed accounts, fee revenue will decline. In addition, in periods of declining market values, the values under management may ultimately decline, which would negatively impact fee revenues.

- A downturn in the financial markets may result in a decline in the volume and value of trading transactions and, therefore, may lead to a decline in the revenue the Company generates from commissions on the execution of trading transactions and, in respect of its market-making activities, a reduction in the value of its trading positions and commissions and spreads. A further downturn could negatively impact the Company's ability to generate revenue.

- Financial markets are susceptible to severe events such as dislocations which may lead to reduced liquidity. Under these extreme conditions, the Company's risk management strategies may not be as effective as they might otherwise be under normal market conditions.
- Liquidity is essential to the Company's businesses. The Company's liquidity could be negatively affected by an inability to raise funding on a regular basis either in the short term market through bank borrowing or in the long term market through senior and subordinated borrowings. Such illiquidity could arise through a lowering of the Company's credit rating or through market disruptions unrelated to the Company. The availability of unsecured financing is largely dependent on our credit rating which is largely determined by factors such as the level and quality of our earnings, capital adequacy, risk management, asset quality and business mix. As noted above, the Company has purchased, and will continue to purchase, auction rate securities from its clients which will reduce liquidity available to the Company for other purposes. The failure to secure the liquidity necessary for the Company to operate and grow could have a material adverse effect on the Company's financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources", under Item 7.
- Changes in interest rates (especially if such changes are rapid), high interest rates or uncertainty regarding the future direction of interest rates, may create a less favorable environment for certain of the Company's businesses, particularly its fixed income business, resulting in reduced business volume and reduced revenue.
- The reduction of interest rates to all-time record lows has substantially reduced the interest profits available to the Company through its margin lending and has also reduced profit contributions from money fund products and sponsored FDIC-covered deposits. If interest rates remain at the current historical low levels until late 2014, as is forecasted by the Federal Reserve, or later, the Company's profitability will continue to be significantly negatively impacted.
- The Company expects to continue to commit its own capital to engage in proprietary trading, investing and similar activities, and uncertain or unfavorable market or economic conditions may reduce the value of its positions, resulting in reduced revenue.

The cyclical nature of the economy and the financial services industry leads to volatility in the Company's operating margins, due to the fixed nature of a portion of compensation expenses and many non-compensation expenses, as well as the possibility that the Company will be unable to scale back other costs at an appropriate time to match any decreases in revenue relating to changes in market and economic conditions. As a result, the Company's financial performance may vary significantly from quarter to quarter and year to year.

Markets have experienced, and may continue to experience, periods of high volatility accompanied by reduced liquidity.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be effective. Severe market events have historically been difficult to predict, and significant losses could be realized in the wake of such events. The "Flash Crash" on May 6, 2010 was driven not by external economic events but by internal market dynamics and automated systems. Such events cannot be predicted nor can anyone, including the Company, predict the effectiveness of controls put in place to prevent such incidents.

The Company has experienced significant pricing pressure in areas of its business, which may impair its revenues and profitability.

In recent years the Company has experienced, and continues to experience, significant pricing pressures on trading margins and commissions in debt and equity trading. In the fixed income market, regulatory requirements have resulted in greater price transparency, leading to increased price competition and decreased trading margins. In the equity market, the Company has experienced increased pricing pressure from institutional clients to reduce commissions, and this pressure has been augmented by the increased use of electronic and direct market access trading, which has created additional downward pressure on trading margins. The trend toward using alternative trading systems is continuing to grow, which may result in decreased commission and trading revenue, reduce the Company's participation in the trading markets and its ability to access market information, and lead to the creation of new and stronger competitors. Institutional clients also have pressured financial services firms to alter "soft dollar" practices under which brokerage firms bundle the cost of trade execution with research products and services. Some institutions are entering into arrangements that separate (or "unbundle") payments for research products or services from sales commissions. These arrangements have increased the competitive pressures on sales commissions and have affected the value the Company's clients place on high-quality research. Moreover, the Company's inability to reach agreement regarding the terms of unbundling arrangements with institutional clients who are actively seeking such arrangements could result in the loss of those clients, which would likely reduce the level of institutional commissions. The Company believes that price competition and pricing pressures in these and other areas will continue as institutional investors continue to reduce the amounts they are willing to pay, including reducing the number of brokerage firms they use, and some of our competitors seek to obtain market share by reducing fees, commissions or margins. Additional pressure on sales and trading revenue may impair the profitability of the Company's business.

The ability to attract, develop and retain highly skilled and productive employees is critical to the success of the Company's business.

The Company faces intense competition for qualified employees from other businesses in the financial services industry, and the performance of its business may suffer to the extent it is unable to attract and retain employees effectively, particularly given the relatively small size of the Company and its employee base compared to some of its competitors. The primary sources of revenue in each of the Company's business lines are commissions and fees earned on advisory and underwriting transactions and customer accounts managed by its employees, who are regularly recruited by other firms and in certain cases are able to take their client relationships with them when they change firms. Experienced employees are regularly offered financial inducements by larger competitors to change employers, and thus competitors can de-stabilize the Company's relationship with valued employees. Some specialized areas of the Company's business are operated by a relatively small number of employees, the loss of any of whom could jeopardize the continuation of that business following the employee's departure.

The Company depends on its senior employees and the loss of their services could harm its business.

The Company's success is dependent in large part upon the services of its senior executives and employees. Any loss of service of the CEO may adversely affect the business and operations of the Company. The Company maintains key man insurance on the life of its CEO. If the Company's senior executives or employees terminate their employment and the Company is unable to find suitable replacements in relatively short periods of time, its operations may be materially and adversely affected.

Underwriting and market-making activities may place capital at risk.

The Company may incur losses and be subject to reputational harm to the extent that, for any reason, it is unable to sell securities it purchased as an underwriter at the anticipated price levels. As an underwriter, the Company is subject to heightened standards regarding liability for material misstatements or omissions in prospectuses and other offering documents relating to offerings it underwrites. Any such misstatement or omission could subject the Company to enforcement action by the SEC and claims of investors, either of which could have a material adverse impact on the Company's results of operations, financial condition and reputation. As a market maker, the Company may own large positions in specific securities, and these undiversified holdings concentrate the risk of market fluctuations and may result in greater losses than would be the case if the Company's holdings were more diversified.

Increases in capital commitments in our proprietary trading, investing and similar activities increase the potential for significant losses.

The Company's results of operations for a given period may be affected by the nature and scope of these activities and such activities will subject the Company to market fluctuations and volatility that may adversely affect the value of its positions, which could result in significant losses and reduce its revenues and profits. In addition, increased commitment of capital will expose the Company to the risk that a counterparty will be unable to meet its obligations, which could lead to financial losses that could adversely affect the Company's results of operations. These activities may lead to a greater concentration of risk, which may cause the Company to suffer losses even when business conditions are generally favorable for others in the industry.

If the Company is unable to repay its outstanding indebtedness when due, its operations would be materially adversely affected.

At December 31, 2013, the Company had liabilities of approximately $2.4 billion, a significant portion of which is collateralized by highly liquid and marketable government securities as well as marketable securities owned by customers. The Company cannot assure that its operations or the liquidation of collateral supporting such borrowings will generate funds sufficient to repay its existing debt obligations as they come due. The Company's failure to repay its indebtedness and make interest payments as required by its debt obligations would most likely have a material adverse effect on its results of operations and financial condition.

The Company may make strategic acquisitions of businesses, engage in joint ventures or divest or exit existing businesses, which could result in unforeseen expenses or disruptive effects on its business.

From time to time, the Company may consider acquisitions of other businesses or joint ventures with other businesses. For example, on January 14, 2008, the Company acquired certain businesses from CIBC World Markets Corp. Any acquisition or joint venture that the Company determines to pursue will be accompanied by a number of risks. After the announcement or completion of an acquisition or joint venture, the Company's share price could decline if investors view the transaction as too costly or unlikely to improve the Company's competitive position. Costs or difficulties relating to such a transaction, including integration of products, employees, offices, technology systems, accounting systems and management controls, may be difficult to predict accurately and be greater than expected causing the Company's estimates to differ from actual results. The Company may be unable to retain key personnel after the transaction, and the transaction may impair relationships with customers and business partners. In addition, the Company may be unable to achieve anticipated benefits and synergies from the transaction as fully as expected or within the expected time frame. Divestitures or elimination of existing businesses or products could have similar effects. These difficulties could disrupt the Company's ongoing business, increase its expenses and adversely affect its operating results and financial condition.

The Company is subject to extensive securities regulation and the failure to comply with these regulations could subject it to penalties or sanctions.

The securities industry and the Company's business are subject to extensive regulation by the SEC, state securities regulators and other governmental regulatory authorities. The Company is also regulated by industry self-regulatory organizations, including FINRA and the MSRB. The Company may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. The regulatory environment is subject to change and the Company may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other federal or state governmental regulatory authorities, or self-regulatory organizations. In response to the recent financial crisis, the regulatory environment to which the Company is subjected is expected to intensify as additional rules and regulations are adopted by the Company's regulators. These new regulations will likely increase costs related to compliance and may in other ways adversely affect the performance of the Company.

Oppenheimer is a registered broker-dealer with the SEC and is primarily regulated by FINRA. Broker-dealers are subject to regulations which cover all aspects of the securities business, including:

- sales methods and supervision;
- trading practices among broker-dealers;
- use and safekeeping of customers' funds and securities;
- anti-money laundering and Patriot Act compliance;
- capital structure of securities firms;
- compliance with lending practices (Regulation T);
- record keeping; and
- the conduct of directors, officers and employees.

Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. The requirements imposed by these regulations are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with the Company. New regulations will result in enhanced standards of duty on broker dealers in their dealings with their clients (fiduciary standards). Consequently, these regulations often serve to limit the Company's activities, including through net capital, customer protection and market conduct requirements, including those relating to principal trading. Much of the regulation of broker-dealers has been delegated to self-regulatory organizations, principally FINRA, which is the Company's primary regulatory agency. FINRA adopts rules, subject to approval by the SEC, which govern its members and conducts periodic examinations of member firms' operations.

The SEC has passed a requirement for custodians of securities on behalf of investment advisors, such as the Company, to conduct an annual "surprise audit", in addition to the annual audit, and to issue an annual controls report to its clients, issued by a qualified accounting firm, describing its processes and controls affecting custody operations. A failure to conduct such an audit or issue the report with favorable findings could adversely affect a sizable portion of the Company's businesses.

If the Company is found to have violated any applicable regulations, formal administrative or judicial proceedings may be initiated against it that may result in:

- censure;
- fine;
- civil penalties, including treble damages in the case of insider trading violations;
- the issuance of cease-and-desist orders;
- the deregistration or suspension of our broker-dealer activities;
- the suspension or disqualification of our officers or employees; or
- other adverse consequences.

The imposition of any of these or other penalties could have a material adverse effect on our operating results and financial condition. For a more detailed description of the regulatory scheme under which the Company operates, see Item 1 under the caption "Regulation" and Item 7 under the caption "Managements' Discussion and Analysis of Financial Condition and Results of Operations - Regulation".

Failure to comply with net capital requirements could subject the Company to suspension or revocation by the SEC or suspension or expulsion by FINRA, the FCA and the SFC.

Oppenheimer and Freedom are subject to the SEC's Net Capital Rule which requires the maintenance of minimum net capital. For a more detailed description of the regulatory scheme under which the Company operates, see Item 1 under the caption "Net Capital Requirements". Failure to comply with net capital requirements could subject the Company to suspension or revocation by the SEC or suspension or expulsion by FINRA.

In addition, Oppenheimer Europe Ltd. and Oppenheimer Investments Asia Limited are regulated by the FCA of the United Kingdom and the SFC in Hong Kong, respectively. Failure of these entities to comply with net capital requirements could subject those entities to suspension or expulsion by their respective regulators.

If the Company violates the securities laws, or is involved in litigation in connection with a violation, the Company's reputation and results of operations may be adversely affected.

Many aspects of the Company's business involve substantial risks of liability. An underwriter is exposed to substantial liability under federal and state securities laws, other federal and state laws, and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for material misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel. In recent years, there has been an increasing incidence of litigation involving the securities industry, including class actions that seek substantial damages. The Company's underwriting activities will usually involve offerings of the securities of smaller companies, which often involve a higher degree of risk and are more volatile than the securities of more established companies. In comparison with more established companies, smaller companies are also more likely to be the subject of securities class actions, to carry directors and officers liability insurance policies with lower limits or not at all, and to become insolvent. In addition, in market downturns, claims tend to increase. Each of these factors increases the likelihood that an underwriter may be required to contribute to an adverse judgment or settlement of a securities lawsuit.

In the normal course of business, the Operating Subsidiaries have been and continue to be the subject of numerous civil actions and arbitrations arising out of customer complaints relating to our activities as a broker-dealer, as an employer and as a result of other business activities. In turbulent times such as in recent years, the volume of claims and amount of damages sought in litigation and regulatory proceedings

against financial institutions have historically escalated. The Company has experienced an increase in such claims as a result of the recent worldwide credit disruptions, including the disruptions in the auction rate securities market. If the Company misjudged the amount of damages that may be assessed against it from pending or threatened claims, or if the Company is unable to adequately estimate the amount of damages that will be assessed against it from claims that arise in the future and reserve accordingly, its financial condition and results of operations may be materially adversely affected. On January 31, 2013, a FINRA arbitration panel rendered a decision in the previously disclosed U.S. Airways case, filed in February 2009, resulting in an award against Oppenheimer et al, in the amount of $30.0 million including interest and costs on a claim of approximately $140.0 million (adjusted down from $253.0 million). The effect of the award resulted in a fourth quarter 2012 after-tax charge of $17.9 million. See Item 1A under the caption "Risk Factors -The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market", as well as Item 3 under the caption "Legal Proceedings" and Item 7 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory Environment – Other Regulatory Matters."

The preparation of the consolidated financial statements requires the use of estimates that may vary from actual results and new accounting standards could adversely affect future reported results.

If actual experience differs from management's estimates used in the preparation of financial statements, the Company's consolidated results of operations or financial condition could be adversely affected. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the application of accounting policies that often involve a significant degree of judgment. Such estimates and assumptions may require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. The Company's accounting policies that are most dependent on the application of estimates and assumptions, and therefore viewed by the Company as critical accounting estimates, are those described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates." These accounting estimates require the use of assumptions, some of which are highly uncertain at the time of estimation. These estimates, by their nature, are based on judgment and current facts and circumstances. Accordingly, actual results could differ from these estimates, possibly in the near term, and could have a material effect on the consolidated financial statements.

The value of the Company's goodwill and intangible assets may become impaired.

A substantial portion of the Company's assets arise from goodwill and intangibles recorded as a result of business acquisitions it has made. The Company is required to perform a test for impairment of such goodwill and intangible assets, at least annually. To the extent that there are continued declines in the markets and general economy, impairment may become more likely. If the test resulted in a write-down of goodwill and/or intangible assets, the Company would incur a significant loss. For further discussion of this risk, see Note 19 to the consolidated financial statements for the year ended December 31, 2013 appearing in Item 8.

The Company's risk management policies and procedures may leave it exposed to unidentified risks or an unanticipated level of risk.

The policies and procedures the Company employs to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible

by the Company. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. The Company cannot give assurances that its policies and procedures will effectively and accurately record and verify this information. See Item 7A, "Quantitative and Qualitative Disclosures About Market Risk".

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. The Company believes that it effectively evaluates and manages the market, credit and other risks to which it is exposed. Nonetheless, the effectiveness of the Company's ability to manage risk exposure can never be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments can have a material adverse effect on the Company's financial condition and results of operations. The consequences of these developments can include losses due to adverse changes in securities values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in the Company's credit risk to customers as well as to third parties and increases in general systemic risk.

Credit risk may expose the Company to losses caused by the inability of borrowers or other third parties to satisfy their obligations.

The Company is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include:

- trading counterparties;
- customers;
- clearing agents;
- exchanges;
- clearing houses; and
- other financial intermediaries as well as issuers whose securities we hold.

These parties may default on their obligations owed to the Company due to bankruptcy, lack of liquidity, operational failure or other reasons. This default risk may arise, for example, from:

- holding securities of third parties;
- executing securities trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries; and
- extending credit to clients through bridge or margin loans or other arrangements.

The exposure to credit risk is heightened in the current economic environment in which default rates across many asset classes have increased. Significant failures by third parties to perform their obligations owed to the Company could adversely affect the Company's revenue and its ability to borrow in the credit markets.

Risks related to insurance programs.

The Company's operations and financial results are subject to risks and uncertainties related to the use of a combination of insurance, self-insured retention and self-insurance for a number of risks, including most significantly: property and casualty, general liability, workers' compensation, and the portion of employee-related health care benefits plans funded by the Company, and certain errors and omissions liability, among others.

While the Company endeavors to purchase insurance coverage that is appropriate to its assessment of risk, it is unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. The Company's business may be negatively affected if in the future its insurance proves to be inadequate or unavailable. In addition, insurance claims may divert management resources away from operating the business.

The precautions the Company takes to prevent and detect employee misconduct may not be effective and the Company could be exposed to unknown and unmanaged risks or losses.

The Company runs the risk that employee misconduct could occur. Misconduct by employees could include:

- employees binding the Company to transactions that exceed authorized limits or present unacceptable risks to the Company (rogue trading);
- employee theft and improper use of Company or client property;
- employees conspiring with third parties to defraud the Company;
- employees hiding unauthorized or unsuccessful activities from the Company;
- the improper use of confidential information; or
- employee conduct outside of acceptable norms including harassment.

These types of misconduct could result in unknown and unmanaged risks or losses to the Company including regulatory sanctions and serious harm to its reputation. The precautions the Company takes to prevent and detect these activities may not be effective. If employee misconduct does occur, the Company's business operations could be materially adversely affected.

Defaults by another large financial institution could adversely affect financial markets generally.

In the fourth quarter of 2008, Lehman Brothers filed for bankruptcy protection and financial institutions including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Citigroup Inc., Bank of America Corporation, and American International Group, Inc. needed to accept substantial funding from the Federal government. In the fourth quarter of 2011, MF Global Holding Ltd. filed for bankruptcy protection. In August 2012, Peregrine Financial Group, Inc. was declared bankrupt and placed in receivership. The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing, or other relationships between these institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses, or defaults by other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Company interacts on a daily basis, and therefore could affect the Company.

The failure of guarantors could adversely affect the pricing of securities and their trading markets.

Monoline insurance companies, commercial banks and other insurers regularly issue credit enhancements to issuers in order to permit them to receive higher credit ratings than would otherwise be available to them. As a result, the failure of any of these guarantors could and would suddenly and immediately result in the depreciation in the price of the securities that have been guaranteed or enhanced by such entity. This failure could adversely affect the markets in general and the liquidity of the securities that are so

affected. This disruption could create losses for holders of affected securities including the Company. In addition, rating agency downgrades of the debt or deposit or claims paying ability of these guarantors could result in a reduction in the prices of securities held by the Company which are guaranteed by such guarantors.

The Company's information systems may experience an interruption or breach in security.

The Company relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Company's customer relationship management, general ledger, and other systems. While the Company has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. Recent disclosures of such incursions by foreign and domestic unauthorized agents aimed at large financial institutions reflect higher risks for all such institutions. The occurrence of any failures, interruptions or security breaches of the Company's information systems could damage the Company's reputation, result in a loss of customer business, subject the Company to additional regulatory scrutiny, or expose the Company to civil litigation and possible financial liability, any of which could have a material adverse effect on the Company's financial condition and results of operations.

Security breaches and other disruptions could compromise the Company's information and expose the Company to liability, which would cause its business and reputation to suffer.

In the ordinary course of business, the Company collects and stores sensitive data, including its proprietary business information and that of its customers, and personally identifiable information of its customers and employees, in its data centers and on its networks. The secure processing, maintenance and transmission of this information is critical to its operations. Despite its security measures, its information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. The recent increase in the number of security breaches at large retailers, credit card companies and others reflect higher risk for all companies handling sensitive client data. Any such breach could compromise its networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt its operations and the services the Company provides to customers, damage its reputation, and cause a loss of confidence in its products and services, which could adversely affect its business, revenues and competitive position.

The Company continually encounters technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and reduce costs. The Company's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the Company's operations. Many of the Company's competitors have substantially greater resources to invest in technological improvements. The Company may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on the Company's business and, in turn, the Company's financial condition and results of operations.

The business operations that are conducted outside of the United States subject the Company to unique risks.

To the extent the Company conducts business outside the United States, it is subject to risks including, without limitation, the risk that it will be unable to provide effective operational support to these business activities, the risk of non-compliance with foreign laws and regulations, the general economic and political conditions in countries where it conducts business and currency fluctuations. The Company operates in Israel, the United Kingdom, and Hong Kong, China as well as through agents in Latin America. If the Company is unable to manage these risks relating to its foreign operations effectively, its reputation and results of operations could be harmed.

We may face exposure for environmental liabilities in British Columbia, Canada.

The Company has received notice from the current owner of rural mountainous properties in Canada that the Company may be liable for environmental claims with respect to such properties and that designate it a potentially responsible party in remedial activities for the cleanup of waste sites under applicable statutes. The Company is believed to have held title to various properties near Panorama, British Columbia, Canada from October 1942 through August 1969 and to have engaged in mining and milling operations for some part of that period. The Company was originally incorporated in British Columbia, Canada in 1933, under the name Sheep Creek Gold Mines Limited. The Company underwent a series of name changes and continuances, including from British Columbia to Ontario, from Ontario to Canadian federal jurisdiction and then, in May 2009, from Canada to Delaware.

The Company currently believes that future environmental claims, if any, that may be asserted will not be material and that its potential liability for known environmental matters is not material. However, environmental and related remediation costs are difficult to quantify. Applicable law may impose joint and several liability on each potentially responsible party for the cleanup.

Severe weather, natural disasters, acts of war or terrorism and other external events could significantly impact the Company's business.

Severe weather, natural disasters, acts of war or terrorism and other adverse external events could have a significant impact on the Company's ability to conduct business. Although management has established a disaster recovery plan there is no guarantee that such plan will allow the Company to operate without disruption if such an event was to occur and the occurrence of any such event could have a material adverse effect on the Company's business, which, in turn, could have a material adverse effect on the Company's financial condition and results of operations. The Company maintains disaster recovery sites to aid it in reacting to circumstances such as those described above. The fourth quarter of 2012 was impacted by Superstorm Sandy which occurred on October 29th causing the Company to vacate its two principal offices in downtown Manhattan and displaced 800 of the Company's employees including substantially all of its capital markets, operations and headquarters staff for in excess of 30 days. During the displacement period the Company successfully implemented its business continuity plan by relocating personnel from both of its downtown Manhattan locations into other branch offices and back-up facilities in the region. Other than the closure of the financial markets for two business days, the Company was able to successfully clear and settle open trades that took place prior to the storm and to get its trading, operations, technology, and other support functions mobilized to process business once the financial markets reopened. The plans and preparations for such eventualities including the sites themselves may not be adequate or effective for their intended purpose.

The effect of climate changes on the Company cannot be predicted with certainty.

The Company is not directly affected by environmental legislation, regulation or international treaties. The Company is not involved in an industry which is significantly impacted by climate changes except as such changes may affect the general economy of the United States and the rest of the world. Severe weather conditions such as storms, snowfall, and other climatic events may affect one or more offices of the Company. In October 2012, Superstorm Sandy caused dislocation and disruption of the Company's operations. Any such event may materially impact the operations or finances of the Company. The Company maintains Disaster Recovery Plans and property insurance for such emergencies. A significant change in the climate of the World could affect the general growth in the economy, population growth and create other issues which will over time affect returns on financial instruments and thus the financial markets in general. It is impossible to predict such effects on the Company's business and operations.

The downgrade of U.S. long term sovereign debt obligations and issues affecting the sovereign debt of European nations may adversely affect markets and other business.

On August 5, 2011, Standard & Poor's lowered its long term sovereign credit rating on the United States of America from AAA to AA+. Credit agencies have also reduced the credit ratings of various sovereign nations, including Italy and France. While the ultimate impact of such action is inherently unpredictable, these downgrades could have a material adverse impact on financial markets and economic conditions throughout the world, including, specifically, the United States. Moreover, the market's anticipation of these impacts could have a material adverse effect on our business, financial condition and liquidity. Various types of financial markets, including, but not limited to, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets may be adversely affected by these impacts. In addition, the cost and availability of funding and certain impacts, such as increased spreads in money market and other short term rates, have been experienced already as the market anticipated the downgrade.

The negative impact that may result from this downgrade or any future downgrade could adversely affect our credit ratings, as well as those of our clients and/or counterparties, and could require us to post additional collateral on loans collateralized by U.S. Treasury securities. The unprecedented nature of this and any future negative credit rating actions with respect to U.S. government obligations will make any impact on our business, financial condition and liquidity unpredictable. In addition any such impact may not be immediately apparent.

In addition, global markets and economic conditions have been negatively impacted by the ability of certain European Union ("EU") member states to service their sovereign debt obligations. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles could further disrupt global markets and may negatively impact our business, financial condition and liquidity.

Risks associated with the Company's stock.

The Company's stock price can be volatile.

Stock price volatility may make it difficult for an investor to resell shares of the Company's Class A non-voting common stock (the "Class A Stock") at the times and at the prices desired. The price of the Class A Stock can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in quarterly results of operations;

- operating and stock price performance of other companies that investors deem comparable to the Company;
- news reports relating to trends, concerns and other issues in the financial services industry;
- perceptions in the marketplace regarding the Company and/or its competitors;
- new technology used, or services offered, by competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- a downturn in the overall economy or the equity markets in particular;
- failure to effectively integrate acquisitions or realize anticipated benefits from acquisitions; and
- the occurrence of any of the other events described in these Risk Factors.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause the Company's stock price to decrease regardless of operating results.

The trading volume in the Company's Class A Stock is less than that of larger financial services companies.

Although the Company's Class A Stock is listed for trading on the NYSE, the trading volume in its Class A Stock is less than that of larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of the Company's Class A Stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which the Company has no control. Given the lower trading volume of the Company's Class A Stock, significant sales of shares of the Company's Class A Stock, or the expectation of these sales, could cause the Company's stock price to fall and increases the volatility of the Class A Stock generally.

The holders of Class A Stock do not have the ability to vote on most corporate matters which limits the influence that these holders have over the Company.

The Company issues two classes of shares, Class A Stock and Class B voting common stock ("Class B Stock"). At December 31, 2013, there were 99,680 shares of Class B Stock outstanding compared to 13,377,967 shares of Class A Stock. The voting power associated with the Class B Stock allows holders of Class B Stock to effectively exercise control over all matters requiring stockholder approval, including the election of all directors and approval of significant corporate transactions, and other matters affecting the Company. Over 96% of the Class B voting shares are held by an entity controlled by Mr. Albert Lowenthal, the Chairman and CEO of the Company. Due to the lack of voting power, the Class A Stockholders have limited influence on corporate matters.

The Company's Chairman and CEO owns a significant portion of the Company's Class B voting stock and therefore can exercise significant control over the corporate governance and affairs of the Company, which may result in him taking actions with which other stockholders do not agree.

The Company's Chairman and CEO, Mr. Albert Lowenthal, owns over 96% of the Class B voting stock. As a result, Mr. Lowenthal can exercise substantial influence over the outcome of most, if not of all corporate actions requiring approval of our stockholders, including the election of directors and approval of significant corporate transactions, which may result in corporate action with which other stockholders do not agree. This Class B voting power may have the effect of delaying or preventing a change in control of the Company or may result in the receipt of a "control premium" by the controlling stockholder which premium would not be received by the holders of the Class A Stock. The controlling stockholder may have potential conflicts of interest with other stockholders including the ability to determine the impact of "say on pay" provisions on corporate governance at the Company.

Possible additional issuances of the Company's stock will cause dilution.

At December 31, 2013, the Company had 13,377,967 shares of Class A Stock outstanding, outstanding employee stock options to purchase a total of 72,573 shares of Class A Stock, as well as outstanding unvested stock awards granted for an additional 1,247,476 shares of Class A Stock. The Company is further authorized to issue up to 1,116,182 shares of Class A Stock under share-based compensation plans for which stockholder approval has already been obtained. As the Company issues additional shares, stockholders' holdings will be diluted, perhaps significantly. The issuance of any additional shares of Class A Stock or securities convertible into or exchangeable for Class A Stock or that represent the right to receive Class A Stock, or the exercise of such securities, could be substantially dilutive to holders of our Class A Stock. Holders of our shares of Class A Stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to the Company's stockholders. The market price of the Company's Class A Stock could decline as a result of sales or issuance of shares of Class A Stock or securities convertible into or exchangeable for Class A Stock.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The Company and Oppenheimer maintain offices at their headquarters at 85 Broad Street, New York, New York which houses their executive management team and many administrative functions for the firm as well as their research, trading, investment banking, and asset management divisions. Generally, the offices outside of 85 Broad Street serve as bases for sales representatives who process trades and provide other brokerage services in co-operation with Oppenheimer's New York offices using the data processing facilities located there. The Company maintains an office in Troy, Michigan, which among other things, houses its payroll and human resources departments. OMHHF operates its business out of North Wales, Pennsylvania and Oppenheimer Trust is based in Wilmington, Delaware. Freedom conducts its business from its offices located in Edison, New Jersey. Management believes that its present facilities are adequate for the purposes for which they are used and have adequate capacity to provide for presently contemplated future uses. In addition, the Company has offices in London, U.K., Tel Aviv, Israel and Hong Kong and Beijing, China.

The Company and its subsidiaries own no real property but, at December 31, 2013, occupied office space totaling approximately 1.5 million square feet in 109 locations under standard commercial terms expiring between 2014 and 2020. If any leases are not renewed, the Company believes it could obtain comparable space elsewhere on commercially reasonable rental terms.

In 2011, the Company signed a lease to occupy approximately 270,000 square feet on seven floors at 85 Broad Street in New York City for a term of 15 years. The costs of the consolidation of the Company's primary business units and employees into this space will generate approximately $62 million in savings over the life of the lease. However, the expense to the Company with respect to this consolidation was approximately $11.4 million stemming from overlapping rent costs and write-offs. The Company expects to begin to generate $2.2 million in annual net savings in 2014.

Item 3. LEGAL PROCEEDINGS

Many aspects of the Company's business involve substantial risks of liability. In the normal course of business, the Company has been the subject of customer complaints and has been named as a defendant or co-defendant in various lawsuits or arbitrations creating substantial exposure. The incidences of these types of claims have increased since the onset of the credit crisis in 2008 and the resulting market disruptions. The Company is also involved from time to time in certain governmental and self-regulatory agency investigations and proceedings. These proceedings arise primarily from securities brokerage, asset management and investment banking activities. There has been an increased incidence of regulatory investigations in the financial services industry in recent years, including customer claims, which seek substantial penalties, fines or other monetary relief.

While the ultimate resolution of routine pending litigation and other matters, including regulatory matters, cannot be currently determined, in the opinion of management, after consultation with legal counsel, the Company does not believe that the resolution of these matters will have a material adverse effect on its financial condition. However, the Company's results of operations could be materially affected during any period if liabilities in that period differ from prior estimates.

Notwithstanding the foregoing, an adverse result in any of the matters set forth below or multiple adverse results in arbitrations and litigations currently filed or to be filed against the Company, including arbitrations and litigations relating to auction rate securities, could have a material adverse effect on the Company's results of operations and financial condition, including its cash position.

The materiality of legal matters to the Company's future operating results depends on the level of future results of operations as well as the timing and ultimate outcome of such legal matters. See "Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market" as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory and Legal Environment – Other Regulatory Matters and – Other Matters" as well as "Factors Affecting 'Forward-Looking Statements'" herein.

In accordance with applicable accounting guidance, the Company establishes reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and reasonably estimable. When loss contingencies are not both probable and reasonably estimable, the Company does not establish reserves. In some of the matters described below under "Legal Proceedings", loss contingencies are not probable and reasonably estimable in the view of management and, accordingly, reserves have not been established for those matters. For legal proceedings set forth below where there is at least a reasonable possibility that a loss or an additional loss may be incurred, the Company estimates a range of aggregate loss in excess of amounts accrued of $0 to approximately $25 million. This estimated aggregate range is based upon currently available information for those legal proceedings in which the Company is involved, where an estimate for such losses can be made. For certain cases, the Company does not believe that an estimate can currently be made. The foregoing estimate is based on various factors, including the varying stages of the proceedings (including the fact that many are currently in preliminary stages), the numerous yet-unresolved issues in many of the proceedings and the attendant uncertainty of the various potential outcomes of such proceedings. Accordingly, the Company's estimate will change from time to time, and actual losses may be more than the current estimate.

Auction Rate Securities Matters

For a number of years, the Company offered auction rate securities ("ARS") to its clients. A significant portion of the market in ARS 'failed' in February 2008 due to credit market conditions, and dealers were no longer willing or able to purchase the imbalance between supply and demand for ARS. Oppenheimer offered ARS to its clients in the same manner as dozens of other "downstream" firms in the ARS marketplace - as an available cash management option for clients seeking to increase their yields on short-term investments similar to a money market fund. The Company believes that Oppenheimer's participation therefore differs dramatically from that of the larger broker-dealers who underwrote and provided supporting bids in the auctions, actions Oppenheimer never undertook. Oppenheimer played no role in any decision by the lead underwriters or broker-dealers to discontinue entering support bids and allowing auctions to fail. See "Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market," as well as Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment – Other Regulatory Matters and – Other Matters," and "Off-Balance Sheet Arrangements" for additional details.

As previously disclosed, Oppenheimer, without admitting or denying liability, entered into a Consent Order (the "Order") with the MSD pursuant to the Massachusetts Uniform Securities Act on February 26, 2010 settling a pending administrative proceeding related to Oppenheimer's sales of ARS to retail and other investors in the Commonwealth of Massachusetts.

As previously disclosed, on February 23, 2010, the NYAG accepted Oppenheimer's offer of settlement and entered an Assurance of Discontinuance ("AOD") pursuant to New York State Executive Law Section 63(15) in connection with Oppenheimer's marketing and sale of ARS. Oppenheimer did not admit or deny any of the findings or allegations contained in the AOD and no fine was imposed.

Pursuant to the terms of the Order, Oppenheimer commenced and closed three offers to purchase Eligible ARS (as defined in the Order) from Customer Accounts (as defined in the Order) during 2010 and 2011 with the final offer closing on April 7, 2011. In addition, pursuant to the terms of the AOD, the Company has made seven offers to purchase ARS from Eligible Investors between the periods May 21, 2010 and December 13, 2013. The Company's purchases of ARS from clients have continued and will, subject to the terms and conditions of the AOD, continue on a periodic basis. Accounts were, and will continue to be, aggregated on a "household" basis for purposes of these offers. As of December 31, 2013, the Company had purchased from clients and holds (net of redemptions) approximately $91.6 million of ARS pursuant to the settlements with Regulators and legal settlements and awards.

Oppenheimer has agreed with the NYAG that it will offer to purchase Eligible ARS from Eligible Investors who did not receive an initial purchase offer, periodically, as excess funds become available to Oppenheimer after giving effect to the financial and regulatory capital constraints applicable to Oppenheimer, until Oppenheimer has extended a purchase offer to all Eligible Investors. Such offers will remain open for a period of seventy-five days from the date on which each such offer to purchase is sent. 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 client actions during the period, which also cannot be predicted.

In addition, Oppenheimer has agreed to work with issuers and other interested parties, including regulatory and other authorities and industry participants, to provide liquidity solutions for other Massachusetts clients not covered by the offers to purchase. In that regard, on May 21, 2010, Oppenheimer offered such clients a margin loan against marginable collateral with respect to such account holders' holdings of Eligible ARS. As of December 31, 2013, Oppenheimer had extended margin loans to six holders of Eligible ARS from Massachusetts.

Further, Oppenheimer has agreed to (1) no later than 75 days after Oppenheimer has completed extending a purchase offer to all Eligible Investors (as defined in the AOD), use its best efforts to identify any Eligible Investor who purchased Eligible ARS (as defined in the AOD) and subsequently sold those securities below par between February 13, 2008 and February 23, 2010 and pay the investor the difference between par and the price at which the Eligible Investor sold the Eligible ARS, plus reasonable interest thereon (the "ARS Losses"); (2) no later than 75 days after Oppenheimer has completed extending a Purchase Offer to all Eligible Investors, use its best efforts to identify Eligible Investors who took out loans from Oppenheimer after February 13, 2008 that were secured by Eligible ARS that were not successfully auctioning at the time the loan was taken out from Oppenheimer and who paid interest associated with the ARS-based portion of those loans in excess of the total interest and dividends received on the Eligible ARS during the duration of the loan (the "Loan Cost Excess") and reimburse such investors for the Loan Cost Excess plus reasonable interest thereon; (3) upon providing liquidity to all Eligible Investors, participate in a special arbitration process for the exclusive purpose of arbitrating any Eligible Investor's claim for consequential damages against Oppenheimer related to the investor's inability to sell Eligible ARS; and (4) work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously provide liquidity solutions for institutional investors not within the definition of Small Businesses and Institutions (as defined in the AOD) that held ARS in Oppenheimer brokerage accounts on February 13, 2008. Oppenheimer believes that because Items (1) through (3) above will occur only after it has provided liquidity to all Eligible Investors, it will take an extended period of time before the requirements of Items (1) through (3) will take effect.

Each of the AOD and the Order provides that in the event that Oppenheimer enters into another agreement that provides any form of benefit to any Oppenheimer ARS customer on terms more favorable than those set forth in the AOD or the Order, Oppenheimer will immediately extend the more favorable terms contained in such other agreement to all eligible investors. The AOD further provides that if Oppenheimer pays (or makes any pledge or commitment to pay) to any governmental entity or regulator pursuant to any other agreement costs or a fine or penalty or any other monetary amount, then an equivalent payment, pledge or commitment will become immediately owed to the State of New York for the benefit of New York residents.

If Oppenheimer fails to comply with any of the terms set forth in the Order, the MSD may institute an action to have the Order declared null and void and reinstitute the previously pending administrative proceedings. If Oppenheimer defaults on any obligation under the AOD, the NYAG may terminate the AOD, at its sole discretion, upon 10 days written notice to Oppenheimer.

Reference is made to the Order and the AOD, each as described in Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and attached thereto as Exhibits 10.24 and 10.22 respectively, as well as the subsequent disclosures related thereto in the Company's Quarterly Reports on Form 10-Q for each of the quarters ended March 31, 2010 through September 30, 2013 and in the Company's Annual Reports on Form 10-K for the years ended December 31, 2010 through and including 2012, for additional details of the agreements with the MSD and NYAG. The Company is continuing to cooperate with investigating entities from states other than Massachusetts and New York.

In connection with a case formerly brought by U.S. Airways on July 10, 2009, Oppenheimer asserted a third party statement of claim against Deutsche Bank Securities, Inc. ("DBSI") and Deutsche Bank A.G. ("Deutsche AG"). Deutsche AG challenged Oppenheimer's efforts to compel Deutsche AG to appear at a FINRA arbitration since, Deutsche AG argued, it is not a FINRA member. Subsequently, Oppenheimer deferred further action against Deutsche AG and proceeded prosecuting its third party claim against DBSI. DBSI subsequently filed a motion to sever the arbitration into a separate proceeding which motion was granted on July 28, 2010. On January 28, 2011, DBSI filed a motion to stay the DBSI arbitration which motion was granted on May 25, 2011. As a result of the award in favor of U.S. Airways in January 2013, the stay was lifted and Oppenheimer began prosecuting its claim in arbitration against DBSI in an effort to, among other things, recover in full the amount of $30.0 million including interest paid to U.S. Airways plus all associated costs. Discovery is proceeding and the arbitration is scheduled to commence on May 5, 2014. There can be no assurance Oppenheimer will prevail in the arbitration against DBSI or that it will recover any or all of the amounts paid by Oppenheimer to U.S. Airways.

In addition to the ARS case discussed above, as of December 31, 2013, Oppenheimer and certain affiliated parties are currently named as a defendant or respondent in approximately five arbitration claims before FINRA, as well as one court action brought by individuals and entities who purchased ARS through Oppenheimer in amounts ranging from $65,000 to $20.0 million, seeking awards compelling Oppenheimer to repurchase such ARS or, alternatively, awards rescinding such sales, based on a variety of causes of action. The Company has filed, or is in the process of filing, its responses to such claims and has participated in or is awaiting hearings regarding such claims before FINRA or in the court actions. As of December 31, 2013, ten ARS matters were concluded in either court or arbitration with Oppenheimer prevailing in four of those matters and the claimants prevailing in six of those matters. The Company has purchased approximately $7.6 million in ARS from the prevailing claimants in those six actions. In addition, the Company has made cash payments of approximately $12.6 million as a result of legal settlements and awards with clients. Oppenheimer believes it has meritorious defenses to the claims in the pending arbitrations and court actions and intends to vigorously defend against these claims. Oppenheimer may also implead third parties, including underwriters, where it believes such action is appropriate. It is possible that other individuals or entities that purchased ARS from Oppenheimer may bring additional claims against Oppenheimer in the future for repurchase or rescission.

See Item 1A, “Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market,” and Note 17 to the consolidated financial statements appearing in Item 8 herein as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Regulatory and Legal Environment – Other Regulatory Matters and – Other Matters” and “Off-Balance Sheet Arrangements” herein.

Other Pending Matters

On or about March 13, 2008, Oppenheimer was served in a matter pending in the United States Bankruptcy Court, Northern District of Georgia, captioned *William Perkins, Trustee for International Management Associates v. Lehman Brothers, Oppenheimer & Co. Inc., JB Oxford & Co., Bank of America Securities LLC and TD Ameritrade Inc.* The Trustee seeks to set aside as fraudulent transfers in excess of $25.0 million in funds embezzled by the sole portfolio manager for International Management Associates, a hedge fund. Said portfolio manager purportedly used the broker dealer defendants, including Oppenheimer, as conduits for his embezzlement. Oppenheimer filed its answer to the complaint on June 18, 2010. Oppenheimer filed a motion for summary judgment, which was argued on March 31, 2011. Immediately thereafter, the Bankruptcy Court dismissed all of the Trustee’s claims against all defendants including Oppenheimer. In June 2011, the Trustee filed an appeal with the United States District Court for the Northern District of Georgia (U.S.N.D. GA). In addition, on June 10, 2011, the Trustee filed a petition for permission to appeal the dismissal to the United States Court of Appeals for the Eleventh Circuit. On July 27, 2011, the Court of Appeals for the Eleventh Circuit denied the Trustee’s Petition. The Trustee then appealed to U.S.N.D. GA. On March 30, 2012, the U.S.N.D. GA affirmed in part and reversed in part the ruling from the Bankruptcy Court and remanded the matter to the Bankruptcy Court. The parties are actively engaged in discovery. Oppenheimer believes that as a result of the foregoing the claimed damages against Oppenheimer have been substantially reduced and that it has meritorious defenses to the remaining claims made against it and intends to defend itself vigorously.

In March 2010, the Company received a notice from counsel representing a receiver appointed by a state district court in Oklahoma (the “Receiver”) to oversee a liquidation proceeding of Providence Property and Casualty Insurance Company (“Providence”), an Oklahoma insurance company. That notice demanded the return of Providence’s municipal bond portfolio of approximately $55.0 million that had been custodied at Oppenheimer beginning in January 2009. In January 2009, the municipal bond portfolio had been transferred to an insurance holding company, Park Avenue Insurance LLC (“Park Avenue”), as part of a purchase and sale transaction. Park Avenue used the portfolio as collateral for a margin loan used to fund the purchase of Providence from Providence’s parent. On October 19, 2010, Oppenheimer was named as a co-defendant in a complaint filed by the Receiver in state district court for Oklahoma County, Oklahoma captioned *State of Oklahoma, ex rel. Kim Holland, Insurance Commissioner, as Receiver for Park Avenue Property and Casualty Insurance Company v. Providence Holdings, Inc., Falcon Holdings, LLC et. al* alleging that all defendants conspired to unlawfully transfer the assets of Providence to Park Avenue (the “Providence Action”). On October 25, 2013, the Receiver for Providence and Oppenheimer (as well as its affiliates also named in the Providence Action) entered into a settlement agreement pursuant to which Oppenheimer agreed, to pay the Receiver $10.0 million, or a net payment of $5.1 million (after application of $4.9 million in payments received from Oppenheimer’s fidelity bond insurance carriers) in full and final settlement of any and all claims the Receiver may have against Oppenheimer in the Providence Action. In addition, in a separate settlement agreement entered into on the same day, Oppenheimer agreed to pay $500,000 in full and final settlement of any claims Receiver of Imperial Casualty and Indemnity Company (“Imperial”), an additional insolvent insurance company that was a subsidiary of Providence, may have had against Oppenheimer (the “Imperial

Action"). The settlement agreements for the Providence Action ("Providence Agreement") and the Imperial Action ("Imperial Agreement") were both subject to court approval and are fully independent of each other. The Providence Agreement was approved at a hearing on November 14, 2013. No timely appeal was filed and payment of $10.0 million was made to the Receiver in the Providence Action in December 2013. A hearing to approve the Imperial Agreement was adjourned on December 6, 2013 and has not been rescheduled.

