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TD Prime Services LLC

Statement of Financial Condition

(Unaudited)

April 30, 2023

TD Prime Services LLC
Statement of Financial Condition

April 30, 2023

Contents

Unaudited Statement of Financial Condition

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TD Prime Services LLC
Statement of Financial Condition
April 30, 2023

(In Thousands)

Assets

Cash	\$ 259,228
Cash and securities segregated in compliance with federal regulations	24,658
Deposits with clearing organizations	160,435
Securities borrowed	16,844,424
Securities borrowed from affiliate	294,620
Securities received as collateral, at fair value	3,850,424
Receivable from customers	2,443,539
Receivable from brokers	94,639
Receivable from affiliates	38,650
Securities owned, at fair value	1,324
Other assets	4,294
Total assets	<u>\$ 24,016,235</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 2,970,000
Securities loaned	10,127,627
Securities loaned to affiliate	1,797,258
Obligation to return securities received as collateral, at fair value	3,850,424
Securities sold under agreement to repurchase, at fair value	2,621,091
Payable to brokers	30,604
Payable to affiliates	33,449
Payable to customers	1,053,849
Accounts payable and accrued expenses	8,018
	<u>22,492,320</u>
Liabilities subordinated to claims of general creditors	<u>1,150,000</u>
Total liabilities	<u>23,642,320</u>

Member's Equity

Total liabilities and member's equity	<u>\$ 24,016,235</u>
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See accompanying notes to statement of financial condition

TD Prime Services LLC

Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). TDGUS is the top-tier intermediate holding company (“IHC”) mandated by Dodd Frank, and the Company is a subsidiary within the IHC corporate structure. The Company is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE and the NASDAQ Stock Market.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statement is prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results could differ from those estimates and assumptions.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts where revenues are recognized when, or as, services or products are transferred to customer for amounts the Company expects to be entitled.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$4.0 billion unsecured revolving line of credit agreement with TDH. Also, the Company has an existing Non-USD currency unsecured revolving line of credit with the Bank for up to \$369 million USD equivalent, of which none was drawn as of April 30, 2023. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts. Margin accounts are collateralized by customer securities and are carried at the amount receivable, net of allowance for credit losses (as applicable). Collateral is required to be maintained at a specified minimum level at all times. Included in Receivable from customers is \$7.48 million related to accounts the Company maintains for other broker dealers. The Company monitors margin levels and requires clients to provide additional collateral or reduce margin positions to meet minimum collateral requirements if the fair value of collateral declines. The allowance for credit losses was not material for the period presented.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. To the extent a portion of the receivable balance is not over collateralized, an estimate of the allowance for credit losses will be based only on the uncollateralized portion of the receivable balance. The allowance for credit losses on securities borrowed receivables was not material for the period presented. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. The allowance for credit loss was immaterial for the period.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the Statement of Financial Condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the Statement of Financial Condition. The fair value of these securities borrowed on April 30, 2023 was \$1.75 billion.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Securities Sold Under Agreement to Repurchase, at Fair Value

Securities sold under agreements to repurchase are treated as collateralized financing transactions on the Statement of Financial Condition. TDPS has elected the fair value option on these transactions as performance on them is evaluated on a fair value basis. See Note 5 for further discussion of the valuation technique associated with these transactions. Such transactions are collateralized by equity securities. The Company's exposure to credit risk associated with the non-performance of counterparties in fulfilling these contractual obligations can be directly impacted by market fluctuations, which may impair the counterparties' ability to satisfy their obligations. The Company monitors the market value of securities delivered on a daily basis and refunds or obtains additional collateral as appropriate.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the Statement of Financial Condition date.

3. New Accounting Standards

Newly issued Accounting Standards Effective in Future Periods:

There are no new accounting standards not yet adopted that are material to the Company as of April 30, 2023.

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended April 30, 2023.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements (continued)

At April 30, 2023 there were \$2.621 billion of repurchase agreements measured at fair value, which is determined using valuation techniques such as discounted cash flow models using multiple market inputs, including interest rates and spreads. They are classified as Level 2 instruments as inputs are generally observable in quoted markets and can be validated through external sources.

The following table presents (in \$millions) the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of April 30, 2023:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned at fair value	\$ 1	\$ 1	\$ -	\$ -
Securities received as collateral, at fair value	\$ 3,850	\$ -	\$ 3,850	\$ -
Liabilities				
Obligation to return securities received as collateral, at fair value	\$ 3,850	\$ -	\$ 3,850	\$ -
Securities sold Under Agreements to repurchase, at fair value	\$ 2,621	\$ -	\$ 2,621	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At April 30, 2023, the fair value of securities received as collateral was \$20.64 billion, all of which the Company is permitted to sell or re-pledge, of which \$280 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$15.53 billion, of which \$50 million was received from affiliated companies.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the Statement of Financial Condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement. At April 30, 2023, no trades met that criteria so there were no netted transactions.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets – April 30, 2023

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 17,139	\$ -	\$ 17,139	\$ 16,792	\$ -	\$ 347
Securities received as collateral, at fair value	\$ 3,850	\$ -	\$ 3,850	\$ 3,850	\$ -	\$ -
Total	\$ 20,989	\$ -	\$ 20,989	\$ 20,642	\$ -	\$ 347

Liabilities – April 30, 2023

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 11,925	\$ -	\$ 11,925	\$ 11,679	\$ -	\$ 246
Obligation to return securities received as collateral, at fair value	\$ 3,850	\$ -	\$ 3,850	\$ 3,850	\$ -	\$ -
Securities sold under agreements to repurchase, at fair value	\$ 2,621	\$ -	\$ 2,621	\$ 2,621	\$ -	\$ -
Total	\$ 18,396	\$ -	\$ 18,396	\$ 18,150	\$ -	\$ 246

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the Statement of Financial Condition, but are shown as a reduction to the net amounts reported in the Statement of Financial Condition for the purpose of deriving a net asset or liability in the above table.

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements and securities sold under agreements to repurchase by remaining term to maturity and class of collateral pledged as of April 30, 2023.

(amounts in \$millions)	Maturity				Payable under stock loan agreements
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	
Securities loaned	\$ 11,540	\$ 385	\$ -	\$ -	\$ 11,925
Obligation to return securities received as collateral, at fair value	\$ 2,359	\$ -	\$ 547	\$ 944	\$ 3,850
Securities sold under agreements to repurchase, at fair value	\$ 2,621	\$ -	\$ -	\$ -	\$ 2,621
Total	\$ 16,520	\$ 385	\$ 547	\$ 944	\$ 18,396

<u>Class of Collateral Pledged</u>	Payable under stock loan agreements and securities sold under agreements to repurchase
Equities	\$ 15,188
Corporate debt	682
US government	2,526
Total	\$ 18,396

TD Prime Services LLC

Notes to Statement of Financial Condition

6. Related-Party Transactions

During the year ended April 30, 2023, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At April 30, 2023, the aggregate fair value of the securities borrowed vs cash collateral was approximately \$280 million, and the aggregate fair value of the securities loaned vs cash collateral was approximately \$1.72 billion. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$295 million and \$1.79 billion, respectively. At April 30, 2023, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$424 million and \$428 million, respectively. All of these agreements mature overnight.