On June 24, 2011, Oppenheimer was served with a petition in a matter pending in state court in Collin County, Texas captioned *Jerry Lancaster, Providence Holdings, Inc., Falcon Holdings, LLC and Derek Lancaster v. Oppenheimer & Co., Inc., Oppenheimer Trust Company, Charles Antonuicci, Alan Reichman, John Carley, Park Avenue Insurance, LLC and Park Avenue Bank*. The action requests unspecified damages, including exemplary damages, for Oppenheimer's alleged breach of fiduciary duty, negligent hiring, fraud, conversion, conspiracy, breach of contract, unjust enrichment and violation of the Texas Business and Commerce Code. The first amended petition alleges that Oppenheimer held itself out as having expertise in the insurance industry generally and managing insurance companies' investment portfolios but inappropriately allowed plaintiffs' bond portfolios to be used by Park Avenue Insurance Company to secure the sale of Providence Property and Casualty Insurance Company to Park Avenue Insurance Company. On July 22, 2011, defendants removed the case to the United States District Court for the Eastern District of Texas, Sherman Division, and subsequently moved to dismiss or transfer the action. On October 5, 2011 plaintiffs filed a voluntary dismissal without prejudice. On the same date, Oppenheimer and Oppenheimer Trust Company agreed to suspend the running of any applicable statute of limitations defense for one year. Just prior to the expiration of the one-year tolling agreement, on October 3, 2012, Providence Holdings, Inc. filed a new action in the United States District Court for the Eastern Division of Texas against Oppenheimer, Oppenheimer Trust Company, and two individuals, re-asserting basically the same claims. On December 18, 2012, Oppenheimer and Oppenheimer Trust Company filed motions (i) to dismiss the new complaint and (ii) to stay the action pending resolution of all claims among the parties in the action pending in Oklahoma styled *State of Oklahoma ex rel. Holland v. Providence Holdings, Inc.* discussed above. In response to the motions, plaintiffs' counsel voluntarily agreed to stay their action until the resolution of all claims among the parties in the Oklahoma action. On March 18, 2013, the Texas court issued an order formally approving the parties' stipulation to stay the action. Oppenheimer believes it has meritorious defenses to the claims raised and intends to defend against these claims vigorously including seeking dismissal of the claims against it.

On March 15, 2013, the Company filed in the Supreme Court of the State of New York a breach of contract action against Canadian Imperial Bank of Commerce ("CIBC") in connection with the Company's 2008 acquisition of CIBC's U.S. capital markets businesses for an amount of damages to be proven at trial. As part of the transaction, the parties had provided for a deferred purchase price based on an agreed formula or a minimum payment of $25.0 million. The deferred purchase price amount would have been otherwise due in April 2013 absent the breach of the agreements governing the sale of the business asserted by the Company in its complaint. The agreed upon formula did not result in any additional payments and thus the minimum payment amount of $25.0 million is in dispute. The Company has deposited the $25.0 million in escrow pending the outcome of the legal proceedings and the expense related to the deferred purchase price was charged to earnings by the Company over the life of the agreement and was fully accrued for at the end of December 2012. CIBC filed a motion to dismiss portions of the Company's claims which was granted but with leave for the Company to amend its complaint. On January 30, 2014, the Company filed an amended complaint. Discovery in the case is proceeding. On June 6, 2013, CIBC filed a demand for arbitration with the American Arbitration Association seeking an award of the $25.0 million deferred purchase price, along with interest and costs. The parties are in the process of appointing three arbitrators to conduct the arbitration. The Company believes it has meritorious defenses to the claims raised by CIBC and intends to defend against them vigorously. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory and Legal Environment – Other Regulatory Matters".

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

(a) The Company's Class A Stock is listed and traded on the NYSE (trading symbol "OPY"). The Class B Stock is not traded on any stock exchange and, as a consequence, there is only limited trading in the Class B Stock. The Company does not presently contemplate listing the Class B Stock in the United States on any national or regional stock exchange or on NASDAQ.

The following tables set forth the high and low sales prices of the Class A Stock on the NYSE for the 2013 and 2012 fiscal years. Prices provided are based on data provided by the NYSE.

		NYSE	
Class A Stock		High	Low
2013	1st Quarter	$21.00	$15.69
	2nd Quarter	$20.00	$16.75
	3rd Quarter	$19.75	$16.52
	4th Quarter	$24.80	$16.66
2012	1st Quarter	$19.69	$15.67
	2nd Quarter	$18.71	$13.21
	3rd Quarter	$18.00	$13.24
	4th Quarter	$17.42	$14.63

As at December 31, 2013, there were 1,320,049 shares of Class A Stock underlying outstanding options and restricted share awards. Class A Stock underlying all vested options, if exercised, and restricted shares could be sold pursuant to Rule 144 or effective registration statements on Form S-8.

As part of the consideration for certain businesses acquired in January 2008, the Company issued to CIBC warrants to purchase 1,000,000 shares of Class A Stock at an exercise price of $48.62 per share on January 14, 2013. The warrants expired worthless on April 13, 2013.

(b) The following table sets forth information about the stockholders of the Company as at February 28, 2014 as set forth in the records of the Company's transfer agent and registrar:

	Number of shares	Number of stockholders of record
Class A Stock	13,501,626	118
Class B Stock	99,680	171

(c) Dividends

The following table sets forth the frequency and amount of any cash dividends declared on the Company's Class A Stock and Class B Stock for the fiscal years ended December 31, 2012 and 2013 and the first quarter of 2014.

Type	Declaration date	Record date	Payment date	Amount per share
Quarterly	January 26, 2012	February 10, 2012	February 24, 2012	$ 0.11
Quarterly	April 25, 2012	May 11, 2012	May 25, 2012	$ 0.11
Quarterly	July 26, 2012	August 10, 2012	August 24, 2012	$ 0.11
Quarterly	October 25, 2012	November 9, 2012	November 23, 2012	$ 0.11
Quarterly	January 24, 2013	February 8, 2013	February 22, 2013	$ 0.11
Quarterly	April 26, 2013	May 10, 2013	May 24, 2013	$ 0.11
Quarterly	July 26, 2013	August 9, 2013	August 23, 2013	$ 0.11
Quarterly	October 25, 2013	November 8, 2013	November 22, 2013	$ 0.11
Quarterly	January 31, 2014	February 14, 2014	February 28, 2014	$ 0.11

Future dividend policy will depend upon the earnings and financial condition of the Operating Subsidiaries, the Company's need for funds and other factors. Dividends may be paid to holders of Class A Stock and Class B Stock (pari passu), as and when declared by the Company's Board of Directors, from funds legally available therefore.

(d) Share-Based Compensation Plans

The Company has a 2006 Equity Incentive Plan, adopted December 11, 2006 and amended in December 2011, and had a 1996 Equity Incentive Plan, as amended March 10, 2005, which expired on April 18, 2006 (together "EIP"), under which the Compensation and Stock Option Committee of the Board of Directors of the Company has and may grant options to purchase Class A Stock, restricted Class A Stock awards and Class A Stock awards to officers and key employees of the Company and its subsidiaries. Grants of options have been made to the Company's non-employee directors on a formula basis; since 2011, restricted Class A Stock awards have been granted to the Company's non-employee directors as approved by a committee formed for that purpose.

Oppenheimer has an Employee Share Plan ("ESP"), under which the Compensation and Stock Option Committee of the Board of Directors of the Company may grant stock awards and restricted stock awards to key management employees of the Company and its subsidiaries.

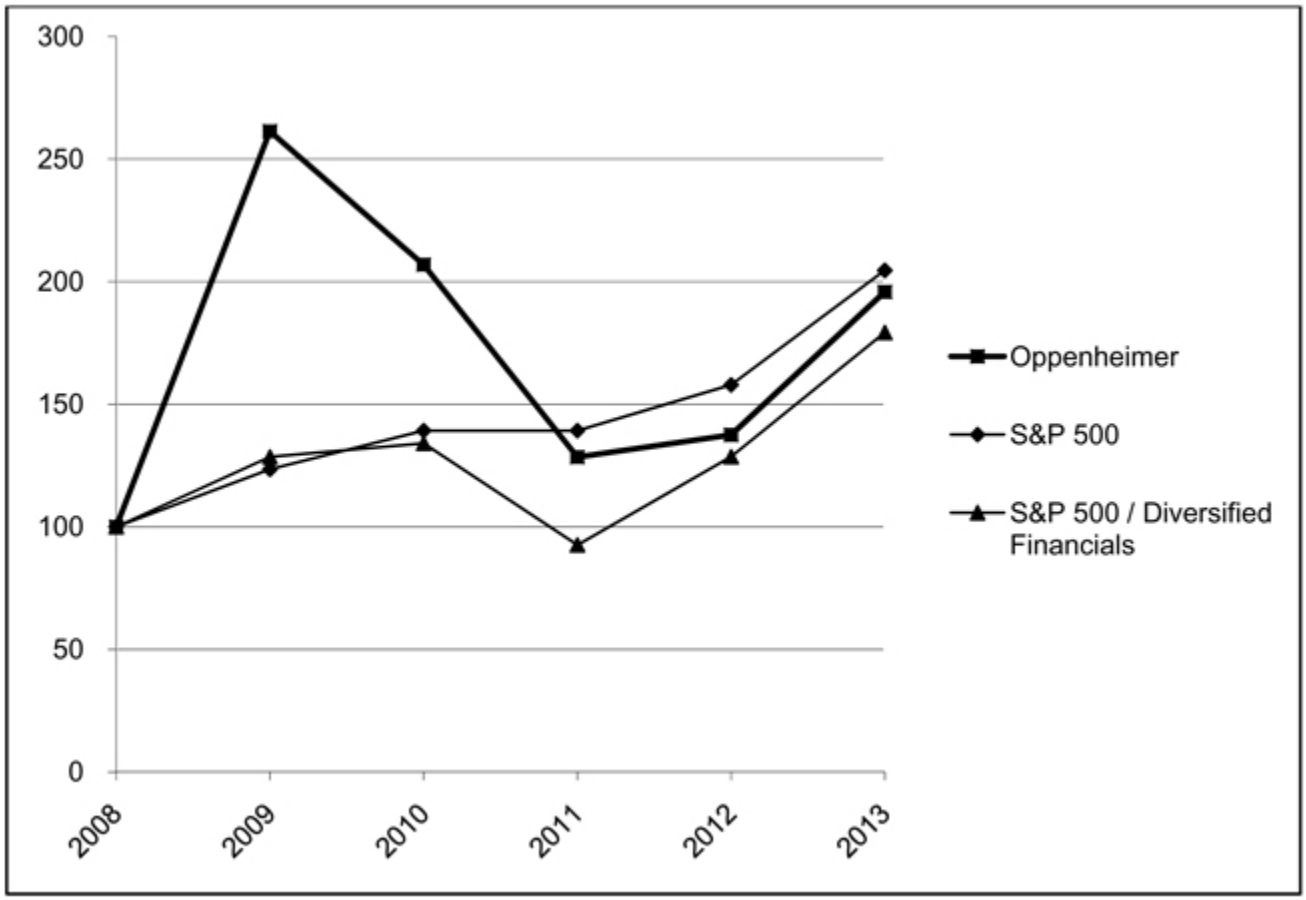
On February 26, 2014, the Company adopted the Oppenheimer Holdings Inc. 2014 Incentive Plan (the "OIP") which pursuant to its terms amends and restates each of the EIP and ESP and incorporates each of the EIP and ESP into the OIP. The OIP is subject to stockholder approval by a majority of the Class B voting stockholders of the Company at the annual meeting of the Company's stockholders to be held on May 12, 2014.

The Company's share-based compensation plans are described in Note 16 to the Company's consolidated financial statements appearing in Item 8.

e) Share Performance Graph

The following graph shows changes over the past five year period of U.S. $100 invested in (1) the Company's Class A Stock, (2) the Standard & Poor's 500 Index (S&P 500), and (3) the Standard & Poor's 500 Diversified Financial Index (S&P 500 / Diversified Financials – S5DIVF).

Oppenheimer Holding Inc.
Class A Non-Voting Common Stock Price
Five Year Comparison



As at December 31,	2008	2009	2010	2011	2012	2013
Oppenheimer Class A Stock	100	261	207	128	138	196
S&P 500	100	123	139	139	158	205
S&P 500 / Diversified Financials	100	129	134	93	129	179

Stock Buy-Back

On October 7, 2011, the Company announced its intention to purchase up to 675,000 shares of its Class A Stock in compliance with the rules and regulations of the New York Stock Exchange and the Securities and Exchange Commission and the terms of its senior secured debt. The 675,000 shares represented approximately 5% of its then 13,572,265 issued and outstanding shares of Class A Stock. Any such purchases will be made by the Company in the open market at the prevailing open market price using cash on hand. All shares purchased will be cancelled. The repurchase program is expected to continue

indefinitely. The repurchase program does not obligate the Company to repurchase any dollar amount or number of shares of Class A Stock. Depending on market conditions and other factors, these repurchases may be commenced or suspended from time to time without prior notice.

In 2013, the Company purchased and cancelled an aggregate of 200,578 shares of Class A Stock for total consideration of $3.6 million ($18.07 per share).

Item 6. SELECTED FINANCIAL DATA

The following table presents selected financial information derived from the audited consolidated financial statements of the Company for each of the five years in the period ended December 31, 2013.

(Expressed in thousands, except number of shares and per share amounts)

	2013	2012	2011	2010	2009
Revenue	$ 1,019,714	$ 952,612	$ 958,992	$ 1,036,273	$ 990,480
Net income (loss) attributable to the Company	$ 25,061	$ (3,613)	$ 10,316	$ 38,532	$ 20,824
Net income (loss) per share attributable to the Company (1)					
basic	$ 1.85	$ (0.27)	$ 0.76	$ 2.89	$ 1.59
diluted	$ 1.77	$ (0.27)	$ 0.74	$ 2.77	$ 1.55
Total assets	$ 2,952,720	$ 2,678,020	$ 3,527,439	$ 2,515,062	$ 2,162,582
Long term debt	$ 195,000	$ 195,000	$ 195,000	$ 122,503	$ 132,503
Total liabilities	$ 2,424,849	$ 2,173,019	$ 3,014,036	$ 2,007,700	$ 1,701,570
Cash dividends per share of Class A and Class B Stock	$ 0.44	$ 0.44	$ 0.44	$ 0.44	$ 0.44
Stockholders' equity attributable to the Company	$ 522,518	$ 500,740	$ 508,070	$ 504,330	$ 461,012
Book value per share attributable to the Company (1)	$ 38.77	$ 36.80	$ 37.16	$ 37.73	$ 34.88
Number of shares of capital stock outstanding (1)	13,477,647	13,607,998	13,671,945	13,368,202	13,217,681

(1) The Class A Stock and Class B Stock are combined because they are of equal rank for purposes of dividends and in the event of a distribution of assets upon liquidation, dissolution or winding up.

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

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto which appear elsewhere in this annual report.

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), research, market-making, trust services and investment advisory and asset management services. Its principal subsidiaries are Oppenheimer & Co. Inc. ("Oppenheimer") and Oppenheimer Asset Management Inc. ("OAM"). As of December 31, 2013, the Company provided its services from 96 offices in 25 states located throughout the United States, offices in Tel Aviv, Israel, Hong Kong and Beijing, China, London, England, and St. Helier, Isle of Jersey. Client assets administered by the Company as of December 31, 2013 totaled approximately $84.6 billion. The Company provides investment advisory services through OAM and Oppenheimer Investment Management, LLC ("OIM") and Oppenheimer's Fahnestock Asset Management, Alpha and OMEGA Group divisions. The Company provides trust services and products through Oppenheimer Trust Company. The Company provides discount brokerage services through Freedom Investments, Inc. ("Freedom") and through BUYandHOLD, a division of Freedom. Through OPY Credit Corp., the Company offers syndication as well as trading of issued corporate loans. Oppenheimer Multifamily Housing & Healthcare Finance, Inc. ("OMHHF") is engaged in commercial mortgage origination and servicing. At December 31, 2013, client assets under management by the asset management groups totaled approximately $25.3 billion. At December 31, 2013, the Company employed 3,517 employees (3,435 full-time and 82 part-time), of whom approximately 1,388 were financial advisers.

Critical Accounting Estimates

The Company's accounting policies are essential to understanding and interpreting the financial results reported in the consolidated financial statements. The significant accounting policies used in the preparation of the Company's consolidated financial statements are summarized in Note 2 to those statements. Certain of those policies are considered to be particularly important to the presentation of the Company's financial results because they require management to make difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain. The following is a discussion of these policies.

Financial Instruments and Fair Value

Financial Instruments

Securities owned and securities sold, but not yet purchased, investments and derivative contracts are carried at fair value with changes in fair value recognized in earnings each period. 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.

Financial Instruments Used for Asset and Liability Management

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains or losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Fair Value Measurements

Effective January 1, 2008, the Company adopted the accounting guidance for the fair value measurement of financial assets, which defines fair value, establishes a framework for measuring fair value, establishes a fair value measurement hierarchy, and expands fair value measurement disclosures. Fair value, as defined by the accounting guidance, is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy established by this accounting guidance prioritizes the inputs used in valuation techniques into the following three categories (highest to lowest priority):

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Unobservable inputs.

The Company's financial instruments are recorded at fair value and generally are classified within Level 1 or Level 2 within the fair value hierarchy using quoted market prices or quotes from market makers or broker-dealers. Financial instruments classified within Level 1 are valued based on quoted market prices in active markets and consist of U.S. government, federal agency, and sovereign government obligations, corporate equities, and certain money market instruments. Level 2 financial instruments primarily consist of investment grade and high-yield corporate debt, convertible bonds, mortgage and asset-backed securities, municipal obligations, and certain money market instruments. Financial instruments classified as Level 2 are valued based on quoted prices for similar assets and liabilities in active markets and quoted prices for identical or similar assets and liabilities in markets that are

not active. Some financial instruments are classified within Level 3 within the fair value hierarchy as observable pricing inputs are not available due to limited market activity for the asset or liability. Such financial instruments include investments in hedge funds and private equity funds where the Company, through its subsidiaries, is general partner, less-liquid private label mortgage and asset-backed securities, certain distressed municipal securities, and auction rate securities. A description of the valuation techniques applied and inputs used in measuring the fair value of the Company's financial instruments is located in Note 5 to the consolidated financial statements for the year ended December 31, 2013.

Fair Value Option

The Company has the option to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. 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 has elected to apply the fair value option to its loan trading portfolio which resides in OPY Credit Corp. and is included in other assets on the consolidated balance sheet. Management has elected this treatment as it is consistent with the manner in which the business is managed as well as the way that financial instruments in other parts of the business are recorded. There were no loan positions held in the secondary loan trading portfolio at December 31, 2013 and 2012.

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. 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 December 31, 2013, the fair value of the reverse repurchase agreements and repurchase agreements were $184.0 million and $nil, respectively.

On October 1, 2013, the Company also elected the fair value option for loans held for sale which reside in OMHHF and are reported on the consolidated balance sheet. Loans held for sale represent originated loans that are generally transferred or sold within 60 days from the date that a mortgage loan is funded. The Company initially measures all originated loans at fair value. Subsequent to initial measurement, the Company measures all mortgage loans at fair value, unless the Company documents at the time the loan is originated that it will measure the specific loan at the lower of cost or fair market value for the life of the loan. Electing to use fair value allows a better offset of the change in fair value of the loan and the change in fair value of the derivative instruments used as economic hedges. During the period prior to its sale, interest income on a loan held for sale is calculated in accordance with the terms of the individual loan. At December 31, 2013, the book value and fair value of the loans held for sale were $74.2 million and $76.0 million, respectively.

Financing Receivables

The Company's financing receivables include customer margin loans, securities purchased under agreements to resell ("reverse repurchase agreements"), and securities borrowed transactions. The Company uses financing receivables to extend margin loans to customers, meet trade settlement requirements, and facilitate its matched-book arrangements and inventory requirements.

Allowance for Credit Losses

The Company's financing receivables are secured by collateral received from clients and counterparties. In many cases, the Company is permitted to sell or re-pledge securities held as collateral. These securities may be used to collateralize repurchase agreements, to enter into securities lending agreements, to cover short positions or fulfill the obligation of fails to deliver. The Company monitors the market value of the collateral received on a daily basis and may require clients and counterparties to deposit additional collateral or return collateral pledged, when appropriate.

Customer receivables, primarily consisting of customer margin loans collateralized by customer-owned securities, are stated net of allowance for credit losses. The Company reviews large customer accounts that do not comply with the Company's margin requirements on a case-by-case basis to determine the likelihood of collection and records an allowance for credit loss following that process. For small customer accounts that do not comply with the Company's margin requirements, the allowance for credit loss is generally recorded as the amount of unsecured or partially secured receivables.

The Company also makes loans or pays advances to financial advisers as part of its hiring process. Reserves are established on these receivables if the financial advisor is no longer associated with the Company and the receivable has not been promptly repaid or if it is determined that it is probable the amount will not be collected.

Legal and Regulatory Reserves

The Company records reserves related to legal and regulatory proceedings in accounts payable and other liabilities. The determination of the amounts of these reserves requires significant judgment on the part of management. In accordance with applicable accounting guidance, the Company establishes reserves for litigation and regulatory matters where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and the Company can reasonably estimate the amount of that loss. When loss contingencies are not probable and cannot be reasonably estimated, the Company does not establish reserves.

When determining whether to record a reserve, management considers many factors including, but not limited to, the amount of the claim; the stage and forum of the proceeding, the sophistication of the claimant, the amount of the loss, if any, in the client's account and the possibility of wrongdoing, if any, on the part of an employee of the Company; the basis and validity of the claim; previous results in similar cases; and applicable legal precedents and case law. Each legal and regulatory proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded in the results of that period. The assumptions of management in determining the estimates of reserves may be incorrect and the actual disposition of a legal or regulatory proceeding could be greater or less than the reserve amount. See "Legal Proceedings," Note 15 to the consolidated financial statements appearing in Item 8 and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory and Legal Environment".

Goodwill

Goodwill arose upon the acquisitions of Oppenheimer, Old Michigan Corp., Josephthal & Co. Inc., Grand Charter Group Incorporated and the Oppenheimer Divisions, as defined below. The Company defines a reporting unit as an operating segment. The Company's goodwill resides in its Private Client Division ("PCD"). Goodwill of a reporting unit is subject to at least an annual test for impairment to determine if the fair value of goodwill of a reporting unit is less than its estimated carrying amount. Goodwill of a reporting unit is required to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company derives the estimated carrying amount of its operating segments by estimating the amount of stockholders' equity required to support the activities of each operating segment. Due to the volatility in the financial services sector and equity markets in general, determining whether an impairment of goodwill has occurred is increasingly difficult and requires management to exercise significant judgment. Goodwill recorded as at December 31, 2013 has been tested for impairment and it has been determined that no impairment has occurred. See Note 19 to the consolidated financial statements appearing in Item 8 for further discussion.

Excess of fair value of assets acquired over cost arose from the January 2008 acquisition of certain businesses from CIBC World Markets Corp., including five-year contingent consideration issued as a result of such acquisition. At the end of 2012, all contingencies expired and the Company recorded a reduction of "Excess of fair value of assets acquired over cost" of $7.0 million and deferred tax liabilities of $5.0 million offset by the reversal of related customer relationship intangible assets of $630,000 and fixed assets of $65,000 on the consolidated balance sheet as of December 31, 2012 as well as a non-cash adjustment reducing occupancy expenses in the amount of $11.3 million.

Intangible Assets

Intangible assets arose upon the acquisition, in January 2003, of the U.S. Private Client and Asset Management Divisions of CIBC World Markets Corp. (the "Oppenheimer Divisions") and comprise trademarks and trade names. Trademarks and trade names, carried at $31.7 million, which are not amortized, are subject to at least an annual test for impairment to determine if the fair value is less than their carrying amount. Trademarks and trade names recorded as at December 31, 2013 have been tested for impairment and it has been determined that no impairment has occurred. See Note 19 to the consolidated financial statements appearing in Item 8 for further discussion.

Intangible assets also arose from the January 2008 acquisition of the Oppenheimer Divisions from CIBC World Markets Corp. and are comprised of customer relationships and a below market lease. Customer relationships were being amortized on a straight-line basis over 180 months commencing in January 2008. However, due to the expiration of the five-year contingent consideration issued as part of such acquisition, remaining amounts related to the customer relationship intangible asset of $630,000 were written off in the fourth quarter of 2012. The customer relationship intangible asset was fully amortized as of December 31, 2012. The below market lease was determined to amortize on a straight-line basis over 60 months commencing in January 2008. However, due to the plan to consolidate the Company's headquarters, the Company terminated the lease which resulted in a reevaluation of the remaining useful life of the below market lease intangible asset and amortized $1.1 million in the fourth quarter of 2011 and $3.2 million during the first quarter of 2012.

Share-Based Compensation Plans

The Company estimates the fair value of share-based awards using the Black-Scholes model and applies to it a forfeiture rate based on historical experience. Key assumptions used to estimate the fair value of share-based awards include the expected term and the expected volatility of the Company's Class A Stock over the term of the award, the risk-free interest rate over the expected term, and the Company's expected annual dividend yield. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive share-based awards. For further discussion, see Note 16 to the consolidated financial statements appearing in Item 8.

Income Taxes

The Company records deferred taxes for the future consequences of events that have been recognized for financial statements or tax returns, based upon enacted tax laws and rates. In addition, the Company estimates and provides for potential liabilities that may arise out of tax audits to the extent that uncertain tax positions fail to meet the recognition standard under accounting guidance. For further discussion, see Note 15 to the consolidated financial statements appearing in Item 8.

New Accounting Pronouncements

Recently adopted and recently issued accounting pronouncements are described in Note 2 to the consolidated financial statements for the year ended December 31, 2013 appearing in Item 8.

Business Environment

The securities industry is directly affected by general economic and market conditions, including fluctuations in volume and price levels of securities and changes in interest rates, inflation, political events, investor participation levels, legal and regulatory, accounting, tax and compliance requirements and competition, all of which have an impact on commissions, firm trading, fees from accounts under investment management as well as fees for investment banking services, and investment income as well as on liquidity. Substantial fluctuations can occur in revenues and net income due to these and other factors.

For a number of years, the Company has offered auction rate securities ("ARS") to its clients. A significant portion of the market in ARS has 'failed' because, in the tight credit market, the dealers are no longer willing or able to purchase the imbalance between supply and demand for ARS. These securities have auctions scheduled on either a 7, 28 or 35 day cycle. Clients of the Company own a significant amount of ARS in their individual accounts. The absence of a liquid market for these securities presents a significant problem to clients and, as a result, to the Company. It should be noted that this is a failure of liquidity and not a default. These securities in almost all cases have not failed to pay interest or principal when due. These securities are fully collateralized for the most part and, for the most part, remain good credits. The Company has not acted as an auction agent for ARS.

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 in 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. Due to liquidity problems associated with the ARS market, ARS that lack liquidity are setting their interest rates according to a maximum rate formula. For example, an auction rate preferred security maximum rate may be set at 200% of a short-term index such as LIBOR or U.S. Treasury yield. For fair value purposes, the Company has determined that the maximum spread would be an adequate risk premium to account for illiquidity in the market. The risk of non-performance is typically reflected in the prices of ARS positions where the fair value is derived from recent trades in the secondary market (e.g., municipal ARS issued by Jefferson County, Alabama.) Accordingly, the Company adds a spread to the short-term index for each asset class to derive the discount rate. The Company uses short-term U.S. Treasury yields as its benchmark short-term index. As of December 31, 2013, the Company had a valuation adjustment (unrealized loss) of $6.5 million for ARS held in inventory.

The Company has sought, with limited success, financing from a number of sources to try to find a means for all its clients to find liquidity from their ARS holdings and will continue to do so. There can be no assurance that the Company will be successful in finding a liquidity solution for all its clients' ARS. See "Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market" and "Factors Affecting 'Forward-Looking Statements'".

Recent events have caused increased review and scrutiny on the methods utilized by financial service companies to finance their short term requirements for liquidity. The Company utilizes commercial bank loans, securities lending, and repurchase agreements to finance its short term liquidity needs (See "Liquidity"). All repurchase agreements and reverse repurchase agreements are collateralized by short term U.S. Government obligations and U.S. Government Agency obligations.

The Company is focused on growing its private client and asset management businesses through strategic additions of experienced financial advisers in its existing branch system and employment of experienced money management personnel in its asset management business. In addition, the Company is committed to the improvement of its technology capability to support client service and the expansion of its capital markets capabilities while addressing the issue of managing its expenses to be aligned with the rapidly changing investment environment. The Company will continue to monitor the growth of OMMHF as well as its business in non-U.S. markets.

Regulatory and Legal Environment

The brokerage business is subject to regulation by, among others, the SEC and FINRA in the United States, the FCA in the United Kingdom, the JFSC in the Isle of Jersey, the SFC in Hong Kong , and various state securities regulators in the United States. In addition, Oppenheimer Israel (OPCO) Ltd. operates under the supervision of the Israeli Securities Authority. Events of a decade ago surrounding corporate accounting and other activities leading to investor losses resulted in the enactment of the Sarbanes-Oxley Act and have caused increased regulation of public companies. The financial crisis of 2008-9 accelerated this trend. New regulations and new interpretations and enforcement of existing regulations have created increased costs of compliance and increased investment in systems and procedures to comply with these more complex and onerous requirements. Various states are imposing their own regulations that make compliance more difficult and more expensive to monitor.

In July 2010, Congress enacted extensive legislation entitled the Wall Street Reform and Consumer Protection Act ("Dodd Frank") in which it mandated that the SEC and other regulators conduct comprehensive studies and issue new regulations based on their findings to control the activities of financial institutions in order to protect the financial system, the investing public and consumers from issues and failures that occurred in the 2008-9 financial crisis. All relevant studies have not yet been completed, but they are widely expected to extensively impact the regulation and practices of financial institutions including the Company. The changes are likely to significantly reduce leverage available to financial institutions and to increase transparency to regulators and investors of risks taken by such institutions. It continues to be impossible to predict the nature and impact of such rulemaking. Rules adopted in the U.S. and Europe would create a new regulator for certain activities, regulate and/or prohibit proprietary trading for certain deposit taking institutions, control the amount and timing of compensation to "highly paid" employees, create new regulations around financial transactions with consumers requiring the adoption of a uniform fiduciary standard of care of broker-dealers and investment advisers providing personalized investment advice about securities to retail customers, and increase the disclosures provided to clients, and create a tax on securities transactions. The Consumer Financial Protection Bureau has stated its intention to implement new rules affecting the interaction between financial institutions and consumers. In addition, the U.S. Department of Labor is poised to propose its own rules for financial institutions surrounding their fiduciary duty to retirement plans which could have significant negative implications for the industry's relationships with this broad group of clients including individuals holding Individual Retirement Accounts ("IRA"). In December 2012, France began applying a 0.2% transaction tax on financial transactions in American Depository Receipts of French companies that trade on U.S. exchanges. Italy implemented its own financial transaction tax in March 2013. The imposition of financial transaction taxes are likely to impact the jurisdiction in which securities are traded and the "spreads" demanded by market participants in order to make up for the cost of any such tax. Such a tax may be implemented throughout the European Union. If and when enacted, such regulations will likely increase compliance costs and reduce returns earned by financial service providers and intensify compliance overall. It is difficult to predict the nature of the final regulations and their impact on the business of the Company.

Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds (the "Volcker Rule") was published by the U.S. Federal Reserve Board as required by Dodd-Frank in 2011. The Volcker Rule is intended to restrict U.S. banks and other financial institutions that accept deposits from conducting proprietary trading activities, as well as investing in hedge funds and private equity funds for their own account. The intent of the Volcker Rule is to reduce risk to the capital of such institutions through reducing speculation and risk-taking with bank capital. The proposed rule is scheduled to become effective on July 21, 2015 (subject to possible additional delays). There may be additional changes to the requirements of the Volcker Rule and it is impossible to determine the rule's impact on market liquidity and on the liquidity of issued sovereign debt in Europe and Asia. The Company believes that the Volcker Rule will not directly affect its operations, but indirect effects cannot be predicted with any certainty. Additionally, the Federal Reserve in conjunction with other U.S regulatory organizations has analyzed the U.S. financial system and the impact that might result from the failure of one or more "Strategically Important Financial Institutions" ("SIFI"). To date, less than 50 such institutions have been identified and will be made subject to special regulations including the requirement to create a plan for their orderly demise in the event of a failure. Oppenheimer has not been identified as a SIFI. There can be no assurance that this list will not grow to include more SIFI institutions. This requirement may have broader implications for the capital markets as capital becomes less available. The identification process has not been completed and is subject to appeal by the affected institutions. The Company has no reason to believe that it will be identified as a SIFI.

Recent revelations concerning the potential manipulation of the LIBOR ("London Interbank Offered Rate") during the period from 2008-2010 make it likely that more regulation surrounding the fixing of interest rates on commercial bank loans and reference rates on derivatives can be expected. Similar investigations are underway with respect to the setting of foreign exchange rates over a broad time period and there is no way to predict the outcome of these investigations.

The rules and requirements that were created by the passage of the Patriot Act, and the anti-money laundering regulations (AML) in the U.S. and similar laws in other countries that are related there, have created significant costs of compliance and can be expected to continue to do so. Regulators have expanded their views of the requirements of the Patriot Act and the amount of diligence required by financial institutions of both their foreign and domestic clients.

Pursuant to FINRA Rule 3130 (formerly NASD Rule 3013 and NYSE Rule 342), the chief executive officers ("CEOs") of regulated broker-dealers (including the CEO of Oppenheimer) are required to certify that their companies have processes in place to establish and test supervisory policies and procedures reasonably designed to achieve compliance with federal securities laws and regulations, including applicable regulations of self-regulatory organizations. The CEO of the Company is required to make such a certification on an annual basis and did so in March 2013.

On July 30, 2013, the SEC adopted final amendments to the financial responsibility rules ("FRRs") and reporting rules under SEC Rule 17a-5 ("Reporting Rule") for broker-dealers. The final amendments to the FRRs make changes to the rules related to proprietary accounts for broker-dealers, special reserve deposits with banks, bank sweep programs, deductions from net worth, solvency requirements, the SEC's ability to restrict withdrawals of capital, books and records requirements, and notifications to regulators. The effective date for the FRRs was October 21, 2013. The effectiveness of certain provisions of the final amendments was extended to March 3, 2014.

The Reporting Rule will require all broker-dealers to file a new unaudited quarterly Form Custody report which will provide information around custodial practices and was effective December 31, 2013. In addition, the new reporting rules provide significant changes to annual reporting of broker-dealers by

eliminating the internal control report referred to as the Material Inadequacy letter, providing for a new Compliance Report asserting the effectiveness of internal controls for compliance with net capital, customer reserve formula, quarterly security count, and customer account statements. Also, the new reporting rules make changes to the audit and attestation requirements for auditor reporting from American Institute of Certified Public Accountants ("AICPA") standards to Public Company Accounting Oversight Board ("PCAOB") standards as well as provide the SEC with access to auditors and audit workpapers. These rules are effective for fiscal years ending on or after June 1, 2014.

Other Regulatory Matters

For several quarters, Oppenheimer has been responding to information requests from the Enforcement Staff of FINRA regarding Oppenheimer's policies and procedures in relation to, and the activities of several financial advisers concerning, the sale of low-priced securities. On or around August 5, 2013, FINRA issued an order accepting an offer of settlement submitted by Oppenheimer without admitting or denying the recitation of facts and violative conduct set forth in the order (the "Order"). The Order states that from August 2008 through September 2010 seven brokers in five branch offices of Oppenheimer permitted the sale of low priced securities ("penny stocks") that were neither registered or exempt from registration under the Securities Act and Oppenheimer's supervisory system failed to prevent such violations. In addition, FINRA determined Oppenheimer failed to follow up on specific red flags relating to the sale of penny stocks and Oppenheimer's AML program failed to detect suspicious activity related to penny stock sales. FINRA determined this activity violated FINRA Rule 2010, 2110 and 3310. As a result, Oppenheimer was censured and paid a total fine of $1,425,000. Oppenheimer also agreed to retain an independent consultant to conduct a review of its policies, systems, procedures and training relating to the receipt or purchase and subsequent sale of penny stocks, the supervision of Foreign Financial Institutions ("FFIs") and its anti-money laundering procedures related to FFIs and the handling of movement of securities. The independent consultant completed its review and filed its report with Oppenheimer and FINRA in January 2014.

On June 23, 2011, Oppenheimer received notice of an investigation by the SEC pursuant to which the SEC requested information from the Company regarding the sale of a number of low-priced securities effected primarily through one of Oppenheimer's financial advisers. The issues and facts surrounding this investigation are largely duplicative of the matter described above. On July 16, 2013, the Company received a "Wells Notice" from the SEC requesting that the Company make a written submission to the SEC to explain why Oppenheimer should not be charged with violations of the Securities Exchange Act of 1934 in relation to its sales of penny stocks on behalf of a former customer of the firm. The Company submitted a Wells response on August 19, 2013.

Since the third quarter of 2010, Oppenheimer has been responding to information requests by the SEC related to the trading of low priced securities by one former financial advisor in one of Oppenheimer's branch offices and the supervision related thereto. Both branch and headquarters personnel, including members of senior management, have provided on-the-record testimony in connection with the investigation.

Oppenheimer is continuing to cooperate with the investigating entities.

For several quarters Oppenheimer has been responding to information requests from FINRA regarding the sale of leveraged and inverse exchange traded funds ("ETFs"). Several Oppenheimer employees have provided on-the-record testimony in connection with the investigation.

For several quarters Oppenheimer has been responding to information requests from FINRA regarding the appropriateness of certain compensation earned in trading several issues of municipal bonds by one of its traders in 2008 and 2009. Oppenheimer has responded to document requests and there has been on-

the-record testimony by several of its employees, including the trader. In December 2013, FINRA issued an Order Accepting the Offer of Settlement ("Order") previously submitted by Oppenheimer. Pursuant to the Order, Oppenheimer agreed to (i) pay a fine of $675,000, (ii) pay approximately $247,000 in restitution to customers and (iii) provide a written report to FINRA six, twelve and eighteen months after the date of the Order regarding the effectiveness of Oppenheimer's policies regarding the pricing of municipal securities transactions for its customers. Oppenheimer has paid the fine and restitution and all amounts were fully reserved for at December 31, 2013. In connection with the foregoing, the trader also separately agreed to pay a fine of $100,000 and agree not to be associated with Oppenheimer or any other broker dealer for a period of 60 days.

In February 2010, Oppenheimer finalized settlements with the Regulators concluding investigations and administrative proceedings by the Regulators concerning Oppenheimer's marketing and sale of ARS. Pursuant to the settlements with the Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. Pursuant to completed Purchase Offers (as defined) under the settlements with Regulators and client related legal settlements and awards to purchase ARS, as of December 31, 2013, the Company purchased and holds (net of redemptions) approximately $91.6 million in ARS from its clients. In addition, the Company is committed to purchase another $29.1 million in ARS from clients through 2016 under legal settlements and awards.

The Company also held $150,000 in ARS in its proprietary trading account as of December 31, 2013 as a result of the failed auctions in February 2008. The ARS positions that the Company owns and are committed to purchase 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.

The Company's clients held at Oppenheimer approximately $166.8 million of ARS at December 31, 2013, exclusive of amounts that 1) were owned by Qualified Institutional Buyers ("QIBs"), 2) were transferred to the Company after February 2008, 3) were purchased by clients after February 2008, or 4) were transferred from the Company to other securities firms after February 2008. See "Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market," as well as Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Off-Balance Sheet Arrangements" for additional details.

Other Matters

The Company operates in all state jurisdictions in the United States and is thus subject to regulation and enforcement under the laws and regulations of each of these jurisdictions. The Company has been and expects that it will continue to be subject to investigations and some or all of these may result in enforcement proceedings as a result of its business conducted in the various states.

As part of its ongoing business, the Company records reserves for legal expenses, judgments, fines and/or awards attributable to litigation and regulatory matters. In connection therewith, the Company has maintained its legal reserves at levels it believes will resolve outstanding matters, but may increase or decrease such reserves as matters warrant. In accordance with applicable accounting guidance, the Company establishes reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and reasonably estimable. When loss contingencies are not both probable and reasonably estimable, the Company does not establish reserves. See "Legal Proceedings" herein and Note 17 to the consolidated financial statements appearing in Item 8.

Business Continuity

The Company is committed to an on-going investment in its technology and communications infrastructure including extensive business continuity planning and investment. These costs are on-going and the Company believes that current and future costs will exceed historic levels due to business and regulatory requirements. The Company made infrastructure investments for technology in 2010 when it built a new data center both to accommodate its existing and future business and to restructure its disaster recovery planning. The move to new headquarters in 2012 has required additional outlays for this purpose although considerable savings have begun to be realized by the availability of independent electric generating capacity for the entire building which will support the Company's infrastructure and occupancy.

The fourth quarter of 2012 was impacted by Superstorm Sandy which occurred on October 29th causing the Company to vacate its two principal offices in downtown Manhattan and displaced 800 of the Company's employees including substantially all of its capital markets, operations and headquarters staff for in excess of 30 days. The Company continues to review both internally and with its landlords and vendors the infrastructure necessary to withstand a similar event in light of the issues arising in the fall of 2012.

Outlook

The Company's long-term plan is to continue to expand existing offices by hiring experienced professionals as well as through the purchase of operating branch offices from other broker dealers or the opening of new branch offices in attractive locations, thus maximizing the potential of each office and the development of existing trading, investment banking, investment advisory and other activities. Equally important is the search for viable acquisition candidates. As opportunities are presented, it is the long-term intention of the Company to pursue growth by acquisition where a comfortable match can be found in terms of corporate goals and personnel at a price that would provide the Company's stockholders with incremental value. The Company may review potential acquisition opportunities, and will continue to focus its attention on the management of its existing business. In addition, the Company is committed to improving its technology capabilities to support client service and the expansion of its capital markets capabilities.

Results of Operations

The Company reported net income attributable to Oppenheimer Holdings Inc. of $25.1 million or $1.85 per share compared with a net loss of $3.6 million or ($0.27) per share for the year ended December 31, 2012. Revenue for the year ended December 31, 2013 was $1.02 billion compared with $952.6 million for the year ended December 31, 2012, an increase of 7.0%.

The following table sets forth the amount and percentage of the Company's revenue from each principal source for each of the following years ended December 31:

(Amounts are expressed in thousands)

	2013		2012		2011	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Commissions	$ 486,767	48%	$469,865	49%	$492,228	51%
Principal transactions, net	43,768	4%	54,311	6%	47,660	5%
Interest	53,216	5%	57,662	6%	56,779	6%
Investment banking	97,977	10%	89,477	10%	119,202	12%
Advisory fees	274,178	27%	222,732	23%	197,097	21%
Other	63,808	6%	58,565	6%	46,026	5%
Total revenue	$1,019,714	100%	$952,612	100%	$958,992	100%

The Company derives most of its revenue from the operations of its principal subsidiaries, Oppenheimer and OAM. Although maintained as separate entities, the operations of the Company's brokerage subsidiaries both in the U.S. and other countries are closely related because Oppenheimer acts as clearing broker and omnibus clearing agent in transactions initiated by these subsidiaries. Except as expressly otherwise stated, the discussion below pertains to the operations of Oppenheimer.

The following table and discussion summarizes the changes in the major revenue and expense categories for the past two years:

(Expressed in thousands)

	2013 versus 2012		2012 versus 2011	
	Amount Change	% Change	Amount Change	% Change
Revenue				
Commissions	$ 16,902	3.6	$ (22,363)	(4.5)
Principal transactions, net	(10,543)	(19.4)	6,651	14.0
Interest	(4,446)	(7.7)	883	1.6
Investment banking	8,500	9.5	(29,725)	(24.9)
Advisory fees	51,446	23.1	25,635	13.0
Other	5,243	9.0	12,539	27.2
Total revenue	67,102	7.0	(6,380)	(0.7)
Expenses				
Compensation and related expenses	49,525	7.9	(356)	(0.1)
Clearing and exchange fees	731	3.1	(1,241)	(5.0)
Communications and technology	2,458	3.9	686	1.1
Occupancy and equipment costs	3,940	6.3	(13,691)	(17.9)
Interest	(8,944)	(25.5)	(2,940)	(7.7)
Other	(25,044)	(17.7)	29,537	26.3
Total expenses	22,666	2.4	11,995	1.3
Income (loss) before income taxes	44,436	*	(18,375)	(103.1)
Income tax provision (benefit)	17,432	5,380.2	(4,907)	(93.8)
Net income (loss) for the year	27,004	*	(13,468)	(106.7)
Net income attributable to non-controlling interest, net of tax	(1,670)	(60.5)	461	20.0
Net income (loss) attributable to Oppenheimer Holdings Inc.	$ 28,674	*	$ (13,929)	(135.0)

* Not comparable

Fiscal 2013 compared to Fiscal 2012

Commission revenue was $486.8 million for the year ended December 31, 2013, an increase of 3.6% compared with $469.9 million in 2012, primarily attributable to higher institutional equities and taxable fixed income activities in the second half of 2013. The increased activities were due to the strong performance of the U.S. equity markets as the S&P 500 return for 2013 was 32.2%.

Principal transactions revenue was $43.8 million for the year ended December 31, 2013, a decrease of 19.4% compared with $54.3 million in 2012. The decrease was primarily due to a reduction in the valuation adjustment related to auction rate securities in 2012, a reduction of trading profits associated with corporate and municipal bonds, as well as losses in government bonds in 2013. The reduction of trading profits was largely due to the increase in interest rates during the period. During the year ended December 31, 2013, the valuation adjustment for ARS increased $1.4 million which resulted in a reduction of principal transactions revenue. The increase in the valuation adjustment was comprised of $1.4 million on ARS owned and $nil on ARS purchase commitments.

Interest revenue was $53.2 million for the year ended December 31, 2013, a decrease of 7.7% compared with $57.7 million in 2012, primarily as a result of a reduction in interest revenue associated with reverse repurchase agreements. The notional amount of the reverse repurchase agreements decreased significantly in 2013.

Investment banking revenue was $98.0 million for the year ended December 31, 2013, an increase of 9.5% compared with $89.5 million in 2012. The increase was primarily attributable to higher equity underwriting fees in the third and fourth quarter of 2013.

Advisory fees were $274.2 million for the year ended December 31, 2013, an increase of 23.1% compared with $222.7 million in 2012. The increase was due to market appreciation on current assets under management as well as a 6.7% increase in new assets. Assets under management increased 21.2% from $20.9 billion to $25.3 billion from December 31, 2012 to December 31, 2013, 11.4% from $20.1 billion to $22.4 billion from March 31, 2012 to March 31 2013,12% from $20.1 billion at June 30, 2012 to $22.5 billion at June 30, 2013, and 12.8% from $21.1 billion to $23.8 billion from September 30, 2012 to September 30, 2013, which contributed to the aforementioned advisory fee increase as these fees are calculated based on the market value at the end of the prior period.

Other revenue was $63.8 million for the year ended December 31, 2013, an increase of 9.0% compared to $58.6 million in 2012. The increase was primarily due to the increase in the value of assets underlying the deferred compensation plan and higher nontaxable benefits received with respect to life insurance on certain employees of which the Company is the beneficiary.

Compensation and benefits (including salaries, production and incentive compensation, share-based compensation, deferred compensation, and other benefit-related items) totaled $675.9 million during the year ended December 31, 2013, an increase of 7.9% over the year ended December 31, 2012. Compensation as a percentage of revenue was 66.3% during the year ended December 31, 2013 compared to 65.8% for the year ended December 31, 2012. An increase in production-related compensation contributed to much of the increase due to payouts associated with higher management and performance fees on managed products. Share-based compensation increased due to the increase in the value of stock appreciation rights associated with the Company's stock. Incentive and deferred compensation also increased during the period.

Non-compensation expenses were $299.9 million during the year ended December 31, 2013, a decrease of 8.2% compared to $326.7 million during the same period last year which was negatively impacted by increased litigation costs associated with an arbitration award rendered against the Company in an auction rate securities-related matter.

Fiscal 2012 compared to Fiscal 2011

Commission revenue was $469.9 million in the year ended December 31, 2012, a decrease of 4.5% compared to $492.2 million in 2011 due to a lower volume of business in the year ended December 31, 2012 compared to 2011.

Principal transactions revenue was $54.3 million in the year ended December 31, 2012, an increase of 14.0% compared to $47.7 million in 2011. Revenue from equities, corporate bonds, agencies and municipals trading as well as an increase in the value of the Company's investments added $17.4 million in the year ended December 31, 2012 compared to 2011. These gains were offset by decreases of $9.6 million in U.S. government and agencies trading and repurchase agreements as well as the negative effect of the valuation adjustment for auction rate securities owned and committed to purchase from clients of $3.1 million. During the year ended December 31, 2012, the valuation adjustment for ARS increased $3.1 million which resulted in a reduction of principal transactions revenue. The increase in the valuation adjustment was comprised of $2.5 million on ARS owned and $596,000 on ARS purchase commitments.

Interest revenue was $57.7 million in the year ended December 31, 2012, an increase of 1.6% compared to $56.8 million in 2011. The increase is primarily attributable to an increase of $4.8 million in interest from higher holdings of U.S. government and agencies and reverse repurchase agreements in the year ended December 31, 2012 compared to 2011. This increase was partially offset by a decrease of $3.2 million in margin and other interest income.

Investment banking revenue was $89.5 million in the year ended December 31, 2012, a decrease of 24.9% compared to $119.2 million in 2011 primarily due a decrease of $28.1 million in revenue from corporate finance advisory fees as well as a decrease in revenue from equity issuances of $2.9 million in 2012 compared to the same period in 2011.

Advisory fees were $222.7 million in the year ended December 31, 2012, an increase of 13.0% compared to $197.1 million in 2011. Asset management fees increased by $17.3 million for the year ended December 31, 2012 compared to 2011 as a result of an increase in the value of assets under management during the year. Incentive fee income increased by $8.3 million in the year ended December 31, 2012 compared to 2011.

Other revenue was $58.6 million in the year ended December 31, 2012, an increase of 27.2% compared to $46.0 million in 2011 primarily due to an increase of $5.5 million in the fair value of our Company-owned life insurance policies that support our deferred compensation plans. In addition, fees generated by Oppenheimer Multifamily Housing & Healthcare Finance, Inc. increased $7.1 million in the year ended December 31, 2012 compared to 2011.

Compensation and benefits (including salaries, production and incentive compensation, share-based compensation, deferred compensation, and other benefit-related items) totaled $626.4 million during the year ended December 31, 2012, essentially flat compared to $626.8 million in 2011. Compensation as a percentage of revenue was 65.8% during the year ended December 31, 2012 compared to 65.4% for the year ended December 31, 2011.

Non-compensation expenses were $326.7 million during the year ended December 31, 2012, an increase of 3.9% compared to $314.4 million during the same period in the previous year. The increase of $12.3 million in non-compensation expenses was mainly attributable to an increase of other expenses of $30.0 million due to the outcome of the U.S. Airways arbitration, offset by an $11.3 million non-cash adjustment recorded in occupancy expenses. The non-cash adjustment was related to the expiration of a five year contingent consideration issued as part of the Company's acquisition of the U.S. capital markets division from Canadian Imperial Bank of Commerce in January 2008.

The table below presents information about the reported revenue and net income (loss) before taxes of the Company's business segments for the years ended December 31, 2013 and 2012:

(Expressed in thousands)

	For the Twelve Months Ended December 31,		
	2013	2012	% Change
Revenue			
Private Client	$ 600,071	$550,797	8.9
Asset Management	102,214	84,160	21.5
Capital Markets	281,377	283,139	(0.6)
Commercial Mortgage Banking	34,144	35,682	(4.3)
Corporate/Other	1,908	(1,166)	*
	1,019,714	952,612	7.0
Income (Loss) before income taxes			
Private Client	65,924	53,487	23.3
Asset Management	40,951	25,436	61.0
Capital Markets	6,968	(15,324)	*
Commercial Mortgage Banking	11,413	15,267	(25.2)
Corporate/Other	(81,347)	(79,393)	(2.5)
	$ 43,909	$ (527)	*

* Not comparable

Private Client

Private Client reported revenue of $600.1 million for the year ended December 31, 2013, 8.9% higher than the year ended December 31, 2012. Income before income taxes was $65.9 million, an increase of 23.3% compared with the year ended December 31, 2012, driven by increases in both transactional and fee-based business during the year ended December 31, 2013 compared with the same period of 2012. The fee-based business includes both management and performance fees which were up $23.8 million and $11.9 million, respectively, over the same period in 2012. Performance fees are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.

- Retail commissions were $326.1 million for the year ended December 31, 2013, an increase of 0.4% over the prior year period.
- Advisory fee revenue on traditional and alternative managed products was $177.4 million for the year ended December 31, 2013, an increase of 23.4% over the prior year period (see Asset Management below for further information).
- Performance fees from the participation in hedge funds were $17.8 million for the year ended 2013 compared with $5.9 million over the prior period, an increase of 203.1%. Performance fees, allocated to this business segment, are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.
- Money market fees were reduced by waivers in the amount of $30.4 million during the year ended December 31, 2013 versus waivers of $24.8 million during the year ended December 31, 2012.

Asset Management

Asset Management reported revenue of $102.2 million for the year ended December 31, 2013, 21.5% higher than the year ended December 31, 2012. Income before income taxes was $41.0 million, an increase of 61.0% compared with the same period of 2012, as a result of increased management and performance fees earned on managed products.

- Advisory fee revenue on traditional and alternative managed products was $96.8 million for the year ended 2013, an increase of 22.5% over the prior year period.
- Performance fees from the participation in hedge funds were $15.5 million for the year ended December 31, 2013 compared with $4.9 million for the year ended December 31, 2012, an increase of 216.3%. Performance fees, allocated to this business segment, are computed at the underlying fund's year-end when the measurement period ends and generally are earned in the fourth quarter of the Company's fiscal year.
- AUM increased 21.2% to $25.3 billion at December 31, 2013, a record for the Company, compared to $20.9 billion at December 31, 2012, which is the basis for advisory fee billings for the first quarter of 2014. The increase in AUM was comprised of asset appreciation of $3.0 billion and net new assets of $1.4 billion. The following table presents changes in AUM for the year ended December 31, 2013:

(Expressed in thousands)

	For the Year Ended December 31, 2013				
	Beginning Balance	Contributions	Redemptions	Appreciation (Depreciation)	Ending Balance
Fund Type					
Traditional [1]	$ 17,027	$ 2,828	$ (1,473)	$ 2,557	$20,939
Institutional Fixed Income [2]	1,173	53	(112)	80	1,194
Alternative Investments:					
Hedge funds [3]	2,164	379	(293)	457	2,707
Private Equity Funds [4]	523	—	—	(54)	469
	$ 20,887	$ 3,260	$ (1,878)	$ 3,040	$25,309

(1) Traditional investments include third party advisory programs, Oppenheimer financial advisor managed and advisory programs, and Oppenheimer Asset Management taxable and tax-exempt portfolio management strategies.
(2) Institutional fixed income provides solutions to institutional investors including: Taft-Hartley Funds, Public Pension Funds, Corporate Pension Funds, and Foundations and Endowments.
(3) Hedge funds represent single manager hedge fund strategies in areas including hedged equity, technology and financial services, and multi-manager and multi-strategy fund of funds.
(4) Private equity funds represent private equity fund of funds including portfolios focused on natural resources and related assets.

Capital Markets

Capital Markets reported revenue of $281.4 million for the year ended December 31, 2013, 0.6% lower than the year ended December 31, 2012. Income before income taxes was $7.0 million for the year ended December 31, 2013 compared with a loss before income taxes of $15.3 million for the same period of 2012, due to higher equity underwriting fees and lower litigation costs.

- Institutional equities commissions were $106.5 million for the year ended December 31, 2013, an increase of 2.7% compared with the prior year period.

- Advisory fees from investment banking activities decreased 30.5% to $27.1 million in the year ended December 31, 2013 compared with the prior year period.
- Equity underwriting fees increased $15.7 million or 43.8% to $51.4 million for the year ended December 31, 2013 compared with the prior year period.
- Revenue from Taxable Fixed Income decreased 3.7% to $80.8 million for the year ended December 31, 2013 compared with the prior year period.
- Public Finance and Municipal Trading revenue was down 19.1% to $21.9 million for the year ended December 31, 2013 compared with the prior year period.

Commercial Mortgage Banking

Commercial Mortgage Banking reported revenue of $34.1 million for the year ended December 31, 2013, 4.3% lower than the year ended December 31, 2012, due to a decrease in the dollar volume of loans originated during the 2013 period offset by adjustments made for unfunded loan commitments extended and changes in the value of MSRs. Income before income taxes was $11.4 million, a decrease of 25.2% compared with the same period of 2012.

- Loan origination fees for the year ended December 31, 2013 were $7.2 million as the Company originated 62 commercial loans with an aggregate principal loan balance of $589.0 million.
- Net servicing revenue for the year ended December 31, 2013 was $5.1 million compared with $4.2 million for the comparable period in 2012.

Liquidity and Capital Resources

At December 31, 2013, total assets increased by 10.3% from December 31, 2012 primarily due to the Company's increase of its inventory of government and agency securities, increase in reverse repurchase agreements and loans held for sale, and offset by reduction in securities borrowed. The Company satisfies its need for short-term funds from internally generated funds and collateralized and uncollateralized borrowings, consisting primarily of bank loans, stock loans, uncommitted lines of credit, and warehouse facilities. The Company finances its trading in government securities through the use of repurchase agreements. The Company's longer-term capital needs are met through the issuance of the Notes (see "Refinancing" below). The amount of Oppenheimer's bank borrowings fluctuates in response to changes in the level of the Company's securities inventories and customer margin debt, changes in notes receivable from employees, investment in office facilities, and changes in stock loan balances and financing through repurchase agreements. Oppenheimer has arrangements with banks for borrowings on a fully-collateralized basis. At December 31, 2013, the Company had $118.2 million of such borrowings outstanding compared to outstanding borrowings of $128.3 million at December 31, 2012. The Company also has some availability of short-term bank financing on an unsecured basis.

Volatility in the financial markets, and the continuance of credit and sovereign debt issues throughout the world, has had an adverse effect on the availability of credit through traditional sources. As a result of concerns around financial markets generally and the strength of counterparties specifically, lenders have reduced and, in some cases, ceased to provide funding on both a secured and unsecured basis to financial service providers.

The Company's overseas subsidiaries, Oppenheimer Europe Ltd. and Oppenheimer Investments Asia Limited, are subject to local regulatory capital requirements, which restrict the Company's ability to utilize this capital for other purposes. The regulatory capital for Oppenheimer Europe Ltd. and

Oppenheimer Investments Asia Limited requirements were $3.4 million and $387,000, respectively, at December 31, 2013. See Note 18 to the consolidated financial statements appearing in Item 8. The liquid assets at Oppenheimer Europe Ltd. are primarily comprised of money market funds and to a lesser extent cash deposits in bank accounts. The liquid assets at Oppenheimer Investments Asia Limited are primarily comprised of investments in U.S. Treasuries and to a lesser extent cash and money market funds. Any restrictions on transfer of these liquid assets from Oppenheimer Europe Ltd. and Oppenheimer Investments Asia Limited to the Company or its other subsidiaries would be limited by the regulatory capital requirements.

The Company permanently reinvests eligible earnings of its foreign subsidiaries in such subsidiaries and, accordingly, does not accrue any U.S. income taxes that would arise if these earnings were repatriated. The unrecognized deferred tax liability associated with earnings of foreign subsidiaries, net of associated U.S. foreign tax credits, is estimated at $1.6 million for those subsidiaries with respect to which the Company would be subject to residual U.S. tax on cumulative earnings through 2013 were those earnings to be repatriated. See Note 15 to the consolidated financial statements appearing in Item 8. The Company intends to continue to permanently reinvest the excess earnings of Oppenheimer Israel (OPCO) Ltd. in its own business and in the businesses in Europe and Asia to support business initiatives in those regions.

On August 5, 2011, Standard & Poor's ("S&P") lowered its long term sovereign credit rating on the United States of America from AAA to AA+. Credit agencies have also reduced the credit ratings of various sovereign nations, including Italy and France. The negative impact of any future downgrade could adversely affect our credit ratings, as well as those of our clients and/or counterparties and could require us to post additional collateral on loans collateralized by U.S. Treasury securities. The unprecedented nature of these and any future negative credit rating actions with respect to U.S. government obligations and the credit ratings of other sovereign nations may have an impact on our business, financial condition and liquidity. Recent concerns over a potential default by the U.S. Government due to the inability of the Congress to adopt a long term solution to the debt limit have increased concerns over the use of short term U.S. securities as collateral for repurchase agreements. See Item 1A "Risk Factors- The downgrade of U.S. long term sovereign debt obligations and issues affecting the sovereign debt of European nations may adversely affect markets and our business".

In February 2010, Oppenheimer finalized settlements with the Regulators concluding investigations and administrative proceedings concerning Oppenheimer's marketing and sale of ARS. Pursuant to those settlements and settlements of legal proceedings, the Company has purchased and will, subject to the terms and conditions of the settlements, continue to purchase ARS on a periodic basis. 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. See "Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market," as well as Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment – Other Regulatory Matters and – Other Matters" and "Off-Balance Sheet Arrangements" for additional details.

Refinancing

On April 12, 2011, the Company completed the private placement of $200.0 million in aggregate principal amount of 8.75% Senior Secured Notes due April 15, 2018 (the "Notes") at par. The interest on the Notes is payable semi-annually on April 15th and October 15th. Proceeds from the private placement were used to retire the Senior Secured Credit Note due 2013 ($22.4 million) and the Subordinated Note due 2014 ($100.0 million) and for other general corporate purposes. The private placement resulted in the fixing of the interest rate over the term of the Notes compared to the variable rate debt that was retired and an extension of the debt maturity dates as described above. The Notes are non-callable until April 2014. The cost to issue the Notes was approximately $4.6 million which was capitalized in the second quarter of 2011 and is amortized over the period of the Notes.

The indenture for the Notes contains covenants which place restrictions on the incurrence of indebtedness, the payment of dividends, sale of assets, mergers and acquisitions and the granting of liens. The Notes provide for events of default including nonpayment, misrepresentation, breach of covenants and bankruptcy. The Company's obligations under the Notes are guaranteed, subject to certain limitations, by the same subsidiaries that guaranteed the obligations under the Senior Secured Credit Note and the Subordinated Note which were retired. These guarantees may be shared, on a senior basis, under certain circumstances, with newly incurred debt outstanding in the future. At December 31, 2013, the Company was in compliance with all of its covenants.

Interest expense as well as interest paid for the year ended December 31, 2013 on the Notes was $17.1 million.

On July 12, 2011, the Company's Registration Statement on Form S-4, filed to register the exchange of the Notes for fully registered Notes, was declared effective by the SEC. The Exchange Offer was completed in its entirety on August 9, 2011.

In November 2011, the Company repurchased $5.0 million of its Notes at a cost of $4.7 million resulting in the recording of a gain of $300,000 during the fourth quarter of 2011. The Company continued to hold these Notes at December 31, 2013.

On April 4, 2012, the Company's Registration Statement on Form S-3 filed to enable the Company to act as a market maker in connection with the Notes was declared effective by the SEC.

On March 22, 2013, S&P lowered its rating on the Company and on the Notes to 'B' from 'B+' with a stable outlook citing recent weak operating results and ongoing legal and litigation costs related to ARS. The downgrade could negatively impact the Company's business. On June 5, 2013, Moody's Corporation affirmed the Company's 'B2' Corporate Family rating and 'B2' rating on the Notes.

Liquidity

For the most part, the Company's assets consist of cash and assets which can be readily converted into cash. Receivable from brokers, dealers and clearing organizations represents deposits for securities borrowed transactions, margin deposits or current transactions awaiting settlement. Receivable from customers represents margin balances and amounts due on transactions awaiting settlement. The Company's receivables are, for the most part, collateralized by marketable securities. The Company's collateral maintenance policies and procedures are designed to limit the Company's exposure to credit risk. Securities owned, with the exception of the ARS, are mainly comprised of actively trading, readily marketable securities. The Company advanced $13.9 million in forgivable notes to employees (which are inherently illiquid) for the year ended December 31, 2013 ($14.6 million for the year ended December 31, 2012) as upfront or backend inducements. The amount of funds allocated to such inducements will vary with market conditions and hiring activity.

The Company satisfies its need for short-term liquidity from internally generated funds, collateralized and uncollateralized bank borrowings, stock loans and repurchase agreements and warehouse facilities. Bank borrowings are collateralized by firm and customer securities. In addition, letters of credit are issued in the normal course of business to satisfy certain collateral requirements in lieu of depositing cash or securities.

The Company does not repatriate the earnings of its foreign subsidiaries. Foreign earnings are permanently reinvested for the use of the foreign subsidiaries and therefore these foreign earnings are not available to satisfy the domestic liquidity requirements of the Company.

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 not exceeding the broker call rate. At December 31, 2013, bank call loans were $118.2 million ($128.3 million at December 31, 2012). The average bank loan outstanding for the year ended December 31, 2013 was $164.4 million ($73.2 million for the year ended December 31, 2012). The largest bank loan outstanding for the year ended December 31, 2013 was $392.3 million ($316.3 million for the year ended December 31, 2012). The average weighted interest rate on bank call loans applicable on December 31, 2013 was 1.28%.

At December 31, 2013, securities loan balances totaled $211.6 million ($190.4 million at December 31, 2012). The average daily securities loan balance for the year ended December 31, 2013 was $222.0 million ($290.3 million for the year ended December 31, 2012). The largest stock loan balance for the year ended December 31, 2013 was $292.9 million ($400.5 million for the year ended December 31, 2012).

The Company finances its government trading operations through the use of reverse repurchase agreements and repurchase agreements. Except as described below, repurchase and reverse repurchase agreements, principally involving government and agency securities, are carried at amounts at which 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.

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. 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 December 31, 2013, the fair value of the reverse repurchase agreements and repurchase agreements were $184.0 million and $nil, respectively.

At December 31, 2013, the gross balances of reverse repurchase agreements and repurchase agreements were $389.4 million and $962.1 million, respectively. The average daily balance of reverse repurchase agreements and repurchase agreements on a gross basis for the year ended December 31, 2013 was $3.2 billion and $3.7 billion, respectively ($6.0 billion and $6.8 billion, respectively, for the year ended December 31, 2012). The largest amount of reverse repurchase agreements and repurchase agreements outstanding on a gross basis during the year ended December 31, 2013 was $8.9 billion and $9.5 billion, respectively ($8.8 billion and $9.6 billion, respectively, for the year ended December 31, 2012).

At December 31, 2013, the notional value of the repo-to-maturity was $nil. The average balance for the repo-to-maturity for the three months ended December 31, 2013 was $nil. At December 31, 2013, the gross leverage ratio was 5.6.

OMHHF, which is engaged in commercial mortgage origination and servicing, has obtained an uncommitted warehouse facility line through PNC Bank ("PNC") under which OMHHF pledges Federal Housing Administration ("FHA") - guaranteed mortgages for a period averaging 15 business days and PNC table funds the principal payment to the mortgagee. At December 31, 2013, OMHHF had $54.6 million outstanding under the warehouse facility line at a variable interest rate of 1 month LIBOR plus a spread. Interest expense for the year ended December 31, 2013 was $764,500 ($895,000 in 2012). OMHHF also receives funding from its immediate parent company.

On January 31, 2013, a FINRA arbitration panel rendered a decision in the previously disclosed U.S. Airways case, filed in February 2009, resulting in an award against Oppenheimer in the amount of $30.0 million including interest and costs on a claim of approximately $140.0 million (adjusted down from $253.0 million). The effect of the award resulted in a fourth quarter of 2012 after-tax charge of $17.9 million. The Company, the ultimate parent of Oppenheimer, has contributed capital into Oppenheimer in an amount equal to the net after tax effect of the award. Accordingly, the Net Capital of Oppenheimer did not change as a result of the award. Oppenheimer paid its respective share of the award on February 25, 2013.

On October 25, 2013, the Company executed a settlement agreement with the receiver appointed by a state district court in Oklahoma to oversee a liquidation proceeding of Providence Property and Casualty Insurance Company in an action that was filed in March 2010. The Company agreed to a settlement amount of $10.0 million. The Company recovered insurance proceeds of $4.9 million reducing its net amount due under the settlement agreement to $5.1 million. In addition, the Company agreed to pay $500,000 in full and final settlement of any claims the receiver may have had in an action filed by the receiver in connection with an affiliated insurance company. The former was approved by the court and $10.0 million was paid in November 2013 and the latter is still pending court approval. Both of these settlement agreements are fully independent of each other.

Liquidity Management

The Company manages its need for liquidity on a daily basis to ensure compliance with regulatory requirements. The Company's liquidity needs may be affected by market conditions, increased inventory positions, business expansion and other unanticipated occurrences. In the event that existing financial resources do not satisfy the Company's needs, the Company may have to seek additional external financing. The availability of such additional external financing may depend on market factors outside the Company's control.

Funding Risk

(Expressed in thousands)

	For the year ended December 31,	
	2013	2012
Cash provided by (used in) operating activities	$ (3,429)	$ (9,452)
Cash used in investing activities	(14,012)	(14,739)
Cash provided by (used in) financing activities	(19,631)	89,228
Net (decrease) increase in cash and cash equivalents	$(37,072)	$ 65,037

Management believes that funds from operations, combined with the Company's capital base and available credit facilities, are sufficient for the Company's liquidity needs in the foreseeable future. (See Factors Affecting "Forward-Looking Statements").

Other Matters

During the fourth quarter of 2013, the Company issued 5,000 shares of Class A Stock pursuant to the Company's share-based compensation programs.

On November 22, 2013, the Company paid cash dividends of $0.11 per share of Class A and Class B Stock totalling approximately $1.5 million from available cash on hand.

On January 31, 2014, the Board of Directors declared a regular quarterly cash dividend of $0.11 per share of Class A and Class B Stock payable on February 28, 2014 to stockholders of record on February 14, 2014.

The book value of the Company's Class A and Class B Stock was $38.77 at December 31, 2013 compared to $36.80 at December 31, 2012, based on total outstanding shares of 13,477,647 and 13,607,998, respectively.

The diluted weighted average number of shares of Class A and Class B Stock outstanding for the year ended December 31, 2013 was 14,124,060 compared to 13,602,205 outstanding on December 31, 2012.

Off-Balance Sheet Arrangements

In February 2010, Oppenheimer finalized settlements with the Regulators concluding investigations and administrative proceedings by the Regulators concerning Oppenheimer's marketing and sale of ARS. Pursuant to the settlements with the Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions more fully described below. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. Pursuant to completed Purchase Offers (as defined) under the settlements with Regulators and client related legal settlements and awards to purchase ARS, as of December 31, 2013, the Company purchased and holds (net of redemptions) approximately $91.6 million in ARS from its clients. In addition, the Company is committed to purchase another $29.1 million in ARS from clients through 2016 under legal settlements and awards.

The Company's purchases of ARS from its clients holding ARS eligible for repurchase will, subject to the terms and conditions of the settlements with the Regulators, continue on a periodic basis. Pursuant to these terms and conditions, the Company is required to conduct a financial review every six months, until the Company has extended Purchase Offers to all Eligible Investors (as defined), to determine whether it has funds available, after giving effect to the financial and regulatory capital constraints applicable to the Company, to extend additional Purchase Offers. The financial review is based on the Company's operating results, regulatory net capital, liquidity, and other ARS purchase commitments outstanding under legal settlements and awards (described below). There are no predetermined quantitative thresholds or formulas used for determining the final agreed upon amount for the Purchase Offers. Upon completion of the financial review, the Company first meets with its primary regulator, FINRA, and then with representatives of the NYAG and other regulators to present the results of the review and to finalize the amount of the next Purchase Offer. Various offer scenarios are discussed in terms of which Eligible Investors should receive a Purchase Offer. The primary criteria to date in terms of determining which Eligible Investors should receive a Purchase Offer has been the amount of household account equity each Eligible Investor had with the Company in February 2008. Once various Purchase Offer scenarios have been discussed, the regulators, not the Company, make the final determination of which Purchase Offer scenario to implement. The terms of settlements provide that the amount of ARS to be purchased during any period shall not risk placing the Company in violation of regulatory requirements.

Outside of the settlements with the Regulators, the Company has also reached various legal settlements with clients and received unfavorable legal awards requiring it to purchase ARS. The terms and conditions including the ARS amounts committed to be purchased under legal settlements are based on the specific facts and circumstances of each legal proceeding. In most instances, the purchase commitments are in increments and extend over a period of time. At December 31, 2013, no ARS purchase commitments related to legal settlements extended past 2016. To the extent the Company receives an unfavorable award, the Company usually must purchase the ARS provided for by the award within 30 days of the rendering of the award. The ultimate amount of ARS to be repurchased by the Company under both the settlements with Regulators and the legal settlements and awards cannot be predicted with any certainty and will be impacted by redemptions by issuers, the Company's financial and regulatory constraints, and legal and other actions by clients during the relevant period, which also cannot be predicted.

The Company also held $150,000 in ARS in its proprietary trading account as of December 31, 2013 as a result of the failed auctions in February 2008. The ARS positions that the Company owns and are committed to purchase 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. At December 31, 2013, the amount of ARS held by the Company that was below investment grade was $3.0 million and the amount of ARS that was unrated was $150,000.

(Expressed in thousand)

Auction Rate Securities Owned and Committed to Purchase at December 31, 2013

Product	Principal	Valuation Adjustment	Fair Value
Auction Rate Securities ("ARS") Owned [1]	$ 91,630	$ 6,506	$ 85,124
ARS Commitments to Purchase Pursuant to: [2][3]			
Settlements with Regulators [4]	—	—	—
Legal Settlements and Awards [5]	29,054	2,600	26,455
Total	$120,684	$ 9,106	$111,579

(1) Principal amount represents the par value of the ARS and is included in securities owned in the consolidated balance sheet at December 31, 2013. The valuation adjustment amount is included as a reduction to securities owned in the consolidated balance sheet at December 31, 2013.
(2) Principal amount represents the present value of the ARS par value that the Company is committed to purchase at a future date. This principal amount is presented as an off-balance sheet item. The valuation adjustment amount is included in accounts payable and other liabilities on the consolidated balance sheet at December 31, 2013.
(3) Specific ARS to be purchased under ARS Purchase Commitments are unknown until beneficial owner selects the individual ARS to be purchased.
(4) Commitments to purchase under settlements with Regulators at December 31, 2013. Eligible Investors for future buybacks under the settlements with Regulators held approximately $126.2 million of ARS as of December 31, 2013.
(5) Commitments to purchase under various legal settlements and awards with clients through 2016.

Per the above table, the Company has recorded a valuation adjustment on its ARS owned and ARS purchase commitments of $9.1 million as of December 31, 2013. The valuation adjustment is comprised of $6.5 million which represents the difference between the principal value and the fair value of the ARS the Company owns as of December 31, 2013 and $2.6 million which represents the difference between the principal value and the fair value of the ARS the Company is committed to purchase under the settlements with the Regulators and legal settlements and awards. At December 31, 2013, the Company did not have any outstanding ARS purchase commitments related to the settlements with Regulators. However, Eligible Investors for future buybacks under the settlements with Regulators held approximately $126.2 million of ARS as of December 31, 2013. Since the Company was not committed to purchase this amount as of December 31, 2013, there were no valuation adjustments booked to recognize the difference between the principal value and the fair value for this remaining amount.

Additional information concerning the Company's off-balance sheet arrangements is included in Note 5 to the consolidated financial statements appearing in Item 8. Such information is hereby incorporated by reference. Also, see "Risk Factors – The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market," as well as Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Environment – Other Regulatory Matters and – Other Matters" for additional details.

Contractual and Contingent Obligations

The Company had contractual obligations to make payments to CIBC in connection with the acquisition in the form of an earn-out to be paid in April 2013. The amount due of $25.0 million which is in dispute and is the subject of a breach of contract action filed by the Company has been placed in escrow pending the outcome of the dispute.

On April 12, 2011, the Company repaid the remaining debt assumed upon the acquisition from the proceeds of the Notes issued in the amount of $200.0 million. See Note 11 to the consolidated financial statements appearing in Item 8.

The following table sets forth the Company's contractual and contingent commitments as at December 31, 2013:

(Expressed in millions)

	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Minimum rentals [1]	$306	$ 43	$ 71	$ 58	$ 134
Committed Capital	5	5	—	—	—
Earn-Out [2]	25	25	—	—	—
Senior Secured Notes [3]	272	17	34	221	—
ARS Purchase Commitments [4]	29	13	16	—	—
Total	$637	$ 103	$ 121	$ 279	$ 134

(1) On July 15, 2011, the Company signed a lease to occupy seven floors at 85 Broad Street in New York City for a term of 15 years. The commitment of $185.4 million related to this lease has been included in the table.
(2) As noted above in the Liquidity section, this amount has been placed in escrow pending the outcome of legal proceedings agianst CIBC.
(3) The Senior Secured Credit Note and the Subordinated Note were retired on April 12, 2011 and the Company issued $200.0 million in 8.75% Senior Secured Notes due April 15, 2018 and bought back $5.0 million in November 2011. The amount also included interest payable of $76.8 million through maturity.
(4) Represents payments to be made pursuant to the ARS settlements entered into with Regulators in February 2010 as well as commitments to purchase ARS as a result of legal settlements.

Inflation

Because the assets of the Company's brokerage subsidiaries are highly liquid, and because securities inventories are carried at current market values, the impact of inflation generally is reflected in the financial statements. However, the rate of inflation affects the Company's costs relating to employee compensation, rent, communications and certain other operating costs, and such costs may not be recoverable in the level of commissions or fees charged. To the extent inflation results in rising interest rates and has other adverse effects upon the securities markets, it may adversely affect the Company's financial position and results of operations.

Factors Affecting "Forward-Looking Statements"

From time to time, the Company may publish "Forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act or make oral statements that constitute forward-looking statements. These forward-looking statements may relate to such matters as anticipated financial performance, future revenues or earnings, business prospects, projected ventures, new products, anticipated market performance, and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to: (i) transaction volume in the securities markets, (ii) the volatility of the securities markets, (iii) fluctuations in interest rates, (iv) changes in regulatory requirements which could affect the cost and method of doing business and reduce returns, (v) fluctuations in currency rates, (vi) general economic conditions, both domestic and international, (vii) changes in the rate of inflation and the related impact on the securities markets, (viii) competition from existing financial institutions and other participants in the securities markets, (ix) legal developments affecting the litigation experience of the securities industry and the Company, including developments arising from the failure of the Auction Rate Securities markets and the results of pending litigation involving the Company, (x) changes in federal and state tax laws which could affect the popularity of products sold by the Company or impose taxes on securities transactions, (xi) the effectiveness of efforts to reduce costs and eliminate overlap, (xii) war and nuclear confrontation as well as political unrest and regime changes, (xiii) the Company's ability to achieve its business plan, (xiv) corporate governance issues, (xv) the impact of the credit crisis and tight credit markets on business operations, (xvi) the effect of bailout, financial reform and related legislation including, without limitation, the Dodd-Frank Act and the Volcker Rule, (xvii) the consolidation of the banking and financial services industry, (xviii) the effects of the economy on the Company's ability to find and maintain financing options and liquidity, (xix) credit, operations, legal and regulatory risks, (xx) risks related to foreign operations, (xxi) risks related to the downgrade of U.S. long-term sovereign debt obligations and the sovereign debt of European nations, (xxii) risks related to the manipulation of LIBOR, (xxiii) the effects of Hurricane Sandy and the relocation of critical Company personnel, (xxiv) risks related to the lowering by S&P of its rating on the Company and on the Notes, and (xxv) risks related to government shutdowns and threats of default by the federal government. There can be no assurance that the Company has correctly or completely identified and assessed all of the factors affecting the Company's business. The Company does not undertake any obligation to publicly update or revise any forward-looking statements. See Item 1A – Risk Factors.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management

The Company's principal business activities by their nature involve significant market, credit and other risks. The Company's effectiveness in managing these risks is critical to its success and stability.

As part of its normal business operations, the Company engages in the trading of both fixed income and equity securities in both a proprietary and market-making capacity. The Company makes markets in over-the-counter equities in order to facilitate order flow and accommodate its institutional and retail customers. The Company also makes markets in municipal bonds, mortgage-backed securities, government bonds and high yield bonds and short term fixed income securities and loans issued by various corporations.

Market Risk. Market risk generally means the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest and currency exchange rates and in equity and commodity prices. Market risk is inherent in all types of financial instruments, including both derivatives and non-derivatives. The Company's exposure to market risk arises from its role as a financial intermediary for its customers' transactions and from its proprietary trading and arbitrage activities.

Oppenheimer monitors market risks through daily profit and loss statements and position reports. Each trading department adheres to internal position limits determined by senior management and regularly reviews the age and composition of its proprietary accounts. Positions and profits and losses for each trading department are reported to senior management on a daily basis.

In its market-making activities, Oppenheimer must provide liquidity in the equities for which it makes markets. As a result of this, Oppenheimer has risk containment policies in place, which limit position size and monitor transactions on a minute-to-minute basis.

Credit Risk. Credit risk represents the loss that the Company would incur if a client, counterparty or issuer of securities or other instruments held by the Company fails to perform its contractual obligations. Given the recent issues in the credit markets, there has been an increased focus in the industry about credit risk. The Company follows industry practice to reduce credit risk related to various investing and financing activities by obtaining and maintaining collateral wherever possible. The Company adjusts margin requirements if it believes the risk exposure is not appropriate based on market conditions. When Oppenheimer advances funds or securities to a counterparty in a principal transaction or to a customer in a brokered transaction, it is subject to the risk that the counterparty or customer will not repay such advances. If the market price of the securities purchased or loaned has declined or increased, respectively, Oppenheimer may be unable to recover some or all of the value of the amount advanced. A similar risk is also present where a customer is unable to respond to a margin call and the market price of the collateral has dropped. In addition, Oppenheimer's securities positions are subject to fluctuations in market value and liquidity.

In addition to monitoring the credit-worthiness of its customers, Oppenheimer imposes more conservative margin requirements than those of the NYSE. Generally, Oppenheimer limits customer loans to an amount not greater than 65% of the value of the securities (or 50% if the securities in the account are concentrated in a limited number of issues). Particular attention and more restrictive requirements are placed on more highly volatile securities traded in the NASDAQ market. In comparison, the NYSE permits loans of up to 75% of the value of the equity securities in a customer's account. Further discussion of credit risk appears in Note 6 to the Company's consolidated financial statements appearing in Item 8.

Operational Risk. Operational risk generally refers to the risk of loss resulting from the Company's operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in its operating systems, business disruptions and inadequacies or breaches in its internal control processes. The Company operates in diverse markets and it is reliant on the ability of its employees and systems to process high numbers of transactions often within short time frames. In the event of a breakdown or improper operation of systems, human error or improper action by employees, the Company could suffer financial loss, regulatory sanctions or damage to its reputation. In order to mitigate and control operational risk, the Company has developed and continues to enhance policies and procedures (including the maintenance of disaster recovery facilities and procedures related thereto) that are designed to identify and manage operational risk at appropriate levels. With respect to its trading activities, the Company has procedures designed to ensure that all transactions are accurately recorded and properly reflected on the Company's books on a timely basis. With respect to client activities, the Company operates a system of internal controls designed to ensure that transactions and other account activity (new account solicitation, transaction authorization, transaction processing, billing and collection) are properly approved, processed, recorded and reconciled. The Company has procedures designed to assess and monitor counterparty risk. For details of funding risk, see Item 7 under the caption "Liquidity and Capital Resources".

Legal and Regulatory Risk. Legal and regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements, client claims and the possibility of sizeable adverse legal judgments. The Company is subject to extensive regulation in the different jurisdictions in which it conducts its activities. Regulatory oversight of the securities industry has become increasingly intense over the past few years and the Company, as well as others in the industry, has been directly affected by this increased regulatory scrutiny. Timely and accurate compliance with regulatory requests has become increasingly problematic within the industry, and regulators have tended to bring enforcement proceedings in relation to such matters. See further discussion of these risks in Item 7 under the caption "Regulatory Environment".

The Company has comprehensive procedures for addressing issues such as regulatory capital requirements, sales and trading practices, use of and safekeeping of customer funds and securities, granting of credit, collection activities, money laundering, and record keeping. The Company has designated Anti-Money Laundering Compliance Officers who monitor compliance with regulations under the U.S. Patriot Act. See further discussion of the Company's reserve policy in Item 7, under the captions "Critical Accounting Estimates", Item 3, "Legal Proceedings" and Item 1, "Regulation".

Off-Balance Sheet Arrangements. In certain limited instances, the Company utilizes off-balance sheet arrangements to manage risk. See further discussion in Note 5 to the consolidated financial statements appearing in Item 8.

Value-at-Risk. Value-at-risk is a statistical measure of the potential loss in the fair value of a portfolio due to adverse movements in underlying risk factors. In response to the SEC's market risk disclosure requirements, the Company has performed a value-at-risk analysis of its trading of financial instruments and derivatives. The value-at-risk calculation uses standard statistical techniques to measure the potential loss in fair value based upon a one-day holding period and a 95% confidence level. The calculation is based upon a variance-covariance methodology, which assumes a normal distribution of changes in portfolio value. The forecasts of variances and co-variances used to construct the model, for the market factors relevant to the portfolio, were generated from historical data. Although value-at-risk models are sophisticated tools, their use can be limited as historical data is not always an accurate predictor of future conditions. The Company attempts to manage its market exposure using other methods, including trading authorization limits and concentration limits.

At December 31, 2013 and 2012, the Company's value-at-risk for each component of market risk was as follows:

(Expressed in thousands)

	VAR for Fiscal 2013			VAR for Fiscal 2012		
	High	Low	Average	High	Low	Average
Equity price risk	$ 347	$ 33	$ 190	$ 391	$ 6	$ 210
Interest rate risk	2,800	887	1,844	1,491	1,043	1,271
Commodity price risk	142	70	106	108	77	90
Diversification benefit	(1,509)	(644)	(1,077)	(1,144)	(630)	(898)
Total	$ 1,780	$ 346	$ 1,063	$ 846	$ 496	$ 673

(Expressed in thousands)

	VAR at December 31,	
	2013	2012
Equity price risk	$ 33	$ 172
Interest rate risk	1,113	1,043
Commodity price risk	90	77
Diversification benefit	(644)	(760)
Total	$ 592	$ 532

The potential future loss presented by the total value-at-risk generally falls within predetermined levels of loss that should not be material to the Company's results of operations, financial condition or cash flows. The changes in the value-at-risk amounts reported in 2013 from those reported in 2012 reflect changes in the size and composition of the Company's trading portfolio at December 31, 2013 compared to December 31, 2012. The Company's portfolio as at December 31, 2013 includes approximately $15.3 million ($14.0 million in 2012) in corporate equities, which are related to deferred compensation liabilities and which do not bear any value-at-risk to the Company. Further discussion of risk management appears in Item 7, "Management's Discussion and Analysis of Financial Condition and the Results of Operations" and Item 1A, "Risk Factors".