The Company has an existing \$4.0 billion unsecured revolving line of credit agreement with TDH, of which \$2.97 billion was drawn as of April 30, 2023. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of April 30, 2023, the interest payable relating to the revolving line of credit was not material. Also, the Company has an existing Non-USD currency unsecured revolving line of credit with the Bank for up to \$369 million USD equivalent, of which none was drawn as of April 30, 2023.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. These services cover a wide variety of operational and administrative functions, including Operations, Risk Management, Finance, Legal, Human Resources and other support functions. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of April 30, 2023, the Company has a payable to affiliates of \$31.55 million representing amounts owed and due under these SLA’s not paid as of that date.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At April 30, 2023, the Company had net capital of approximately \$1,216.2 million, which exceeded its requirement of \$70.4 million by approximately \$1,145.8 million. At April 30, 2023, the Company’s percentage of aggregate debit items to net capital was 34.6%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirement on April 30, 2023 was \$0 and the Company had securities in the amount of \$24.6 million segregated in a special reserve account for the exclusive benefit of customers.

TD Prime Services LLC

Notes to Statement of Financial Condition

7. Regulatory Requirements (continued)

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with clearing firms, and the clearing firms have not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. The Company has no deposit requirements for PAB customers on April 30, 2023, and the Company had cash in the amount of \$0.1 million segregated in a special reserve account for the exclusive benefit of PAB customers.

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	11/30/24	1-month LIBOR + 1/8 of 1%
\$	300,000,000	10/15/24	1-month LIBOR + 1/8 of 1%
\$	300,000,000	01/31/25	1-month LIBOR + 1/8 of 1%
\$	250,000,000	07/08/25	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC’s Uniform Net Capital Rule. To the extent that such borrowings are required for the Company’s continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the Statement of Financial Condition and was immaterial as of April 30, 2023.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company’s activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

TD Prime Services LLC

Notes to Statement of Financial Condition

9. Off Balance Sheet Risk and Concentrations of Credit Risk (continued)

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

10. Guarantees

The Company is a member of a central counterparty clearing house ("CCP") and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company's guarantee obligations would arise only if the CCP had previously exhausted its resources.

At April 30, 2023, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of April 30, 2023 as a loss is not probable.

TD Prime Services LLC
Notes to Statement of Financial Condition

12. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the Statement of Financial Condition date but before the date the Statement of Financial Condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statement. The Company has evaluated all subsequent events through the date of issuance of the financial statement and determined that no such events have occurred.

TD Securities



TD Prime Services LLC

Statement of Financial Condition

With Report of Independent Registered
Public Accounting Firm

October 31, 2022

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

OMB APPROVAL OMB Number: 3235-0123 Expires: Oct. 31, 2023 Estimated average burden hours per response: 12
SEC FILE NUMBER 8-03337

ANNUAL REPORTS
FORM X-17A-5
PART III

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 11/01/2021 AND ENDING 10/31/2022
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: TD Prime Services LLC

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer Security-based swap dealer Major security-based swap participant
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

One Vanderbilt Avenue

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Richard Rosenthal 212-827-6840 richard.rosenthal@tdsecurities.com
(Name) (Area Code – Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Ernst & Young

(Name – if individual, state last, first, and middle name)

One Manhattan West

New York

NY

10001

(Address)

(City)

(State)

(Zip Code)

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Richard Rosenthal, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of TD Prime Services LLC, as of October 31, 2022, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Signature: Richard Rosenthal
Title: Chief Financial Officer

[Signature]
Notary Public

ALEC WES ALIMAGNO
NOTARY PUBLIC - STATE OF NEW YORK
NO. 01AL6410020
QUALIFIED IN NASSAU COUNTY
COMMISSION EXPIRES 10/13/2024

This filing** contains (check all applicable boxes):

- (a) Statement of financial condition.
(b) Notes to consolidated statement of financial condition.
(c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income...
(d) Statement of cash flows.
(e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
(f) Statement of changes in liabilities subordinated to claims of creditors.
(g) Notes to consolidated financial statements.
(h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
(i) Computation of tangible net worth under 17 CFR 240.18a-2.
(j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
(k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
(l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
(m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
(n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
(o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
(p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
(q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
(r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(t) Independent public accountant's report based on an examination of the statement of financial condition.
(u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
(v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
(y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
(z) Other:

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

TD Prime Services LLC
Statement of Financial Condition

As of October 31, 2022

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Facing Page and Oath or Affirmation

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Ernst & Young LLP
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New York, NY 10001-8604

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Report of Independent Registered Public Accounting Firm

To the Member and the Board of Directors of TD Prime Securities LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TD Prime Services LLC (the Company) as of October 31, 2022 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at October 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the Company's auditor since 2017.

December 20, 2022

TD Prime Services LLC
Statement of Financial Condition
October 31, 2022

(In Thousands)

Assets

Cash	\$ 61,587
Cash and securities segregated in compliance with federal regulations	23,738
Deposits with clearing organizations	142,587
Securities borrowed	11,554,181
Securities borrowed from affiliate	150,201
Securities received as collateral, at fair value	2,378,501
Receivable from customers	7,581,963
Receivable from brokers	127,679
Receivable from Affiliates	153,402
Securities owned, at fair value	1,626
Other assets	478
Total assets	<u>\$ 22,175,943</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 3,506,500
Securities loaned	9,167,240
Securities loaned to affiliate	978,108
Obligation to return securities received as collateral, at fair value	2,378,501
Securities sold under agreement to repurchase, at fair value	3,680,324
Payable to brokers	81,843
Payable to affiliates	53,294
Payable to customers	800,591
Accounts payable and accrued expenses	<u>3,305</u>
	20,649,706
Liabilities subordinated to claims of general creditors	<u>1,150,000</u>
Total liabilities	<u>21,799,706</u>

Member's Equity

Total liabilities and member's equity	<u>\$ 22,175,943</u>
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See accompanying notes to statement of financial condition

TD Prime Services LLC

Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). TDGUS is the top-tier intermediate holding company (“IHC”) mandated by Dodd Frank, and the Company is a subsidiary within the IHC corporate structure. The Company is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE and the NASDAQ Stock Market.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statement is prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results could differ from those estimates and assumptions.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts where revenues are recognized when, or as, services or products are transferred to customer for amounts the Company expects to be entitled.