The value-at-risk estimate has limitations that should be considered in evaluating the Company's potential future losses based on the year-end portfolio positions. Recent market conditions, including increased volatility, may result in statistical relationships that result in higher value-at-risk than would be estimated from the same portfolio under different market conditions. Likewise, the converse may be true. Critical risk management strategy involves the active management of portfolio levels to reduce market risk. The Company's market risk exposure is continuously monitored as the portfolio risks and market conditions change.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Oppenheimer Holdings Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

As of December 31, 2013, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992. Based on this assessment, management has concluded that the Company's internal control over financial reporting as of December 31, 2013 was effective.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets and provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The Company's internal control over financial reporting as of December 31, 2013 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report included herein, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Oppenheimer Holdings Inc.:

We have audited the accompanying consolidated balance sheet of Oppenheimer Holdings Inc. and subsidiaries (the "Company") as of December 31, 2013 and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Oppenheimer Holdings Inc. and subsidiaries at December 31, 2013, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
New York, New York
March 7, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Oppenheimer Holdings Inc.:

We have audited the internal control over financial reporting of Oppenheimer Holdings Inc. and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated March 7, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
New York, New York
March 7, 2014

REPORT OF INDEPENDENT REGISTERD PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Oppenheimer Holdings Inc.:

In our opinion, the consolidated balance sheet as of December 31, 2012 and the related consolidated statements of operations, of comprehensive income (loss), of changes in stockholders' equity, and of cash flows for each of two years in the period ended December 31, 2012 present fairly, in all material respects, the financial position of Oppenheimer Holdings Inc. and its subsidiaries at December 31, 2012, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
New York, NY
March 6, 2013, except for Note 20, as to which the date is March 7, 2014

OPPENHEIMER HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31,

(Expressed in thousands, except share amounts)	2013	2012
ASSETS		
Cash and cash equivalents	$ 98,294	$ 135,366
Cash and securities segregated for regulatory and other purposes	36,323	33,000
Deposits with clearing organizations	23,679	25,954
Receivable from brokers, dealers and clearing organizations	364,873	479,699
Receivable from customers, net of allowance for credit losses of $2,423 ($2,256 in 2012)	868,869	817,941
Income tax receivable, net	6,562	451
Securities purchased under agreements to resell	184,825	—
Securities owned, including amounts pledged of $586,625 ($569,995 in 2012), at fair value	856,088	759,742
Notes receivable, net	40,751	47,324
Office facilities, net accumulated depreciation of $97,118 ($89,027 in 2012)	32,939	28,332
Deferred tax assets, net	—	16,340
Intangible assets	31,700	31,700
Goodwill	137,889	137,889
Loans held for sale	75,989	22,874
Mortgage servicing rights	28,879	26,983
Other assets	165,060	114,425
Total assets	$2,952,720	$2,678,020
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Drafts payable	$ 48,198	$ 56,586
Bank call loans	118,200	128,300
Payable to brokers, dealers and clearing organizations	223,315	204,218
Payable to customers	626,564	692,378
Securities sold under agreements to repurchase	757,491	392,391
Securities sold, but not yet purchased, at fair value	76,314	173,450
Accrued compensation	180,119	150,434
Accounts payable and other liabilities	192,552	180,262
Senior secured notes	195,000	195,000
Deferred tax liabilities, net	7,096	—
Total liabilities	2,424,849	2,173,019
Commitments and contingencies (Note 17)		
Stockholders' equity		
Share capital		
Class A non-voting common stock (2013 – 13,377,967 shares issued and outstanding; 2012 – 13,508,318 shares issued and outstanding)	60,065	62,048
Class B voting common stock (99,680 shares issued and outstanding)	133	133
	60,198	62,181
Contributed capital	42,407	39,231
Retained earnings	418,204	399,121
Accumulated other comprehensive income	1,709	207
Total Oppenheimer Holdings Inc. stockholders' equity	522,518	500,740
Non-controlling interest	5,353	4,261
Total stockholders' equity	527,871	505,001
Total liabilities and stockholders' equity	$2,952,720	$2,678,020

The accompanying notes are an integral part of these consolidated financial statements.

OPPENHEIMER HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31,

(Expressed in thousands, except number of shares and per share amounts)	2013	2012	2011
REVENUE			
Commissions	$ 486,767	$ 469,865	$ 492,228
Advisory fees	274,178	222,732	197,097
Investment banking	97,977	89,477	119,202
Interest	53,216	57,662	56,779
Principal transactions, net	43,768	54,311	47,660
Other	63,808	58,565	46,026
Total revenue	1,019,714	952,612	958,992
EXPENSES			
Compensation and related expenses	675,936	626,411	626,767
Occupancy and equipment costs	66,758	62,818	76,509
Communications and technology	65,817	63,359	62,673
Interest	26,142	35,086	38,026
Clearing and exchange fees	24,481	23,750	24,991
Other	116,671	141,715	112,178
Total expenses	975,805	953,139	941,144
Income (loss) before income taxes	43,909	(527)	17,848
Income tax provision	17,756	324	5,231
Net income (loss) for the year	26,153	(851)	12,617
Less net income attributable to non-controlling interest, net of tax	1,092	2,762	2,301
Net income (loss) attributable to Oppenheimer Holdings Inc.	$ 25,061	$ (3,613)	$ 10,316
Earnings (loss) per share attributable to Oppenheimer Holdings Inc.			
Basic	$ 1.85	$ (0.27)	$ 0.76
Diluted	$ 1.77	$ (0.27)	$ 0.74
Weighted average shares			
Basic	13,577,725	13,602,205	13,638,087
Diluted	14,124,060	13,602,205	13,936,733

The accompanying notes are an integral part of these consolidated financial statements.

OPPENHEIMER HOLDINGS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31,

(Expressed in thousands)	2013	2012	2011
Net income (loss) for the year	$26,153	$ (851)	$12,617
Other comprehensive income (loss)			
Currency translation adjustment	1,502	415	(1,737)
Change in cash flow hedges, net of tax	—	—	1,322
Total other comprehensive income (loss), net of tax[1]	1,502	415	(415)
Comprehensive income (loss) for the year	27,655	(436)	12,202
Net income attributable to non-controlling interests, net of tax	1,092	2,762	2,301
Comprehensive income (loss) attributable to			
Oppenheimer Holdings Inc.	$26,563	$(3,198)	$ 9,901

(1) Total other comprehensive income (loss) is attributable to Oppenheimer Holdings Inc. No other comprehensive income (loss) is attributable to non-controlling interests.

The accompanying notes are an integral part of these consolidated financial statements.

OPPENHEIMER HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31,

(Expressed in thousands)	2013	2012	2011
Share capital			
Balance at beginning of year	$ 62,181	$ 62,726	$ 51,901
Issuance of Class A non-voting common stock	1,642	1,321	10,825
Repurchase of Class A non-voting common stock for cancellation	(3,625)	(1,866)	—
Balance at end of year	60,198	62,181	62,726
Contributed capital			
Balance at beginning of year	39,231	36,832	47,808
Tax deficiency from share-based awards	(78)	(720)	(1,629)
Share-based expense	5,145	3,601	4,039
Vested employee share plan awards	(1,891)	(1,316)	(13,386)
Acquisition of non-controlling interest	—	834	—
Balance at end of year	42,407	39,231	36,832
Retained earnings			
Balance at beginning of year	399,121	408,720	404,414
Net income (loss) for the period attributable to Oppenheimer Holdings Inc.	25,061	(3,613)	10,316
Dividends paid ($0.44 per share)	(5,978)	(5,986)	(6,010)
Balance at end of year	418,204	399,121	408,720
Accumulated other comprehensive income (loss)			
Balance at beginning of year	207	(208)	207
Currency translation adjustment	1,502	415	(1,737)
Change in cash flow hedges, net of tax	—	—	1,322
Balance at end of year	1,709	207	(208)
Total Oppenheimer Holdings Inc. stockholders' equity	522,518	500,740	508,070
Non-controlling interest			
Balance at beginning of year	4,261	5,333	3,032
Net income attributable to non-controlling interest, net of tax	1,092	2,762	2,301
Acquisition of non-controlling interest	—	(3,834)	—
Balance at end of year	5,353	4,261	5,333
Total stockholders' equity	$527,871	$505,001	$513,403

The accompanying notes are an integral part of these consolidated financial statements.

OPPENHEIMER HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

(Expressed in thousands)	2013	2012	2011
Cash flows from operating activities			
Net income (loss) for the year	$ 26,153	$ (851)	$ 12,617
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Non-cash items included in net income:			
Depreciation and amortization of office facilities and leasehold improvements	9,405	10,466	11,899
Deferred income taxes	23,436	(26,642)	(745)
Amortization of notes receivable	18,762	19,515	19,699
Amortization of debt issuance costs	639	639	986
Amortization of intangible assets	—	3,889	5,390
Amortization of mortgage servicing rights	1,881	3,200	2,444
Provision for (reversal of) credit losses	167	(292)	(168)
Share-based compensation	9,249	4,191	1,100
Reduction of excess of fair value of acquired assets over cost	—	(7,020)	—
Decrease (increase) in operating assets:			
Cash and securities segregated for regulatory and other purposes	(3,323)	(2,914)	(165)
Deposits with clearing organizations	2,275	9,862	(12,588)
Receivable from brokers, dealers and clearing organizations	114,826	(191,586)	14,731
Receivable from customers	(51,095)	20,173	87,163
Income tax receivable	(6,111)	6,292	371
Securities purchased under agreements to resell	(184,825)	847,688	(500,618)
Securities owned	(96,346)	164,799	(557,522)
Notes receivable	(12,189)	(12,795)	(13,957)
Loans held for sale	(53,115)	86,382	(72,393)
Mortgage servicing rights less amortization	(3,777)	(7,388)	(11,662)
Other assets	(49,772)	(11,980)	39,506
Increase (decrease) in operating liabilities:			
Drafts payable	(8,388)	4,738	(9,207)
Payable to brokers, dealers and clearing organizations	19,097	(131,392)	(35,765)
Payable to customers	(65,814)	212,482	72,980
Securities sold under agreements to repurchase	365,100	(1,116,102)	1,118,037
Securities sold, but not yet purchased	(97,136)	104,035	(90,637)
Accrued compensation	25,581	5,566	(31,614)
Accounts payable and other liabilities	11,891	(4,407)	31,655
Cash provided by (used in) operating activities	(3,429)	(9,452)	81,537
Cash flows from investing activities			
Purchase of office facilities	(14,012)	(14,739)	(5,192)
Cash used in investing activities	(14,012)	(14,739)	(5,192)
Cash flows from financing activities			
Cash dividends paid on Class A non-voting and Class B voting common stock	(5,978)	(5,986)	(6,010)
Issuance of Class A non-voting common stock	150	—	337
Repurchase of Class A non-voting common stock for cancellation	(3,625)	(1,866)	—
Tax deficiency from share-based awards	(78)	(720)	(1,629)
Debt issuance costs	—	—	(4,565)
Issuance of senior secured notes	—	—	200,000
Buy-back of senior secured notes	—	—	(5,000)
Repayment of subordinated note	—	—	(100,000)
Repayment of senior secured credit note	—	—	(22,503)
Acquisition of non-controlling interest	—	(3,000)	—
(Decrease) increase in bank call loans, net	(10,100)	100,800	(119,500)
Cash (used in) provided by financing activities	(19,631)	89,228	(58,870)
Net (decrease) increase in cash and cash equivalents	(37,072)	65,037	17,475
Cash and cash equivalents, beginning of year	135,366	70,329	52,854
Cash and cash equivalents, end of year	$ 98,294	$ 135,366	$ 70,329
Schedule of non-cash financing activities			
Employee share plan issuance	$ 1,492	$ 1,321	$ 10,488
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	$ 26,492	$ 38,692	$ 60,394
Cash paid during the year for income taxes, net of refunds	$ 4,509	$ 14,254	$ 7,993

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

Oppenheimer Holdings Inc. ("OPY") is incorporated under the laws of the State of Delaware. The consolidated financial statements include the accounts of OPY and its subsidiaries (together, the "Company"). The principal subsidiaries of OPY are Oppenheimer & Co. Inc. ("Oppenheimer"), a registered broker dealer in securities, Oppenheimer Asset Management Inc. ("OAM") and its wholly owned subsidiary, Oppenheimer Investment Management Inc. ("OIM"), both registered investment advisors under the Investment Advisors Act of 1940, Oppenheimer Trust Company ("Oppenheimer Trust"), a limited purpose trust company that provides fiduciary services such as trust and estate administration and investment management, Oppenheimer Multifamily Housing & Healthcare Finance, Inc. ("OMHHF"), which is engaged in commercial mortgage origination and servicing, OPY Credit Corp., which offers syndication as well as trading of issued corporate loans, Oppenheimer Europe Ltd., based in the United Kingdom, with an office in the Isle of Jersey, which provides institutional equities and fixed income brokerage and corporate financial services and is regulated by the Financial Conduct Authority, and Oppenheimer Investments Asia Limited, based in Hong Kong, China, which provides assistance in accessing the U.S. equities markets and limited mergers and acquisitions advisory services to Asia-based companies, as well as offering fixed income brokerage services to institutional investors.

Oppenheimer provides its services from 96 offices in 25 states located throughout the United States and in 5 foreign jurisdictions. Oppenheimer owns Freedom Investments, Inc. ("Freedom"), a registered broker dealer in securities, which also operates as the BUYandHOLD division of Freedom, offering on-line discount brokerage and dollar-based investing services, and Oppenheimer Israel (OPCO) Ltd., which is engaged in offering investment services in the State of Israel. Freedom has been approved to operate as a representative office in Beijing, China. Oppenheimer holds a trading permit on the New York Stock Exchange and is a member of several other regional exchanges in the United States.

2. Summary of significant accounting policies

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for purpose of inclusion in the Company's Annual Report on Form 10-K and in its annual report to stockholders. Intercompany transactions and balances have been eliminated in the preparation of the consolidated financial statements.

Accounting standards require the Company to present non-controlling interests as a separate component of stockholders' equity on the Company's consolidated balance sheet. On September 28, 2012, the Company purchased additional shares of OMHHF for $3.0 million, representing 16.32% of OMHHF. As of December 31, 2013, the Company owned 83.68% of OMHHF and the non-controlling interest recorded in the consolidated balance sheet was $5.4 million.

Description of Business

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

Use of Estimates

The preparation of the consolidated financial statements 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods.

In presenting the consolidated financial statements, management makes estimates regarding valuations of financial instruments, loans and allowances for credit losses, the outcome of legal and regulatory matters, the carrying amount of goodwill and other intangible assets, 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 materially different from these estimates. A discussion of certain areas in which estimates are a significant component of the amounts reported in the consolidated financial statements follows.

Financial Instruments and Fair Value

Financial Instruments

Securities owned, securities sold but not yet purchased, investments and derivative contracts are carried at fair value with changes in fair value recognized in earnings each period. 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.

Financial Instruments Used for Asset and Liability Management

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains or losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Fair Value Measurements

The Company adopted the accounting guidance for the fair value measurement of financial assets, which defines fair value, establishes a framework for measuring fair value, establishes a fair value measurement hierarchy, and expands fair value measurement disclosures. Fair value, as defined by the accounting guidance, is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy established by this accounting guidance prioritizes the inputs used in valuation techniques into the following three categories (highest to lowest priority):

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Unobservable inputs.

The Company's financial instruments are recorded at fair value and generally are classified within Level 1 or Level 2 within the fair value hierarchy using quoted market prices or quotes from market makers or broker-dealers. Financial instruments classified within Level 1 are valued based on quoted market prices in active markets and consist of U.S. government, federal agency, and sovereign government obligations, corporate equities, and certain money market instruments. Level 2 financial instruments primarily consist of investment grade and high-yield corporate debt, convertible bonds, mortgage and asset-backed securities, municipal obligations, and certain money market instruments. Financial instruments classified

as Level 2 are valued based on quoted prices for similar assets and liabilities in active markets and quoted prices for identical or similar assets and liabilities in markets that are not active. Some financial instruments are classified within Level 3 within the fair value hierarchy as observable pricing inputs are not available due to limited market activity for the asset or liability. Such financial instruments include investments in hedge funds and private equity funds where the Company, through its subsidiaries, is general partner; less-liquid private label mortgage and asset-backed securities; certain distressed municipal securities; interest rate lock commitments where OMHHF enters into contractual commitments to originate (purchase) and sell multifamily mortgage loans at fixed prices with fixed expiration dates; and auction rate securities ("ARS"). A description of the valuation techniques applied and inputs used in measuring the fair value of the Company's financial instruments is located in Note 5.

Fair Value Option

The Company has the option to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. 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 has elected to apply the fair value option to its loan trading portfolio which resides in OPY Credit Corp. and is reported in other assets on the consolidated balance sheet. Management has elected this treatment as it is consistent with the manner in which the business is managed as well as the way that financial instruments in other parts of the business are recorded.

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. 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.

On October 1, 2013, the Company also elected the fair value option for loans held for sale which reside in OMHHF and are reported on the consolidated balance sheet. Loans held for sale represent originated loans that are generally transferred or sold within 60 days from the date that a mortgage loan is funded. The Company initially measures all originated loans at fair value. Subsequent to initial measurement, the Company measures all mortgage loans at fair value, unless the Company documents at the time the loan is originated that it will measure the specific loan at the lower of cost or fair market value for the life of the loan. Electing to use fair value allows a better offset of the change in fair value of the loan and the change in fair value of the derivative instruments used as economic hedges. During the period prior to its sale, interest income on a loan held for sale is calculated in accordance with the terms of the individual loan. At December 31, 2013, the book value and the fair value of loans held for sale was $74.2 million and $76.0 million, respectively.

Consolidation

The Company consolidates all subsidiaries in which it has a controlling financial interest, as well as any variable interest entities ("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. See Note 7 for further discussion. 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. 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.

Financing Receivables

The Company's financing receivables include customer margin loans, reverse repurchase agreements, and securities borrowed transactions. The Company uses financing receivables to extend margin loans to customers, meet trade settlement requirements, and facilitate its matched-book arrangements and inventory requirements.

Allowance for Credit Losses

The Company's financing receivables are secured by collateral received from clients and counterparties. In many cases, the Company is permitted to sell or re-pledge securities held as collateral. These securities may be used to collateralize repurchase agreements, to enter into securities lending agreements, to cover short positions or fulfill the obligation of fails to deliver. The Company monitors the market value of the collateral received on a daily basis and may require clients and counterparties to deposit additional collateral or return collateral pledged, when appropriate.

Customer receivables, primarily consisting of customer margin loans collateralized by customer-owned securities, are stated net of allowance for credit losses. The Company reviews large customer accounts that do not comply with the Company's margin requirements on a case-by-case basis to determine the likelihood of collection and records an allowance for credit loss following that process. For small customer accounts that do not comply with the Company's margin requirements, the allowance for credit loss is generally recorded as the amount of unsecured or partially secured receivables.

The Company also makes loans or pays advances to financial advisers as part of its hiring process. Reserves are established on these receivables if the financial advisor is no longer associated with the Company and the receivable has not been promptly repaid or if it is determined that it is probable the amount will not be collected.

Legal and Regulatory Reserves

The Company records reserves related to legal and regulatory proceedings in accounts payable and other liabilities. The determination of the amounts of these reserves requires significant judgment on the part of management. In accordance with applicable accounting guidance, the Company establishes reserves for litigation and regulatory matters where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and the Company can reasonably estimate the amount of that loss. When loss contingencies are not probable and cannot be reasonably estimated, the Company does not establish reserves.

When determining whether to record a reserve, management considers many factors including, but not limited to, the amount of the claim; the stage and forum of the proceeding, the sophistication of the claimant, the amount of the loss, if any, in the client's account and the possibility of wrongdoing, if any, on the part of an employee of the Company; the basis and validity of the claim; previous results in similar cases; and applicable legal precedents and case law. Each legal and regulatory proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded in the results of that period. The assumptions of management in determining the estimates of reserves may be incorrect and the actual disposition of a legal or regulatory proceeding could be greater or less than the reserve amount.

Goodwill

Goodwill arose upon the acquisitions of Old Michigan Corp., Josephthal & Co. Inc., Grand Charter Group Incorporated and the Oppenheimer Divisions, as defined below. The Company defines a reporting unit as an operating segment. The Company's goodwill resides in its Private Client Division ("PCD"). Goodwill of a reporting unit is subject to at least an annual test for impairment to determine if the fair value of goodwill of a reporting unit is less than its estimated carrying amount. Goodwill of a reporting unit is required to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company derives the estimated carrying amount of its operating segments by estimating the amount of stockholders' equity required to support the activities of each operating segment. Goodwill of a reporting unit is subject to at least an annual test for impairment to determine if the fair value of goodwill of a reporting unit is less than its estimated carrying amount. Goodwill recorded at December 31, 2013 has been tested for impairment and it has been determined that no impairment has occurred. See Note 19 for further discussion.

Excess of fair value of assets acquired over cost arose from the January 2008 acquisition of certain businesses from CIBC World Markets Corp., including five-year contingent consideration issued as a result of such acquisition. At the end of 2012, all contingencies expired and the Company recorded a reduction of "Excess of fair value of assets acquired over cost" of $7.0 million and deferred tax liabilities of $5.0 million offset by the write off of related customer relationship intangible assets of $630,000 and fixed assets of $65,000 on the consolidated balance sheet as of December 31, 2012 as well as a non-cash adjustment reducing occupancy expenses in the amount of $11.3 million.

Intangible Assets

Intangible assets arose upon the acquisition, in January 2003, of the U.S. Private Client and Asset Management Divisions of CIBC World Markets Corp. (the "Oppenheimer Divisions") and comprise trademarks and trade names. Trademarks and trade names, carried at $31.7 million, which are not amortized, are subject to at least an annual test for impairment to determine if the fair value is less than their carrying amount. Trademarks and trade names recorded as at December 31, 2013 have been tested for impairment and it has been determined that no impairment has occurred. See Note 19 for further discussion.

Intangible assets also arose from the January 2008 acquisition of the Oppenheimer Divisions from CIBC World Markets Corp. and are comprised of customer relationships and a below market lease. Customer relationships were being amortized on a straight-line basis over 180 months commencing in January 2008. However, due to the expiration of the five-year contingent consideration issued as part of such acquisition, remaining amounts related to the customer relationship intangible asset of $630,000 were reversed in the fourth quarter of 2012. The below market lease was being amortized on a straight-line basis over 60 months commencing in January 2008. However, due to the consolidation of the Company's headquarters, the Company terminated the lease which resulted in a reevaluation of the remaining useful life of the below market lease intangible asset and amortized $1.1 million in the fourth quarter of 2011 and the remaining $3.2 million during the first quarter of 2012.

Share-Based Compensation Plans

The Company estimates the fair value of share-based awards using the Black-Scholes model and applies to it a forfeiture rate based on historical results. Key assumptions used to estimate the fair value of share-based awards include the expected term and the expected volatility of the Company's Class A Stock over the term of the award, the risk-free interest rate over the expected term, and the Company's expected annual dividend yield. See Note 16 for further discussion.

Mortgage Servicing Rights

The Company's Mortgage Servicing Rights ("MSRs") assets are initially measured at fair value based on the present value of future net servicing income adjusted for factors such as discount rate and prepayment speeds. After initial measurement, the amortization method is used for subsequent measurement. The Company reviews the capitalized MSRs for impairment quarterly by comparing the aggregate carrying value of the MSR portfolio to the aggregate estimated fair value of the portfolio. See Note 8 for further discussion.

The fair value of our MSRs is subject to market risk. Changes in interest rates influence a variety of assumptions included in the valuation of MSRs, including prepayment speeds, expected returns, the value of escrow balances and other servicing valuation elements. A decline in interest rates generally increases the prepayment rate of the servicing portfolio and therefore reduces the estimated fair value of MSRs.

Revenue Recognition

Brokerage

Customers' securities and commodities transactions are reported on a settlement date basis, which is generally three business days after trade date for securities transactions and one day for commodities transactions. Related commission income and expense is recorded on a trade date basis.

Principal transactions

Transactions in proprietary securities and related revenue and expenses are recorded on a trade date basis. Securities owned and securities sold, but not yet purchased, are reported at fair value generally based upon quoted prices. Realized and unrealized changes in fair value are recognized in principal transactions, net in the period in which the change occurs.

Fees

Underwriting revenues and advisory fees from mergers, acquisitions and restructuring transactions are recorded when services for the transactions are substantially completed and income is reasonably determinable, generally as set forth under the terms of the engagement. Transaction-related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are deferred and recognized in the same period as the related investment banking transaction revenue. Underwriting revenues are presented net of related expenses. Non-reimbursed expenses associated with advisory transactions are recorded within other expenses.

Interest

Interest revenue represents interest earned on margin debit balances, securities borrowed transactions, reverse repurchase agreements, fixed income securities, firm investments, and cash and cash equivalents. Interest revenue is recognized in the period earned based upon average or daily asset balances, contractual cash flows, and interest rates.

Asset Management

Asset management fees are generally recognized over the period the related service is provided based on the account value at the valuation date per the respective asset management agreements. In certain circumstances, OAM is entitled to receive performance fees when the return on assets under management ("AUM") exceeds certain benchmark returns or other performance targets. Performance fees are generally based on investment performance over a 12-month period and are not subject to adjustment once the measurement period ends. Such fees are computed as at the fund's year-end when the measurement period ends and generally are recorded as earned in the fourth quarter of the Company's fiscal year. Asset management fees and performance fees are included in advisory fees in the consolidated statements of operations. Assets under management are not included as assets of the Company.

Balance Sheet Items

Cash and Cash Equivalents

The Company defines 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.

Receivables from / Payables to Brokers, Dealers and Clearing Organizations

Securities borrowed and securities loaned are carried at the amounts of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash or other collateral with the lender. The Company receives cash or collateral in an amount generally in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis and may require counterparties to deposit additional collateral or return collateral pledged, when appropriate.

Securities failed to deliver and receive represent the contract value of securities which have not been received or delivered by settlement date.

Notes Receivable

The Company had notes receivable, net, from employees of approximately $40.8 million at December 31, 2013. The notes are recorded in the consolidated balance sheet at face value of approximately $104.9 million less accumulated amortization and allowance for uncollectible notes of $54.4 million and $9.7 million, respectively, at December 31, 2013. These amounts represent recruiting and retention payments generally in the form of upfront loans to financial advisers and key revenue producers as part of the Company's overall growth strategy. These loans are generally forgiven over a service period of 3 to 5 years from the initial date of the loan or based on productivity levels of employees and all such notes are contingent on the employees' continued employment with the Company. The unforgiven portion of the notes becomes due on demand in the event the employee departs during the service period. Amortization of notes receivable is included in the consolidated statements of operations in compensation and related expenses.

Securities purchased under agreements to resell and securities sold under agreements to repurchase

Reverse repurchase agreements and repurchase agreements are treated as collateralized financing transactions and are recorded at their contractual amounts plus accrued interest. The resulting interest income and expense for these arrangements are included in interest income and interest expense in the consolidated statements of operations. The Company can present the reverse repurchase and repurchase transactions on a net-by-counterparty basis when the specific offsetting requirements are satisfied. See Note 6 for further discussion.

Office Facilities

Office facilities are stated at cost less accumulated depreciation and amortization. Depreciation and amortization of furniture, fixtures, and equipment is provided on a straight-line basis generally over 3-7 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the life of the improvement or the remaining term of the lease. Leases with escalating rents are expensed on a straight-line basis over the life of the lease. Landlord incentives are recorded as deferred rent and amortized, as reductions to lease expense, on a straight-line basis over the life of the applicable lease. Deferred rent is included in accounts payable and other liabilities in the consolidated balance sheet.

Debt Issuance Costs

Debt issuance costs, included in other assets, from the issuance of the senior secured notes are reported in the consolidated balance sheet as deferred charges and amortized over the term of the senior secured notes using the interest method. Debt issuance costs include underwriting and legal fees as well as other incremental expenses directly attributable to realizing the proceeds of the Notes. See Note 11 for further discussion.

Drafts Payable

Drafts payable represent amounts drawn by the Company against a bank.

Foreign Currency Translations

Foreign currency balances have been translated into U.S. dollars as follows: monetary assets and liabilities at exchange rates prevailing at period end; revenue and expenses at average rates for the period; and non-monetary assets and stockholders' equity at historical rates. Cumulative translation adjustments of $1.5 million are included in accumulated other comprehensive income on the consolidated balance sheets at December 31, 2013. The functional currency of the overseas operations is the local currency in each location except for Oppenheimer Europe Ltd. and Oppenheimer Investments Asia Limited which have the U.S. dollar as their functional currency.

Income Taxes

Deferred income tax assets and liabilities arise from temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. Deferred tax balances are determined by applying the enacted tax rates applicable to the periods in which items will reverse.

The Company records interest and penalties accruing on unrecognized tax benefits in income (loss) before income taxes as interest expense and other expense, respectively, in its consolidated statement of operations.

The Company permanently reinvests eligible earnings of it foreign subsidiaries and, accordingly, does not accrue any U.S. income taxes that would arise if such earnings were repatriated.

New Accounting Pronouncements

Recently Adopted

On July 27, 2012, the Financial Accounting Standards Board ("FASB") issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment," which gives entities the option of performing a qualitative assessment before the quantitative analysis. If entities determine the fair value of a reporting unit is more likely than not less than the carrying amount, the impairment needs to be assessed. The ASU is effective for fiscal years beginning after September 15, 2012 and early adoption is permitted. The Company evaluated this ASU and decided to continue to perform quantitative analysis for indefinite-lived intangible assets impairment. The decision did not have a material impact on the Company's consolidated financial statements.

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 during the period ended March 31, 2013. The adoption of this accounting guidance did not have a material impact on the Company's consolidated financial statements. See Note 5, Financial Instruments, 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 March 31, 2013. The adoption of this accounting guidance did not have a material impact on the Company's consolidated financial statements.

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, results of operations and cash flows.

In July 2013, the FASB issued ASU No. 2013-11 "Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." The ASU provides guidance that an unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward. 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, results of operations and cash flows.

3. Cash and securities segregated for regulatory and other purposes

Deposits of $35.5 million were held at year-end in special reserve bank accounts for the exclusive benefit of customers in accordance with regulatory requirements at December 31, 2013 ($32.0 million at December 31, 2012). To the extent permitted, these deposits are invested in interest bearing accounts collateralized by qualified securities.

OMHHF had client funds held in escrow totaling $251.4 million at December 31, 2013 ($242.7 million at December 31, 2012) which are not required to be and, accordingly, are not carried on the Company's consolidated balance sheet.

4. Receivable from and payable to brokers, dealers and clearing organizations

(Expressed in thousands)

	As of December 31,	
	2013	2012
Receivable from brokers, dealers and clearing organizations consist of:		
Securities borrowed	$274,127	$365,642
Receivable from brokers	49,803	41,091
Securities failed to deliver	9,628	10,031
Clearing organizations	27	399
Omnibus accounts	18,086	28,212
Other	13,202	34,324
	$364,873	$479,699
Payable to brokers, dealers and clearing organizations consist of:		
Securities loaned	$211,621	$190,387
Securities failed to receive	5,346	11,315
Clearing organizations and other	6,348	2,516
	$223,315	$204,218

5. Fair value measurements

Securities owned and securities sold but not yet purchased, investments and derivative contracts are carried at fair value with changes in fair value recognized in earnings each period. 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.

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

(Expressed in thousands)

	As of December 31,			
	2013		2012	
	Owned	Sold	Owned	Sold
U.S. Government, agency and sovereign obligations	$596,114	$11,889	$525,255	$131,930
Corporate debt and other obligations	14,673	4,847	14,428	1,858
Mortgage and other asset-backed securities	3,395	7	2,920	18
Municipal obligations	40,166	72	49,855	467
Convertible bonds	53,719	13,922	49,130	8,868
Corporate equities	61,634	45,336	43,708	29,884
Money markets	1,263	241	2,328	325
Auction rate securities	85,124	—	72,118	100
Total	$856,088	$76,314	$759,742	$173,450

Securities owned and securities sold, but not yet purchased, consist of trading and investment securities at fair values. Included in securities owned at December 31, 2013 are corporate equities with estimated fair values of approximately $15.3 million ($14.0 million at December 31, 2012), which are related to deferred compensation liabilities to certain employees included in accrued compensation on the consolidated balance sheet.

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 non-callable 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 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.

Loans Held for Sale

The loans held for sale are reported at fair value. The Company determines the fair value of the loans held for sale using both a discounted cash flow model and quoted observable prices from market participants. Therefore, the Company categorizes these loans held for sale in Level 2 of the fair value hierarchy.

Interest Rate Lock Commitments

OMHHF records an interest rate lock commitment upon the commitment to originate a loan with a borrower and sell the loan to an investor. This commitment asset is recognized at fair value, which reflects the fair value of the contractual loan origination related fees and sale premiums, net of co-broker fees, and the estimated fair value of the expected net future cash flows associated with the servicing of the loan. The interest rate lock commitments are valued using a discounted cash flow model developed based on U.S. Treasury rate changes and other observable market data. The value is determined after considering the potential impact of collateralization, and the Company categorizes these commitments within Level 3 of the fair value hierarchy.

To-Be-Announced ("TBA") sale contracts

TBA sale contracts of permanent loans originated or purchased at OMHHF are based on observable market prices of recently executed purchases of similar loans which are then used to derive a market implied spread, which in turn is used as the primary input in estimating the fair value of loans at the measurement date. TBA sale contracts of construction loans originated or purchased at OMHHF are based on observable market prices of recently executed purchases. The loan participation certificates are categorized within Level 2 of the fair value hierarchy given the observability and volume of recently executed transactions.

Mortgage Servicing Rights ("MSRs")

The Company's MSRs are measured at fair value on a nonrecurring basis. The MSRs are initially measured at fair value on the loan securitization date and subsequently measured on the amortized cost basis subject to quarterly impairment testing. MSRs do not trade in active open markets with readily observable pricing. Therefore the Company uses a discounted cash flow model to estimate the fair value of MSRs. The discounted cash flow model calculates the present value of estimated future net servicing income using inputs such as contractually specified servicing fees, prepayment assumptions, delinquency rates, late charges, other ancillary revenue, costs to service and other economic factors. The Company reassesses and periodically adjusts the underlying inputs and assumptions used in the model to reflect observable and unobservable market conditions and assumptions that a market participant would consider in valuing an MSR asset. MSRs are carried at the lower of amortized cost or estimated fair value.

The following key assumptions were used in determining the initial fair value of MSRs:

Discount Rate – The discount rate used for originated permanent and construction loans averaged approximately 12%.

Estimated Life – The estimated life of the MSRs is derived using a continuous prepayment rate ("CPR") model which estimates projected prepayments of the loan portfolio by considering factors such as note rates, lockouts, and prepayment penalties at the loan level. The CPR rates used are 0% until such time that a loans prepayment penalty rate hits 4% and the vast majority range from 10% to 15% thereafter, with an average of 12%.

Servicing Costs – The estimated future cost to service the loans on an annual basis per loan averages approximately $1,250 for a permanent loan, with a considerably higher cost to service during the construction phase.

The Company does not anticipate any credit losses on the commercial mortgages it services since all of the mortgages are insured for and guaranteed against credit losses by the Federal Housing Administration ("FHA") and the Government National Mortgage Association ("GNMA") and are thus guaranteed by the U.S. government.

Auction Rate Securities

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 ARS. Pursuant to the settlements with Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions more fully described below. In addition to the settlements with Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. Pursuant to completed Purchase Offers (as defined) under the settlements with Regulators and client related legal settlements and awards to purchase ARS, as of December 31, 2013, the Company purchased and holds (net of redemptions) approximately $91.6 million in ARS from its clients. In addition, the Company is committed to purchase another $29.1 million in ARS from clients through 2016 under legal settlements and awards. See Note 17 for further discussion.

The Company also held $150,000 in ARS in its proprietary trading account as of December 31, 2013 as a result of the failed auctions in February 2008. The ARS positions that the Company owns and are committed to purchase 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.

The Company has recorded a valuation adjustment on its ARS owned and ARS purchase commitments of $9.1 million as of December 31, 2013. The valuation adjustment is comprised of $6.5 million which represents the difference between the principal value and the fair value of the ARS the Company owns as of December 31, 2013 and $2.6 million which represents the difference between the principal value and the fair value of the ARS the Company is committed to purchase under the settlements with Regulators and legal settlements and awards.

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. Due to liquidity problems associated with the ARS market, ARS that lack liquidity are setting their interest rates according to a maximum rate formula. For fair value purposes, the Company has determined that the maximum spread would be an adequate risk premium to account for illiquidity in the market. Accordingly, the Company applies a spread to the short-term index for each asset class to derive the discount rate. The Company uses short-term U.S. Treasury yields as its benchmark short-term index. The risk of non-performance is typically reflected in the prices of ARS positions where the fair value is derived from recent trades in the secondary market.

The ARS purchase commitment, or derivative liability, arises from both the settlements with Regulators and legal settlements and awards. The ARS purchase commitment represents the difference between the principal value and the fair value of the ARS the Company is committed to purchase. The Company utilizes the same valuation methodology for the ARS purchase commitment as it does for the ARS it owns. Additionally, the present value of the future principal value of ARS purchase commitments under legal settlements and awards is used in the discounted valuation model to reflect the time value of money over the period of time that the commitments are outstanding. The amount of the ARS purchase commitment only becomes determinable once the Company has met with its primary regulator and the NYAG and agreed upon a buyback amount, commenced the ARS buyback offer to clients, and received notice from its clients which ARS they are tendering. As a result, it is not possible to observe the current yields actually paid on the ARS until all of these events have happened which is typically very close to the time that the Company actually purchases the ARS. For ARS purchase commitments pursuant to legal settlements and awards, the criteria for purchasing ARS from clients is based on the nature of the settlement or award which will stipulate a time period and amount for each repurchase. The Company will not know which ARS will be tendered by the client until the stipulated time for repurchase is reached. Therefore, the Company uses the current yields on ARS positions for auctions in which the Company participates in its discounted valuation model to determine a fair value of ARS purchase commitments. The Company also uses these current yields by asset class (i.e., auction rate preferred securities, municipal auction rate securities, and student loan auction rate securities) in its discounted valuation model to determine the fair value of ARS purchase commitments. In addition, the Company uses the discount rate and duration of ARS owned, by asset class, as a proxy for the duration of ARS purchase commitments.

Additional information regarding the valuation technique and inputs for level 3 financial instruments used is as follows:

(Expressed in thousands)

Quantitative Information about Level 3 Fair Value Measurements at December 31, 2013

Product	Principal	Valuation Adjustment	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
Auction Rate Securities Owned [1]							
Auction Rate Preferred Securities	$ 74,075	$ 3,752	$ 70,323	Discounted Cash Flow	Discount Rate [2]	1.38% to 1.88%	1.65%
					Duration	4.0 Years	4.0 Years
					Current Yield [3]	0.10% to 0.53%	0.33%
Municipal Auction Rate Securities	8,230	813	7,417	Discounted Cash Flow	Discount Rate [4]	2.62%	2.62%
					Duration	4.5 Years	4.5 Years
					Current Yield [3]	0.27%	0.27%
	5,975	866	5,109	Secondary Market Trading Activity	Observable trades in inactive market for in-portfolio securities	85.50% of par	85.50% of par
Student Loan Auction Rate Securities	525	75	450	Discounted Cash Flow	Discount Rate [5]	3.65%	3.65%
					Duration	7.0 Years	7.0 Years
					Current Yield [3]	1.31%	1.31%
Other[4]	2,825	1,000	1,825	Secondary Market Trading Activity	Observable trades in inactive market for in portfolio securities	64.60% of par	64.60% of par
	$ 91,630	$ 6,506	$ 85,124				
Auction Rate Securities Commitments to Purchase [6]							
Auction Rate Preferred Securities	$ 10,746	$ 535	$ 10,211	Discounted Cash Flow	Discount Rate [2]	1.38% to 1.88%	1.65%
					Duration	4.0 Years	4.0 Years
					Current Yield [3]	0.10% to 0.53%	0.33%
Municipal Auction Rate Securities	16,221	1,603	14,619	Discounted Cash Flow	Discount Rate [4]	2.62%	2.62%
					Duration	4.5 Years	4.5 Years
					Current Yield [3]	0.27%	0.27%
Student Loan Auction Rate Securities	1,304	185	1,119	Discounted Cash Flow	Discount Rate [5]	3.65%	3.65%
					Duration	7.0 Years	7.0 Years
					Current Yield [3]	1.31%	1.31%
Other [7]	783	277	506	Secondary Market Trading Activity	Observable trades in inactive market for in-portfolio securities	64.60% of par	64.60% of par
	$ 29,054	$ 2,600	$ 26,455				
Total	$ 120,684	$ 9,106	$111,579				

(1) Principal amount represents the par value of the ARS and is included in securities owned in the consolidated balance sheet at December 31, 2013. The valuation adjustment amount is included as a reduction to securities owned in the consolidated balance sheet at December 31, 2013.
(2) Derived by applying a multiple to the spread between 110% to 150% to the U.S. Treasury rate of 1.25%.
(3) Based on current auctions in comparable securities that have not failed.
(4) Derived by applying a multiple to the spread of 175% to the U.S. Treasury rate of 1.50%.
(5) Derived by applying the sum of the spread of 1.20% to the U.S. Treasury rate of 2.45%.
(6) Principal amount represents the present value of the ARS par value that the Company is committed to purchase at a future date. This principal amount is presented as an off-balance sheet item. The valuation adjustment amount is included in accounts payable and other liabilities on the consolidated balance sheet at December 31, 2013.
(7) Represents ARS issued by credit default obligation structure that the Company has purchased and is committed to purchase as a result of a legal settlement.

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. For example, see the following sensitivities:

- The impact of a 25 basis point increase in the discount rate at December 31, 2013 would result in a decrease in the fair value of $1.9 million does not consider a corresponding reduction in duration as discussed above. (A corresponding reduction of half a year in duration would result in a total decrease in the fair value of $1,900).
- The impact of a 50 basis point increase in the discount rate at December 31, 2013 would result in a decrease in the fair value of $3.8 million does not consider a corresponding reduction in duration as discussed above. (A corresponding reduction of one year in duration would result in a total decrease in the fair value of $2.0 million).

These sensitivities are hypothetical and are based on scenarios where they are “stressed” and should be used with caution. These estimates do not include all of the interplay among assumptions and are estimated as a portfolio rather than as individual assets.

Due to the less observable nature of these inputs, the Company categorizes ARS in Level 3 of the fair value hierarchy. As of December 31, 2013, the Company had a valuation adjustment (unrealized loss) of $6.5 million for ARS owned which is included in principal transactions on the consolidated statements of operations. As of December 31, 2013, the Company also had a valuation adjustment of $2.6 million on ARS purchase commitments from settlements with Regulators and legal settlements and awards which is included in other revenue on the consolidated statements of operations. The total valuation adjustment was $9.1 million as of December 31, 2013. The valuation adjustment represents the difference between the principal value and the fair value of the ARS owned and ARS purchase commitments.

Investments

In its role as general partner in certain hedge funds and private equity funds, the Company, through its subsidiaries, 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.

The following table provides information about the Company’s investments in Company-sponsored funds at December 31, 2013:

(Expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds[1]	$ 1,796	$ —	Quarterly - Annually	30 - 120 Days
Private equity funds[2]	3,451	800	N/A	N/A
	$ 5,247	$ 800		

(1) Includes investments in hedge funds and hedge fund of funds that pursue long/short, event-driven, and activist strategies.
(2) Includes private equity funds and private equity fund of funds with a focus on diversified portfolios, real estate and global natural resources. Due to the illiquid nature of these funds, investors are not permitted to make withdrawals without consent of the general partner.

Derivative Contracts

From time to time, the Company transacts in exchange-traded and over-the-counter 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 in Level 1 of the fair value hierarchy. Over-the-counter derivatives, namely interest rate swap and interest rate cap contracts, are valued using a discounted cash flow model and the Black-Scholes model, respectively, using observable interest rate inputs and are categorized in Level 2 of the fair value hierarchy.

As described below in “Credit Concentrations”, the Company participates in loan syndications and operates as an underwriting agent in leveraged financing transactions where it utilizes a warehouse facility provided by a commercial bank to extend financing commitments to third-party borrowers

identified by the Company. The Company uses broker quotations on loans trading in the secondary market as a proxy to determine the fair value of the underlying loan commitment which is categorized in Level 3 of the fair value hierarchy. The Company also purchases and sells loans in its proprietary trading book. The Company uses broker quotations to determine the fair value of loan positions held which are categorized in Level 2 of the fair value hierarchy.

Valuation Process

The Finance & Accounting ("F&A") group is responsible for the Company's fair value policies, processes and procedures. F&A is independent from the business units and is headed by the Company's Chief Financial Officer, who has final authority over the valuation of the Company's financial instruments. The Finance Control Group ("FCG") within F&A is responsible for daily profit and loss reporting, front-end trading system position reconciliations, monthly profit and loss reporting, and independent price verification procedures. FCG is also independent from the business units and trading desks.

For financial instruments categorized in Levels 1 and 2 of the fair value hierarchy, the FCG performs a monthly independent price verification to determine the reasonableness of the prices provided by the Company's independent pricing vendor. The FCG uses its third-party pricing vendor, executed transactions, and broker-dealer quotes for validating the fair values of financial instruments.

For financial instruments categorized in Level 3 of the fair value hierarchy measured on a recurring basis, primarily for ARS, a group comprised of the CFO, the Controller, and a financial analyst are responsible for the ARS valuation model and resulting fair valuations. Procedures performed include aggregating all ARS owned by type from firm inventory accounts and ARS purchase commitments from regulatory and legal settlements and awards provided by the Legal Department. Observable and unobservable inputs are aggregated from various sources and entered into the ARS valuation model. For unobservable inputs, the group reviews the appropriateness of the inputs to ensure consistency with how a market participant would arrive at the unobservable input. For example, for the duration assumption, the group would consider recent policy statements regarding short-term interest rates by the Federal Reserve and recent ARS issuer redemptions and announcements for future redemptions. The model output is reviewed for reasonableness and consistency. Where available, comparisons are performed between ARS owned or committed to purchase to ARS that are trading in the secondary market.

For financial instruments categorized in Level 3 of the fair value hierarchy measured on a non-recurring basis, primarily for MSRs, the OMHHF Valuation Committee, which is comprised of the OMHHF President & CEO, OMHHF CFO, OMHHF COO, and OMHHF Asset Manager, is responsible for the MSR model and resulting fair valuations. The OMHHF Valuation Committee performs its review of the model and assumptions and its impairment analysis on a quarterly basis. On an annual basis, the Company utilizes an external valuation consultant to validate that the internal MSR model is functioning appropriately. The OMHHF Valuation Committee compares assumptions used for unobservable inputs, such as for discount rates, estimated life, and costs of servicing, to that used by the external valuation consultant for reasonableness. The model output and resulting valuation multiples are reviewed for reasonableness and consistency. Where available, comparisons are performed to recent MSR sales in the secondary market. The Company's CFO reviews the results of both the quarterly reviews and annual impairment analysis.

Assets and Liabilities Measured at Fair Value

The Company's assets and liabilities, recorded at fair value on a recurring basis as of December 31, 2013 and December 31, 2012, have been categorized based upon the above fair value hierarchy as follows:

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2013

(Expressed in thousands)

	Fair Value Measurements at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 60,268	$ —	$ —	$ 60,268
Securities segregated for regulatory and other purposes	11,495	—	—	11,495
Deposits with clearing organizations	10,492	—	—	10,492
Securities owned:				
U.S Treasury securities	566,346	—	—	566,346
U.S. Agency securities	—	29,448	—	29,448
Sovereign obligations	—	320	—	320
Corporate debt and other obligations	—	14,673	—	14,673
Mortgage and other asset-backed securities	—	3,395	—	3,395
Municipal obligations	—	39,930	236	40,166
Convertible bonds	—	53,719	—	53,719
Corporate equities	61,634	—	—	61,634
Money markets	1,263	—	—	1,263
Auction rate securities	—	—	85,124	85,124
Securities owned, at fair value	629,243	141,485	85,360	856,088
Investments [1]	10,775	47,726	5,946	64,447
Loans held for sale	—	75,989	—	75,989
Securities purchased under agreements to resell [2]		184,000		184,000
Derivative contracts:				
TBAs	—	2,155	—	2,155
Interest rate lock commitments	—	—	2,375	2,375
Derivative contracts, total	—	2,155	2,375	4,530
Total	$722,273	$451,355	$93,681	$1,267,309
Liabilities				
Securities sold, but not yet purchased:				
U.S Treasury securities	$ 11,837	$ —	$ —	$ 11,837
U.S. Agency securities	—	52	—	52
Corporate debt and other obligations	—	4,847	—	4,847
Mortgage and other asset-backed securities	—	7	—	7
Municipal obligations	—	72	—	72
Convertible bonds	—	13,922	—	13,922
Corporate equities	45,336	—	—	45,336
Money markets	241	—	—	241
Securities sold, but not yet purchased at fair value	57,414	18,900	—	76,314
Investments	648	—	—	648
Derivative contracts:				
U.S. treasury futures	186	—	—	186
Federal funds futures	—	18	—	18
Euro dollars futures	—	44	—	44
TBAs	—	73	—	73
Interest rate lock commitments	—	—	3,653	3,653
ARS purchase commitments	—	—	2,600	2,600
Derivative contracts, total	186	135	6,253	6,574
Total	$ 58,248	$ 19,035	$ 6,253	$ 83,536

(1) Included in other assets on the consolidated balance sheet.
(2) Included in securities purchased under agreements to resell where the Company has elected fair value option treatment.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2012

(Expressed in thousands)

	Fair Value Measurements at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 58,945	$ —	$ —	$ 58,945
Securities segregated for regulatory and other purposes	11,499	—	—	11,499
Deposits with clearing organizations	9,095	—	—	9,095
Securities owned				
U.S Treasury securities	497,546	—	—	497,546
U.S. Agency securities	—	27,690	—	27,690
Sovereign obligations	—	19	—	19
Corporate debt and other obligations	2,459	11,969	—	14,428
Mortgage and other asset-backed securities	—	2,880	40	2,920
Municipal obligations	—	49,616	239	49,855
Convertible bonds	—	49,130	—	49,130
Corporate equities	31,958	11,750	—	43,708
Money markets	2,328	—	—	2,328
Auction rate securities	—	—	72,118	72,118
Securities owned, at fair value	534,291	153,054	72,397	759,742
Investments [1]	10,477	37,088	12,954	60,519
Derivative contracts - TBAs	—	3,188	—	3,188
	$624,307	$193,330	$85,351	$902,988
Liabilities				
Securities sold, but not yet purchased				
U.S Treasury securities	$131,899	$ —	$ —	$131,899
U.S. Agency securities	—	31	—	31
Corporate debt and other obligations	—	1,858	—	1,858
Mortgage and other asset-backed securities	—	18	—	18
Municipal obligations	—	467	—	467
Convertible bonds	—	8,868	—	8,868
Corporate equities	20,946	8,938	—	29,884
Money markets	325	—	—	325
Auction rate securities	—	—	100	100
Securities sold, but not yet purchased at fair value	153,170	20,180	100	173,450
Investments	258	—	—	258
Derivative contracts:				
TBAs	—	175	—	175
U.S. treasury futures	286	—	—	286
Federal funds futures	—	120	—	120
Euro dollars futures	—	4	—	4
ARS purchase commitments	—	—	2,647	2,647
Derivative contracts, total	286	299	2,647	3,232
	$153,714	$ 20,479	$ 2,747	$176,940

(1) Included in other assets on the consolidated balance sheet.

There were no transfers between Level 1 and Level 2 assets and liabilities in the year ended December 31, 2013.

The following tables present changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2013 and 2012:

(Expressed in thousands)

	Level 3 Assets and Liabilities For the Year Ended December 31, 2013					
	Beginning Balance	Total Realized and Unrealized Gains (Losses) [5][6]	Purchases and Issuances [7]	Sales and Settlements [8]	Transfers In (Out)	Ending Balance
Assets						
Mortgage and other asset-backed securities [1]	$ 40	$ —	$ —	$ (8)	$ (32)	$ —
Municipals	239	(3)	—	—	—	236
Auction rate securities [2]	72,118	(1,409)	21,875	(7,460)	—	85,124
Interest rate lock commitments	—	2,375	—	—	—	2,375
Investments [3]	12,954	929	1,414	(8,898)	(453)	5,946
Liabilities						
Auction rate securities [2]	100	—	100	—	—	—
Interest rate lock commitments	—	(3,653)	—	—	—	3,653
ARS purchase commitments [4]	2,647	47	—	—	—	2,600

(1) Represents private placements of non-agency collateralized mortgage obligations.
(2) Represents auction rate preferred securities, municipal auction rate securities and student loan auction rate securities that failed in the auction rate market.
(3) Primarily represents general partner ownership interests in hedge funds and private equity funds sponsored by the Company.
(4) Represents the difference in principal and fair value for auction rate securities purchase commitments outstanding at the end of the period.
(5) Included in principal transactions on the consolidated statement of operations, except for investments which are included in other income on the consolidated statement of operations.
(6) Unrealized gains (losses) are attributable to assets or liabilities that are still held at the reporting date.
(7) Purchases and issuances in connection with ARS purchase commitments represent instances in which the Company purchased ARS securities from clients during the period pursuant to regulatory and legal settlements and awards that satisfy the outstanding commitment to purchase obligation. This also includes instances where the ARS issuer has redeemed ARS where the Company had an outstanding purchase commitment prior to the Company purchasing those ARS.
(8) Sales and settlements for the ARS purchase commitments represent additional purchase commitments made during the period for regulatory and legal ARS settlements and awards.

(Expressed in thousands)

	Level 3 Assets and Liabilities For the Year Ended December 31, 2012					
	Beginning Balance	Total Realized and Unrealized Gains (Losses) [5][6]	Purchases and Issuances [7]	Sales and Settlements [8]	Transfers In (Out)	Ending Balance
Assets						
Mortgage and other asset-backed securities [1]	$ 16	$ (1)	$ 116	$ (89)	$ (2)	$ 40
Municipals	402	21	8	(192)	—	239
Auction rate securities [2]	68,161	(2,974)	34,902	(27,971)	—	72,118
Investments [3]	12,482	415	488	(442)	11	12,954
Liabilities						
Auction rate securities [2]	50	—	50	(100)	—	100
ARS purchase commitments [4]	2,347	(300)	—	—	—	2,647

(1) Represents private placements of non-agency collateralized mortgage obligations.
(2) Represents auction rate preferred securities, municipal auction rate securities and student loan auction rate securities that failed in the auction rate market.
(3) Primarily represents general partner ownership interests in hedge funds and private equity funds sponsored by the Company.
(4) Represents the difference in principal and fair value for auction rate securities purchase commitments outstanding at the end of the period.
(5) Included in principal transactions on the consolidated statement of operations, except for investments which are included in other income on the consolidated statement of operations.
(6) Unrealized gains (losses) are attributable to assets or liabilities that are still held at the reporting date.
(7) Purchases and issuances in connection with ARS purchase commitments represent instances in which the Company purchased ARS securities from clients during the period pursuant to regulatory and legal settlements and awards that satisfy the outstanding commitment to purchase obligation. This also includes instances where the ARS issuer has redeemed ARS where the Company had an outstanding purchase commitment prior to the Company purchasing those ARS.
(8) Sales and settlements for the ARS purchase commitments represent additional purchase commitments made during the period for regulatory and legal ARS settlements and awards.

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 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. The fair value of the Company's 8.75% Senior Secured Notes, categorized in Level 2 of the fair value hierarchy, is based on quoted prices from the market in which the Notes trade.

The fair value of MSRs is based on observable and unobservable inputs and thus categorized as Level 3 in the fair value hierarchy. The fair value of MSRs is based on a discounted cash flow valuation methodology on a loan level basis that determines the present value of future cash flows expected to be realized. The fair value considers estimated future servicing fees and ancillary revenue, offset by the estimated costs to service the loans. The discounted cash flow model considers portfolio characteristics, contractually specified servicing fees, prepayment speed assumptions, delinquency rates, costs to service, late charges, and other ancillary revenue, and other economic factors such as interest rates. The fair value of MSRs is sensitive to changes in interest rates, including the effect on prepayment speeds. MSRs typically decrease in value when interest rates decline as declining interest rates tend to increase prepayments and therefore reduce the expected life of the net servicing cash flows that make up the MSR asset.

Assets and liabilities not measured at fair value on a recurring basis as of December 31, 2013

(Expressed in thousands)	As of December 31, 2013		Fair Value Measurement: Assets As of December 31, 2013			
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Cash	**$ 38,026**	**$ 38,026**	**$38,026**	**$ —**	**$ —**	**$ 38,026**
Cash segregated for regulatory and other purposes	**24,828**	**24,828**	**24,828**	**—**	**—**	**24,828**
Deposits with clearing organization	**13,187**	**13,187**	**13,187**	**—**	**—**	**13,187**
Receivable from brokers, dealers and clearing organizations						
Deposits paid for securities borrowed	274,127	274,127	—	274,127	—	274,127
Receivables from brokers	49,803	49,803	—	49,803	—	49,803
Securities failed to deliver	9,628	9,628	—	9,628	—	9,628
Clearing organizations	27	27	—	27	—	27
Omnibus accounts	18,086	18,086	—	18,086	—	18,086
Other	13,202	13,202	—	13,202	—	13,202
	364,873	**364,873**	**—**	**364,873**	**—**	**364,873**
Receivable from customers	**868,869**	**868,869**	**—**	**868,869**	**—**	**868,869**
Securities purchased under agreements to resell	**825**	**825**	**825**			**825**
Other assets						
Mortgage servicing rights (MSRs)	28,879	40,084	—	—	40,084	40,084
Escrow deposit [1]	25,006	25,006	25,006	—	—	25,006

(1) Represents escrow monies deposited with a commercial bank. Corresponds with payable to third party in accounts payable and other liabilities on the consolidated balance sheet (see note 3 below).

(Expressed in thousands)	As of December 31, 2013		Fair Value Measurement: Liabilities As of December, 2013			
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Drafts payable	**$ 48,198**	**$ 48,198**	**$ 48,198**	**$ —**	**$ —**	**$ 48,198**
Bank call loans	**118,200**	**118,200**	**118,200**	**—**	**—**	**118,200**
Payables to brokers, dealers and clearing organizations						
Deposits received for securities loaned	211,621	211,621	—	211,621	—	211,621
Securities failed to receive	5,346	5,346	—	5,346	—	5,346
Clearing organizations and other	6,348	6,348	—	6,348	—	6,348
	223,315	**223,315**	**—**	**223,315**	**—**	**223,315**
Payables to customers	**626,564**	**626,564**	**—**	**626,564**	**—**	**626,564**
Securities sold under agreements to repurchase	**757,491**	**757,491**	**—**	**757,491**	**—**	**757,491**
Accounts payable and other liabilities						
Warehouse payable [2]	54,614	54,614	—	54,614	—	54,614
Payable to third party [3]	25,006	25,006	25,006	—	—	25,006
Senior secured notes	**195,000**	**208,529**	**—**	**208,529**	**—**	**208,529**

(2) Warehouse payable represents loans outstanding under a warehouse facility provided by a commercial bank but prior to GNMA securitization. The borrowing rates on the warehouse facility is based upon a variable interest rate of 1 month LIBOR plus a spread. The carrying amounts approximate fair value because of the short maturity of these intruments. Used to fund loans held for sale in other assets on the consolidated balance sheet.

(3) Corresponds with escrow deposit in other assets on the consolidated balance sheet (see note 1 above).

Fair Value Option

The Company has the option to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. 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 has elected to apply the fair value option to its loan trading portfolio which resides in OPY Credit Corp. and is included in other assets on the consolidated balance sheet. Management has elected this treatment as it is consistent with the manner in which the business is managed as well as the way that financial instruments in other parts of the business are recorded. There were no loan positions held in the secondary loan trading portfolio at December 31, 2013 or 2012.

The Company elected the fair value option for 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. 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 December 31, 2013, the fair value of the reverse repurchase agreements and repurchase agreements were $184.0 million and $nil, respectively.

On October 1, 2013, the Company also elected the fair value option for loans held for sale which reside in OMHHF and are reported on the consolidated balance sheet. Loans held for sale represent originated loans that are generally transferred or sold within 60 days from the date that a mortgage loan is funded. The Company initially measures all originated loans at fair value. Subsequent to initial measurement, the Company measures all mortgage loans at fair value, unless the Company documents at the time the loan is originated that it will measure the specific loan at the lower of cost or fair market value for the life of the loan. Electing to use fair value allows a better offset of the change in fair value of the loan and the change in fair value of the derivative instruments used as economic hedges. During the period prior to its sale, interest income on a loan held for sale is calculated in accordance with the terms of the individual loan. At December 31, 2013, the book value and fair value of loans held for sale was $74.2 million and $76.0 million, respectively.

Derivative Instruments and Hedging Activities

The Company transacts, on a limited basis, in exchange traded and over-the-counter derivatives for both asset and liability management as well as for trading and investment purposes. Risks managed using derivative instruments include interest rate risk and, to a lesser extent, foreign exchange risk. Interest rate swaps and interest rate caps are entered into to manage the Company's interest rate risk associated with floating-rate borrowings. All derivative instruments are measured at fair value and are recognized as either assets or liabilities on the consolidated balance sheet. The Company designates interest rate swaps and interest rate caps as cash flow hedges of floating-rate borrowings.

Cash flow hedges used for asset and liability management

For derivative instruments that were designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative was reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains or losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

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. Such hedges have not been designated as accounting hedges. For the year ended December 31, 2012, the Company recognized a $28,000 gain in derivative income. At December 31, 2013, there were no forward or option contracts outstanding.

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 December 31, 2013, the Company had 400 open short contracts for 10-year U.S. Treasury notes with a fair value of $186,000 used primarily as an economic hedge of interest rate risk associated with a portfolio of fixed income investments. At December 31, 2013, the Company had 1,231 open contracts for Federal Funds futures with a fair value of approximately $18,000 used primarily as an economic hedge of interest rate risk associated with government trading activities.

Derivatives used for commercial mortgage banking

In the normal course of business, OMHHF enters into contractual commitments to originate (purchase) and sell multifamily mortgage loans at fixed prices with fixed expiration dates. The commitments become effective when the borrowers "lock-in" a specified interest rate within time frames established by OMHHF. All mortgagors are evaluated for credit worthiness prior to the extension of the commitment. Market risk arises if interest rates move adversely between the time of the "lock-in" of rates by the borrower and the sale date of the loan to an investor. To mitigate the effect of the interest rate risk inherent in providing rate lock commitments to borrowers, OMHHF's policy is to enter into a TBA sale contract with the investor simultaneously with the rate lock commitment with the borrower. The TBA sale contract with the investor locks in an interest rate and price for the sale of the loan. The terms of the contract with the investor and the rate lock with the borrower are matched in substantially all respects, with the objective of eliminating interest rate risk to the extent practical. TBA sale contracts with the investors have an expiration date that is longer than our related commitments to the borrower to allow, among other things, for the closing of the loan and processing of paperwork to deliver the loan into the sale commitment.

Both the rate lock commitments to borrowers and the TBA sale contracts to buyers are undesignated derivatives and, accordingly, are marked to fair value through earnings. The fair value of the Company's rate lock commitments to borrowers and loans held for sale and the related input levels includes, as applicable:

- the assumed gain/loss of the expected resultant loan sale to the buyer;
- the expected net future cash flows associated with servicing the loan ;
- the effects of interest rate movements between the date of the rate lock and the balance sheet date ; and
- the nonperformance risk of both the counterparty and the Company.

The fair value of the Company's TBA sale contracts to investors considers effects of interest rate movements between the trade date and the balance sheet date. The market price changes are multiplied by the notional amount of the TBA sale contracts to measure the fair value.

The assumed gain/loss considers the amount that the Company has discounted the price to the borrower from par for competitive reasons, if at all, and the expected net cash flows from servicing to be received upon securitization of the loan. The fair value of the expected net future cash flows associated with servicing the loan is calculated pursuant to the valuation techniques described previously for MSRs.

To calculate the effects of interest rate movements, the Company uses applicable published U.S. Treasury prices, and multiplies the price movement between the rate lock date and the balance sheet date by the notional loan commitment amount.

The fair value of the Company's TBA sale contracts to investors considers the market price movement of the same type of security between the trade date and the balance sheet date. The market price changes are multiplied by the notional amount of the TBA sale contracts to measure the fair value.

The fair value of the Company's interest rate lock commitments and TBA sale contracts is adjusted to reflect the risk that the agreement will not be fulfilled. The Company's exposure to nonperformance in rate lock and TBA sale contracts is represented by the contractual amount of those instruments. Given the credit quality of our counterparties, the short duration of interest rate lock commitments and TBA sale contracts, and the Company's historical experience with the agreements, the risk of nonperformance by the Company's counterparties is not significant.

TBA Securities

The Company also transacts in pass-through mortgage-backed securities eligible to be sold in the TBA market as economic hedges against mortgage-backed securities that it owns or has sold but not yet

purchased. 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 balance sheets in receivable from brokers, dealers and clearing organizations and payable to brokers, dealers and clearing organizations, respectively, and in the consolidated statement of operations as principal transactions revenue, net.

The notional amounts and fair values of the Company's derivatives at December 31, 2013 and 2012 by product were as follows:

(Expressed in thousands)

	Fair Value of Derivative Instruments at December 31, 2013		
	Description	Notional	Fair Value
Assets:			
Derivatives not designated as hedging instruments [1]			
Other contracts	TBAs	$ 25,262	$ 134
	TBA sale contracts	266,415	2,021
	Interest rate lock commitments	115,569	2,375
		$ 407,246	$ 4,530
Liabilities:			
Derivatives not designated as hedging instruments [1]			
Commodity contracts [2]	U.S. treasury futures	$ 60,000	$ 186
	Federal funds futures	6,155,000	18
	Euro dollars futures	347,000	44
Other contracts	TBAs	14,547	73
	Interest rate lock commitments	76,604	3,653
	Forward start repurchase agreements	506,000	—
	ARS purchase commitments [3]	29,056	2,600
		$7,188,207	$ 6,574

(1) See "Fair Value of Derivative Instruments" above for description of derivative financial instruments.
(2) Included in payable to brokers, dealers and clearing organizations on the consolidated balance sheet.
(3) Included in other liabilities on the consolidated balance sheet.

(Expressed in thousands)

	Fair Value of Derivative Instruments at December 31, 2012		
	Description	Notional	Fair Value
Assets:			
Derivatives not designated as hedging instruments [1]			
Other contracts	TBAs	$ 121,823	$ 160
	TBA sale contracts	327,242	3,028
		$ 449,065	$ 3,188
Liabilities:			
Derivatives not designated as hedging instruments [1]			
Commodity contracts [2]	U.S. treasury futures	$ 56,000	$ 286
	Federal funds futures	6,070,000	120
	Euro dollars futures	15,000	4
Other contracts	TBAs	117,573	175
	ARS purchase commitments [3]	38,343	2,647
		$6,296,916	$ 3,232

(1) See "Fair Value of Derivative Instruments" above for description of derivative financial instruments.
(2) Included in payable to brokers, dealers and clearing organizations on the consolidated balance sheet.
(3) Included in other liabilities on the consolidated balance sheet.

The following table presents the location and fair value amounts of the Company's derivative instruments and their effect on the consolidated statement of operations for the years ended December 31, 2013 and 2012:

(Expressed in thousands)

	The Effect of Derivative Instruments on the Statement of Operations For the Year Ended December 31, 2013		
		Recognized in Income on Derivatives (pre-tax)	
Types	**Description**	**Location**	**Gain (Loss)**
Commodity contracts	U.S. treasury futures	Principal transaction revenue	$ 906
	Federal funds futures	Principal transaction revenue	(289)
	Euro dollars futures	Principal transaction revenue	5
Other contracts	TBAs	Principal transaction revenue	61
	TBAs sale contracts	Other	2,021
	Interest rate lock commitments	Other	(1,277)
	ARS purchase commitments	Principal transaction revenue	46
			$ 1,473

(Expressed in thousands)

	The Effect of Derivative Instruments on the Statement of Operations For the Year Ended December 31, 2012		
		Recognized in Income on Derivatives (pre-tax)	
Types	**Description**	**Location**	**Gain (Loss)**
Interest rate contracts	Caps	N/A	$ (12)
Commodity contracts	U.S. treasury futures	Principal transaction revenue	(972)
	Federal funds futures	Principal transaction revenue	(17)
	Euro dollars futures	Principal transaction revenue	(10)
Foreign exchange contracts	Options	Other	28
Other contracts	TBAs	Principal transaction revenue	(15)
	TBA sale contracts	Other	3,028
	ARS purchase commitments	Principal transaction revenue	(300)
			$ 1,730

6. 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 December 31, 2013, bank call loans were $118.2 million ($128.3 million at December 31, 2012).

At December 31, 2013, the Company had collateralized loans, collateralized by firm and customer securities with market values of approximately $126.4 million and $230.6 million, respectively, with commercial banks. At December 31, 2013, the Company had approximately $1.4 billion of customer securities under customer margin loans that are available to be pledged, of which the Company has re-pledged approximately $189.8 million under securities loan agreements.

At December 31, 2013, the Company had deposited $345.7 million of customer securities directly with the Options Clearing Corporation to secure obligations and margin requirements under option contracts written by customers.

At December 31, 2013, the Company had no outstanding letters of credit.

The Company enters into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions to, among other things, acquire securities to cover short positions and settle other securities obligations, to accommodate customers' needs and to finance the Company's inventory positions. 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 December 31, 2013 and 2012:

As of December 31, 2013

(Expressed in thousands)

				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	$ 389,438	$ (204,614)	$ 184,824	$ (183,305)	$ —	$ 1,519
Securities borrowed [1]	274,127	—	274,127	(265,936)	—	8,191
Total	$ 663,565	$ (204,614)	$ 458,951	$ (449,241)	$ —	$ 9,710

(1) Included in receivable from brokers, dealers and clearing organizations on the consolidated balance sheet.

				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	$ 962,105	$ (204,614)	$ 757,491	$ (753,003)	$ —	$ 4,488
Securities loaned [2]	211,621	—	211,621	(204,971)	—	6,650
Total	$1,173,726	$ (204,614)	$ 969,112	$ (957,974)	$ —	$ 11,138

(2) Included in payable to brokers, dealers and clearing organizations on the consolidated balance sheet.

As of December 31, 2012

(Expressed in thousands)

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented on the Balance Sheet	Gross Amounts Not Offset on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Reverse repurchase agreements	$1,160,239	$(1,160,239)	$ —	$ —	$ —	$ —
Securities borrowed [1]	365,642	—	365,642	(353,341)	—	12,301
Total	$1,525,881	$(1,160,239)	$ 365,642	$ (353,341)	$ —	$ 12,301

(1) Included in receivable from brokers, dealers and clearing organizations on the consolidated 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	Gross Amounts Not Offset on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Repurchase agreements	$1,552,630	$1,160,239	$ 392,391	$ (377,737)	$ —	$ 14,654
Securities loaned [2]	190,387	—	190,387	(187,787)	—	2,600
Total	$1,743,017	$1,160,239	$ 582,778	$ (565,524)	$ —	$ 17,254

(2) Included in payable to brokers, dealers and clearing organizations on the consolidated balance sheet.

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. 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 December 31, 2013, the fair value of the reverse repurchase agreements and repurchase agreements was $184.0 million 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 re-pledge the securities received (e.g., use the securities to enter into securities lending transactions, or deliver to counterparties to cover short positions). At December 31, 2013, the fair value of securities received as collateral under securities borrowed transactions and reverse repurchase agreements was $265.3 million ($354.0 million at December 31, 2012) and $385.5 million ($1.2 billion at December 31, 2012), respectively, of which the Company has sold and re-pledged approximately $11.0 million ($14.3 million at December 31, 2012) under securities loaned transactions and $385.5 million under repurchase agreements ($1.2 billion at December 31, 2012).

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 $586.6 million, as presented on the face of the consolidated balance sheet at December 31, 2013 ($570.0 million at December 31, 2012). 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 $126.8 million at December 31, 2013 ($159.4 million at December 31, 2012).

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.

As of December 31, 2011, the interest in securities formerly held by one of the Company's funds which utilized Lehman Brothers International (Europe) as a prime broker was transferred to an investment trust. On September 26, 2013, the first interim distribution in the amount of $9.5 million was received by the trust and distributed to its members. As of December 31, 2013, the fair value of the Company's investment in the trust based on reserves not paid in the first distribution was $274,400. The remaining investment is being carried in other assets on the consolidated balance sheet.

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, dealers and clearing organizations as of December 31, 2013 are receivables from three major U.S. broker-dealers totaling approximately $162.1 million.

Warehouse Facilities

Through OPY Credit Corp., the Company utilized a warehouse facility provided by Canadian Imperial Bank of Commerce ("CIBC") to extend financing commitments to third party borrowers identified by the Company. This warehouse arrangement terminated on July 15, 2012. However, the Company will remain contingently liable for some minimal expenses in relation to this facility related to commitments made by CIBC to borrowers introduced by the Company until such borrowings are repaid by the borrowers or until 2016, whichever is the sooner to occur. All such owed amounts will continue to be reflected in the Company's consolidated statement of operations as incurred.

The Company reached an agreement with RBS Citizens, NA ("Citizens") that was announced in July 2012, whereby the Company, through OPY Credit Corp., will introduce lending opportunities to Citizens, which Citizens can elect to accept and in which the Company will participate in the fees earned from any related commitment by Citizens. The Company can also in certain circumstances assume a portion of Citizen's syndication and lending risk under such loans, and if it does so it shall be obligated to secure such obligations via a cash deposit determined through risk-based formulas. Neither the Company nor Citizens is obligated to make any specific loan or to commit any minimum amount of lending capacity to the relationship. The agreement also calls for Citizens and the Company at their option to jointly participate in the arrangement of various loan syndications. At December 31, 2013, there were no loans in place.

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 the settlement date, generally one to three business days after the 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 December 31, 2013 are with the FICC**.** In addition, the Company began clearing its non-U.S. international equities business carried on by Oppenheimer Europe Ltd. and Oppenheimer Investments Asia Limited through BNP Paribas Securities Services and Oppenheimer 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 December 31, 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.

OMHHF, which is engaged in commercial mortgage origination and servicing, has obtained an uncommitted warehouse facility line through PNC Bank ("PNC") under which OMHHF pledges FHA - guaranteed mortgages for a period averaging 15 business days and PNC table funds the principal payment to the mortgagee. OMHHF repays PNC upon the securitization of the mortgage by the GNMA and the delivery of the security to the counter- party for payment pursuant to a contemporaneous sale on the date the mortgage is funded. At December 31, 2013, OMHHF had $54.6 million outstanding under the warehouse facility line at a variable interest rate of 1 month LIBOR plus a spread. Interest expense for the year ended December 31, 2013 was $764,500 ($895,000 in 2012 and $1.7 million in 2011). The Company's ability to originate mortgage loans depends upon our ability to secure and maintain these types of short-term financings on acceptable terms.

As discussed above, the Company enters into TBA sale contracts to offset exposures related to commitments to provide funding for FHA loans at OMHHF. In the normal course of business, the Company may be exposed to the risk that counterparties to these TBA sale contracts are unable to fulfill their contractual obligations.

7. Variable interest entities

The Company's policy is to consolidate all subsidiaries in which it has a controlling financial interest, as well as any variable interest entities ("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. 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.

A subsidiary of 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 right 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 subsidiaries' general partnership interests, additional capital commitments, and management fees receivable represent its maximum exposure to loss. The subsidiaries' general partnership interests and management fees receivable are included in other assets on the consolidated balance sheet.

The following tables set forth the total VIE assets, the carrying value of the subsidiaries' variable interests, and the Company's maximum exposure to loss in Company-sponsored non-consolidated VIEs in which the Company holds variable interests and other non-consolidated VIEs in which the Company holds variable interests at December 31, 2013 and 2012:

(Expressed in thousands)

	December 31, 2013				
		Carrying Value of the Company's Variable Interest			
	Total VIE Assets (1)	Assets (2)	Liabilities	Capital Commitments	Maximum Exposure to Loss in Non-consolidated VIEs
Hedge funds	$ 2,282,144	$ 738	$ —	$ —	$ 738
Private equity funds	64,475	29	—	5	34
Total	$ 2,346,619	$ 767	$ —	$ 5	$ 772

(1) Represents the total assets of the VIEs and does not represent the Company's interests in the VIEs.
(2) Represents the Company's interests in the VIEs and is included in other assets on the consolidated balance sheet.

(Expressed in thousands)

	December 31, 2012				
		Carrying Value of the Company's Variable Interest			
	Total VIE Assets (1)	Assets (2)	Liabilities	Capital Commitments	Maximum Exposure to Loss in Non-consolidated VIEs
Hedge funds	$ 1,868,178	$ 372	$ —	$ —	$ 372
Private equity funds	171,169	32	—	8	40
Total	$ 2,039,347	$ 404	$ —	$ 8	$ 412

(1) Represents the total assets of the VIEs and does not represent the Company's interests in the VIEs.
(2) Represents the Company's interests in the VIEs and is included in other assets on the consolidated balance sheet.

8. Commercial mortgage banking

OMHHF is engaged in the business of originating and servicing FHA insured multifamily and healthcare facility loans and securitizing these loans into GNMA mortgage backed securities. OMHHF also offers mortgage services to developers of commercial properties including apartments, elderly housing and nursing homes that satisfy FHA criteria. OMHHF maintains a mortgage servicing portfolio for which it provides a full array of services, including the collection of mortgage payments from mortgagors which are passed on to the mortgage holders, construction loan management and asset management.

The Company owns an 83.68% controlling interest in OMHHF. The 16.32% non-controlling interest belongs to one related third party who is the President and Chief Executive Officer of OMHHF.

Loan Origination Fees

OMHHF receives origination fees and incurs other direct origination costs when it originates mortgage loans. Due to the nature of its business and pre-selling loans to third parties, OMHHF recognizes origination fees and other direct origination costs at the time of the origination.

In accordance with HUD guidelines, OMHHF will, with approval and for certain loan programs, apply the GNMA trade premium toward the payment of prepayment costs that customers will incur on their prior mortgage. These costs are netted with revenues from GNMA trade premiums that are otherwise earned from these loan refinancings or modifications. Prepayment costs recorded as contra-revenue against GNMA premium were $14.5 million for the year ended December 31, 2013 ($7.4 million in 2012 and $nil in 2011).

Funding Commitments

OMHHF provides its clients with commitments to fund FHA-insured permanent or constructions loans. Upon providing these commitments to fund, OMHHF enters into TBA sale contracts directly or indirectly through its affiliate, Oppenheimer, with counterparties to offset its exposures related to these funding commitments. See Note 5, Financial Instruments, for more information.

Loans Held For Sale

OMHHF advances funds from its own cash reserves in addition to obtaining financing through warehouse facilities in order to fund initial loan closing and subsequent construction loan draws. Prior to the GNMA securitization of a loan, a loan held for sale is recorded in other assets. To the extent funds were advanced from its own cash reserves, the cash balance is reduced in an equal amount. To the extent funds were financed through the warehouse facility, a liability for the warehouse facility payable is recorded in other liabilities on the consolidated balance sheet. Loans held for sale are recorded at fair value through earnings.

Escrows Held in Trust

Custodial escrow accounts relating to loans serviced by OMHHF totaled $251.4 million at December 31, 2013 ($242.7 million at December 31, 2012). These amounts are not included on the consolidated statements of financial condition as such amounts are not OMHHF's assets. Certain cash deposits at financial institutions exceeded the FDIC insured limits. The combined uninsured balance with relation to escrow accounts at December 31, 2013 was approximately $139.1 million. OMHHF places these deposits with major financial institutions where they believe the risk is minimal and that meet or exceed GNMA required credit ratings.

The total unpaid principal balance of loans the Company was servicing for various institutional investors was as follows at December 31, 2013 and 2012:

(Expressed in thousands)	2013	2012
Unpaid principal balance of loans	$3,885,437	$3,393,700

Mortgage Servicing Rights ("MSRs")

OMHHF purchases commitments or originates mortgage loans that are sold and securitized into GNMA mortgage backed securities. OMHHF retains the servicing responsibilities for the loans securitized and recognizes either a MSR asset or a MSR liability for that servicing contract. OMHHF receives monthly servicing fees equal to a percentage of the outstanding principal balance of the loans being serviced.

OMHHF estimates the initial fair value of the servicing rights based on the present value of future net servicing income, adjusted for factors such as discount rate and prepayment. See Note 5, Financial Instruments, for more information. OMHHF uses the amortization method for subsequent measurement, subject to annual impairment. The Company reviews the capitalized MSRs for impairment quarterly by comparing the aggregate carrying value of the MSR portfolio to the aggregate estimated fair value of the portfolio.

The fair value of our MSRs is subject to market risk. Changes in interest rates influence a variety of assumptions included in the valuation of MSRs, including prepayment speeds, expected returns, the value of escrow balances and other servicing valuation elements. A decline in interest rates generally increases the payment rate of the servicing portfolio and therefore reduces the estimated fair value of MSRs.

The fair value of the servicing rights on the loan portfolio was $40.1 million and $33.0 million at December 31, 2013 and 2012, respectively (carrying value of $28.9 million and $27.0 million at December 31, 2013 and 2012, respectively). The following tables summarize the changes in carrying value of MSRs for the years ended December 31, 2013 and 2012:

(Expressed in thousands)	Year Ended December 31,	
	2013	2012
Balance at beginning of year	$ 26,983	$ 22,795
Originations (1)	7,351	5,562
Purchases	1,344	2,301
Disposals (1)	(4,918)	(475)
Amortization expense	(1,881)	(3,200)
Balance at end of year	$ 28,879	$ 26,983

(1) Includes refinancings

Servicing rights are amortized using the straight-line method over 10 years. Amortization expense for the next five years is as follows:

(Expressed in thousands)

	Originated MSRs	Purchased MSRs	Total MSRs
2014	$ 2,299	$ 1,266	$ 3,565
2015	2,299	1,266	3,565
2016	2,299	1,266	3,565
2017	2,293	1,244	3,537
2018	2,273	1,212	3,485
Thereafter	7,670	3,492	11,162
	$ 19,133	$ 9,746	$ 28,879

The weighted average remaining life of the aggregate MSRs is 6.4 years.

The Company receives fees during the course of servicing the mortgage loans. The amount of these fees for the years ended December 31, 2013, 2012 and 2011 was as follows:

(Expressed in thousands)

	For the Year Ended December 31,		
	2013	2012	2011
Servicing fees	$ 5,049	$ 4,177	$ 2,872
Late fees	132	54	13
Ancillary fees	396	483	367
Total MSR fees	$ 5,577	$ 4,714	$ 3,252

9. Office facilities

(Expressed in thousands)

	Year Ended December 31,	
	2013	2012
Furniture, fixtures and equipment	$ 76,857	$ 70,432
Leasehold improvements	53,200	46,927
Total	130,057	117,359
Less accumulated depreciation	(97,118)	(89,027)
Total	$ 32,939	$ 28,332

Depreciation and amortization expense, included in occupancy and equipment costs, was $9.4 million, $10.5 million and $11.9 million in the years ended December 31, 2013, 2012 and 2011, respectively.

During the years ended December 31, 2013 and 2012, the Company was reimbursed $3.8 million and $15.0 million, respectively, from its landlord at its New York City corporate headquarters for purchases of fixed assets and leasehold improvements.

10. Bank call loans

Bank call loans, primarily payable on demand, bear interest at various rates but not exceeding the broker call rate, which was 2.0% at December 31, 2013 (2.0% at December 31, 2012). Details of the bank call loans are as follows:

(Expressed in thousands, except percentages)

	2013	2012
Year-end balance	$118,200	$128,300
Weighted interest rate (at end of year)	1.28%	1.23%
Maximum balance (at any month-end)	266,300	171,400
Average amount outstanding (during the year)	164,434	73,227
Average interest rate (during the year)	1.25%	1.27%

Interest expense for the year ended December 31, 2013 on bank call loans was $2.2 million ($996,200 in 2012 and $1.2 million in 2011).

11. Long-term debt

(Expressed in thousands)

Issued	Maturity Date	December 31, 2013	December 31, 2012
Senior Secured Notes	4/15/2018	$ 195,000	$ 195,000

On April 12, 2011, the Company completed the private placement of $200.0 million in aggregate principal amount of 8.75% Senior Secured Notes due April 15, 2018 (the "Notes") at par. The interest on the Notes is payable semi-annually on April 15th and October 15th. Proceeds from the private placement were used to retire the Senior Secured Credit Note due 2013 ($22.4 million) and the Subordinated Note due 2014 ($100.0 million) and for other general corporate purposes. The private placement resulted in the fixing of the interest rate over the term of the Notes compared to the variable rate debt that was retired and an extension of the debt maturity dates as described above. The cost to issue the Notes was approximately $4.6 million which was capitalized in the second quarter of 2011 and is amortized over the period of the Notes.

The indenture for the Notes contains covenants which place restrictions on the incurrence of indebtedness, the payment of dividends, sale of assets, mergers and acquisitions and the granting of liens. The Notes provide for events of default including nonpayment, misrepresentation, breach of covenants and bankruptcy. The Company's obligations under the Notes are guaranteed, subject to certain limitations, by the same subsidiaries that guaranteed the obligations under the Senior Secured Credit Note and the Subordinated Note which were retired. These guarantees may be shared, on a senior basis, under certain circumstances, with newly incurred debt outstanding in the future. At December 31, 2013, the Company was in compliance with all of its covenants.

On July 12, 2011, the Company's Registration Statement on Form S-4 filed to register the exchange of the Notes for fully registered Notes was declared effective by the SEC. The Exchange Offer was completed in its entirety on August 9, 2011.

In November 2011, the Company repurchased $5.0 million of its Notes at a cost of $4.7 million resulting in the recording of a gain of $300,000 during the fourth quarter of 2011. The Company continued to hold these Notes at December 31, 2013.

On April 4, 2012, the Company's Registration Statement on Form S-3 filed to enable the Company to act as a market maker in connection with the Notes was declared effective by the SEC.

Interest expense for the year ended December 31, 2013 on the Notes was $17.1 million ($17.1 million in 2012 and $12.5 million in 2011). Interest paid on the Notes for the year ended December 31, 2013 was $17.1 million ($17.1 million in 2012).

12. Share capital

The Company's authorized share capital consists of (a) 50,000,000 shares of Preferred Stock, par value $0.001 per share; (b) 50,000,000 shares of Class A non-voting common stock, par value $0.001 per share; and (c) 99,680 shares of Class B voting common stock, par value $0.001 per share. No Preferred Stock has been issued. 99,680 shares of Class B Stock have been issued and are outstanding.

The Class A Stock and the Class B Stock are equal in all respects except that the Class A Stock is non-voting.

The following table reflects changes in the number of shares of Class A Stock outstanding for the periods indicated:

	2013	2012	2011
Class A Stock outstanding, beginning of year	13,508,318	13,572,265	13,268,522
Issued pursuant to shared-based compensation plans*	70,227	57,652	303,743
Repurchased and cancelled pursuant to the stock buy-back	(200,578)	(121,599)	—
Class A Stock outstanding, end of year	13,377,967	13,508,318	13,572,265

* Share-based compensation plans are described in Note 16.

Stock buy-back

On October 7, 2011, the Company announced its intention to purchase up to 675,000 shares of its Class A Stock in compliance with the rules and regulations of the New York Stock Exchange and the SEC and the terms of its senior secured debt. The 675,000 shares represented approximately 5% of its then 13,572,265 issued and outstanding shares of Class A Stock. Any such purchases will be made by the Company in the open market at the prevailing open market price using cash on hand. All shares purchased will be cancelled. The repurchase program is expected to continue indefinitely. The repurchase program does not obligate the Company to repurchase any dollar amount or number of shares of Class A Stock. Depending on market conditions and other factors, these repurchases may be commenced or suspended from time to time without prior notice.

In 2013, the Company purchased and cancelled an aggregate of 200,578 shares of Class A Stock for total consideration of $3.6 million ($18.07 per share). In 2012, the Company purchased and cancelled an aggregate of 121,599 shares of Class A Stock for total consideration of $1.9 million ($15.35 per share). The Company did not buy back any stock under this program in 2011.

Dividends

In 2013, the Company paid cash dividends of $0.44 per share to holders of Class A and Class B Stock as follows ($0.44 in 2012 and 2011):

Dividends Per Share	Record Date	Payment Date
$0.11	February 8, 2013	February 22, 2013
$0.11	May 10, 2013	May 24, 2013
$0.11	August 9, 2013	August 23, 2013
$0.11	November 8, 2013	November 22, 2013

13. Contributed capital

Contributed capital includes the impact of share-based awards. See Note 16 for further discussion. Also included in contributed capital is the grant date fair value of warrants issued in 2008 which expired on April 13, 2013.

14. Earnings per share

Basic earnings per share was computed by dividing net income attributable to Oppenheimer Holdings Inc. by the weighted average number of shares of Class A non-voting common stock ("Class A Stock") and Class B voting common stock ("Class B Stock") outstanding. Diluted earnings per share includes the weighted average number of shares of Class A Stock and Class B Stock outstanding and the effects of the warrants, options to purchase the Class A Stock and restricted stock awards of Class A Stock using the treasury stock method.

Earnings per share has been calculated as follows:

(Expressed in thousands, except number of shares and per share amounts)	For the Year Ended December 31,		
	2013	2012	2011
Basic weighted average number of shares outstanding	13,577,725	13,602,205	13,638,087
Net dilutive effect of warrant, treasury method (1)	—	—	—
Net dilutive effect of share-based awards, treasury method (2)	546,335	—	298,646
Diluted weighted average number of shares outstanding	14,124,060	13,602,205	13,936,733
Net income (loss) for the year	$ 26,153	$ (851)	$ 12,617
Net income attributable to non-controlling interest, net of tax	1,092	2,762	2,301
Net income (loss) attributable to Oppenheimer Holdings Inc.	$ 25,061	$ (3,613)	$ 10,316
Basic earnings per share	$ 1.85	$ (0.27)	$ 0.76
Diluted earnings per share	$ 1.77	$ (0.27)	$ 0.74

(1) As part of the consideration for the 2008 acquisition of certain businesses from CIBC World Markets Corp. ("CIBC"), the Company issued a warrant to CIBC to purchase 1 million shares of Class A Stock of the Company at $48.62 per share exercisable five years from the January 14, 2008 acquisition date. The warrants expired worthless on April 13, 2013. For the years ended December 31, 2012 and 2011, the effect of the warrants was anti-dilutive.