TD Prime Services LLC

Notes to Statement of Financial Conditions

2. Summary of Significant Accounting Policies (continued)

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

TD Prime Services LLC

Notes to Statement of Financial Conditions

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash and securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$4.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 7 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts. Margin accounts are collateralized by customer securities and are carried at the amount receivable, net of allowance for credit losses (as applicable). Collateral is required to be maintained at a specified minimum level at all times. Included in Receivable from customers is \$82 million related to accounts the Company maintains for other broker dealers. The Company monitors margin levels and requires clients to provide additional collateral or reduce margin positions to meet minimum collateral requirements if the fair value of collateral declines. Interest is calculated based upon the cost of the securities purchased by the customers on margin, net of any cash the customer has provided to the Company. The interest is included in Interest revenue in the Statement of Operations. The allowance for credit losses was not material for the period presented.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments, are recorded on a trade date basis.

TD Prime Services LLC

Notes to Statement of Financial Conditions

2. Summary of Significant Accounting Policies (continued)

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. To the extent a portion of the receivable balance is not over collateralized, an estimate of the allowance for credit losses will be based only on the uncollateralized portion of the receivable balance. The allowance for credit losses on securities borrowed receivables was not material for the period presented. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. The allowance for credit loss was immaterial for the period.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the Statement of Financial Condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the Statement of Financial Condition. The fair value of these securities borrowed on October 31, 2022 was \$1.72 billion.

TD Prime Services LLC

Notes to Statement of Financial Conditions

2. Summary of Significant Accounting Policies (continued)

Securities Sold Under Agreement to Repurchase, at Fair Value

Securities sold under agreements to repurchase are treated as collateralized financing transactions on the Statement of Financial Condition. TDPS has elected the fair value option on these transactions as performance on them is evaluated on a fair value basis. See Note 5 for further discussion of the valuation technique associated with these transactions. Such transactions are collateralized by equity securities. The Company's exposure to credit risk associated with the non-performance of counterparties in fulfilling these contractual obligations can be directly impacted by market fluctuations, which may impair the counterparties' ability to satisfy their obligations. The Company monitors the market value of securities delivered on a daily basis and refunds or obtains additional collateral as appropriate. Interest is calculated based upon the cash received from counterparties and is included in Interest expense in the Statement of Operations.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the Statement of Financial Condition date.

3. New Accounting Standards

Newly issued Accounting Standards Effective in Future Periods:

There are no new accounting standards not yet adopted that are material to the Company as of October 31, 2022.

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended October 31, 2022.

TD Prime Services LLC

Notes to Statement of Financial Conditions

4. Fair Value Measurements (continued)

At October 31, 2022 there were \$3.680 billion of repurchase agreements measured at fair value, which is determined using valuation techniques such as discounted cash flow models using multiple market inputs, including interest rates and spreads. They are classified as Level 2 instruments as inputs are generally observable in quoted markets and can be validated through external sources.

The following table presents (in \$millions) the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of October 31, 2022:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned at fair value	\$ 2	\$ 2	\$ -	\$ -
Securities received as collateral, at fair value	\$ 2,379	\$ -	\$ 2,379	\$ -
Liabilities				
Obligation to return securities received as collateral, at fair value	\$ 2,379	\$ -	\$ 2,379	\$ -
Securities sold Under Agreements to repurchase, at fair value	\$ 3,680	\$ -	\$ 3,680	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At October 31, 2022, the fair value of securities received as collateral \$13.69 billion, all of which the Company is permitted to sell or re-pledge, of which \$111 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$12.21 billion, of which \$60 million was received from affiliated companies.

TD Prime Services LLC

Notes to Statement of Financial Conditions

5. Collateralized Financing Transactions (continued)

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities

borrowed and securities loaned transactions with the same counterparty on the Statement of Financial Condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement. At October 31, 2022, no trades met that criteria so there were no netted transactions.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets - October 31, 2022

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments (Up to the Amount of the Related Receivable Balance)	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 11,704	\$ -	\$ 11,704	\$ 11,315	\$ -	\$ 389
Securities received as collateral, at fair value	\$ 2,379	\$ -	\$ 2,379	\$ 2,379	\$ -	\$ -
Total	\$ 14,083	\$ -	\$ 14,083	\$ 13,694	\$ -	\$ 389

Liabilities - October 31, 2022

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments (UP to the Amount of the Related Payable Balance)	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 10,145	\$ -	\$ 10,145	\$ 9,834	\$ -	\$ 311
Obligation to return securities received as collateral, at fair value	\$ 2,379	\$ -	\$ 2,379	\$ 2,379	\$ -	\$ -
Securities sold under agreements to repurchase, at fair value	\$ 3,680	\$ -	\$ 3,680	\$ 3,680	\$ -	\$ -
Total	\$ 16,204	\$ -	\$ 16,204	\$ 15,893	\$ -	\$ 311

TD Prime Services LLC

Notes to Statement of Financial Conditions

5. Collateralized Financing Transactions (continued)

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the Statement of Financial Condition, but are shown as a reduction to the net amounts reported in the Statement of Financial Condition for the purpose of deriving a net asset or liability in the above table.

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of October 31, 2022.

(amounts in \$millions)	Maturity				Gross Contract amount
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	
Securities loaned	\$ 10,146	\$ -	\$ -	\$ -	\$ 10,146
Obligation to return securities received as collateral, at fair value	\$ 1,294	\$ -	\$ 182	\$ 902	\$ 2,378
Securities sold under agreements to repurchase, at fair value	\$ 3,680	\$ -	\$ -	\$ -	\$ 3,680
Total	\$ 15,120	\$ -	\$ 182	\$ 902	\$ 16,204

Payable under stock loan agreements

Class of Collateral Pledged

Equities	\$ 14,082
Corporate debt	253
US government	1,869
Total	\$ 16,204

6. Related-Party Transactions

During the year ended October 31, 2022, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At October 31, 2022, the aggregate fair value of the securities borrowed vs cash collateral was approximately \$111 million, and the aggregate fair value of the securities loaned vs cash collateral was approximately \$940 million. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$150 million and \$978

TD Prime Services LLC

Notes to Statement of Financial Conditions

6. Related-Party Transactions (continued)

million, respectively. At October 31, 2022, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$166 million and \$170 million, respectively. All of these agreements mature overnight.