(2) For the year ended December 31, 2013, the diluted earnings per share computation does not include the anti-dilutive effect of 57,573 shares of Class A Stock granted under share-based compensation arrangements (1,936,871 and 1,142,028 shares of Class A Stock granted under share-based compensation arrangements together with the warrant described in (1) for the years ended December 31, 2012 and 2011, respectively).

15. Income taxes

The income tax provision shown in the consolidated statements of operations is reconciled to amounts of tax that would have been payable (recoverable) from the application of the federal tax rate to pre-tax profit, as follows:

(Expressed in thousands)

	For the Year Ended December 31,					
	2013		2012		2011	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
U.S. federal statutory income tax rate	$15,368	35.0%	$ (184)	35.0%	$6,246	35.0%
U.S. state and local income taxes, net of U.S. federal income tax benefits	2,131	4.9%	(1,585)		840	4.7%
Unrecognized tax benefit	1,244	2.8%	1,524		—	0.0%
Tax exempt income, net of interest expense	(715)	-1.6%	(561)		(647)	-3.6%
Business promotion and other non-deductible expenses	660	1.5%	851		620	3.5%
Insurance proceeds, non-taxable	(597)	-1.4%	(349)		(821)	-4.6%
Adjustment to reflect prior year tax return filings	(251)	-0.6%	(294)		(552)	-3.1%
Tax rate change on deferred income taxes	208	0.5%	390		(734)	-4.1%
Non-U.S. operations	185	0.4%	678		348	1.9%
Other	(477)	-1.1%	(146)		(69)	-0.4%
Total income tax expense	$17,756	40.4%	$ 324	n/m	$5,231	29.3%

n/m = not meaningful

Income taxes included in the consolidated statements of operations represent the following:

(Expressed in thousands)

	For the Year Ended December 31,		
	2013	2012	2011
Current:			
U.S. federal tax (benefit)	$ (2,984)	$ 19,918	$ 5,312
State and local tax	1,885	2,765	19
Non-U.S. operations	116	(61)	113
	(983)	22,622	5,444
Deferred:			
U.S. federal tax (benefit)	16,658	(17,303)	143
State and local tax (benefit)	2,482	(4,890)	(1,029)
Non-U.S. operations	(401)	(105)	673
	18,739	(22,298)	(213)
	$17,756	$ 324	$ 5,231

Profit (loss) before income taxes with respect to foreign operations was $(1.3) million, $(2.4) million and $1.3 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Tax expense for 2013 was higher than in 2012 primarily because the Company earned pretax income in 2013 versus pretax loss in 2012. Also, the Company recorded fewer tax credits in 2013 related to state investment and employment incentive for investments than it recorded in 2012. ($335,500 in 2013 compared to $1.9 million in 2012, both figures being net of federal taxes). These factors gave rise to an increase in the Company's tax expense for 2013, but were partially offset by other factors that mitigated the tax expense increase. The mitigating factors primarily consisted of higher levels of tax-exempt income in 2013 compared to 2012 (including interest income on municipal bonds and proceeds of life insurance on employees of which the Company is the beneficiary), lower levels of nondeductible fines and penalties in 2013 compared to 2012, and a lesser increase in tax reserves in 2013 compared to 2012.

The Company permanently reinvests eligible earnings of its foreign subsidiaries and, accordingly, does not accrue any U.S. income taxes that would arise if these earnings were repatriated. The unrecognized deferred tax liability associated with earnings of foreign subsidiaries, net of associated U.S. foreign tax credits, is $1.6 million for those subsidiaries with respect to which the Company would be subject to residual U.S. tax on cumulative earnings through 2013 were those earnings to be repatriated.

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when such differences are expected to reverse. Significant components of the Company's deferred tax assets and liabilities at December 31, 2013 and 2012 were as follows:

(Expressed in thousands)

	For the Year Ended December 31,	
	2013	2012
Deferred tax assets:		
Employee deferred compensation plans	$ 31,117	$ 22,819
Deferred rent	10,451	9,948
Lease incentive	6,693	—
Broker notes	3,915	3,842
Auction rate securities reserve	3,669	3,115
State and local net operating loss/credit carryforward	1,993	750
Involuntary conversion	1,866	1,686
Reserve for litigation and legal fees	1,659	17,019
Allowance for doubtful accounts	1,002	941
Other	2,757	1,318
Total deferred tax assets	65,122	61,438
Deferred tax liabilities:		
Goodwill amortization (Section 197)	43,728	39,391
Partnership investments	12,039	6,273
Mortgage servicing rights	9,889	6,679
Company owned life insurance	5,173	1,638
Change in accounting method	3,895	—
Book versus tax depreciation differences	1,374	(5,931)
Other	603	921
Total deferred tax liabilities	76,701	48,971
U.S. deferred tax assets (liabilities), net	(11,579)	12,467
Non U.S. deferred tax assests (liabilities), net	4,483	3,873
Deferred tax assets (liabilities), net	$ (7,096)	$ 16,340

The Company has deferred tax assets at December 31, 2013 of $3.0 million, $1.0 million and $479,000 arising from net operating losses incurred by Oppenheimer Israel (OPCO) Ltd., Oppenheimer Investments Asia Limited, and Oppenheimer Europe Ltd., respectively. The Company believes that realization of the deferred tax assets is more likely than not based on expectations of future taxable income in Israel, Asia and Europe. These net operating losses carry forward indefinitely and are not subject to expiration, provided that these subsidiaries and their underlying businesses continue operating normally (as is anticipated).

The Company has a deferred tax asset of $1.0 million (net of federal taxes) as of December 31, 2013 arising primarily from New York State Investment Tax Credits and Employment Incentive Credits carried forward to future years. These credits will expire if not used by 2027.

Goodwill arising from the acquisitions of Josephthal Group Inc. and the Oppenheimer Divisions is being amortized for tax purposes on a straight-line basis over 15 years. The difference between book and tax is recorded as a deferred tax liability.

The Company or one or more of its subsidiaries file income tax returns in the U.S. federal jurisdiction, and in various states and foreign jurisdictions. The Company is currently under examination in the U.S. federal jurisdiction by the Internal Revenue Service (the "IRS") for 2010. The Company has closed other tax years through 2009 in the U.S. federal jurisdiction.

The Company is under examination in various states and overseas jurisdictions in which the Company has significant business operations. The Company has closed tax years through 2007 for New York State and is currently under exam for the period 2008 to 2011. The Company also has closed tax years through 2007 with New York City and is currently under exam for the 2008 tax year. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2008.

The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions resulting from the aforementioned examinations and those that may take place for subsequent years. The Company has established tax reserves that the Company believes are adequate in relation to the potential for additional assessments. Once established, the Company adjusts tax reserves only when more information is available or when an event occurs necessitating a change to the reserves. The Company believes that the resolution of tax matters will not have a material effect on the consolidated balance sheet of the Company, although a resolution could have a material impact on the Company's consolidated statement of operations for a particular future period and on the Company's effective income tax rate for any period in which such resolution occurs.

The Company has unrecognized tax benefits of $1.6 million, $5.2 million and $2.3 million as of December 31, 2013, 2012 and 2011, respectively (as shown on the table below). Included in the balance of unrecognized tax benefits as of December 31, 2013 and 2012 are $1.3 million and $661,000, respectively, of tax benefits that, if recognized, would affect the effective tax rate.

During the year ended December 31, 2013, the Company reclassified $4.9 million of unrecognized tax benefit to other tax accounts when the Internal Revenue Service approved the Company's application for a tax accounting method change. A reconciliation of the beginning and ending amount of unrecognized tax benefit follows:

(Expressed in thousands)	2013	2012	2012
Balance at January 1,	$ 5,236	$2,317	$ —
Additions for tax positions of prior years	1,168	2,919	2,317
Additions for tax positions of current year	77	—	—
Reclass to other tax accounts	(4,907)	—	—
Balance at December 31,	$ 1,574	$5,236	$2,317

The Company records interest and penalties accruing on unrecognized tax benefits in pretax income as interest expense and other expense on its consolidated statements of operations, respectively. For the years ended December 31, 2013 and 2012, the Company recorded tax-related interest (benefit) expense of $(284,000) and $(408,000), respectively, in its statement of operations. At December 31, 2013 and 2012, the Company had an income tax-related interest payable of $61,000 and $345,000, respectively, on its consolidated balance sheet.

16. Employee compensation plans

Share-based Compensation

The Company has share-based compensation plans which are accounted for at fair value in accordance with the applicable accounting guidance. The Company estimates the fair value of share-based awards using the Black-Scholes model and applies to it a forfeiture rate based on historical experience. The accuracy of this forfeiture rate is reviewed at least annually for reasonableness. Key assumptions used to estimate the fair value of share-based awards include the expected term and the expected volatility of the Company's Class A Stock over the term of the award, the risk-free interest rate over the expected term, and the Company's expected annual dividend yield. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating fair values of the Company's outstanding unvested share-based awards.

The fair value of each award of stock options was estimated on the grant date using the Black-Scholes model with the following assumptions:

	Grant Date Assumptions					
	2013	2012	2011	2010	2009	2008
Expected term (1)	5 years	5 years	5 years	4.5 years	5 years	2.4 years
Expected volatility factor (2)	53.82%	54.95%	52.52%	48.58%	39.17%	36.41%
Risk-free interest rate (3)	0.84%	0.70%	2.00%	2.62%	3.32%	2.13%
Actual dividends (4)	$ 0.44	$ 0.44	$ 0.44	$ 0.44	$ 0.44	$ 0.44

(1) The expected term was determined based on actual awards.
(2) The volatility factor was measured using the weighted average of historical daily price changes of the Company's Class A Stock over a historical period commensurate to the expected term of the awards.
(3) The risk-free interest rate was based on periods equal to the expected term of the awards based on the U.S. Treasury yield curve in effect at the time of grant.
(4) Actual dividends were used to compute the expected annual dividend yield.

Equity Incentive Plan

Under the Company's 2006 Equity Incentive Plan, adopted December 11, 2006 and amended December 2011, and its 1996 Equity Incentive Plan, as amended March 10, 2005 (together "EIP"), the Compensation Committee of the Board of Directors of the Company may grant options to purchase Class A Stock, Class A Stock awards and restricted Class A Stock awards to officers and key employees of the Company and its subsidiaries. Options are generally granted for a five-year term and generally vest at the rate of 25% of the amount granted on the second anniversary of the grant, 25% on the third anniversary of the grant, 25% on the fourth anniversary of the grant and 25% six months before expiration.

Stock option activity under the EIP since January 1, 2012 is summarized as follows:

	Year Ended December 31,			
	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding at beginning of year	86,803	$ 23.35	164,193	$ 29.04
Options granted	951	17.20	1,590	19.31
Options exercised	(12,165)	12.30	—	—
Options forfeited or expired	(3,016)	39.45	(78,980)	35.09
Options outstanding at end of year	72,573	$ 24.46	86,803	$ 23.35
Options vested at end of year	45,683	$ 23.34	36,023	$ 22.59
Weighted average fair value of options granted during the year	$ 6.60		$ 7.67	

The aggregate intrinsic value of options outstanding as of December 31, 2013 was $202,700. The aggregate intrinsic value of vested options as of December 31, 2013 was $186,800. The aggregate intrinsic value of options that are expected to vest is $198,100 as of December 31, 2013.

The following table summarizes stock options outstanding and exercisable as of December 31, 2013:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price of Outstanding Options	Number of Options Exercisable (Vested)	Weighted Average Exercise Price of Vested Options
$9.60 - $25.00	20,240	0.86 Years	$ 14.80	16,350	$ 13.38
$25.01.00 - $39.45	52,333	1.72 Years	28.19	29,333	28.89
$9.60 - $39.45	72,573	1.48 Years	$ 24.46	45,683	$ 23.34

The following table summarizes the status of the Company's non-vested options for the year ended December 31, 2013:

	Number of Options	Weighted Average Fair Value
Nonvested at beginning of year	50,780	$ 9.49
Granted	951	6.60
Vested	(24,841)	7.90
Nonvested at end of year	26,890	$ 10.86

In the year ended December 31, 2013, the Company has included approximately $158,200 ($164,200 in 2012 and $322,500 in 2011) of compensation expense in its consolidated statement of operations relating to the expensing of stock options.

As of December 31, 2013, there was approximately $169,600 of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the EIP. The cost is expected to be recognized over a weighted average period of 1.48 years.

Employee Share Plan

On March 10, 2005, the Company approved the Oppenheimer & Co. Inc. Employee Share Plan ("ESP") for employees of the Company and its subsidiaries to attract, retain and provide incentives to key management employees. The Compensation Committee of the Board of Directors of the Company may grant stock awards and restricted stock awards pursuant to the ESP. ESP awards are being accounted for as equity awards and valued at grant date fair value. ESP awards are generally awarded for a three or five year term and 100% vest at the end of the term.

The Company has awarded restricted Class A Stock to certain employees as part of their compensation package pursuant to the ESP. These awards are granted from time to time throughout the year based upon the recommendation of the Compensation Committee of the Board of Directors of the Company. These ESP awards are priced at fair value on the date of grant and typically require the completion of a service period (determined by the Compensation Committee). Dividends may or may not accrue during the service period, depending on the terms of individual ESP awards.

The following table summarizes the status of the Company's non-vested restricted Class A Stock awards for the year ended December 31, 2013:

	Number of Class A Shares Subject to ESP/EIP Awards	Weighted Average Fair Value	Remaining Contractual Life
Nonvested at beginning of year	848,068	$ 19.39	2.3 Years
Granted	506,470	16.14	2.8 Years
Vested	(58,062)	23.53	—
Forfeited or expired	(49,000)	20.39	—
Nonvested at end of year	1,247,476	$ 17.87	2.0 Years

At December 31, 2013, all outstanding restricted Class A Stock awards were non-vested. The aggregate intrinsic value of restricted Class A Stock awards outstanding as of December 31, 2013 was approximately $30.9 million. The aggregate intrinsic value of restricted Class A Stock awards that are expected to vest is $30.0 million as of December 31, 2013. In the year ended December 31, 2013, the Company included approximately $5.0 million ($3.4 million in 2012 and $3.7 million in 2011) of compensation expense in its consolidated statements of operations relating to restricted Class A Stock awards.

As of December 31, 2013, there was approximately $10.1 million of total unrecognized compensation cost related to unvested restricted Class A Stock awards. The cost is expected to be recognized over a weighted average period of 2.0 years.

At December 31, 2013, the number of shares of Class A Stock available under the EIP and the ESP, but not yet awarded, was 1,116,182.

On January 2, 2014, the Company awarded 14,000 restricted shares of Class A Stock to its non-employee directors under the EIP. These shares of Class A Stock will vest as follows: 25% on July 1, 2014, 2015, 2016 and 2017.

On January 29, 2014, the Company awarded 124,000 restricted shares of Class A Stock to an executive officer of the Company pursuant to the EIP. This award cliff vests on January 28, 2019 and will be expensed over 5 years.

On January 29, 2014, the Company awarded a total of 179,375 restricted shares of Class A Stock to current employees pursuant to the ESP. Of these restricted shares, 136,250 shares will cliff vest in three years and 43,125 shares will cliff vest in five years. These awards will be expensed over the applicable three or five year vesting period.

On January 29, 2014, the Company awarded a total of 2,976 options to purchase Class A Stock to current employees pursuant to the EIP. These options will be expensed over 4.5 years (the vesting period).

On February 26, 2014, the Company adopted the Oppenheimer Holdings Inc. 2014 Incentive Plan (the "OIP") which pursuant to its terms amends and restates each of the EIP and ESP and incorporates each of the EIP and ESP into the OIP. A total of 27,500 restricted shares of Class A Stock were awarded to employees of the Company pursuant to the OIP on February 26, 2014 subject to stockholder approval of the OIP at the 2014 annual meeting of stockholders.

Stock Appreciation Rights

The Company has awarded Oppenheimer stock appreciation rights ("OARs") to certain employees as part of their compensation package based on a formula reflecting gross production and length of service. These awards are granted once per year in January with respect to the prior year's production. The OARs vest five years from grant date and will be settled in cash at vesting. The OARs are being accounted for as liability awards and are revalued on a monthly basis. The adjusted liability is being amortized on a straight-line basis over the vesting period.

The fair value of each OARs award was estimated as at December 31, 2013 using the Black-Scholes model.

Grant Date	Number of OARs Outstanding	Strike Price	Remaining Contractual Life	Fair Value at December 31, 2013
January 12, 2009	324,200	$ 12.74	11 Days	$ 12.04
January 19, 2010	267,680	30.68	1 Year	1.46
January 13, 2011	366,050	26.35	2 Years	3.02
January 19, 2012	406,040	18.94	3 Years	8.09
January 14, 2013	454,570	15.94	4 Years	10.45
	1,818,540			
Total weighted average values		$ 20.30	2.3 Years	$ 7.39

At December 31, 2013, all outstanding OARs were unvested. At December 31, 2013, the aggregate intrinsic value of OARs outstanding and expected to vest was $10.3 million. In the year ended December 31, 2013, the Company included approximately $4.1 million ($590,000 in 2012 and net credit of $2.9 million in 2011) in compensation expense in its consolidated statement of operations relating to OARs awards. The liability related to the OARs was approximately $6.7 million as of December 31, 2013.

As of December 31, 2013, there was approximately $5.5 million of total unrecognized compensation cost related to unvested OARs. The cost is expected to be recognized over a weighted average period of 2.3 years.

On January 14, 2014, 543,370 OARs were awarded to Oppenheimer employees related to fiscal 2013 performance. These OARs will be expensed over 5 years (the vesting period).

Defined Contribution Plan

The Company, through its subsidiaries, maintains a defined contribution plan covering substantially all full-time U.S. employees. The Oppenheimer & Co. Inc. 401(k) Plan provides that Oppenheimer may make discretionary contributions. Eligible Oppenheimer employees could make voluntary contributions which could not exceed $17,500, $17,000 and $16,500 per annum in 2013, 2012 and 2011, respectively. The Company made contributions to the 401(k) Plan of $1.3 million, $1.1 million and $1.9 million in 2013, 2012 and 2011, respectively.

Deferred Compensation Plans

The Company maintains an Executive Deferred Compensation Plan ("EDCP") and a Deferred Incentive Plan ("DIP") in order to offer certain qualified high-performing financial advisers a bonus based upon a formula reflecting years of service, production, net commissions and a valuation of their clients' assets. The bonus amounts resulted in deferrals in fiscal 2013 of approximately $8.5 million ($8.1 million in 2012 and $6.8 million in 2011). These deferrals normally vest after five years. The liability is being recognized on a straight-line basis over the vesting period. The EDCP also includes voluntary deferrals by senior executives that are not subject to vesting. The Company maintains a Company-owned life insurance policy, which is designed to offset approximately 60% of the EDCP liability. The EDCP

liability is being tracked against the value of a benchmark investment portfolio held for this purpose. At December 31, 2013, the Company's liability with respect to the EDCP and DIP totaled $50.1 million and is included in accrued compensation on the consolidated balance sheet at December 31, 2013.

In addition, the Company is maintaining a deferred compensation plan on behalf of certain employees who were formerly employed by CIBC World Markets. The liability is being tracked against the value of an investment portfolio held by the Company for this purpose and, therefore, the liability fluctuates with the fair value of the underlying portfolio. At December 31, 2013, the Company's liability with respect to this plan totaled $15.5 million.

The total amount expensed in 2013 for the Company's deferred compensation plans was $17.8 million ($12.1 million in 2012 and $5.5 million in 2011).

17. Commitments and contingencies

Commitments

The Company and its subsidiaries have operating leases for office space, equipment and furniture and fixtures expiring at various dates through 2028. Future minimum rental commitments under such office and equipment leases as at December 31, 2013 are as follows.

(Expressed in thousands)	
2014	$ 42,584
2015	37,591
2016	33,389
2017	29,787
2018	27,985
2019 and thereafter	134,339
	$305,675

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

The Company's rent expense for the year ended December 31, 2013 was $46.4 million ($51.2 million in 2012 and $49.5 million in 2011).

During the fourth quarter of 2012 the Company received rent abatement credits of $1.7 million as a result of temporarily vacating its two principal offices in downtown Manhattan in the aftermath of Superstorm Sandy.

At December 31, 2013, the Company had capital commitments of approximately $5.1 million with respect to its obligations in its role as sponsor for certain private equity funds.

At December 31, 2013, the Company had no collateralized or uncollateralized letters of credit outstanding.

Contingencies

Legal - Many aspects of the Company's business involve substantial risks of liability. In the normal course of business, the Company has been named as defendant or co-defendant in various legal actions, including arbitrations, class actions, and other litigation, creating substantial exposure. Certain of the actual or threatened legal matters include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. These proceedings arise primarily from securities brokerage, asset management and investment banking activities.

For legal proceedings set forth below where there is at least a reasonable possibility that a loss or an additional loss may be incurred, the Company estimates a range of aggregate loss in excess of amounts accrued of $0 to approximately $25 million. This estimated aggregate range is based upon currently available information for those legal proceedings in which the Company is involved, where an estimate for such losses can be made. For certain cases, the Company does not believe that an estimate can currently be made. The foregoing estimate is based on various factors, including the varying stages of the proceedings (including the fact that many are currently in preliminary stages), the numerous yet-unresolved issues in many of the proceedings and the attendant uncertainty of the various potential outcomes of such proceedings. Accordingly, the Company's estimate will change from time to time, and actual losses may be more than the current estimate.

Regulatory - The Company is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding the Company's business which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The investigations include, among other things, inquiries from the Securities and Exchange Commission (the "SEC"), the Financial Industry Regulatory Authority ("FINRA") and various state regulators.

Auction Rate Securities - In February 2010, Oppenheimer finalized settlements with the Regulators concluding investigations and administrative proceedings by the Regulators concerning Oppenheimer's marketing and sale of ARS. Pursuant to the settlements with the Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions more fully described below. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. Pursuant to completed Purchase Offers (as defined) under the settlements with Regulators and client related legal settlements and awards to purchase ARS, as of December 31, 2013, the Company purchased and holds (net of redemptions) approximately $91.6 million in ARS from its clients. In addition, the Company is committed to purchase another $29.1 million in ARS from clients through 2016 under legal settlements and awards.

The Company's purchases of ARS from its clients holding ARS eligible for repurchase will, subject to the terms and conditions of the settlements with the Regulators, continue on a periodic basis. Pursuant to these terms and conditions, the Company is required to conduct a financial review every six months, until the Company has extended Purchase Offers to all Eligible Investors (as defined), to determine whether it has funds available, after giving effect to the financial and regulatory capital constraints applicable to the Company, to extend additional Purchase Offers. The financial review is based on the Company's operating results, regulatory net capital, liquidity, and other ARS purchase commitments outstanding under legal settlements and awards (described below). There are no predetermined quantitative thresholds or formulas used for determining the final agreed upon amount for the Purchase Offers. Upon completion of the financial review, the Company first meets with its primary regulator, FINRA, and then with representatives of the NYAG and other regulators to present the results of the review and to finalize the amount of the next Purchase Offer. Various offer scenarios are discussed in terms of which Eligible Investors should receive a Purchase Offer. The primary criteria to date in terms of determining which Eligible Investors should receive a Purchase Offer has been the amount of household account equity each Eligible Investor had with the Company in February 2008. Once various Purchase Offer scenarios have been discussed, the regulators, not the Company, make the final determination of which Purchase Offer scenario to implement. The terms of settlements provide that the amount of ARS to be purchased during any period shall not risk placing the Company in violation of regulatory requirements.

The Company did not have any outstanding ARS purchase commitments related to potential Purchase Offers to be extended to Eligible Investors pursuant to the settlements with Regulators of a defined amount and term at December 31, 2013. However, Eligible Investors for future buybacks continued to hold approximately $126.2 million of ARS principal value as of December 31, 2013. It is reasonably possible that some ARS Purchase Offers will need to be extended to Eligible Investors holding ARS prior to redemptions (or tender offers) by issuers of the full amount that remains outstanding. The potential additional losses that may result from entering into ARS purchase commitments to Eligible Investors for future buybacks represents the estimated difference between the principal value and the fair value. It is possible that the Company could sustain a loss of all or substantially all of the principal value of ARS still held by Eligible Investors but such an outcome is highly unlikely. The amount of potential additional losses resulting from entering into these commitments cannot be reasonably estimated due to the uncertainties surrounding the amounts and timing of future buybacks that result from the six-month financial review and the amounts, scope, and timing of future issuer redemptions and tender offers of ARS held by Eligible Investors. The range of potential additional losses related to valuation adjustments is between $0 and the amount of the estimated differential between the principal value and the fair value of ARS held by Eligible Investors for future buybacks that were not yet purchased or committed to be purchased by the Company at any point in time. The range of potential additional losses described above does not include the range of loss described in "Contingencies – Legal" above.

Outside of the settlements with the Regulators, the Company has also reached various legal settlements with clients and received unfavorable legal awards requiring it to purchase ARS. The terms and conditions including the ARS amounts committed to be purchased under legal settlements and awards are based on the specific facts and circumstances of each legal proceeding. In most instances, the purchase commitments are in increments and extend over a period of time. At December 31, 2013, no ARS purchase commitments related to legal settlements extended past 2016. To the extent the Company receives an unfavorable award, the Company usually must purchase the ARS provided for by the award within 30 days of the rendering of the award.

The Company is also named as a respondent in a number of arbitrations by its current or former clients as well as lawsuits related to its sale of ARS. If the ARS market remains frozen, the Company may likely be further subject to claims by its clients. There can be no guarantee that the Company will be successful in defending any or all of the current actions against it or any subsequent actions filed in the future. Any such failure could, and in certain current ARS actions would, have a material adverse effect on the results of operations and financial condition of the Company including its cash position.

On January 31, 2013, a FINRA arbitration panel rendered a decision in the previously disclosed U.S. Airways case, filed in February 2009, resulting in an award against Oppenheimer in the amount of $30 million including interest and costs on a claim of approximately $140 million (adjusted down from $253 million). The amounts are reflected in the Company's financial results for the fourth quarter of 2012.

The Company has sought, with limited success, financing from a number of sources to try to find a means for all its clients to find liquidity from their ARS holdings and will continue to do so. There can be no assurance that the Company will be successful in finding a liquidity solution for all its clients' ARS.

Accounting - The Company accrues for estimated loss contingencies related to legal and regulatory matters when available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and the Company can reasonably estimate the amount of that loss. Based on information currently available and advice of counsel, the Company believes that the eventual outcome of the actions against the Company will not individually or in the aggregate, have a material adverse effect on the Company's consolidated financial statements. However, the ultimate resolution of

these legal and regulatory matters may differ materially from these accrued estimated amounts and, accordingly, an adverse result or multiple adverse results in arbitrations and litigations currently filed or to be filed against the Company could, and in the case of certain arbitrations or litigations relating to auction rate securities would, have a material adverse effect on the Company's results of operations and financial condition, including its cash position. The materiality of these matters to the Company's future operating results depends on the level of future results of operations as well as the timing and ultimate outcome of such legal matters.

In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is often not possible to reasonably estimate the size of the possible loss or range of loss or additional losses or range of additional losses.

For certain legal and regulatory proceedings, the Company can estimate possible losses, or, ranges of loss in excess of amounts accrued, but does not believe, based on current knowledge and after consultation with counsel, that such losses individually or in the aggregate, will have a material adverse effect on the Company's consolidated financial statements as a whole. Notwithstanding the foregoing, an adverse result or multiple adverse results in arbitrations and litigations currently filed or to be filed against the Company could, and in the case of certain arbitrations or litigations relating to auction rate securities would, have a material adverse effect on the Company's results of operations and financial condition, including its cash position.

For certain other legal and regulatory proceedings, the Company cannot reasonably estimate such losses, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial, indeterminate or special damages. Numerous issues may need to be reviewed, analyzed or resolved, including through potentially lengthy discovery and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for any proceeding. Even after lengthy review and analysis, the Company, in many legal and regulatory proceedings, may not be able to reasonably estimate possible losses or range of losses.

18. Regulatory requirements

The Company's U.S. broker dealer subsidiaries, Oppenheimer and Freedom, are subject to the uniform net capital requirements of the SEC under Rule 15c3-1 (the "Rule") promulgated under Securities Exchange Act of 1934, as amended (the "Exchange Act"). Oppenheimer computes its net capital requirements under the alternative method provided for in the Rule which requires that Oppenheimer maintain net capital equal to two percent of aggregate customer-related debit items, as defined in SEC Rule 15c3-3. At December 31, 2013, the net capital of Oppenheimer as calculated under the Rule was $166.3 million or 12.59% of Oppenheimer's aggregate debit items. This was $139.9 million in excess of the minimum required net capital at that date. 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 $250,000 or 6-2/3% of aggregate indebtedness, as defined. At December 31, 2013, Freedom had net capital of $4.5 million, which was $4.3 million in excess of the $250,000 required to be maintained at that date.

At December 31, 2013, Oppenheimer and Freedom had $17.0 million and $18.5 million, respectively, in cash and U.S. Treasury securities segregated under Federal and other regulations.

At December 31, 2013, the regulatory capital of Oppenheimer Europe Ltd. was $5.6 million which was $2.0 million in excess of the $3.6 million required to be maintained at that date. Oppenheimer Europe Ltd. computes its regulatory capital pursuant to the Fixed Overhead Method prescribed by the Financial Services Authority of the United Kingdom.

At December 31, 2013, the regulatory capital of Oppenheimer Investments Asia Limited was $2.5 million, which was $2.1 million in excess of the $387,000 required to be maintained on that date. Oppenheimer Investments Asia Limited computes its regulatory capital pursuant to the requirements of the Securities and Futures Commission in Hong Kong.

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 December 31, 2013. The Company had no deposit requirements as of December 31, 2013.

19. Goodwill and intangibles

Goodwill arose upon the acquisitions of Old Michigan Corp., Josephthal & Co. Inc., Grand Charter Group Incorporated and the Oppenheimer Divisions. The Company defines a reporting unit as an operating segment. The Company's goodwill resides in its PCD. Goodwill of a reporting unit is subject to at least an annual test for impairment to determine if the fair value of goodwill of a reporting unit is less than its estimated carrying amount. The Company derives the estimated carrying amount of its operating segments by estimating the amount of stockholders' equity required to support the activities of each operating segment.

The goodwill of a reporting unit is required to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Due to the volatility in the financial services sector and equity markets in general, determining whether an impairment of the goodwill has occurred is increasingly difficult and requires management to exercise significant judgment. The Company performed its annual test for goodwill impairment as of December 31, 2013 which did not result in any impairment charges.

The Company's goodwill impairment analysis performed at December 31, 2013 applied the same valuation methodologies with consistent inputs as that performed at December 31, 2012, as follows:

In estimating the fair value of the PCD, the Company used traditional standard valuation methods, including the market comparable approach and income approach. The market comparable approach is based on comparisons of the subject company to public companies whose stocks are actively traded ("Price Multiples") or to similar companies engaged in an actual merger or acquisition ("Precedent Transactions"). As part of this process, multiples of value relative to financial variables, such as earnings or stockholders' equity, are developed and applied to the appropriate financial variables of the subject company to indicate its value. The income approach involves estimating the present value of the subject company's future cash flows by using projections of the cash flows that the business is expected to generate, and discounting these cash flows at a given rate of return ("Discounted Cash Flow" or "DCF"). Each of these standard valuation methodologies requires the use of management estimates and assumptions.

In its Price Multiples valuation analysis, the Company used various operating metrics of comparable companies, including revenues, pre-tax and after-tax earnings, EBITDA on a trailing-twelve-month basis as well as price-to-book value ratios at a point in time. The Company analyzed prices paid in Precedent Transactions that are comparable to the business conducted in the PCD. The DCF analysis included the Company's assumptions regarding growth rates of the PCD's revenues, expenses, EBITDA, and capital expenditures, adjusted for current economic conditions and expectations. The Company's assumptions also included a discount rate of 11.8% and a terminal growth rate of 3% in its calculations. The Company

weighted each of the three valuation methods equally in its overall valuation. Given the subjectivity involved in selecting which valuation method to use, the corresponding weightings, and the input variables for use in the analyses, it is possible that a different valuation model and the selection of different input variables could produce a materially different estimate of the fair value of our goodwill.

Based on the analysis performed, the Company concluded that the PCD's fair value exceeded its carrying amount including goodwill as of December 31, 2013. The PCD operating segment produced positive revenues, cash flows, and earnings in the year ended December 31, 2013.

Intangible assets arose upon the acquisition, in January 2003, of the Oppenheimer Divisions and comprise trademarks and trade names. Trademarks and trade names, carried at $31.7 million, which are not amortized, are subject to at least an annual test for impairment to determine if the fair value is less than their carrying amount. Trademarks and trade names recorded as at December 31, 2013 have been tested for impairment and it has been determined that no impairment has occurred.

Intangible assets also arose from the January 2008 acquisition of the Oppenheimer Divisions from CIBC World Markets Corp. and are comprised of customer relationships and a below market lease. Customer relationships were being amortized on a straight-line basis over 180 months commencing in January 2008. However, due to the expiration of the five-year contingent consideration issued as part of such acquisition, remaining amounts related to the customer relationship intangible asset of $630,000 were written off in the fourth quarter of 2012. The below market lease was determined to amortize on a straight-line basis over 60 months commencing in January 2008. However, due to the plan to consolidate the Company's headquarters, the Company terminated the lease which resulted in a reevaluation of the remaining useful life of the below market lease intangible asset and amortized $1.1 million in the fourth quarter of 2011 and $3.2 million during the first quarter of 2012.

20. Segment information

The Company has determined its reportable segments based on the Company's method of internal reporting, which disaggregates its retail business by branch and its proprietary and investment banking businesses by product. The Company evaluates the performance of its segments and allocates resources to them based upon profitability.

Due to the recent growth in the Company's commercial loan origination and servicing business operated out of OMHHF, the Company has presented separately the results of this business in a reportable segment titled "Commercial Mortgage Banking." This reportable segment engages in business activities in which it earns revenues and incurs expenses that are distinct from the Company's other reportable segments, its operating results are reviewed by the Company's Chief Executive Officer who makes decisions about resources to be allocated to this business, and separate financial information is available for the legal entity from which it operates. The Commercial Mortgage Banking reportable segment not only meets these qualitative criteria but, as a result of its recent growth, also meets one of the quantitative thresholds for segment reporting. Previously reported segment information has been revised to reflect this new reportable segment.

The Company's reportable segments are:

***Private Client* -** includes commissions and a proportionate amount of fee income earned on AUM, net interest earnings on client margin loans and cash balances, fees from money market funds, net contributions from stock loan activities and financing activities, and direct expenses associated with this segment;

Asset Management - includes a proportionate amount of fee income earned on AUM from investment management services of Oppenheimer Asset Management Inc. Oppenheimer's asset management divisions employ various programs to professionally manage client assets either in individual accounts or in funds, and includes direct expenses associated with this segment;

Capital Markets - includes investment banking, institutional equities sales, trading, and research, taxable fixed income sales, trading, and research, public finance and municipal trading, as well as the Company's operations in the United Kingdom, Hong Kong and Israel, and direct expenses associated with this segment; and

Commercial Mortgage Banking - includes loan origination and servicing fees from the Company's subsidiary, OMHHF. The Company has added this business segment due to the significant growth and profitability of this line of business over the last several quarters. In prior periods, this business had been part of the Capital Markets business segment.

The Company does not allocate costs associated with certain infrastructure support groups that are centrally managed for its reportable segments. These areas include, but are not limited to, legal, compliance, operations, accounting, and internal audit. Costs associated with these groups are separately reported in a Corporate/Other category and include, for example, compensation and benefits, rent expense, information technology, legal and professional.

The table below presents information about the reported revenue and net income (loss) before taxes of the Company for the years ended December 31, 2013, 2012 and 2011. Asset information by reportable segment is not reported, since the Company does not produce such information for internal use by the chief operating decision maker.

(Expressed in thousands)

	Year Ended December 31,		
	2013	2012	2011
Revenue			
Private client division *	$ 600,071	$550,797	$541,365
Asset management *	102,214	84,160	71,052
Capital markets	281,377	283,139	322,147
Commercial mortgage banking	34,144	35,682	28,923
Corporate/Other	1,908	(1,166)	(4,495)
Total	$1,019,714	$952,612	$958,992
Income (loss) before income taxes			
Private client division *	$ 65,924	$ 53,487	$ 59,070
Asset management *	40,951	25,436	20,759
Capital markets	6,968	(15,324)	12,996
Commercial mortgage banking	11,413	15,267	11,428
Corporate/Other	(81,347)	(79,393)	(86,405)
Total	$ 43,909	$ (527)	$ 17,848

* Asset management fees are allocated 22.5% to the Asset Management and 77.5% to the Private Client Divisions.

Revenue, classified by the major geographic areas in which it was earned for the years ended December 31, 2013, 2012 and 2011 was as follows:

(Expressed in thousands)

	Year Ended December,		
	2013	2012	2011
United States	$ 974,260	$908,870	$909,661
Europe/Middle East	36,516	34,913	36,363
Asia	4,949	1,131	3,797
South America	3,989	7,698	9,171
Total	$1,019,714	$952,612	$958,992

21. 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 employee-owned securities.

22. Subsequent events

On January 31, 2014, the Company announced a quarterly dividend in the amount of $0.11 per share, payable on February 28, 2014 to holders of Class A Stock and Class B Stock of record on February 14, 2014.

23. Quarterly information (unaudited)

(Expressed in thousands, except per share amounts)

	Fiscal Quarters				
Year Ended December 31, 2013	Fourth	Third	Second	First	Year
Revenue	$293,362	$243,376	$243,830	$239,146	$1,019,714
Income before income taxes	23,359	8,163	5,674	6,713	43,909
Net income attributable to Oppenheimer Holdings Inc.	13,313	5,237	2,848	3,663	25,061
Earnings (loss) per share attributable to Oppenheimer Holdings Inc.					
Basic	0.99	0.38	0.21	0.27	1.85
Diluted	0.94	0.37	0.20	0.26	1.77
Dividends per share	0.11	0.11	0.11	0.11	0.44
Market price of Class A Stock (1)					
High	24.80	19.75	20.00	21.00	24.80
Low	16.66	16.52	16.75	15.69	15.69

(1) The price quotations above were obtained from the New York Stock Exchange web site.

(Expressed in thousands, except per share amounts)

	Fiscal Quarters				
Year Ended December 31, 2012	Fourth	Third	Second	First	Year
Revenue	$249,415	$231,838	$233,145	$238,214	$952,612
Income (loss) before income taxes	(7,135)	5,258	7,839	(6,489)	(527)
Net income (loss) attributable to Oppenheimer Holdings Inc.	(3,700)	2,322	2,422	(4,657)	(3,613)
Earnings (loss) per share attributable to Oppenheimer Holdings Inc.					
Basic	(0.27)	0.17	0.18	(0.34)	(0.27)
Diluted	(0.27)	0.16	0.17	(0.34)	(0.27)
Dividends per share	0.11	0.11	0.11	0.11	0.44
Market price of Class A Stock (1)					
High	17.42	18.00	18.71	19.69	19.69
Low	14.63	13.24	13.21	15.67	13.21

(1) The price quotations above were obtained from the New York Stock Exchange web site.

24. Supplemental guarantor consolidated financial statements

The Company's Notes are jointly and severally and fully and unconditionally guaranteed on a senior basis by E.A. Viner International Co. and Viner Finance Inc. (together, the "Guarantors"), unless released as described below. Each of the Guarantors is 100% owned by the Company. The following consolidating financial statements present the financial position, results of operations and cash flows of the Company (referred to as "Parent" for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and elimination entries necessary to consolidate the Company. Investments in subsidiaries are accounted for using the equity method for purposes of the consolidated presentation.

Each Guarantor will be automatically and unconditionally released and discharged upon: the sale, exchange or transfer of the capital stock of a Guarantor and the Guarantor ceasing to be a direct or indirect subsidiary of the Company if such sale does not constitute an asset sale under the indenture for the Notes or does not constitute an asset sale effected in compliance with the asset sale and merger covenants of the debenture for the Notes; a Guarantor being dissolved or liquidated; a Guarantor being designated unrestricted in compliance with the applicable provisions of the Notes; or the exercise by the Company of its legal defeasance option or covenant defeasance option or the discharge of the Company's obligations under the indenture for the Notes in accordance with the terms of such indenture.

OPPENHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2013

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 448	$ 30,901	$ 66,945	$ —	$ 98,294
Cash and securities segregated for regulatory and other purposes	—	—	36,323	—	36,323
Deposits with clearing organizations	—	—	23,679	—	23,679
Receivable from brokers, dealers and clearing organizations	—	—	364,873	—	364,873
Receivable from customers, net of allowance for credit losses of $2,423	—	—	868,869	—	868,869
Income tax receivable	19,494	27,589	(817)	(39,704)	6,562
Securities purchased under agreements to resell	—	—	184,825	—	184,825
Securities owned, including amounts pledged of $586,625, at fair value	—	2,225	853,863	—	856,088
Subordinated loan receivable	—	112,558	—	(112,558)	—
Notes receivable, net	—	—	40,751	—	40,751
Office facilities, net	—	21,250	11,689	—	32,939
Deferred tax assets, net	678	309	29,496	(30,483)	—
Intangible assets	—	—	31,700	—	31,700
Goodwill	—	—	137,889	—	137,889
Loans held for sale			75,989		75,989
Mortgage servicing rights			28,879		28,879
Other assets	2,797	27,113	135,150	—	165,060
Investment in subsidiaries	546,755	910,230	(182,625)	(1,274,360)	—
Intercompany receivables	153,528	(68,920)	(20,107)	(64,501)	—
Total assets	**$723,700**	**$1,063,255**	**$2,687,371**	**$(1,521,606)**	**$2,952,720**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities					
Drafts payable	$ —	$ —	$ 48,198	$ —	$ 48,198
Bank call loans	—	—	118,200	—	118,200
Payable to brokers, dealers and clearing organizations	—	—	223,315	—	223,315
Payable to customers	—	—	626,564	—	626,564
Securities sold under agreements to repurchase	—	—	757,491	—	757,491
Securities sold, but not yet purchased, at fair value	—	—	76,314	—	76,314
Accrued compensation	—	—	180,119	—	180,119
Accounts payable and other liabilities	3,742	59,289	129,609	(88)	192,552
Income tax payable	2,440	22,189	15,075	(39,704)	—
Senior secured notes	195,000	—	—	—	195,000
Subordinated indebtedness	—	—	112,558	(112,558)	—
Deferred tax liabilities, net	—	—	37,579	(30,483)	7,096
Intercompany payables	—	64,501	—	(64,501)	—
Total liabilities	**201,182**	**145,979**	**2,325,022**	**(247,334)**	**2,424,849**
Stockholders' equity					
Stockholders' equity attributable to Oppenheimer Holdings Inc.	522,518	917,276	356,996	(1,274,272)	522,518
Non-controlling interest	—	—	5,353	—	5,353
Total stockholders' equity	**522,518**	**917,276**	**362,349**	**(1,274,272)**	**527,871**
Total liabilities and stockholders' equity	**$723,700**	**$1,063,255**	**$2,687,371**	**$(1,521,606)**	**$2,952,720**

OPPENHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2012

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 35	$ 40,658	$ 94,673	$ —	$ 135,366
Cash and securities segregated for regulatory and other purposes	—	—	33,000	—	33,000
Deposits with clearing organizations	—	—	25,954	—	25,954
Receivable from brokers, dealers and clearing organizations	—	—	479,699	—	479,699
Receivable from customers, net of allowance for credit losses of $2,256	—	—	817,941	—	817,941
Income tax receivable	13,207	30,568	(450)	(42,874)	451
Securities owned, including amounts pledged of $569,995, at fair value	—	2,459	757,283	—	759,742
Subordinated loan receivable	—	112,558	—	(112,558)	—
Notes receivable, net	—	—	47,324	—	47,324
Office facilities, net	—	15,547	12,785	—	28,332
Deferred tax assets, net	(143)	309	52,350	(36,176)	16,340
Intangible assets	—	—	31,700	—	31,700
Goodwill	—	—	137,889	—	137,889
Loans held for sale	—	—	22,874	—	22,874
Mortgage servicing rights	—	—	26,983	—	26,983
Other assets	3,418	1,437	109,570	—	114,425
Investment in subsidiaries	506,679	880,609	(195,045)	(1,192,243)	—
Intercompany receivables	178,743	(114,449)	(27,686)	(36,608)	—
Total assets	**$701,939**	**$ 969,696**	**$2,426,844**	**$(1,420,459)**	**$2,678,020**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities					
Drafts payable	$ —	$ —	$ 56,586	$ —	$ 56,586
Bank call loans	—	—	128,300	—	128,300
Payable to brokers, dealers and clearing organizations	—	—	204,218	—	204,218
Payable to customers	—	—	692,378	—	692,378
Securities sold under agreements to repurchase	—	—	392,391	—	392,391
Securities sold, but not yet purchased, at fair value	—	—	173,450	—	173,450
Accrued compensation	—	—	150,434	—	150,434
Accounts payable and other liabilities	3,759	43,350	133,646	(493)	180,262
Income tax payable	2,440	22,189	18,687	(43,316)	—
Senior secured notes	195,000	—	—	—	195,000
Subordinated indebtedness	—	—	112,558	(112,558)	—
Deferred tax liabilities, net	—	(943)	36,677	(35,734)	—
Intercompany payables	—	36,605	—	(36,605)	—
Total liabilities	**201,199**	**101,201**	**2,099,325**	**(228,706)**	**2,173,019**
Stockholders' equity					
Stockholders' equity attributable to Oppenheimer Holdings Inc.	500,740	868,495	323,258	(1,191,753)	500,740
Noncontrolling interest	—	—	4,261	—	4,261
Total stockholders' equity	**500,740**	**868,495**	**327,519**	**(1,191,753)**	**505,001**
Total liabilities and stockholders' equity	**$701,939**	**$ 969,696**	**$2,426,844**	**$(1,420,459)**	**$2,678,020**

OPPENHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
REVENUES					
Commissions	$ —	$ —	$ 486,767	$ —	$ 486,767
Advisory fees	—	825	276,913	(3,560)	274,178
Investment banking	—	—	97,977	—	97,977
Interest	5	11,128	53,401	(11,318)	53,216
Principal transactions, net	—	79	43,689	—	43,768
Other	—	180	63,808	(180)	63,808
Total revenue	**5**	**12,212**	**1,022,555**	**(15,058)**	**1,019,714**
EXPENSES					
Compensation and related expenses	1,124	—	674,812	—	675,936
Occupancy and equipment costs	—	—	66,938	(180)	66,758
Communications and technology	119	—	65,698	—	65,817
Interest	17,500	—	19,960	(11,318)	26,142
Clearing and exchange fees	—	—	24,481	—	24,481
Other	1,309	522	118,400	(3,560)	116,671
Total expenses	**20,052**	**522**	**970,289**	**(15,058)**	**975,805**
Income (loss) before income taxes	(20,047)	11,690	52,266	—	43,909
Income tax provision (benefit)	(7,110)	5,638	19,228	—	17,756
Net income (loss) for the year	(12,937)	6,052	33,038	—	26,153
Less net income attributable to non-controlling interest, net of tax	—	—	1,092	—	1,092
Equity in subsidiaries	37,998	—	—	(37,998)	—
Net income attributable to Oppenheimer Holdings Inc.	**25,061**	**6,052**	**31,946**	**(37,998)**	**25,061**
Other comprehensive income (loss)	**(3)**	**—**	**1,505**	**—**	**1,502**
Total comprehensive income	**$ 25,058**	**$ 6,052**	**$ 33,451**	**$ (37,998)**	**$ 26,563**

OPPENHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
REVENUES					
Commissions	$ —	$ —	$ 469,865	$ —	$ 469,865
Advisory fees	—	—	225,226	(2,494)	222,732
Investment banking	—	—	89,477	—	89,477
Interest	—	12,070	57,452	(11,860)	57,662
Principal transactions, net	—	752	53,559	—	54,311
Other	—	168	58,565	(168)	58,565
Total revenue	**—**	**12,990**	**954,144**	**(14,522)**	**952,612**
EXPENSES					
Compensation and related expenses	397	—	626,014	—	626,411
Communications and technology	81	—	63,278	—	63,359
Occupancy and equipment costs	—	—	62,986	(168)	62,818
Interest	17,500	—	29,447	(11,861)	35,086
Clearing and exchange fees	—	—	23,750	—	23,750
Other	1,475	60	142,673	(2,493)	141,715
Total expenses	**19,453**	**60**	**948,148**	**(14,522)**	**953,139**
Income (loss) before income taxes	(19,453)	12,930	5,996	—	(527)
Income tax provision (benefit)	(6,315)	6,093	546	—	324
Net income (loss) for the year	(13,138)	6,837	5,450	—	(851)
Less net income attributable to non-controlling interest, net of tax	—	—	2,762	—	2,762
Equity in subsidiaries	9,525	—	—	(9,525)	—
Net income (loss) attributable to Oppenheimer Holdings Inc.	**(3,613)**	**6,837**	**2,688**	**(9,525)**	**(3,613)**
Other comprehensive income	**—**	**—**	**415**	**—**	**415**
Total comprehensive income (loss)	**$ (3,613)**	**$ 6,837**	**$ 3,103**	**$ (9,525)**	**$ (3,198)**

OPPENHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
REVENUES					
Commissions	$ —	$ —	$ 492,228	$ —	$ 492,228
Advisory fees	—	—	199,565	(2,468)	197,097
Investment banking	—	—	120,202	(1,000)	119,202
Interest	1	10,432	56,045	(9,699)	56,779
Principal transactions, net	300	(1,413)	48,773	—	47,660
Other	—	1	46,025	—	46,026
Total revenue	301	**9,020**	**962,838**	**(13,167)**	**958,992**
EXPENSES					
Compensation and related expenses	288	—	626,479	—	626,767
Occupancy and equipment costs	—	(24)	76,533	—	76,509
Communications and technology	52	—	62,621	—	62,673
Interest	12,541	3,546	31,638	(9,699)	38,026
Clearing and exchange fees	—	—	24,991	—	24,991
Other	2,384	299	112,963	(3,468)	112,178
Total expenses	**15,265**	**3,821**	**935,225**	**(13,167)**	**941,144**
Income (loss) before income taxes	(14,964)	5,199	27,613	—	17,848
Income tax provision (benefit)	(6,748)	893	11,086	—	5,231
Net income (loss) for the year	(8,216)	4,306	16,527	—	12,617
Less net income attributable to non-controlling interest, net of tax	—	—	2,301	—	2,301
Equity in subsidiaries	18,532	—	—	(18,532)	—
Net income attributable to Oppenheimer Holdings Inc.	**10,316**	**4,306**	**14,226**	**(18,532)**	**10,316**
Other comprehensive income (loss)	**(18)**	**1,322**	**(1,719)**	**—**	**(415)**
Total comprehensive income	**$ 10,298**	**$ 5,628**	**$ 12,507**	**$ (18,532)**	**$ 9,901**

OPPNEHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operations:					
Net income (loss) for the year	$(12,937)	$ 6,052	$ 33,038	$ —	$ 26,153
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Depreciation and amortization of office facilities and leasehold improvements	—	—	9,405	—	9,405
Deferred income taxes	—	—	23,436	—	23,436
Amortization of notes receivable	—	—	18,762	—	18,762
Amortization of debt issuance costs	639	—	—	—	639
Amortization of mortgage servicing rights	—	—	1,881	—	1,881
Provision for credit losses	—	—	167	—	167
Share-based compensation expense	461	—	8,788	—	9,249
Changes in operating assets and liabilities	21,781	(15,809)	(99,093)	—	(93,121)
Cash provided by (used in) continuing operations	**9,944**	**(9,757)**	**(3,616)**	**—**	**(3,429)**
Cash flows from investing activities					
Purchase of office facilities	—	—	(14,012)	—	(14,012)
Cash used in investing activities	**—**	**—**	**(14,012)**	**—**	**(14,012)**
Cash flows from financing activities					
Cash dividends paid on Class A non-voting and Class B voting common stock	(5,978)	—	—	—	(5,978)
Issuance of Class A non-voting common stock	150	—	—	—	150
Repurchase of Class A non-voting common stock for cancellation	(3,625)	—	—	—	(3,625)
Tax deficiency from share-based awards	(78)	—	—	—	(78)
Other financing activities	—	—	(10,100)	—	(10,100)
Cash flow used in financing activities	**(9,531)**	**—**	**(10,100)**	**—**	**(19,631)**
Net increase (decrease) in cash and cash equivalents	413	(9,757)	(27,728)	—	(37,072)
Cash and cash equivalents, beginning of the year	35	40,658	94,673	—	135,366
Cash and cash equivalents, end of the year	**$ 448**	**$ 30,901**	**$ 66,945**	**$ —**	**$ 98,294**

OPPNEHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operations:					
Net income (loss) for the year	$(13,138)	$ 6,837	$ 5,450	$ —	$ (851)
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Depreciation and amortization of office facilities and leasehold improvements	—	—	10,466	—	10,466
Deferred income taxes	—	—	(26,642)	—	(26,642)
Amortization of notes receivable	—	—	19,515	—	19,515
Amortization of debt issuance costs	639	—	—	—	639
Amortization of intangible assets	—	—	3,889	—	3,889
Amortization of mortgage servicing rights	—	—	3,200	—	3,200
Provision for (reversal of) credit losses	—	—	(292)	—	(292)
Share-based compensation expense	—	—	4,191	—	4,191
Reduction of excess of fair value of acquired assets over cost		(7,020)	—	—	(7,020)
Changes in operating assets and liabilities	18,551	31,959	(67,057)	—	(16,547)
Cash provided by (used in) continuing operations	**6,052**	**31,776**	**(47,280)**	**—**	**(9,452)**
Cash flows from investing activities					
Purchase of office facilities	—	—	(14,739)	—	(14,739)
Cash used in investing activities	**—**	**—**	**(14,739)**	**—**	**(14,739)**
Cash flows from financing activities					
Cash dividends paid on Class A non-voting and Class B voting common stock	(5,986)	—	—	—	(5,986)
Repurchase of Class A non-voting common stock for cancellation	(1,866)	—	—	—	(1,866)
Tax deficiency from share-based awards	(720)	—	—	—	(720)
Acquisition of non-controlling interest	—	(3,000)	—	—	(3,000)
Other financing activities	—	—	100,800	—	100,800
Cash flow provided by (used in) financing activities	**(8,572)**	**(3,000)**	**100,800**	**—**	**89,228**
Net increase (decrease) in cash and cash equivalents	(2,520)	28,776	38,781	—	65,037
Cash and cash equivalents, beginning of the year	2,555	11,882	55,892	—	70,329
Cash and cash equivalents, end of the year	**$ 35**	**$ 40,658**	**$ 94,673**	**$ —**	**$ 135,366**

OPPNEHEIMER HOLDINGS INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Expressed in thousands)	Parent	Guarantor subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operations:					
Net income (loss) for the year	$ (8,216)	$ 4,306	$ 16,527	$ —	$ 12,617
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Depreciation and amortization of office facilities and leasehold improvements	—	—	11,899	—	11,899
Deferred income taxes	—	—	(745)	—	(745)
Amortization of notes receivable	—	—	19,699	—	19,699
Amortization of debt issuance costs	553	—	433	—	986
Amortization of intangible assets	—	—	5,390	—	5,390
Amortization of mortgage servicing rights	—	—	2,444	—	2,444
Provision for (reversal of) credit losses	—	—	(168)	—	(168)
Share-based compensation expense	—	—	1,100	—	1,100
Changes in operating assets and liabilities	(173,276)	7,817	193,774	—	28,315
Cash provided by (used in) continuing operations	**(180,939)**	**12,123**	**250,353**	**—**	**81,537**
Cash flows from investing activities					
Acquisition, net of cash acquired					
Purchase of office facilities	—	—	(5,192)	—	(5,192)
Cash used in investing activities	**—**	**—**	**(5,192)**	**—**	**(5,192)**
Cash flows from financing activities					
Cash dividends paid on Class A non-voting and Class B voting common stock	(6,010)	—	—	—	(6,010)
Issuance of Class A non-voting common stock	337	—	—	—	337
Tax deficiency from share-based awards	(1,629)	—	—	—	(1,629)
Debt Issuance Cost	(4,565)	—	—	—	(4,565)
Issuance of senior secured note	200,000	—	—	—	200,000
Buy back of senior secured note	(5,000)	—	—	—	(5,000)
Repayments of subordinated note	—	—	(100,000)	—	(100,000)
Repayments of senior secured credit note	—	—	(22,503)	—	(22,503)
Other financing activities	—	—	(119,500)	—	(119,500)
Cash flow provided by (used in) financing activities	**183,133**	**—**	**(242,003)**	**—**	**(58,870)**
Net increase in cash and cash equivalents	2,194	12,123	3,158	—	17,475
Cash and cash equivalents, beginning of the year	361	(241)	52,734	—	52,854
Cash and cash equivalents, end of the year	**$ 2,555**	**$ 11,882**	**$ 55,892**	**$ —**	**$ 70,329**

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

None.

Item 9A. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a–15(e) of the Exchange Act. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or its internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision–making can be faulty and that break-downs can occur because of a simple error or omission. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost–effective control system, misstatements due to error or fraud may occur and not be detected.

The Company confirms that its management, including its Chief Executive Officer and its Chief Financial Officer, concluded that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in its reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Changes in Internal Control over Financial Reporting

No changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting, occurred during the quarter ended December 31, 2013.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are set forth in Part II, Item 8 of this Annual Report on Form 10-K.

Section 303A.12(a) CEO Certification

The Company submitted a Section 12(a) CEO Certification to the New York Stock Exchange on June 18, 2013 with respect to fiscal 2012.

Sarbanes-Oxley Act Section 302 CEO and CFO Certifications

The Company submitted the CEO and CFO Certifications required under Section 302 of the Sarbanes-Oxley Act as exhibits to its Annual Report on Form 10-K for the year ended December 31, 2012.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be contained under the caption "Election of Directors" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders. Information about compliance with Section 16(a) of the Securities Exchange Act of 1934 required by this form will be contained under the caption "Executive Compensation and Related Information - Section 16(a) Beneficial Ownership Reporting Compliance" in that proxy statement. That information is incorporated herein by reference.

STATEMENT OF CORPORATE GOVERNACE PRACTICES, WHISTLEBLOWER POLICY AND COMMITTEE CHARTERS

A copy of the Company's Statement of Corporate Governance Practices and its Whistleblower Policy, as well as copies of the Charters of the Audit Committee, Compensation and Stock Option Committee and Nominating/Corporate Governance Committee, are posted on the Company's website at www.opco.com. These documents are available at no charge and can be requested by writing to the Company at its head office or by making an email request to info@opco.com.

CODE OF ETHICS

The Company has adopted a Code of Conduct and Business Ethics for Directors, Officers and Employees, which can be found on its website at www.opco.com. This document is available at no charge and can be requested by writing to the Company at its head office or by making an email request to info@opco.com.

Item 11. EXECUTIVE COMPENSATION

The information required by this item will be contained under the caption "Executive Compensation and Related Information" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The information required by this item will be contained under the caption "Executive Compensation and Related Information - Security Ownership of Certain Beneficial Owners and Management" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The information required by this item will be contained under the caption "Executive Compensation and Related Information - Certain Relationships and Related Party Transactions" under the sub-heading "Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be contained under the caption “Appointment of Independent Registered Public Accounting Firm – Principal Accounting Fees and Services” in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (i) Financial Statements
See Item 8 (pages 70 to 141)

(ii) Financial Statement Schedules
Not Applicable.

(iii) Listing of Exhibits
The exhibits which are filed with this Form 10-K or are incorporated herein by reference are set forth in the Exhibit Index (pages 148 to 153)

(b) Exhibits
See the Exhibit Index included hereinafter on pages 148 to 153

(c) Financial Statement Schedules excluded from the annual report to stockholders
None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 7th day of March, 2014.

OPPENHEIMER HOLDINGS INC.

BY: /s/ Jeffrey J. Alfano
Jeffrey J. Alfano, Chief Financial Officer
(on behalf of the Registrant)

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

Signature	Title	Date
/s/ Jeffrey J. Alfano Jeffrey J. Alfano	Chief Financial Officer (Principal Financial and Accounting Officer)	March 7, 2014
/s/ R. Crystal R. Crystal	Director	March 7, 2014
/s/ W. Ehrhardt W. Ehrhardt	Director	March 7, 2014
/s/ M. Goldfarb M. Glodfarb	Director	March 7, 2014
/s/ M.A.M. Keehner M.A.M. Keehner	Director	March 7, 2014
/s/ A.G.Lowenthal A.G. Lowenthal	Chairman, Chief Executive Officer (Principal Executive Officer), Director	March 7, 2014
/s/ R.S. Lowenthal R.S. Lowenthal	Director	March 7, 2014
/s/ K.W. McArthur K.W. McArthur	Director	March 7, 2014
/s/ A.W. Oughtred A.W. Oughtred	Director	March 7, 2014
/s/ E.K. Roberts E.K. Roberts	Director	March 7, 2014

Unless designated by an asterisk indicating that such document has been filed herewith, the Exhibits listed below have been heretofore filed by the Company pursuant to Section 13 or 15(d) of the Exchange Act and are hereby incorporated herein by reference to the pertinent prior filing.

Number	Description	Page
2.1	Asset Purchase Agreement dated as of December 9, 2002 and Amendment No. 1 to the Asset Purchase Agreement dated as of January 2, 2003, by and among Fahnestock Viner Holdings Inc., Viner Finance Inc., Canadian Imperial Bank of Commerce and CIBC World Markets Corp. (previously filed as exhibits to Form 8-K dated January 17, 2003).	
2.2	Asset Management Acquisition Agreement dated as of January 2, 2003, by and among Fahnestock Viner Holdings Inc., Fahnestock & Co. Inc., Canadian Imperial Bank of Commerce and CIBC World Markets Corp. (previously filed as an exhibit to Form 8-K dated January 17, 2003).	
2.3	Amended and Restated Asset Purchase Agreement dated as of January 14, 2008, by and among Oppenheimer Holdings Inc., Oppenheimer & Co. Inc., Canadian Imperial Bank of Commerce, CIBC World Markets Corp. and Certain Other Affiliates of Canadian Imperial Bank of Commerce and Oppenheimer Holdings Inc. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).	
3.1	Certificate of Incorporation of Oppenheimer Holdings Inc., a Delaware corporation (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2009).	
3.2	By-Laws of Oppenheimer Holdings Inc., a Delaware corporation (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2009).	
3.3	Certificate of Corporate Domestication of Oppenheimer Holdings Inc., a Canadian corporation, as filed with the Secretary of State of the State of Delaware on May 11, 2009 (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2009).	
3.4	Certificate of Discontinuance of Oppenheimer Holdings Inc., a Canadian corporation, as filed with Corporations Canada on May 11, 2009 (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2009).	
3.5	Certificate of Continuance of Oppenheimer Holdings Inc. dated May 11, 2005 (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2005).	
3.6	Bylaws of Oppenheimer Holdings Inc. (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2005).	

4.1 Exchangeable Debenture dated January 6, 2003, issued by E. A. Viner International Co. to Canadian Imperial Bank of Commerce (previously filed as an exhibit to Form 8-K dated January 17, 2003).

4.2 Interim Exchangeable Debenture dated January 6, 2003, issued by E. A. Viner International Co. to Canadian Imperial Bank of Commerce (previously filed as an exhibit to Form 8-K dated January 17, 2003).

4.3 Exchangeable Debenture dated May 17, 2003, issued by E. A. Viner International Co. to Canadian Imperial Bank of Commerce (previously filed as an exhibit to Form 10-K for the year ended December 31, 2003).

4.4 Variable Rate Exchangeable Debenture, dated July 31, 2006, issued by E. A. Viner International Co. to Canadian Imperial Bank of Commerce. (previously filed as an Exhibit to Form 8-K dated August 3, 2006).

4.5 Amended and Restated Promissory Note dated January 15, 2003, made by Viner Finance Inc. for the benefit of CIBC World Markets Corp. (previously filed as an exhibit to Form 8-K dated January 17, 2003).

4.6 Warrant dated January 14, 2008 No. W-A1 (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

4.7 Registration Rights Agreement dated as of January 14, 2008, between Oppenheimer Holdings Inc. and Canadian Imperial Bank of Commerce (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.1 Fahnestock Viner Holdings Inc. 1996 Equity Incentive Plan, Amended and Restated as at May 17, 1999 (previously filed as an exhibit to Form S-8 dated May 15, 2000).

10.2 Fahnestock Viner Holdings Inc. 1996 Equity Incentive Plan Amendment No. 1 dated February 29, 2000 (previously filed as an exhibit to Form 10-K for the year ended December 31, 1999).

10.3 Fahnestock Viner Holdings Inc. 1996 Equity Incentive Plan Amendment No. 2 dated May 19, 2001 (previously filed as an exhibit to Form 10-K for the year ended December 31, 2001).

10.4 Fahnestock Viner Holdings Inc. 1996 Equity Incentive Plan Amendment No. 3 dated February 28, 2002 (previously filed as an exhibit to Form S-8 dated December 17, 2002).

10.5 Oppenheimer Holdings Inc. 1996 Equity Incentive Plan Amendment No. 4 dated February 26, 2004 (previously filed as an exhibit to Form S-8 dated July 28, 2004).

10.6 Oppenheimer Holdings Inc. 1996 Equity Incentive Plan Amendment No. 5 dated March 10, 2005 (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2005).

10.7 Employee Share Plan dated January 1, 2005 (previously filed as an exhibit filed to Form 10-Q for the quarterly period ended June 30, 2005).

10.8 Performance-Based Compensation Agreement between Oppenheimer Holdings Inc. and Albert G. Lowenthal dated March 15, 2005 (previously filed as an exhibit filed to Form 10-Q for the quarterly period ended June 30, 2005).

10.9 Oppenheimer Holdings Inc. 2006 Equity Incentive Plan effective December 11, 2006 (previously filed as an exhibit to Form S-8 dated October 29, 2007).

10.10 Clearing Agreement dated January 14, 2008 between CIBC World Markets Corp. and Oppenheimer & Co. Inc. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.11 Secured Credit Arrangement (Loan Trading Platform) dated as of January 14, 2008 by and among OPY Credit Corp., CIBC Inc., and Canadian Imperial Bank of Commerce (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.12 Subordinated Credit Agreement dated as of January 14, 2008 by and among E.A. Viner International Co., Canadian Imperial Bank of Commerce and CIBC World Markets Corp. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.13 Warehouse Facility Agreement dated as of January 14, 2008 by and among OPY Credit Corp. and Canadian Imperial Bank of Commerce (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.14 Service Agreement dated as of January 14, 2008, by and between CIBC Delaware Holdings Inc. and Oppenheimer & Co. Inc. together with Relocation from 300 Madison Avenue letter dated January 14, 2008 (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.15 Securities Purchase Agreement, dated as of July 31, 2006, by and among Oppenheimer Holdings Inc., E. A. Viner International Co. and Canadian Imperial Bank of Commerce. (previously filed as an Exhibit to Form 8-K dated August 3, 2006).

10.16 Senior Secured Credit Agreement, dated as of July 31, 2006, by and among E. A. Viner International Co., as borrower, and the other credit parties thereto from time to time, as guarantors, and the lenders party thereto from time to time, and Morgan Stanley Senior Funding, Inc., as administrative agent and syndication agent, and Morgan Stanley & Co. Incorporated, as collateral agent. (previously filed as an Exhibit to Form 8-K dated August 3, 2006).

10.17 Amendment No. 1 to Senior Secured Credit Agreement dated as of July 24, 2006 by and among E.A. Viner International Co., Oppenheimer Holdings Inc., Viner Finance Inc., and Morgan Stanley Senior Funding, Inc. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.18 Amendment No. 2 to Senior Secured Credit Agreement dated as of December 12, 2007, by and among E.A. Viner International Co., Oppenheimer Holdings Inc., Viner Finance Inc., and Morgan Stanley Senior Funding, Inc. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2007).

10.19 Pledge and Security Agreement, dated as of July 31, 2006, by and among E. A. Viner International Co., as borrower, and the other credit parties thereto from time to time, as guarantors, and Morgan Stanley & Co. Incorporated, as collateral agent. (previously filed as an Exhibit to Form 8-K dated August 3, 2006).

10.20 Third Amendment to Senior Secured Credit Agreement dated as of December 16, 2008, by and among E.A. Viner International Co., Oppenheimer Holdings Inc., Viner Finance Inc., each of the lenders party to the Existing Credit Agreement and Morgan Stanley Senior Funding, Inc., as administrative agent (previously filed as an Exhibit to Form 8-K dated December 16, 2008).

10.21 Agreement on Certain Outstanding Items, dated November 21, 2008, by and among Canadian Imperial Bank of Commerce, Oppenheimer Holdings Inc., Oppenheimer & Co. Inc. and E.A. Viner International Co. (previously filed as an Exhibit to Form 10-K for the year ended December 31, 2008).

10.22 Assurance of Discontinuance, dated February 23, 2010, between the Attorney General of the State of New York and Oppenheimer & Co. Inc.
(previously filed as an Exhibit to Form 8-K filed February 26, 2010).

10.23 Offer of Settlement, dated February 22, 2010, between the Commonwealth of Massachusetts Division of Securities and Oppenheimer & Co. Inc., Albert Lowenthal, Robert Lowenthal and Greg White (previously filed as an Exhibit to Form 8-K filed February 26, 2010).

10.24 Consent Order from the Commonwealth of Massachusetts Division of Securities dated February 26, 2010 (previously filed as an exhibit to Form 10-K for the year ended December 31, 2009).

10.25 Amended and Restated Performance-Based Compensation Agreement between Oppenheimer Holdings Inc. and Albert G. Lowenthal effective as of January 1, 2010 (previously filed as an exhibit to Form 10-K for the year ended December 31, 2010).

10.26 Indenture dated as of April 12, 2011 among Oppenheimer Holdings Inc., the subsidiary guarantors, The Bank of New York Mellon Trust Company, N.A., as Trustee and The Bank of New York Mellon Trust Company, as Collateral Agent (previously filed as an exhibit to Form 10-Q for the quarterly period ended March 31, 2011).

10.27 Registration Rights Agreement dated April 12, 2011 by and among Oppenheimer Holdings Inc., a Delaware corporation, E.A. Viner International Co., a Delaware corporation, Viner Finance Inc., a Delaware corporation and Morgan Stanley & Co. Incorporated, as representative of the several Initial Purchasers (previously filed as an exhibit to Form 10-Q for the quarterly period ended March 31, 2011).

10.28 Security Agreement by and among Oppenheimer Holdings Inc., as grantor, and each other grantor from time to time party thereto and the Bank of New York Mellon Trust Company, N.A., as Collateral Agent dated as of April 12, 2011 (previously filed as an exhibit to Form 10-Q for the quarterly period ended March 31, 2011).

10.29 Lease dated July 15, 2011 between 85 Broad Street LLC, Landlord and Viner Finance Inc., Tenant for premises at 85 Broad Street, New York, NY (previously filed as an exhibit to Form 10-Q for the quarterly period ended June 30, 2010).

10.30 First Amendment to Agreement of Lease dated January 29, 2013 between 85 Broad Street LLC, Landlord and Viner Finance Inc., Tenant for premises at 85 Broad Street, New York, NY (previously filed as an exhibit to Form 10-K for the year ended December 31, 2012).

10.31 Form of Indemnification Agreement between Oppenheimer Holdings Inc. and the directors of Oppenheimer Holdings Inc., as the Indemnified Party, dated as of October 25, 2012. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2012).

10.32 Form of Indemnification Agreement between Oppenheimer Holdings Inc. and the officers of Oppenheimer Holdings Inc., as the Indemnified Party, dated as of October 25, 2012. (previously filed as an exhibit to Form 10-K for the year ended December 31, 2012).

10.33 Oppenheimer & Co. Inc. Executive Deferred Compensation Plan (As Amended and Restated Effective January 1, 2005) (As Further Amended and Restated with respect to Specific Elective Accounts Effective as of March 1, 2013) (previously filed as an exhibit to Form 10-K for the year ended December 31, 2012).

10.34 Oppenheimer Holdings Inc. 2014 Incentive Plan (filed herewith).

12 Oppenheimer Holdings Inc. Computation of Ratio of Earnings to Fixed Charges (filed herewith).

14 Oppenheimer Holdings Inc. and Oppenheimer & Co. Inc. Code of Conduct and Business Ethics for Directors, Officers and Employees (previously filed as an exhibit to Form 10-Q for the quarterly period ended March 31, 2011).

23.1 Consent of independent accountants (filed herewith).

23.2 Consent of independent accountants (filed herewith).

31.1 Certification signed by A.G. Lowenthal (filed herewith).

31.2 Certification signed by Jeffrey J. Alfano (filed herewith).

32.1 Certification pursuant to 18 U.S.C. Section 1350 signed by A.G. Lowenthal (filed herewith).

32.2 Certification pursuant to 18 U.S.C. Section 1350 signed by Jeffrey J. Alfano (filed herewith).

101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012, (ii) the Consolidated Statements of Operations for the three years ended December 31, 2013, 2012 and 2011, (iii) the Consolidated Statements of Comprehensive Income (Loss) for the three years ended December 31, 2013, 2012 and 2011, (iv) the Consolidated Statements of Changes in Stockholders' Equity for the three years ended December 31, 2013, 2012 and 2011, (v) the Consolidated Statements of Cash Flows for the three years ended December 31, 2013, 2012 and 2011, and (vi) the notes to the Consolidated Financial Statements.*

* This information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

EXHIBIT 10.34

OPPENHEIMER HOLDINGS INC.
2014 INCENTIVE PLAN
(Effective February 26, 2014)

ARTICLE I

PURPOSE

The purpose of the Oppenheimer Holdings Inc. 2014 Incentive Plan (Effective February 26, 2014) (the "Plan") is to enhance the profitability and value of Oppenheimer Holdings Inc. (the "Company") for the benefit of its stockholders by enabling the Company to offer employees and non-employee directors of the Company and its Affiliates (as defined below), additional compensation incentives for high levels of performance and productivity, and align the interests of such employees and non-employee directors with those of the stockholders of the Company. The Plan is effective as of the Effective Date (as defined below), subject to the approval of the Plan by the Company's Class B stockholders within 12 months of the Effective Date in accordance with Section 422 of the Code (as defined below).

From and after the Effective Date, the Plan shall replace and supersede each of the Prior Plans (as defined below), and no additional awards shall be made under the Prior Plans, although outstanding awards previously made under the Prior Plans shall continue to be governed by the terms of the applicable Prior Plan. Shares that are subject to outstanding awards under the Prior Plans that expire, are forfeited or otherwise terminate unexercised may be subjected to new Awards (as defined below) under the Plan as provided in Article IV.

ARTICLE II

DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1. "2005 ESP" shall have the meaning set forth in Article XV.

2.2. "2006 Plan" shall have the meaning set forth in Article XV.

2.3. "Acquisition Event" shall mean a merger or consolidation in which the Company is not the surviving entity, any transaction that results in the acquisition of all or substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons or entities acting in concert, or the sale or transfer of all or substantially all of the Company's assets.

2.4. "Affiliate" shall mean, other than the Company, (i) any corporation in an unbroken chain of corporations beginning with the Company which owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; (ii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is controlled fifty percent (50%) or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company and/or its Affiliates; or (iii) any other entity, approved by the Committee as an Affiliate under the Plan, in which the Company or any of its Affiliates has a material equity interest.

2.5. "Appreciation Award" shall mean any Award under the Plan of any Stock Option or Other Stock-Based Award, provided that such Other Stock-Based Award is based on the appreciation in value of a share of the Common Stock in excess of an amount equal to at least the Fair Market Value of a share of the Common Stock on the date such Other Stock-Based Award is granted.

2.6. "Award" shall mean any award of Stock Options, Restricted Stock, Other Stock-Based Awards or Performance-Based Cash Award granted under the Plan on or after the Effective Date. All Awards shall be confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant or, in the discretion of the Committee, a grant letter from the Company.

2.7. "Board" shall mean the Board of Directors of the Company.

2.8. "Cause" shall mean, with respect to a Participant's Termination (unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee), any of the following: (i) willful malfeasance, willful misconduct or gross negligence by the Participant in connection with his or her duties, (ii) continuing refusal by a Participant to perform his or her duties under any lawful direction of his or her supervisor or the Board after notice of any such refusal to perform such duties or direction was given to such Participant, (iii) any willful and material breach of fiduciary duty owing to the Company or its Affiliates by the Participant, (iv) the Participant's conviction of a felony or any other crime resulting in pecuniary loss to the Company or its Affiliates (including, but not limited to, theft, embezzlement or fraud) or involving moral turpitude, or (v) the Participant's on-duty intoxication or confirmed positive illegal drug test result.

2.9. "Change in Control" shall have the meaning set forth in Article XI.

2.10. "Change in Control Price" shall have the meaning set forth in Article XI.

2.11. "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.12. "Committee" shall mean (a) with respect to the application of the Plan to Eligible Employees and consultants, a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of two or more non-employee directors, each of whom is intended to be (i) to the extent required by Rule 16b-3, a "non-employee director" as defined in Rule 16b-3; (ii) to the extent required by Section 162(m) of the Code, an "outside director" as defined under Section 162 (m) of the Code; and (iii) as applicable, an "independent director" as defined under the NYSE Listed Company Manual Rule 303A.02 or other applicable stock exchange rules; and (b) with respect to the application of the Plan to Non-Employee Directors, the Board. Notwithstanding the foregoing, if and to the extent that no Committee exists that has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3 or Section 162(m) of the Code, such noncompliance shall not affect the validity of the awards, grants, interpretations or other actions of the Committee.

2.13. "Common Stock" shall mean, subject to Article IV hereof, the Class A non-voting common stock, $0.001 par value per share, of the Company.

2.14. "Company" shall mean Oppenheimer Holdings Inc. and any successors and assigns.

2.15. "Disability" shall mean, with respect to a Participant's Termination, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for an Award that

provides for payment or settlement triggered upon a Disability and that constitutes a Section 409A Covered Award, the foregoing definition shall apply for purposes of vesting of such Award, provided that for purposes of payment or settlement of such Award, such Award shall not be paid (or otherwise settled) until the earliest of: (A) the Participant's "disability" within the meaning of Section 409A(a)(2)(C)(i) or (ii) of the Code, (B) the Participant's "separation from service" within the meaning of Section 409A of the Code and (C) the date such Award would otherwise be settled pursuant to the terms of the Award agreement.

2.16. "Effective Date" shall have the meaning set forth in Article XV.

2.17. "Eligible Employees" shall mean each employee of the Company and its Affiliates who is eligible pursuant to Article V to be granted Awards under the Plan. Notwithstanding the foregoing, with respect to the grant of Incentive Stock Options, Eligible Employees shall mean each employee of the Company and its Subsidiaries who is eligible pursuant to Article V to be granted Incentive Stock Options under the Plan.

2.18. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder. Any reference to any section of the Exchange Act shall also be a reference to any successor provision.

2.19. "Exercisable Awards" shall mean any Award under the Plan of any Stock Option and any Other Stock Based Award that provides for a Participant-elected exercise.

2.20. "Fair Market Value" for purposes of the Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, shall mean, as of any date, (a) the closing price per share of the Common Stock on the applicable date, (i) as reported by the principal national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the Financial Industry Regulatory Authority, or (b) if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted. Notwithstanding the foregoing, to the extent consistent with the requirements of Section 422 or 409A of the Code, as applicable, the Committee may modify the definition of Fair Market Value to reflect any changes in the trading practices of any exchange on which the Common Stock is listed or traded. For purposes of the grant of any Award, the applicable date shall be the date as of which the Award is granted; provided that such date shall in no event be prior to the date the Committee makes the determination to grant the Award. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a day on which the applicable market is open, the next day that it is open. Notwithstanding the foregoing, if the Committee determines that such closing price does not properly reflect the fair market value of a share of the Common Stock, the Fair Market Value shall be determined by the Committee using such method as it deems reasonable and consistent with the applicable requirements of the Code and the regulations issued thereunder, including without limitation the requirements of Section 422 or 409A of the Code, as applicable. If the Common Stock is not traded, listed or otherwise reported or quoted, then Fair Market Value means the fair market value of a share of the Common Stock as determined by the Committee in good faith in whatever manner it considers appropriate taking into account the requirements of Section 409A or Section 422 of the Code, as applicable.

2.21. "Incentive Stock Option" shall mean any Stock Option awarded to an Eligible Employee under the Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.22. "Individual Target Award" shall have the meaning set forth in Section 9.1.

2.23. "Non-Employee Director" shall mean a director of the Company or any of its Affiliates who is not an active employee of the Company or an Affiliate.

2.24. "Non-Qualified Stock Option" shall mean any Stock Option awarded under the Plan that is not an Incentive Stock Option.

2.25. "Other Stock-Based Award" shall mean an Award under Article VIII of the Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock, including, without limitation, an Award valued by reference to an Affiliate.

2.26. "Participant" shall mean an Eligible Employee or Non-Employee Director to whom an Award has been made pursuant to the Plan.

2.27. "Performance-Based Cash Award" shall mean a cash Award under Article IX that is payable or otherwise based on the attainment of certain pre-established Performance Goals during a Performance Period.

2.28. "Performance Goal" shall mean the performance goals described on Exhibit A. Notwithstanding anything herein to the contrary, the Committee may establish the same or different Performance Goals for any one or more types of Awards granted under the Plan (whether granted alone, in addition to or in tandem with other Awards).

2.29. "Performance Period" shall mean each fiscal year of the Company or such other period (as specified by the Committee) over which the attainment of Performance Goals is measured.

2.30. "Performance Share" shall mean an Other Stock-Based Award of the right to receive a number of shares of Common Stock or cash of an equivalent value at the end of a specified Performance Period.

2.31. "Performance Unit" shall mean an Other Stock-Based Award of the right to receive a fixed dollar amount, payable in cash or Common Stock or a combination of both, at the end of a specified Performance Period.

2.32. "Person" shall mean any individual, entity (including any employee benefit plan or any trust for an employee benefit plan) or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision).

2.33. "Prior Plans" shall have the meaning set forth in Article XV.

2.34. "Restricted Stock" shall mean an award of Common Stock that is subject to Article VII.

2.35. "Restriction Period" shall have the meaning set forth in Section 7.1.

2.36. "Rule 16b-3" shall mean Rule 16b-3 under Section 16(b) of the Exchange Act.

2.37. "Section 162(m) of the Code" shall mean the exception for performance-based compensation under Section 162(m) of the Code and any Treasury regulations thereunder.

2.38. "Section 409A of the Code" shall mean the nonqualified deferred compensation rules under Section 409A of the Code and any applicable Treasury regulations thereunder.

2.39. "Securities Act" shall mean the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.40. "Stock Option" or "Option" shall mean any Option to purchase shares of Common Stock granted to Eligible Employees or Non-Employee Directors pursuant to Article VI.

2.41. "Subsidiary" shall mean any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.42. "Ten Percent Stockholder" shall mean a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its Subsidiaries.

2.43. "Termination" shall mean a Termination of Directorship or Termination of Employment, as applicable.

2.44. "Termination of Directorship" shall mean, subject to the next sentence, with respect to a Non-Employee Director, that the Non-Employee Director is no longer serving as a director of the Company or an Affiliate. In the event that a Non-Employee Director becomes an Eligible Employee upon the termination of his or her directorship, unless otherwise determined by the Committee, in its sole and absolute discretion, no Termination of Directorship shall be deemed to occur until such time as such Non-Employee Director is no longer an Eligible Employee or a Non-Employee Director. The Committee may otherwise define Termination of Directorship in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Directorship thereafter.

2.45. "Termination of Employment" shall mean, subject to the next sentence: (a) a termination of service (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and/or its Affiliates; or (b) an entity that is employing a Participant has ceased to be an Affiliate, unless the Participant thereupon becomes employed by the Company or another Affiliate. In the event that an Eligible Employee becomes a consultant or a Non-Employee Director upon the termination of his or her employment, unless otherwise determined by the Committee, in its sole and absolute discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a consultant or a Non-Employee Director. The Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.46. "Transfer" or "Transferred" shall mean anticipate, alienate, attach, sell, assign, pledge, encumber, charge or otherwise transfer.

ARTICLE III

ADMINISTRATION

3.1. The Committee.

The Plan shall be administered and interpreted by the Committee.

3.2. Awards.

The Committee shall have full authority to grant, pursuant to the terms of the Plan, Awards to Eligible Employees and Non-Employee Directors. In particular, the Committee shall have the authority:

(a) to select the Eligible Employees and Non-Employee Directors to whom Awards may from time to time be granted hereunder;

(b) to determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more Eligible Employees and Non-Employee Directors;

(c) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the share price, any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award, and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole and absolute discretion);

(e) to determine whether and under what circumstances a Stock Option may be settled in cash and/or Common Stock under Subsection 6.3(d);

(f) to the extent permitted by law, to determine whether, to what extent and under what circumstances to provide loans (which shall be on a recourse basis and shall bear a reasonable rate of interest) to Eligible Employees or Non-Employee Directors in order to purchase shares of Common Stock under the Plan;

(g) to modify, extend or renew an Award, subject to Sections 12.1(iv) and 6.3(f) hereof;

(h) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option; and

(i) to determine whether to require an Eligible Employee or Non-Employee Director, as a condition of the granting of an Award, not to sell or otherwise dispose of shares acquired pursuant to the exercise of an Option for a period of time as determined by the Committee, in its sole and absolute discretion, following the date of the acquisition of such Option.

3.3. Guidelines.

(a) Subject to Article XII hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its administrative responsibilities (to the extent permitted by applicable law, rules or regulations), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to carry the Plan into effect. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3 and with respect to Awards intended to be “performance-based,” the applicable provisions of Section 162(m) of the Code and shall be limited, construed and interpreted in a manner so as to comply therewith.

(b) Without limiting the foregoing, the Committee shall have the authority to establish special guidelines, provisions and procedures applicable to Awards granted to persons who are residing or employed in, or subject to, the taxes of, countries other than the United States to accommodate differences in applicable tax, securities or other local law. The Committee may adopt supplements or amendments to the Plan to reflect the specific requirements of local laws and procedures of non-United States jurisdictions without affecting the terms of the Plan as then in effect for any other purposes.

3.4. Decisions Final.

Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5. Procedures.

If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as the Committee shall deem advisable, including, without limitation, by telephone conference or by written consent. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the By-Laws of the Company, shall be fully effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6. Designation of Consultants/Liability.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan (to the extent permitted by applicable law and applicable exchange rules) and may grant authority to officers to grant Awards or execute agreements or other documents on behalf of the Committee, provided that any such officer who has authority to grant Awards may not grant Awards to himself or herself.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to paragraph (a) above shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer or former officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it. To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer or former officer and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Company against any cost or expense

(including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such officer's or former officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employee, officer, director or member or former employee, officer, director or member may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her under the Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

4.1. Shares.

(a) *General Limitation.* Subject to Section 4.2, the aggregate number of shares of Common Stock that may be the subject of Awards under the Plan shall not exceed 877,290 shares (which includes 49,571 shares previously authorized but unissued under the 2006 Plan and 827,719 shares previously authorized but unissued under the 2005 ESP) which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both, plus the number of shares previously authorized and issued under the Prior Plans and outstanding under such Prior Plans on the Effective Date. Any underlying shares of Common Stock in respect of any awards made under the Prior Plans or the Plan that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such shares of Common Stock shall again be available for issuance or payments of Awards under the Plan. If any Option or Other Stock-Based Award that is an Appreciation Award granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying such unexercised or repurchased Award shall again be available for the purposes of Awards under the Plan. The number of shares of Common Stock available for the purpose of Awards under the Plan shall be reduced by (i) the total number of Stock Options or Other Stock-Based Awards (subject to exercise) that have been exercised, regardless of whether any of the shares of Common Stock underlying such Awards are not actually issued to the Participant as the result of a net settlement, and (ii) any shares of Common Stock used to pay any exercise price or tax withholding obligation with respect to any Award. In addition, the Company may not use the cash proceeds it receives from Stock Option exercises to repurchase shares of Common Stock on the open market for reuse under the Plan.