The Company has an existing \$4.0 billion unsecured revolving line of credit agreement with TDH, of which \$3.506 billion was drawn as of October 31, 2022. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of October 31, 2022, the Company payable relating to the revolving line of credit was not material. Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$47.92 million was drawn as of October 31, 2022.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. These services cover a wide variety of operational and administrative functions, including Operations, Risk Management, Finance, Legal, Human Resources and other support functions. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of October 31, 2022, the Company has a payable to affiliates of \$4.79 million representing amounts owed and due under these SLA’s not paid as of that date.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At October 31, 2022, the Company had net capital of approximately \$1,337.4 million, which exceeded its requirement of \$111.4 million by approximately \$1,226.1 million. At October 31, 2022, the Company’s percentage of aggregate debit items to net capital was 24%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirements on October 31, 2022 was \$0 and the Company had securities in the amount of \$23.6 million segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. The Company’s deposit requirements for PAB customers on October 31, 2022 was \$0 and the Company had cash in the amount of \$0.1 million segregated in a special reserve account for the exclusive benefit of PAB customers.

TD Prime Services LLC

Notes to Statement of Financial Conditions

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/24	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/24	1-month LIBOR + 1/8 of 1%
\$	300,000,000	10/15/24	1-month LIBOR + 1/8 of 1%
\$	250,000,000	07/08/25	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the Statement of Financial Condition and was immaterial as of October 31, 2022.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Prime Services LLC

Notes to Statement of Financial Conditions

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At October 31, 2022, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of October 31, 2022 as a loss is not probable.

12. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the Statement of Financial Condition date but before the date the Statement of Financial Condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statement. The Company has evaluated all subsequent events through the date of issuance of the financial statement and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

(Unaudited)

April 30, 2022

TD Prime Services LLC
Statement of Financial Condition

April 30, 2022

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TD Prime Services LLC
Statement of Financial Condition
April 30, 2022

(In Thousands)

Assets

Cash	\$ 117,991
Cash and securities segregated in compliance with federal regulations	25,254
Deposits with clearing organizations	130,065
Securities borrowed	11,822,921
Securities borrowed from affiliate	133,410
Securities received as collateral, at fair value	4,214,349
Receivable from customers	6,342,732
Receivable from brokers	17,322
Receivable from affiliates	126,224
Securities owned, at fair value	2,308
Other assets	3,789
Total assets	<u>\$ 22,936,365</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 3,570,000
Securities loaned	8,721,248
Securities loaned to affiliate	865,012
Obligation to return securities received as collateral, at fair value	4,214,349
Securities sold under agreement to repurchase, at fair value	3,230,070
Payable to brokers	10,829
Payable to affiliates	101,490
Payable to customers	954,311
Accounts payable and accrued expenses	3,879
	<u>21,671,188</u>
Liabilities subordinated to claims of general creditors	900,000
Total liabilities	<u>22,571,188</u>

Member's Equity

Total liabilities and member's equity	<u>\$ 22,936,365</u>
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See accompanying notes to statement of financial condition

TD Prime Services LLC

Notes to Financial Statements

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). TDGUS is the top-tier intermediate holding company (“IHC”) mandated by Dodd Frank, and the Company is a subsidiary within the IHC corporate structure. The Company is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE and the NASDAQ Stock Market.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

The World Health Organization declared outbreak of the coronavirus (COVID-19) pandemic in the first quarter of 2020 has resulted in economic uncertainties which could negatively impact the Company's financial condition. The pandemic continued in fiscal year 2021, including the above-mentioned economic uncertainties. The Company has determined that there was no material impact as a result of the pandemic and the responses of various governments.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts where revenues are recognized when, or as, services or products are transferred to customer for amounts the Company expects to be entitled.

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$4.0 billion unsecured revolving line of credit agreement with TDH. Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 7 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts. Margin accounts are collateralized by customer securities and are carried at the amount receivable, net of allowance for credit losses (as applicable). Collateral is required to be maintained at a specified minimum level at all times. The Company monitors margin levels and requires clients to provide additional collateral or reduce margin positions to meet minimum collateral requirements if the fair value of collateral declines. Interest is calculated based upon the cost of the securities purchased by the customers on margin, net of any cash

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

the customer has provided to the Company. The allowance for credit losses was not material for the period presented.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. To the extent a portion of the receivable balance is not over collateralized, an estimate of the allowance for credit losses will be based only on the uncollateralized portion of the receivable balance. The allowance for credit losses on securities borrowed receivables was not material for the period presented. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. The allowance for credit loss was immaterial for the period.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the Statement of Financial Condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the Statement of Financial Condition. The fair value of these securities borrowed on April 30, 2022 was \$1.27 billion.

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Securities Sold Under Agreement to Repurchase, at Fair Value

Securities sold under agreements to repurchase are treated as collateralized financing transactions on the Statement of Financial Condition. TDPS has elected the fair value option on these transactions as performance on them is evaluated on a fair value basis. See Note 5 for further discussion of the valuation technique associated with these transactions. Such transactions are collateralized by equity securities. The Company's exposure to credit risk associated with the non-performance of counterparties in fulfilling these contractual obligations can be directly impacted by market fluctuations, which may impair the counterparties' ability to satisfy their obligations. The Company monitors the market value of securities delivered on a daily basis and refunds or obtains additional collateral as appropriate.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the Statement of Financial Condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur.

Income Taxes

During 2021, the Company adopted ASU 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes, which reduced the cost and complexity related to accounting for income taxes. As a result, TDPS no longer calculates income taxes on its results as a separate legal entity. See Note 4 for a discussion on the change of accounting principle during the current year and its impact on the financial statements.

3. New Accounting Standards

Recently Adopted Accounting Standards:

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates, including consideration of forward-looking information and reasonable and supportable forecasts, subject to certain practical expedients allowable. This guidance was adopted on November 1, 2020, and was effective for the October 31, 2021 annual reporting period. The guidance did not have a material impact on the financial statements for the current reporting period. Additional information regarding the methodology for estimating credit losses for assets within the scope of the standard can be found in the relevant sections of Note 2, Summary of Significant Accounting Policies.

TD Prime Services LLC

Notes to Financial Statements

3. New Accounting Standards (continued)

Newly issued Accounting Standards Effective in Future Periods:

There are no new accounting standards not yet adopted that are material to the Company as of April 30, 2022O.

4. Change in Accounting Principle

On December 18, 2019 the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is expected to reduce the cost and complexity related to accounting for income taxes. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The guidance in ASU 2019-12 provides for several amendments to provisions within ASC 740; one of the amendments specifically clarifies that an entity is not required to allocate the consolidated amount of current and deferred tax expense to the separate financial statements issued by legal entities that are both not subject to tax and disregarded by the taxing authority (for example, a single-member limited liability company). This new accounting policy election must be applied on an entity-by-entity basis.

Since TDPS is both not subject to tax and disregarded by the taxing authority, TD early adopted ASU 2019-12 for TDPS for the fiscal year beginning November 1, 2020. As a result, TD made an election to eliminate the allocation of current and deferred tax expenses, as well as associated income taxes payable and deferred taxes from the separate financial statements for TDPS. These taxes are being accrued at the parent level on TDH's books.

5. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

TD Prime Services LLC

Notes to Financial Statements

5. Fair Value Measurements (continued)

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended April 30, 2022.

At April 30, 2022 there were \$3.230 billion of repurchase agreements measured at fair value, which is determined using valuation techniques such as discounted cash flow models using multiple market inputs, including interest rates and spreads. They are classified as Level 2 instruments as inputs are generally observable in quoted markets and can be validated through external sources.

The following table presents (in \$millions) the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of April 30, 2022:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 2	\$ 2	\$ -	\$ -
Liabilities				
Securities sold Under Agreements to repurchase, at fair value	\$ 3,230	\$ -	\$ 3,230	\$ -

6. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At April 30, 2022, the fair value of securities received as collateral \$15.55 billion, all of which the Company is permitted to sell or re-pledge, of which \$121 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$16.51 billion, of which \$218 million was received from affiliated companies.

TD Prime Services LLC
Notes to Financial Statements

6. Collateralized Financing Transactions (continued)

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the Statement of Financial Condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement. At April 30, 2022, no trades met that criteria so there were no netted transactions.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets – April 30, 2022

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 11,957	\$ -	\$ 11,957	\$ 11,340	\$ -	\$ 617
Securities received as collateral, at fair value	\$ 4,214	\$ -	\$ 4,214	\$ 4,214	\$ -	\$ -
Total	\$ 16,171	\$ -	\$ 16,171	\$ 15,554	\$ -	\$ 617

Liabilities – April 30, 2022

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 9,587	\$ -	\$ 9,587	\$ 9,066	\$ -	\$ 521
Obligation to return securities received as collateral, at fair value	\$ 4,214	\$ -	\$ 4,214	\$ 4,214	\$ -	\$ -
Securities sold under agreements to repurchase, at fair value	\$ 3,230	\$ -	\$ 3,230	\$ 3,230	\$ -	\$ -
Total	\$ 17,031	\$ -	\$ 17,031	\$ 16,510	\$ -	\$ 521

TD Prime Services LLC
Notes to Financial Statements

6. Collateralized Financing Transactions (continued)

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the Statement of Financial Condition, but are shown as a reduction to the net amounts reported in the Statement of Financial Condition for the purpose of deriving a net asset or liability in the above table.

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of April 30, 2022.

(amounts in \$millions)	Maturity				Payable under stock loan agreements
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	
Securities loaned	\$ 9,587	\$ -	\$ -	\$ -	\$ 9,587
Obligation to return securities received as collateral, at fair value	\$ 3,047	\$ -	\$ 1,167	\$ -	\$ 4,214
Securities sold under agreements to repurchase, at fair value	\$ 3,230	\$ -	\$ -	\$ -	\$ 3,230
Total	\$ 15,864	\$ -	\$ 1,167	\$ -	\$ 17,031

<u>Class of Collateral Pledged</u>	<u>Payable under stock loan agreements</u>
Equities	\$ 14,774
Corporate debt	235
US government	2,022
Total	\$ 17,031

TD Prime Services LLC

Notes to Financial Statements

7. Related-Party Transactions

During the year ended April 30, 2022, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At April 30, 2022, the aggregate fair value of the securities borrowed vs cash collateral was approximately \$121 million, and the aggregate fair value of the securities loaned vs cash collateral was approximately \$814 million. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$133 million and \$865 million, respectively. At April 30, 2022, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$744 million and \$710 million, respectively. All of these agreements mature overnight.

The Company has an existing \$4.0 billion unsecured revolving line of credit agreement with TDH, of which \$3.57 billion was drawn as of April 30, 2022. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of April 30, 2022, the Company payable relating to the revolving line of credit was not material. Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$79.5 million was drawn as of April 30, 2022.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. These services cover a wide variety of operational and administrative functions, including Operations, Risk Management, Finance, Legal, Human Resources and other support functions. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of April 30, 2022, the Company has a payable to affiliates of \$21.7 million representing amounts owed and due under these SLA’s not paid as of that date.

8. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At April 30, 2022, the Company had net capital of approximately \$1,030.5 million, which exceeded its requirement of \$100.8 million by approximately \$929.7 million. At April 30, 2022, the Company’s percentage of aggregate debit items to net capital was 20.5%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirement on October 31, 2021 was \$0 and the Company had securities in the amount of \$25.2 million segregated in a special reserve account for the exclusive benefit of customers.

TD Prime Services LLC

Notes to Financial Statements

8. Regulatory Requirements (continued)

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. The Company’s deposit requirements for PAB customers on April 30, 2022 was \$6.5 million, and the Company had cash in the amount of \$0.1 million segregated in a special reserve account for the exclusive benefit of PAB customers. The Company had excess debits in its customer reserve computation of \$3,362.2 to offset the PAB requirement.

9. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/24	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/23	1-month LIBOR + 1/8 of 1%
\$	300,000,000	10/15/24	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC’s Uniform Net Capital Rule. To the extent that such borrowings are required for the Company’s continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the Statement of Financial Condition and was immaterial as of April 30, 2022.

10. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company’s activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

TD Prime Services LLC

Notes to Financial Statements

10. Off Balance Sheet Risk and Concentrations of Credit Risk (continued)

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

11. Guarantees

The Company is a member of a central counterparty clearing house ("CCP") and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company's guarantee obligations would arise only if the CCP had previously exhausted its resources.

At April 30, 2022, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

TD Prime Services LLC
Notes to Financial Statements

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of April 30, 2022 as a loss is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the Statement of Financial Condition date but before the date the Statement of Financial Condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

With Report of Independent Registered
Public Accounting Firm

October 31, 2021

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

OMB APPROVAL
OMB Number: 3235-0123 Expires: Oct. 31, 2023 Estimated average burden hours per response: 12
SEC FILE NUMBER
8-03337

ANNUAL REPORTS
FORM X-17A-5
PART III

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 11/01/2020 AND ENDING 10/31/2021
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: TD PRIME SERVICES LLC

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer Security-based swap dealer Major security-based swap participant
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

ONE VANDERBILT AVENUE

(No. and Street)

NEW YORK

NY

10017

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Richard Rosenthal

212-827-6840

richard.rosenthal@tdsecurities.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Ernst & Young LLP

(Name – if individual, state last, first, and middle name)

1 MANHATTAN WEST

NY

NY

10001

(Address)

(City)

(State)

(Zip Code)

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

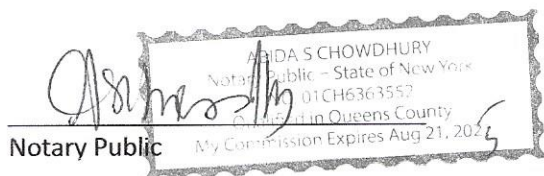
Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Richard Rosenthal, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of TD PRIME SERVICES LLC, as of OCTOBER 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Signature: Richard Rosenthal

Title: Chief Financial Officer



This filing** contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

TD Prime Services LLC
Statement of Financial Condition

As of October 31, 2021

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Notes to Statement of Financial Condition.....3



Ernst & Young LLP
1 Manhattan West
New York, NY 10001

Tel: +1 212 773 3000
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Report of Independent Registered Public Accounting Firm

To the Member and the Board of Directors of TD Prime Securities LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TD Prime Services LLC (the Company) as of October 31, 2021 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at October 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the Company's auditor since 2017.

December 20, 2021

TD Prime Services LLC
Statement of Financial Condition
October 31, 2021

(In Thousands)

Assets

Cash	\$ 138,046
Cash and securities segregated in compliance with federal regulations	27,690
Deposits with clearing organizations	133,803
Securities borrowed	12,938,253
Securities borrowed from affiliate	259,675
Securities received as collateral, at fair value	5,223,735
Receivable from customers	4,319,805
Receivable from brokers	80,123
Securities owned, at fair value	1,904
Other assets	3,200
Total assets	<u><u>\$ 23,126,234</u></u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 2,550,000
Securities loaned	9,848,416
Securities loaned to affiliate	1,849,527
Obligation to return securities received as collateral, at fair value	5,223,735
Securities sold under agreement to repurchase, at fair value	1,205,015
Payable to brokers	88,185
Payable to affiliates	74,325
Payable to customers	1,021,650
Accounts payable and accrued expenses	6,472
	<u>21,867,325</u>
Liabilities subordinated to claims of general creditors	900,000
Total liabilities	<u><u>22,767,325</u></u>
Member's Equity	358,909
Total liabilities and member's equity	<u><u>\$ 23,126,234</u></u>

See accompanying notes to statement of financial condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). TDGUS is the top-tier intermediate holding company (“IHC”) mandated by Dodd Frank, and the Company is a subsidiary within the IHC corporate structure. The Company is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE and the NASDAQ Stock Market.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

The World Health Organization declared outbreak of the coronavirus (COVID-19) pandemic in the first quarter of 2020 has resulted in economic uncertainties which could negatively impact the Company's financial condition. The pandemic continued in fiscal year 2021, including the above-mentioned economic uncertainties. The Company has determined that there was no material impact as a result of the pandemic and the responses of various governments.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts where revenues are recognized when, or as, services or products are transferred to customer for amounts the Company expects to be entitled.

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the Statement of Financial Condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$4.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 7 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts. Margin accounts are collateralized by customer securities and are carried at the amount receivable, net of allowance for credit losses (as applicable). Collateral is required to be maintained at a specified minimum level at all times. The Company monitors margin levels and requires clients to provide additional collateral or reduce margin positions to meet minimum collateral requirements if the fair value of collateral declines. Interest is calculated based upon the cost of the securities purchased by the customers on margin, net of any cash

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

the customer has provided to the Company. The allowance for credit losses was not material for the period presented.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. To the extent a portion of the receivable balance is not over collateralized, an estimate of the allowance for credit losses will be based only on the uncollateralized portion of the receivable balance. The allowance for credit losses on securities borrowed receivables was not material for the period presented. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables. The allowance for credit loss was immaterial for the period.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the Statement of Financial Condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the Statement of Financial Condition. The fair value of these securities borrowed on October 31, 2021 was \$1.36 billion.

TD Prime Services LLC

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Securities Sold Under Agreement to Repurchase, at Fair Value

Securities sold under agreements to repurchase are treated as collateralized financing transactions on the Statement of Financial Condition. TDPS has elected the fair value option on these transactions as performance on them is evaluated on a fair value basis. See Note 5 for further discussion of the valuation technique associated with these transactions. Such transactions are collateralized by equity securities. The Company's exposure to credit risk associated with the non-performance of counterparties in fulfilling these contractual obligations can be directly impacted by market fluctuations, which may impair the counterparties' ability to satisfy their obligations. The Company monitors the market value of securities delivered on a daily basis and refunds or obtains additional collateral as appropriate.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the Statement of Financial Condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur.

Income Taxes

During 2021, the Company adopted ASU 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes, which reduced the cost and complexity related to accounting for income taxes. As a result, TDPS no longer calculates income taxes on its results as a separate legal entity. See Note 4 for a discussion on the change of accounting principle during the current year and its impact on the financial statements.

3. New Accounting Standards

Recently Adopted Accounting Standards:

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates, including consideration of forward-looking information and reasonable and supportable forecasts, subject to certain practical expedients allowable. This guidance was adopted on November 1, 2020, and is effective for the October 31, 2021 annual reporting period. The guidance did not have a material impact on the financial statements for the current reporting period. Additional information regarding the methodology for estimating credit losses for assets within the scope of the standard can be found in the relevant sections of Note 2, Summary of Significant Accounting Policies.

TD Prime Services LLC

Notes to Financial Statements

3. New Accounting Standards (continued)

Newly issued Accounting Standards Effective in Future Periods:

There are no new accounting standards not yet adopted that are material to the Company as of October 31, 2021.

4. Change in Accounting Principle

On December 18, 2019 the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is expected to reduce the cost and complexity related to accounting for income taxes. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The guidance in ASU 2019-12 provides for several amendments to provisions within ASC 740; one of the amendments specifically clarifies that an entity is not required to allocate the consolidated amount of current and deferred tax expense to the separate financial statements issued by legal entities that are both not subject to tax and disregarded by the taxing authority (for example, a single-member limited liability company). This new accounting policy election must be applied on an entity-by-entity basis.

Since TDPS is both not subject to tax and disregarded by the taxing authority, TD early adopted ASU 2019-12 for TDPS for the fiscal year beginning November 1, 2020. As a result, TD is making an election to eliminate the allocation of current and deferred tax expenses, as well as associated income taxes payable and deferred taxes from the separate financial statements for TDPS. In future periods these taxes will be accrued at the parent level on TDH's books.

At November 1st, 2020, the Company adopted ASU 2019-12. The effect of the adoption was to no longer account for income taxes at the Company. To effect the adoption, the Company recorded an adjustment of \$13.9 M to opening equity.

5. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

TD Prime Services LLC

Notes to Financial Statements

5. Fair Value Measurements (continued)

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended October 31, 2021.

At October 31, 2021 there were \$1.25 billion of repurchase agreements measured at fair value, which is determined using valuation techniques such as discounted cash flow models using multiple market inputs, including interest rates and spreads. They are classified as Level 2 instruments as inputs are generally observable in quoted markets and can be validated through external sources.