(b) *Individual Participant Limitations.*

(i) The maximum number of shares of Common Stock that may be made subject to Stock Options, Restricted Stock or Other Stock-Based Awards denominated in shares of Common Stock granted to each Eligible Employee during any fiscal year of the Company is 500,000 shares per type of Award (subject to increase or decrease pursuant to Section 4.2); provided that the maximum number of shares of Common Stock for all types of Awards during any fiscal year of the Company that may be granted to each Eligible Employee is 800,000 shares (subject to increase or decrease pursuant to Section 4.2).

(ii) The aggregate amount of compensation to be paid to any one Participant in respect of all Other Stock-Based Awards denominated in dollars and Performance-Based Cash Awards, and granted to such Participant in any one calendar year, shall not exceed $10 million; and any Awards that are cancelled during the year shall be counted against this limit to the extent required by Section 162(m) of the Code.

4.2. Changes.

(a) The existence of the Plan and the Awards shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate, (vi) any Section 4.2 Event or (vii) any other corporate act or proceeding.

(b) Subject to the provisions of Section 4.2(d), in the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, merger, consolidation, spin off, split off, reorganization or partial or complete liquidation, issuance of rights or warrants to purchase Common Stock or securities convertible into Common Stock, sale or transfer of all or part of the Company's assets or business, or other corporate transaction or event that would be considered an "equity restructuring" within the meaning of FASB ASC Topic 718 (each, a "Section 4.2 Event"), then (i) the aggregate number or kind of shares that thereafter may be issued under the Plan, (ii) the number or kind of shares or other property (including cash) subject to an Award, (iii) the purchase or exercise price of Awards, or (iv) the individual Participant limits set forth in Section 4.1(b) (other than cash limitations) shall be adjusted by the Committee as the Committee determines, in good faith, to be necessary or advisable to prevent substantial dilution or enlargement of the rights of Participants under the Plan. In connection with any Section 4.2 Event, the Committee may provide for the cancellation of outstanding Awards and payment in cash or other property in exchange therefor. In addition, subject to Section 4.2(d), in the event of any change in the capital structure of the Company that is not a Section 4.2 Event (an "Other Extraordinary Event"), then the Committee may make the adjustments described in clauses (i) through (iv) above as it determines, in good faith, to be necessary or advisable to prevent substantial dilution or enlargement of the rights of Participants under the Plan. Notice of any such adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be binding for all purposes of the Plan. Except as expressly provided in this Section 4.2(b) or in the applicable Award agreement, a Participant shall have no rights by reason of any Section 4.2 Event or any Other Extraordinary Event. Notwithstanding the foregoing, (x) any adjustments made pursuant to Section 4.2(b) to Awards that are considered "non-qualified deferred compensation" within the meaning of Section 409A shall be made in a manner intended to comply with the requirements of Section 409A; and (y) any adjustments made pursuant to Section 4.2(b) to Awards that are not considered "non-qualified deferred compensation" subject to Section 409A shall be made in a manner intended to ensure that after such adjustment, the Awards either (A) continue not to be subject to Section 409A or (B) comply with the requirements of Section 409A.

(c) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding.

(d) Upon the occurrence of an Acquisition Event, the Board may, in its sole and absolute discretion, terminate all outstanding Exercisable Awards effective as of the date of the Acquisition Event, by delivering notice of termination to each Participant at least 20 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of his or her Exercisable Awards that are then outstanding (whether vested or not vested and without regard to any limitations on exercisability otherwise contained in the Award agreements), but any such exercise shall be contingent on the occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void and the applicable provisions of Section 4.2(b) and Article XI shall apply. For the avoidance of doubt, in the event of an Acquisition Event, the Board may terminate any Exercisable Award for which the exercise price is equal to or exceeds the Fair Market Value on the date of the Acquisition Event without payment of consideration therefor. If an Acquisition Event occurs but the Board does not terminate the outstanding Awards pursuant to this Section 4.2(d), then the provisions of Section 4.2(b) and Article XI shall apply. For the avoidance of doubt, any determination made by the Board under this Section 4.2(d) shall be completely discretionary, and the Board shall have no obligation whatsoever under any circumstances to exercise such discretion or take any other action under this Section 4.2(d).

4.3. Minimum Purchase Price.

Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under the Plan, such shares shall not be issued for a consideration which is less than permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1. General Eligibility.

All Eligible Employees and Non-Employee Directors of the Company and its Affiliates shall be eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole and absolute discretion. Notwithstanding anything herein to the contrary, no Option under which a Participant may receive Common Stock may be granted under the Plan to an Eligible Employee or Non-Employee Director of the Company or any of its Affiliates if such Common Stock does not constitute “service recipient stock” for purposes of Section 409A of the Code with respect to such Eligible Employee or Non-Employee Director, unless such Option is structured in a manner intended to comply with, or be exempt from, Section 409A of the Code.

5.2. Incentive Stock Options.

Only employees of the Company and its Subsidiaries shall be eligible for grants of Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee in its sole and absolute discretion.

ARTICLE VI

STOCK OPTIONS

6.1. Options.

Each Stock Option granted hereunder shall be one of two types: (i) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (ii) a Non-Qualified Stock Option.

6.2. Grants.

Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options or any combination thereof. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not so qualify, shall constitute a separate Non-Qualified Stock Option. The Committee shall have the authority to grant any Non-Employee Director one or more Non-Qualified Stock Options.

6.3. Terms of Options.

Options granted under the Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) *Exercise Price*. The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value of a share of the Common Stock at the time of grant; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price shall be no less than 110% of the Fair Market Value of a share of Common Stock.

(b) *Option Term*. The term of each Stock Option shall be fixed by the Committee, but no Stock Option granted hereunder shall be exercisable more than ten (10) years after the date the Option is granted; provided, however, the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed five (5) years.

(c) *Exercisability*. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that it is exercisable only in installments or within certain time periods), the Committee may waive limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which Options may be exercised), based on such factors, if any, as the Committee shall determine, in its sole and absolute discretion provided, that, unless otherwise determined by the Committee at grant, the grant shall provide that as a condition of the exercise of an Option, the Participant shall be required to certify at the time of exercise in a manner acceptable to the Company that the Participant is in compliance with the terms and conditions of the Plan.

(d) *Method of Exercise*. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, to the extent vested, a Stock Option may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company specifying the number of shares of Common Stock to be purchased. Such notice shall be in a form acceptable to the Company and shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the

Company; (ii) through the delivery to the Company of shares of Common Stock owned by the Participant (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of a share of the Common Stock on the payment date; (iii) solely to the extent permitted by applicable law and unless otherwise determined by the Committee, if the Common Stock is traded on a national securities exchange or quoted on a national quotation system sponsored by the Financial Industry Regulatory Authority, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price; (iv) unless otherwise determined by the Committee, through a reduction in the number of shares of Common Stock issuable upon exercise based on the Fair Market Value of a share of the Common Stock on the payment date; (v) on such other terms and conditions as may be acceptable to the Committee; or (vi) any combination of the foregoing. No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) *Incentive Stock Option Limitations*. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the shares of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and/or any other stock option plan of the Company, any Subsidiary or any parent corporation (within the meaning of Section 424(e) of the Code) exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any parent corporation (within the meaning of Section 424(e) of the Code) at all times from the time an Incentive Stock Option is granted until three (3) months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option.

(f) *Form, Modification, Extension and Renewal of Options*. Subject to the terms and conditions and within the limitations of the Plan, an Option shall be evidenced by such form of agreement as is approved by the Committee, and the Committee may (i) subject to Section 12.1(iv), modify, extend or renew outstanding Options granted under the Plan (provided that the rights of a Participant are not reduced without his or her consent and provided that such action does not extend the Stock Option beyond its stated term), and (ii) accept the surrender of outstanding Options (up to the extent not theretofore exercised) and authorize the granting of new Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option, (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

(g) *Other Terms and Conditions*. Options may contain such other provisions, which shall not be inconsistent with any of the foregoing terms of the Plan, as the Committee shall deem appropriate.

6.4. Termination.

The following rules apply with regard to Options upon the Termination of a Participant, unless otherwise determined by the Committee at grant or, if no rights of the Participant or in the case of his death, his estate, are reduced thereafter.

(a) *Termination by Reason of Death or Disability*. If a Participant's Termination is by reason of death or Disability, any Stock Option held by such Participant that is vested and exercisable on the date of such termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year after the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Option.

(b) *Termination Other than for Cause.* If a Participant's Termination is for any reason other than for Cause, death or Disability, any Stock Option held by such Participant that is vested and exercisable on the date of such termination may be exercised by the Participant at any time within a period of ninety (90) days after the date of such termination, but in no event beyond the expiration of the stated term of such Stock Option.

(c) *Termination for Cause.* In the event the Participant's Termination is for Cause or is a voluntary termination after the occurrence of an event which would be grounds for Termination by the Company for Cause (without regard to any notice or cure period requirement), any and all Stock Options (whether vested or not vested) that are held by the Participant at the time of occurrence of the event which would be grounds for Termination by the Company for Cause shall terminate and expire on the date of such termination.

(d) *Voluntary Termination.* If a Participant's Termination is voluntary (other than a voluntary Termination described in Section 6.4(c) above), all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant's Termination may be exercised by the Participant at any time on or prior to the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(e) *Unvested Stock Options.* Any Stock Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire on the date of such Termination.

ARTICLE VII

RESTRICTED STOCK

7.1. Awards of Restricted Stock.

Restricted Stock may be issued to all eligible Participants pursuant to Article V of the Plan either alone or in addition to other Awards granted under the Plan. The Committee shall determine the eligible Participants to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the purchase price (if any) to be paid by the Participant (subject to Section 7.3), the time or times at which such Awards may be subject to forfeiture (if any), the vesting schedule (if any) and rights to acceleration thereof, and all other terms and conditions of the Awards. The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance targets (including, the Performance Goals specified in Exhibit A hereto) or such other factors as the Committee may determine, in its sole and absolute discretion, including to comply with the requirements of the "performance based" compensation exception under Section 162(m) of the Code. Unless otherwise determined by the Committee, the Participant shall not be permitted to transfer shares of Restricted Stock awarded under the Plan during a period set by the Committee (if any) (the "Restriction Period") commencing with the date of such Award, as set forth in the applicable Award agreement.

7.2. Objective Performance Goals, Formulae or Standards.

Notwithstanding the foregoing, if an Award of Restricted Stock is intended to comply with the "performance based" compensation exception under Section 162(m) of the Code and if the grant of such Award or the lapse of restrictions is based on the attainment of Performance Goals, the Committee shall

establish the objective Performance Goals and the applicable number of shares of Restricted Stock to be granted or the applicable vesting percentage of the Restricted Stock applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals are substantially uncertain and that is permitted under Section 162(m) of the Code with regard to Restricted Stock that is intended to comply with the "performance based" compensation exception under Section 162(m) of the Code. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including dispositions and acquisitions) and other similar events or circumstances. With regard to Restricted Stock that is intended to comply with the "performance based" compensation exception under Section 162(m) of the Code, the applicable performance target shall be based on one or more of the Performance Goals set forth in Exhibit A hereto.

7.3. Awards and Certificates.

A Participant selected to receive an Award of Restricted Stock shall not have any rights with respect to such Award, unless and until such Participant has delivered a fully executed copy of the Award agreement evidencing the Award to the Company and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

(a) *Purchase Price*. The purchase price of Restricted Stock, if any, shall be fixed by the Committee. In accordance with Section 4.3, the purchase price for shares of Restricted Stock may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

(b) *Legend*. Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

"The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Oppenheimer Holdings Inc. (the "Company") 2014 Incentive Plan (Effective February 26, 2014) (the "Plan"), and an Award agreement entered into between the registered owner and the Company dated _____. Copies of such Plan and Award agreement are on file at the principal office of the Company."

(c) *Custody.* If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that such stock certificates be held in custody by the Company until the restrictions on the shares have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Award.

(d) *Rights as Stockholder*. Except as provided in this subsection and subsection (d) above and as otherwise determined by the Committee, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company including, without limitation, the right to receive any dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares. Notwithstanding the foregoing, the payment of dividends shall be deferred until, and conditioned upon, the expiration of the applicable Restriction Period, unless the Committee, in its sole and absolute discretion, specifies otherwise at the time of the Award.

(e) *Lapse of Restrictions.* If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, the certificates for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant except as otherwise required by applicable law or other limitations imposed by the Committee. Notwithstanding the foregoing, actual certificates shall not be issued to the extent that book entry recordkeeping is used.

(f) *Termination.* Unless otherwise determined by the Committee at grant or thereafter, upon a Termination for any reason during the relevant Restriction Period, all Restricted Stock still subject to restriction shall be forfeited.

ARTICLE VIII

OTHER STOCK-BASED AWARDS

8.1. Other Stock-Based Awards.

The Committee, in its sole and absolute discretion, is authorized to grant to Eligible Employees and Non-Employee Directors Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock, including but not limited to, shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, stock equivalent units, restricted stock units, Performance Shares, Performance Units, deferred stock, deferred stock units, and Awards valued by reference to book value of shares of Common Stock. To the extent permitted by law, the Committee may, in its sole and absolute discretion, permit Eligible Employees and/or Non-Employee Directors to defer all or a portion of their cash compensation in the form of Other Stock-Based Awards granted under the Plan, subject to the terms and conditions of any deferred compensation arrangement established by the Company, which shall be structured in a manner intended to comply with Section 409A of the Code. Other Stock-Based Awards may be granted alone, in addition to or in tandem with other Awards granted under the Plan.

Subject to the provisions of the Plan, the Committee shall, in its sole and absolute discretion, have authority to determine the Eligible Employees and Non-Employee Directors of the Company and its Affiliates, to whom, and the time or times at which, such Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Common Stock under such Awards upon the completion of a specified Performance Period.

The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of specified performance targets (including, the Performance Goals specified in Exhibit A attached hereto) or such other factors as the Committee may determine, in its sole and absolute discretion, including to comply with the requirements of the “performance based” compensation exception under Section 162(m) of the Code. Notwithstanding the foregoing, if an Other Stock-Based Award is intended to comply with the “performance based” compensation exception under Section 162(m) of the Code and if the grant of such Other Stock-Based Award or the lapse of restrictions is based on the attainment of Performance Goals, the Committee shall establish the objective Performance Goals and the applicable vesting percentage of the Other Stock-Based Award applicable to each Participant or class of Participants

in writing prior to the beginning of the applicable Performance Period or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals are substantially uncertain and that is permitted under Section 162(m) of the Code with regard to an Other Stock-Based Award that is intended to comply with the "performance based" compensation exception under Section 162(m) of the Code. With regard to an Other Stock-Based Award that is intended to comply with the "performance based" compensation exception under Section 162(m) of the Code, the applicable performance target shall be based on one or more of the Performance Goals set forth in Exhibit A hereto.

8.2. Terms and Conditions.

Other Stock-Based Awards made pursuant to this Article VIII shall be subject to the following terms and conditions:

(a) *Non-Transferability*. Subject to the applicable provisions of the Award agreement and the Plan, shares of Common Stock subject to Awards made under this Article VIII may not be Transferred prior to the date on which the underlying shares of Common Stock are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) *Dividends*. The Board shall determine to what extent, and under what conditions, the Participant shall have the right to receive dividends, dividend equivalents or other distributions (collectively, "Dividends") with respect to shares of Common Stock covered by Other Stock-Based Awards; provided that, unless otherwise determined by the Board, no Participant shall have the right to receive Dividends with respect to any Other Stock-Based Awards; provided, further, however, that, with respect to any Other Stock-Based Award that is intended to comply with Section 162(m) of the Code, any such determination shall be made by the Committee. Dividends with respect to unvested Other Stock-Based Awards shall be subject to forfeiture under the same conditions as applicable to the underlying Other Stock-Based Awards. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan and, except as otherwise determined by the Board or Committee (as applicable), shall not accrue interest. Such Dividends shall be paid to the Participant in the same form as paid on the Common Stock or such other form as is determined by the Board or Committee (as applicable) upon the lapse of the restrictions.

(c) *Vesting*. Any Award under this Article VIII and any Common Stock covered by any such Award shall vest or be forfeited to the extent so provided in the Award agreement, as determined by the Committee, in its sole and absolute discretion. At the expiration of any applicable Performance Period, the Committee shall determine the extent to which the relevant performance goals are achieved and the portion of each Other Stock-Based Award that has been earned. The Committee may, at or after grant, accelerate the vesting of all or any part of any Other Stock-Based Award.

(d) *Price.* Common Stock issued on a bonus basis under this Article VIII may be issued for no cash consideration; Common Stock purchased pursuant to a purchase right awarded under this Article VIII shall be priced, as determined by the Committee in its sole and absolute discretion. The exercise or base price per share of Common Stock subject to an Other Stock-Based Award that is an Appreciation Award shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value of a share of the Common Stock at the time of grant.

(e) *Payment*. Following the Committee's determination in accordance with subsection (c) above, shares of Common Stock or, as determined by the Committee, the cash equivalent of such shares shall be delivered to the Participant, or his legal representative, in an amount equal to such

individual's earned Other Stock-Based Award. Notwithstanding the foregoing, the Committee may exercise negative discretion by providing in an Other Stock-Based Award the discretion to pay an amount less than otherwise would be provided under the applicable level of attainment of the performance goals or subject the payment of all or part of any Other Stock-Based Award to additional vesting, forfeiture and deferral conditions as it deems appropriate. Form of payment for the Other Stock-Based Award shall be specified in the Award agreement and may be in shares of Common Stock.

(f) *Termination.* Upon a Participant's Termination for any reason during the Performance Period, the Other Stock-Based Awards will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant or, if no rights of the Participant are reduced, thereafter.

ARTICLE IX

PERFORMANCE-BASED CASH AWARDS

9.1. Performance-Based Cash Awards. The Committee shall have authority to determine the Eligible Employees to whom, and the time or times at which, Performance-Based Cash Awards shall be made, the dollar amount to be awarded pursuant to such Performance-Based Cash Award, and all other conditions for the payment of the Performance-Based Cash Award.

Except as otherwise provided herein, the Committee shall condition the right to payment of any Performance-Based Cash Award upon the attainment of specified performance goals (including the Performance Goals) established pursuant to Section 9.2(c) and such other factors as the Committee may determine, including to comply with the requirements of Section 162(m) of the Code. The Committee may establish different Performance Goals for different Participants.

Subject to Section 9.2(c), for any Participant the Committee may specify a targeted Performance-Based Cash Award for a Performance Period (each an "Individual Target Award"). An Individual Target Award may be expressed, at the Committee's discretion, as a fixed dollar amount, a percentage of the Participant's base pay, as a percentage of a bonus pool funded by a formula based on achievement of Performance Goals, or an amount determined pursuant to an objective formula or standard. The Committee's establishment of an Individual Target Award for a Participant for a Performance Period shall not imply or require that the same level or any Individual Target Award be established for the Participant for any subsequent Performance Period or for any other Participant for that Performance Period or any subsequent Performance Period. At the time the Performance Goals are established (as provided in Section 9.2(c)), the Committee shall prescribe a formula to determine the maximum and minimum percentages (which may be greater or less than 100% of an Individual Target Award) that may be earned or payable based upon the degree of attainment of the applicable Performance Goals during the Performance Period. Notwithstanding anything else herein, the Committee may exercise negative discretion by providing in an Individual Target Award the discretion to pay a Participant an amount that is less than the Participant's Individual Target Award (or attained percentages thereof) regardless of the degree of attainment of the performance goals; provided that, except as otherwise specified by the Committee with respect to an Individual Target Award, no discretion to reduce a Performance-Based Cash Award earned based on achievement of the applicable Performance Goals shall be permitted for any Performance Period in which a Change in Control occurs, or during such Performance Period with regard to the prior Performance Periods if the Performance-Based Cash Awards for the prior Performance Periods have not been paid by the time of the Change in Control, with regard to individuals who were Participants at the time of the Change in Control.

9.2. Terms and Conditions. Performance-Based Cash Awards shall be subject to the following terms and conditions:

(a) *Committee Certification*. At the expiration of the applicable Performance Period, the Committee shall determine and certify in writing the extent to which the Performance Goals established pursuant to Section 9.2(c) are achieved and, if applicable, the percentage of the Performance-Based Cash Award that has been vested and earned.

(b) *Waiver of Limitation*. In the event of the Participant's Disability or death, or in cases of special circumstances (to the extent permitted under Section 162(m) of the Code with regard to a Performance-Based Cash Award that is intended to comply with Section 162(m) of the Code), the Committee may waive in whole or in part any or all of the limitations imposed thereunder with respect to any or all of a Performance-Based Cash Award.

(c) *Performance Goals, Formulae or Standards*. The Performance Goals for the earning of Performance-Based Cash Awards shall be established by the Committee in writing on or before the date the grant of Performance-Based Cash Award is made and while the outcome of the Performance Goals is substantially uncertain and that is permitted under Section 162(m) of the Code with regard to a Performance-Based Cash Award that is intended to comply with Section 162(m) of the Code. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including dispositions and acquisitions) and other similar type events or circumstances. With regard to a Performance-Based Cash Award that is intended to comply with Section 162(m) of the Code, to the extent any such provision set forth in the prior sentence would create impermissible discretion under Section 162(m) of the Code or otherwise violate Section 162(m) of the Code, such provision shall be of no force or effect.

(d) *Payment*. Following the Committee's determination and certification in accordance with subsection (a) above, the earned Performance-Based Cash Award amount shall be paid to the Participant or his legal representative, in accordance with the terms and conditions set forth in the Performance-Based Cash Award agreement. Notwithstanding anything herein to the contrary, (i) the Committee, in its sole and absolute discretion, may determine that all or a portion of such earned Performance-Based Cash Award amount otherwise payable in cash hereunder shall instead be paid in the form of Restricted Stock and/or Other Stock-Based Award under the Plan (which alternate Awards may be subject to any restrictions imposed thereon by the Committee in its sole and absolute discretion), provided, that, in no event shall the amount of any such Restricted Stock and/or Other Stock-Based Awards exceed the applicable limitations set forth in Section 4.1(b)(i) of the Plan, and (ii) except as provided in the next sentence, in no event shall the amount of such earned Performance-Based Cash Award amount be paid later than the later of: (i) March 15 of the year following the year in which the applicable Performance Period ends (or, if later, the year in which the Award is earned); or (ii) two and one-half months after the expiration of the fiscal year of the Company in which the applicable Performance Period ends. Notwithstanding the foregoing, the Committee may place such conditions on the payment of all or any portion of any Performance-Based Cash Award as the Committee may determine and prior to the beginning of a Performance Period, the Committee may (A) provide that the payment of all or any portion of any Performance-Based Cash Award shall be deferred and (B) permit a Participant to elect to defer receipt of all or a portion of any Performance-Based Cash Award. Any Performance-Based Cash Award deferred by a Participant in accordance with the terms and conditions established by the Committee shall not increase (between the date on which the Performance-Based Cash Award is credited to any deferred compensation program applicable to such Participant and the payment date) by an amount that would result in such deferral being deemed as an "increase in the amount of compensation" under Section 162(m) of the Code. To the extent applicable, any deferral under this Section 9.2(d) shall be made in a manner intended to comply with or be exempt from the applicable requirements of Section 409A of the Code. Notwithstanding the foregoing, the Committee may exercise negative discretion by providing in a Performance-Based Cash Award the discretion to pay an amount less than otherwise would be provided under the applicable level of attainment of the performance goals.

(e) *Termination*. Unless otherwise determined by the Committee at the time of grant (or, if no rights of the Participant (or, in the case of his death, his estate) are reduced, thereafter), no Performance-Based Cash Award or pro rata portion thereof shall be payable to any Participant who incurs a Termination prior to the date such Performance-Based Cash Award is paid and the performance-Based Cash Awards only shall be deemed to be earned when actually paid.

ARTICLE X

NON-TRANSFERABILITY

10.1. Non-Transferability.

Except as provided in the last sentence of this Article X, (a) no Award shall be Transferred by any Participant otherwise than by will or by the laws of descent and distribution, (b) all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant, and (c) no Award shall, except as otherwise specifically provided by law or herein, be Transferred in any manner, and any attempt to Transfer any such Award shall be void. No Award shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Award, nor shall it be subject to attachment or legal process for or against such person. Notwithstanding the foregoing, the Committee may determine at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Article X is Transferable, in whole or in part, to a "family member" as defined in Securities Act Form S-8 and under such conditions as specified by the Committee.

ARTICLE XI

CHANGE IN CONTROL PROVISIONS

11.1. In the event of a Change in Control of the Company, except as otherwise provided by the Committee in an Award agreement or otherwise in writing, a Participant's unvested Award shall not vest and a Participant's Award shall be treated in accordance with one or more of the following methods as determined by the Committee in its sole and absolute discretion:

(a) Awards, whether or not then vested, may be continued, assumed, have new rights substituted therefor or be treated in accordance with Section 4.2(d) hereof, and Restricted Stock or other Awards may, where appropriate in the discretion of the Committee, receive the same distribution as other Common Stock on such terms as determined by the Committee; provided that, the Committee may decide to award additional Restricted Stock or any other Award in lieu of any cash distribution. Notwithstanding anything to the contrary herein, any assumption or substitution of Incentive Stock Options shall be structured in a manner intended to comply with the requirements of Treasury Regulation §1.424-1 (and any amendments thereto).

(b) Awards may be canceled in exchange for an amount of cash equal to the Change in Control Price (as defined below) per share of Common Stock covered by such Awards), less, in the case of an Appreciation Award, the exercise price per share of Common Stock covered by such Award. The "Change in Control Price" means the price per share of Common Stock paid in the Change in Control transaction.

(c) Appreciation Awards may be cancelled without payment, if the Change in Control Price is less than the exercise price per share of such Appreciation Awards.

Notwithstanding anything else herein, the Committee may provide for accelerated vesting or lapse of restrictions, of an Award at any time.

11.2. Unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee and subject to Section 14.13(b), "Change in Control" means the occurrence of either of the following:

(a) the acquisition (including through purchase, reorganization, merger, consolidation or similar transaction), directly or indirectly, in one or more transactions by a Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities representing 50% or more of the then-outstanding shares of the Class A Shares, calculated on a fully diluted basis after giving effect to such acquisition; or

(b) the sale or other disposition, directly or indirectly, of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to any Person.

Other than with respect to Section 11.2(a) or (b) above, no other event or occurrence whatsoever (including, without limitation, a sale of 50.1% or more of the Company's Class B Shares), shall be deemed to constitute a Change in Control for purposes of this Plan.

ARTICLE XII

TERMINATION OR AMENDMENT OF THE PLAN

12.1. Termination or Amendment.

Notwithstanding any other provision of the Plan, the Board may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure compliance with any regulatory requirement referred to in Article XIV or Section 409A of the Code), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be substantially impaired without the consent of such Participant and, provided further, without the approval of the Class B stockholders of the Company in accordance with the laws of the State of Delaware and the exchange or system on which the Company's securities are then listed or traded, to the extent required by the applicable provisions of Section 162(m) of the Code, or to the extent applicable to Incentive Stock Options, Section 422 of the Code, no amendment may be made that would (i) amend Section 4.1(a) or any other plan provision to increase the aggregate maximum number of shares of Common Stock that may be issued under the Plan; (ii) increase the maximum individual Participant limitations under Section 4.1(b); (iii) change the classification of employees, directors and service providers eligible to receive Awards under the Plan; (iv) other than adjustments or substitutions in accordance with Section 4.2, amend the terms of outstanding Awards to reduce the exercise price of outstanding Exercisable Awards or to cancel outstanding Exercisable Awards (where prior to the reduction or cancellation the exercise price equals or exceeds the fair market value of the shares of Common Stock underlying such

Awards) in exchange for cash, other Awards or Exercisable Awards with an exercise price that is less than the exercise price of the original Exercisable Award; (v) extend the maximum option period under Section 6.3; (vi) alter the Performance Goals set forth in Exhibit A; (vii) award any Exercisable Award in replacement of a canceled Exercisable Award with a higher exercise price, except in accordance with Section 6.3(f); or (viii) require Class B stockholder approval in order for the Plan to comply with the applicable provisions of Section 162(m) of the Code or to the extent applicable to Incentive Stock Options, Section 422 of the Code. In no event may the Plan be amended without the approval of the Class B stockholders of the Company in accordance with the applicable laws of the State of Delaware to make any other amendment that would require Class B stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded at the request of the Company.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall substantially impair the rights of any holder without the holder's consent.

ARTICLE XIII

UNFUNDED PLAN

13.1. Unfunded Status of Plan.

The Plan is an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XIV

GENERAL PROVISIONS

14.1. Legend.

The Committee may require each person receiving shares of Common Stock not registered under the Securities Act and issued pursuant to an Award to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof and such other securities law related representations as the Committee shall request. In addition to any legend required by the Plan, the certificates or book entry accounts for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates or book entry accounts for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national automated quotation system on which the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14.2. Other Plans.

Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to Class B stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

14.3. No Right to Employment/Directorship/Consultancy.

Neither the Plan nor the grant of any Award hereunder shall give any Participant or other individual or Non-Employee Director any right with respect to continuance of employment, directorship or consultancy by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or other individual or Non-Employee Director is retained to terminate his employment, consultancy or directorship at any time. Neither the Plan nor the grant of any Award hereunder shall impose any obligations on the Company to retain any Participant as a director nor shall it impose on the part of any Participant any obligation to remain as a director of the Company.

14.4. Withholding of Taxes.

The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, foreign, provincial, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company.

Unless otherwise determined by the Committee, the Company shall permit any such statutorily required withholding obligation with regard to any Eligible Employee, Non-Employee Director or other individual to be satisfied by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid in cash by the Participant.

14.5. Listing and Other Conditions.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or quoted on a national quotation system sponsored by the Financial Industry Regulatory Authority, the issue of any shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed or quoted on such exchange or system (as applicable). The Company shall have no obligation to issue such shares unless and until such shares are so listed or quoted (as applicable), and the right to exercise any Option with respect to such shares shall be suspended until such listing or quotation (as applicable) has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Awards, and the right to exercise any Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 14.5, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Option.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

(e) The Company shall not be obligated to issue any shares of Common Stock to a Participant if, in the opinion of counsel for the Company, the issuance of such Common Stock will constitute a violation by the Participant or the Company of any provisions of any rule or regulation of any governmental authority, any national securities exchange or any national quotation system sponsored by the Financial Industry Regulatory Authority.

14.6. Governing Law.

The Plan and actions taken in connection herewith shall be governed and construed in accordance with the internal laws of the State of Delaware without giving effect to its principles of conflicts of laws.

14.7. Construction.

Wherever any words are used in the Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

14.8. Other Benefits.

No Award granted or paid under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation, except to the extent expressly set forth in any such retirement or other benefit plan.

14.9. Costs.

The Company shall bear all expenses included in administering the Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

14.10. No Right to Same Benefits.

The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

14.11. Death/Disability.

The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require the agreement of the transferee to be bound by all of the terms and conditions of the Plan.

14.12. Section 16(b) of the Exchange Act.

All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with all exemptive conditions under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

14.13. Section 409A of the Code.

Although the Company does not guarantee to a Participant the particular tax treatment of any Award, all Awards are intended to comply with, or be exempt from, the requirements of Section 409A of the Code and the Plan and any Award agreement shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award constitutes "non-qualified deferred compensation" pursuant to Section 409A of the Code (a "Section 409A Covered Award"), it is intended to be paid in a manner that will comply with Section 409A of the Code. In no event shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or for any damages for failing to comply with Section 409A of the Code. Notwithstanding anything in the Plan or in an Award to the contrary, the following provisions shall apply to Section 409A Covered Awards:

(a) A termination of employment shall not be deemed to have occurred for purposes of any provision of a Section 409A Covered Award providing for payment upon or following a termination of the Participant's employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of a Section 409A Covered Award, references to a "termination," "termination of employment" or like terms shall mean separation from service. Notwithstanding any provision to the contrary in the Plan or the Award, if the Participant is deemed on the date of the Participant's Termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code and using the identification methodology selected by the Company from time to time, or if none, the default methodology set forth in Section 409A of the Code, then with regard to any such payment under a Section 409A Covered Award, to the extent required to be delayed in compliance with Section 409A(a)(2)(B) of the Code, such payment shall not be made prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's separation from service, and (ii) the date of the Participant's death. All payments delayed pursuant to this Section 14.13(a) shall be paid to the Participant on the first day of the seventh month following the date of the Participant's separation from service or, if earlier, on the date of the Participant's death.

(b) With respect to any payment pursuant to a Section 409A Covered Award that is triggered upon a Change in Control, the settlement of such Award shall not occur until the earliest of (i) the Change in Control if such Change in Control constitutes a "change in the ownership of the corporation," a "change in effective control of the corporation" or a "change in the ownership of a substantial portion of the assets of the corporation," within the meaning of Section 409A(a)(2)(A)(v) of the Code, (ii) the date such Award otherwise would be settled pursuant to the terms of the applicable Award agreement and (iii) the Participant's "separation from service" within the meaning of Section 409A of the Code, subject to Section 14.13(a).

(c) For purposes of Section 409A of the Code, a Participant's right to receive any installment payments under the Plan or pursuant to an Award shall be treated as a right to receive a series of separate and distinct payments.

(d) Whenever a payment under the Plan or pursuant to an Award specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days following the date of termination"), the actual date of payment within the specified period shall be within the sole and absolute discretion of the Company.

14.14. Successor and Assigns.

The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

14.15. Severability of Provisions.

If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

14.16. Payments to Minors, Etc.

Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

14.17. Headings and Captions.

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

ARTICLE XV

EFFECTIVE DATE OF PLAN

The Plan amends, restates and replaces two separate plans previously in place: the Company's 2006 Equity Incentive Plan, adopted December 11, 2006, as amended (the "2006 Plan") and the Oppenheimer & Co. Inc. Employee Share Plan effective January 1, 2005, as amended (the "2005 ESP," and together with the 2006 Plan, the "Prior Plans"). The Plan was adopted and approved by the Board on February 26, 2014 (the "Effective Date"), subject to the approval of such Plan by the Class B stockholders of the Company within 12 months of the Effective Date in accordance with Section 422 of the Code. The Plan will be submitted to the Company's Class B stockholders for approval at the Company's 2014 Annual Meeting of Stockholders in accordance with the laws of the State of Delaware. If the Plan is not so approved by the stockholders, all provisions of each of the Prior Plans shall remain effective without regard to any amendments under the Plan.

Notwithstanding the foregoing or anything herein to the contrary, from and after the Effective Date, no additional awards shall be made under the Prior Plans and any and all outstanding awards made under the Prior Plans shall continue to be governed by the terms of the applicable Prior Plan as in effect immediately prior to the Effective Date.

ARTICLE XVI

TERM OF PLAN

No Award shall be granted pursuant to the Plan on or after February 26, 2024, but Awards granted prior to such date may extend beyond that date; provided that no Award (other than Stock Options) that is intended to be "performance-based" under Section 162 (m) of the Code shall be granted on or after the first meeting of the Company's stockholders that occurs in the fifth year following the year of Class B stockholder approval of the Plan unless the Performance Goals set forth on Exhibit A are re-approved (or other designated performance goals are approved) by the stockholders. In the event that any such Award is granted, the Award shall be a valid Award but it shall not qualify for the "performance-based compensation" exception under Section 162(m) of the Code unless it is granted subject to the approval of, and is approved by, the Class B stockholders at the first stockholder meeting following such grant.

ARTICLE XVII

NAME OF PLAN

The Plan shall be known as the "Oppenheimer Holdings Inc. 2014 Incentive Plan (Effective February 26, 2014)."

EXHIBIT A

PERFORMANCE GOALS

Performance Goals established for purposes of the grant and/or exercisability of Awards intended to be "performance-based" under Section 162(m) of the Code shall consist of objective tests based on one or more of the following ("**Performance Goals**"), to the extent permitted under Section 162(m) of the Code: (i) the attainment of certain target levels of, or a specified increase in, enterprise value or value creation targets of the Company (or any subsidiary, division, other operational unit of the Company or administrative department); (ii) the attainment of certain target levels of, or a percentage increase in after-tax or pre-tax profits of the Company (whether or not consolidated), including without limitation that attributable to continuing and/or other operations of the Company (or in either case a subsidiary, division, other operational unit or administrative department of the Company); (iii) the attainment of certain target levels of, or a specified increase in, profit margin or operating margin (whether net or gross) or one of the components thereof (to the extent recognized as a distinct component thereof under generally accepted accounting principles); (iv) the attainment of certain target levels of, or a specified increase in, working capital or operational cash flow of the Company or economic value added (or a subsidiary, division, other operational unit or administrative department of the Company); (v) the attainment of a certain level of reduction of, or other specified objectives with regard to limiting the level of increase in all or a portion of, the Company's bank debt or other long-term or short-term public or private debt or other similar financial obligations, or other capital structure improvements of the Company, which may be calculated net of cash balances and/or other offsets and adjustments as may be established by the Committee; (vi) the attainment of certain target levels of, or a specified percentage increase in, earnings per share or earnings per share from continuing operations of the Company (or a subsidiary, division, other operational unit or administrative department of the Company); (vii) the attainment of certain target levels of, or a specified percentage increase in, net sales, revenues, net income or earnings before income tax, earnings before interest, taxes plus amortization and depreciation, or other exclusions of the Company (or a subsidiary, division, other operational unit or administrative department of the Company); (viii) the attainment of certain target levels of, or a specified increase in, return on capital employed (including, without limitation, return on invested capital, return on assets or return on committed capital of the Company (or any subsidiary, division, other operational unit or administrative department of the Company)); (ix) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on stockholder equity of the Company (or any subsidiary, division, other operational unit or administrative department of the Company); (x) the attainment of certain target levels of, or a percentage increase in, market share or strategic objectives based on meeting specified market penetration or market share, geographic business expansion or goals relating to divestitures, joint ventures and similar transactions; (xi) the growth in the value of an investment in the Company's Common Stock assuming the reinvestment of dividends, dividend growth or market capitalization (including, without limitation, any growth in the Company's stock price or the increase in the market value of a share of Class A Shares from the date the Committee establishes the performance goals (or, if later, January 1 of the performance year) to December 31st of the performance year); (xii) the attainment of a certain level of, reduction of, or other specified objectives with regard to limiting the level of or increase in, all or a portion of controllable expenses or costs or other expenses or costs of the Company, subsidiary, parent, division, operational unit or administrative department; (xiii) the attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula; (xiv) the attainment of certain target levels of, or a percentage increase in employee performance or satisfaction, customer satisfaction based on customer surveys or other objective measuring methods; (xv) the attainment of certain credit quality levels; (xvi) the attainment of certain transactions that result in the sale of stock or assets of the Company; (xvii) the attainment of any financial metrics set forth herein or in the Company's financial statements as a percentage of another financial metric; or (xviii) any combination of any of the foregoing factors.

In addition, such Performance Goals may be based upon the attainment of specified levels of Company (or subsidiary, division, other operational unit or administrative department of the Company or any of its Affiliates) performance under one or more of the measures described above relative to the

performance of peer companies. Any goal may be expressed as a dollar figure, on a percentage basis (if applicable) or on a per share basis, and goals may be either absolute, relative to a selected peer group or index, or a combination of both. To the extent permitted under Section 162(m) of the Code, but only to the extent permitted under Section 162(m) of the Code (including, without limitation, compliance with any requirements for stockholder approval), the Committee may: (i) designate additional business criteria on which the Performance Goals may be based or (ii) adjust, modify or amend the aforementioned business criteria.

Except as otherwise determined by the Committee, the measures used in the Performance Goals set under the Plan shall be determined in accordance with generally accepted accounting principles ("**GAAP**") and in a manner consistent with the methods used in the Company's regular reports on Forms 10-K and 10-Q, without regard to any of the following unless otherwise determined by the Committee consistent with the requirements of Code Section 162(m)(4)(C) of the Code and the regulations thereunder:

(a) all items of gain, loss or expense for the fiscal year or other applicable performance period that are related to special, unusual or non-recurring items, events or circumstances affecting the Company (or subsidiary, division, other operational unit or administrative department of the Company or any of its Affiliates) or the financial statements of the Company (or subsidiary, division, other operational unit or administrative department of the Company or any of its Affiliates);

(b) all items of gain, loss or expense for the fiscal year or other applicable performance period that are related to (i) the disposal of a business or discontinued operations or (ii) the operations of any business acquired by the Company (or subsidiary, division, other operational unit or administrative department of the Company or any of its Affiliates) during the fiscal year or other applicable performance period; and

(c) all items of gain, loss or expense for the fiscal year or other applicable performance period that are related to changes in accounting principles or to changes in applicable law or regulations.

To the extent any Performance Goals are expressed using any measures that require deviations from GAAP, such deviations shall be at the discretion of the Committee as exercised at the time the Performance Goals are set and to the extent permitted under Section 162(m).

EXHIBIT 12

Oppenheimer Holdings Inc.
Computation of Ratio of Earnings to Fixed Charges [1]

Expressed in thousands of dollars.	2009	2010	2011	2012	2013
Profit (Loss) Before Income Taxes	$37,067	$ 67,991	$17,848	$ (527)	$43,909
Add Fixed Charges:					
Interest Expense [2]	21,429	25,750	38,026	35,086	26,142
Amortization of Debt Issuance Costs	1,164	643	986	639	639
Appropriate Portion of Rentals Representative of the Interest Factor [3]	16,853	16,793	16,994	17,075	15,454
Total Fixed Charges	$39,446	$ 43,186	$56,006	$52,800	$42,235
Earnings	$76,513	$111,177	$73,854	$52,273	$86,144
Ratio of Earnings to Fixed Charges [4]	**1.9**	**2.6**	**1.3**	**—**	**2.0**

Notes:

(1) The ratio of earnings to fixed charges is computed by dividing earnings, which is the sum of profit (loss) before income taxes and fixed charges, by fixed charges. Fixed charges represent interest expense, amortization of debt issuance costs, and an appropriate portion of rentals representative of the interest factor.

(2) In addition to interest expense on long-term debt, also includes interest expenses on short-term borrowings including bank call loans, securities lending, and repurchase agreements which generally have a corresponding asset that generates interest income that substantially offsets or exceeds the aforementioned interest expense.

(3) The percent of rent included in the computation is a reasonable approximation of the interest factor.

(4) Due to the Company's pre-tax loss in the year ended December 31, 2012, the ratio coverage was less than 1:1 in this period. The Company would have needed to generate additional earnings of $527,000 in 2012, respectively to achieve a coverage of 1:1.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of these Registration Statements on Form S-3 (No. 333-174933), Form S-4 (Nos. 333-174932 and 333-157937), and Form S-8 (Nos. 333-129385, 333-129387, 333-129389, 333-129390, 333-135064, 333-146989, 333-146990, 333-157686 and 333-180979), of our reports dated March 7, 2014, relating to the consolidated financial statements of Oppenheimer Holdings Inc. and subsidiaries (the "Company") as of and for the year ended December 31, 2013 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2013.

/s/ Deloitte & Touche LLP
New York, NY
March 7, 2014

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-129385, 333-129387, 333-129389, 333-129390, 333-135064, 333-146989, 333-146990, 333- 157686, and 333-180979) and Form S-4 (Nos. 333-174932 and 333-157937) and Form S-3 (No. 333-174933) of Oppenheimer Holdings Inc. of our report dated March 6, 2013 except for Note 20, as to which the date is March 7, 2014 relating to the financial statements which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, NY
March 7, 2014

EXHIBIT 31.1

CERTIFICATION

I, Albert G. Lowenthal, certify that:

1. I have reviewed this annual report on Form 10-K of Oppenheimer Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Albert G. Lowenthal
Name: Albert G. Lowenthal
Title: Chief Executive Officer
March 7, 2014

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey J. Alfano, certify that:

1. I have reviewed this annual report on Form 10-K of Oppenheimer Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey J. Alfano
Name: Jeffrey J. Alfano
Title: Chief Financial Officer
March 7, 2014

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned, Albert G. Lowenthal, Chairman and Chief Executive Officer of Oppenheimer Holdings Inc. (the "Company"), hereby certifies that to his knowledge the Annual Report on Form 10-K for the year ended December 31, 2013 of the Company filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period specified.

Signed at New York, New York, this 7th day of March, 2014.

/s/ Albert G. Lowenthal
Albert G. Lowenthal
Chairman and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned, Jeffrey J. Alfano, Chief Financial Officer of Oppenheimer Holdings Inc. (the "Company"), hereby certifies that to his knowledge the Annual Report on Form 10-K for the year ended December 31, 2013 of the Company filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period specified.

Signed at New York, New York, this 7th day of March, 2014.

/s/ Jeffrey J. Alfano
Jeffrey J. Alfano
Chief Financial Officer