The following table presents (in \$millions) the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of October 31, 2021:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 2	\$ 2	\$ -	\$ -
Liabilities				
Securities sold Under Agreements to repurchase, at fair value	\$ 1,205	\$ -	\$ 1,205	\$ -

6. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At October 31, 2021, the fair value of securities received as collateral \$18.05 billion, all of which the Company is permitted to sell or re-pledge, of which \$242 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$17.82 billion, of which \$218 million was received from affiliated companies.

TD Prime Services LLC
Notes to Financial Statements

6. Collateralized Financing Transactions (continued)

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the Statement of Financial Condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement. At October 31, 2021, no trades met that criteria so there were no netted transactions.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets - October 31, 2021

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 13,198	\$ -	\$ 13,198	\$ 12,827	\$ -	\$ 371
Securities received as collateral, at fair value	\$ 5,224	\$ -	\$ 5,224	\$ 5,224	\$ -	\$ -
Total	\$ 18,422	\$ -	\$ 18,422	\$ 18,051	\$ -	\$ 371

Liabilities - October 31, 2021

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 11,698	\$ -	\$ 11,698	\$ 11,389	\$ -	\$ 309
Obligation to return securities received as collateral, at fair value	\$ 5,224	\$ -	\$ 5,224	\$ 5,224	\$ -	\$ -
Securities sold under agreements to repurchase, at fair value	\$ 1,205	\$ -	\$ 1,205	\$ 1,205	\$ -	\$ -
Total	\$ 18,127	\$ -	\$ 18,127	\$ 17,818	\$ -	\$ 309

TD Prime Services LLC
Notes to Financial Statements

6. Collateralized Financing Transactions (continued)

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the Statement of Financial Condition, but are shown as a reduction to the net amounts reported in the Statement of Financial Condition for the purpose of deriving a net asset or liability in the above table.

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of October 31, 2021.

(amounts in \$millions)	Maturity				Payable under stock loan agreements
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	
Securities loaned	\$ 11,698	\$ -	\$ -	\$ -	\$ 11,698
Obligation to return securities received as collateral, at fair value	\$ 4,415	\$ -	\$ 809	\$ -	\$ 5,224
Securities sold under agreements to repurchase, at fair value	\$ 1,205	\$ -	\$ -	\$ -	\$ 1,205
Total	\$ 17,318	\$ -	\$ 809	\$ -	\$ 18,127

<u>Class of Collateral Pledged</u>	<u>Payable under stock loan agreements</u>
Equities	\$ 14,787
Corporate debt	484
US government	2,856
Total	\$ 18,127

TD Prime Services LLC

Notes to Financial Statements

7. Related-Party Transactions

During the year ended October 31, 2021, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At October 31, 2021, the aggregate fair value of the securities borrowed vs cash collateral was approximately \$242 million, and the aggregate fair value of the securities loaned vs cash collateral was approximately \$1.81 billion. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$260 million and \$1.85 billion, respectively. At October 31, 2021, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$917 million and \$924 million, respectively. All of these agreements mature overnight.

The Company has an existing \$4.0 billion unsecured revolving line of credit agreement with TDH, of which \$2.55 billion was drawn as of October 31, 2021. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of October 31, 2021, the Company payable relating to the revolving line of credit was not material. Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$71.18 million was drawn as of October 31, 2021.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. These services cover a wide variety of operational and administrative functions, including Operations, Risk Management, Finance, Legal, Human Resources and other support functions. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of October 31, 2021, the Company has a payable to affiliates of \$2.5 million representing amounts owed and due under these SLA’s not paid as of that date.

8. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At October 31, 2021, the Company had net capital of approximately \$1,076.3 million, which exceeded its requirement of \$81.3 million by approximately \$995.0 million. At October 31, 2021, the Company’s percentage of aggregate debit items to net capital was 26.4%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirement on October 31, 2021 was \$0 and the Company had securities in the amount of \$27.6 million segregated in a special reserve account for the exclusive benefit of customers.

TD Prime Services LLC

Notes to Financial Statements

8. Regulatory Requirements (continued)

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. The Company’s deposit requirements for PAB customers on October 31, 2021 was \$6.5 million and the Company had cash in the amount of \$0.1 million segregated in a special reserve account for the exclusive benefit of PAB customers and had excess debits customer reserve \$2,642.4 offset the PAB requirement.

9. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/23	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/23	1-month LIBOR + 1/8 of 1%
\$	300,000,000	10/15/24	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC’s Uniform Net Capital Rule. To the extent that such borrowings are required for the Company’s continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the Statement of Financial Condition and was immaterial as of October 31, 2021.

10. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company’s activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

TD Prime Services LLC

Notes to Financial Statements

10. Off Balance Sheet Risk and Concentrations of Credit Risk (continued)

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

11. Guarantees

The Company is a member of a central counterparty clearing house ("CCP") and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company's guarantee obligations would arise only if the CCP had previously exhausted its resources.

At October 31, 2021, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

TD Prime Services LLC
Notes to Financial Statements

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of October 31, 2021 as a loss is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the Statement of Financial Condition date but before the date the Statement of Financial Condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

(Unaudited)

April 30, 2021

TD Prime Services LLC
Statement of Financial Condition
April 30, 2021

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Unaudited Statement of Financial Condition

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TD Prime Services LLC
Statement of Financial Condition
April 30, 2021

(In Thousands)

Assets

Cash	\$ 110,812
Cash and securities segregated in compliance with federal regulations	28,040
Deposits with clearing organizations	101,208
Securities borrowed	11,839,743
Securities borrowed from affiliate	113,125
Securities received as collateral, at fair value	2,993,804
Receivable from customers	5,506,473
Receivable from brokers	26,285
Securities owned, at fair value	1,796
Receivable from affiliates	248
Other assets	1,005
Total assets	<u>\$ 20,722,539</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 2,500,000
Securities loaned	11,709,093
Securities loaned to affiliate	1,283,329
Obligation to return securities received as collateral, at fair value	2,993,804
Securities sold under agreement to repurchase, at fair value	655,011
Payable to brokers	25,920
Payable to affiliates	35,229
Payable to customers	541,220
Accounts payable and accrued expenses	10,308
	<u>19,753,914</u>
Liabilities subordinated to claims of general creditors	600,000
Total liabilities	<u>20,353,914</u>

Member's Equity

Total liabilities and member's equity	<u>\$ 20,722,539</u>
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See accompanying notes to statement of financial conditions.

TD Prime Services LLC

Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts ("ADR's"), listed options and as principal for transactions in a limited number of equity and preferred securities. As a member of the New York Stock Exchange (“NYSE”), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE, the NASDAQ Stock Market, the International Securities Exchange ("ISE") and various other exchanges.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

The World Health Organization declared outbreak of the coronavirus (COVID-19) pandemic in the first quarter of 2020 has resulted in economic uncertainties which could negatively impact the Company's financial condition. The Company determined that there was no material impact as a result of the pandemic and the responses of various governments.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

where revenues are recognized when, or as, services or products are transferred to customers for amounts the Company expects to be entitled.

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash and Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$3.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments, as well as related revenues and expenses, are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrowed income and securities loaned expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on April 30, 2021 was \$2.23 billion.

Securities Sold Under Agreement to Repurchase, at Fair Value

Securities sold under agreements to repurchase are treated as collateralized financing transactions and are carried in the Statement of Financial Condition at fair value, plus accrued interest. The Company has elected the fair value option for repurchase agreements. Such transactions are collateralized by equity securities. The Company's exposure to credit risk associated with the non-performance of counterparties in fulfilling these contractual obligations can be directly impacted by market fluctuations, which may impair the counterparties' ability to satisfy their obligations. It is the Company's policy to obtain possession of collateral related to securities purchased under agreements to resell with market value in excess of the principal amount loaned. The market value of the securities to be repurchased or resold is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur.

TD Prime Services LLC

Notes to Statement of Financial Condition

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities, with the cumulative effect included in the Statement of operations for the period in which the change was enacted. A deferred tax valuation allowance is established when, in the judgment of management, it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

3. New Accounting Policies

Accounting Developments

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. A lessee will continue to recognize expense in its Statement of operations in a manner similar to the requirements under the current lease accounting guidance. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance was effective for the October 31, 2020 annual reporting period. The guidance did not have a material impact on the financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance will be effective for the October 31, 2021 annual reporting period. The guidance is not expected to have a material impact on the financial statements.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy at April 30, 2021.

At April 30, 2021, there were \$655 million of repurchase agreements measured at fair value, which is determined using valuation techniques such as discounted cash flow models using multiple market inputs, including interest rates and spreads. They are classified as Level 2 instruments as inputs are generally observable in quoted markets and can be validated through external sources.

The following table presents, in \$thousands, the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of April 30, 2021:

Description	Total	Level 1	Level 2	Level 3
Assets				
Equity securities, at fair value	\$ 1,796	\$ 1,796	\$ -	\$ -
Liabilities				
Securities sold Under Agreement to repurchase, at fair value	\$ 655,011	\$ -	\$ 655,011	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions and repurchase transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At April 30, 2021, the fair value of securities received as collateral \$14.67 billion, all of which the Company is permitted to sell or re-pledge, of which \$101 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$16.93 billion, of which \$27 million was received from affiliated companies.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets – April 30, 2021

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 11,953	\$ -	\$ 11,953	\$ 11,677	\$ -	\$ 276
Securities received as collateral, at fair value	\$ 2,994	\$ -	\$ 2,994	\$ 2,994	\$ -	\$ -
Total	\$ 14,947	\$ -	\$ 14,947	\$ 14,671	\$ -	\$ 276

Liabilities – April 30, 2021

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 12,992	\$ -	\$ 12,992	\$ 12,628	\$ -	\$ 364
Obligation to return securities received as collateral, at fair value	\$ 2,994	\$ -	\$ 2,994	\$ 2,994	\$ -	\$ -
Securities sold Under Agreement to repurchase, at fair value	\$ 655	\$ -	\$ 655	\$ 655	\$ -	\$ -
Total	\$ 16,641	\$ -	\$ 16,641	\$ 16,277	\$ -	\$ 364

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Payables under Securities Loaned Transactions and Repurchase Agreements Accounted for as Secured Borrowings:

The tables below represent stock loan and repurchase agreements by remaining term to maturity and class of collateral pledged as of April 30, 2021.

(amounts in \$millions)	Maturity Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	Payable under stock loan agreements
Securities loaned	\$ 12,992	\$ -	\$ -	\$ -	\$ 12,992
Obligation to return securities received as collateral, at fair value	\$ 2,389	\$ -	\$ 605	\$ -	\$ 2,994
Securities sold under agreement to repurchase, at fair value	\$ 655	\$ -	\$ -	\$ -	\$ 655
Total	\$ 16,306	\$ -	\$ 605	\$ -	\$ 16,641

<u>Class of Collateral Pledged</u>	<u>Payable under stock loan agreements</u>
Equities	\$ 14,501
Corporate debt	134
US government	2,006
Total	<u>\$ 16,641</u>

6. Related-Party Transactions

During the year ended April 30, 2021, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At April 30, 2021, the aggregate fair value of the securities borrowed vs cash collateral was approximately \$101 million, and the aggregate fair value of the securities loaned vs cash collateral was approximately \$1.25 billion. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$113 million and \$1.28 billion, respectively. At April 30, 2021, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$1.22 billion and \$1.20 billion, respectively. All of these agreements mature overnight.

TD Prime Services LLC

Notes to Statement of Financial Condition

6. Related-Party Transactions (continued)

The Company has an existing \$3.0 billion unsecured revolving line of credit agreement with TDH, of which \$2.50 billion was drawn as of April 30, 2021. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate.

Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$18.31 million was drawn as of April 30, 2021.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of April 30, 2021, the Company has a payable to affiliates of \$16.77 million representing amounts owed and due under these SLA’s not paid as of that date. In addition, at April 30, 2021, the Company has booked net taxes receivable from TDH in the amount \$248 thousand. See note 11 for additional information regarding the Company’s relationship with TDH with regard to income taxes.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At April 30, 2021, the Company had net capital of approximately \$728.7 million, which exceeded its requirement of \$56.5 million by approximately \$672.3 million. At April 30, 2021, the Company’s percentage of aggregate debit items to net capital was 25.8%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirements on April 30, 2021 was \$0 and the Company had securities in the amount of \$27.9 million segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. The Company’s deposit requirements for PAB customers on April 30, 2021 was \$0 and the Company had securities in the amount of \$0.1 million segregated in a special reserve account for the exclusive benefit of PAB customers.

TD Prime Services LLC
Notes to Statement of Financial Condition

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/23	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/22	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the statement of financial condition and was immaterial as of April 30, 2021.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of financial condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Securities (USA) LLC
Notes to Statement of Financial Condition

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At April 30, 2021, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group’s U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH, as well as stand-alone returns in multiple jurisdictions.

The Company currently has \$0.07 million deferred tax assets on its books pertaining to related party interest.

As of April 30, 2021, the company does not expect BEAT to affect its tax provision based on the final U.S. Treasury Regulations.

ASC 740-10 clarifies the accounting for income taxes by prescribing a “more likely than not” recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves. At April 30, 2021, the Company had minimal unrecognized tax benefits.

The Company operates in the U.S. and other jurisdictions and the years 2017-2019 remain subject to examination by tax authorities.

TD Securities (USA) LLC
Notes to Statement of Financial Condition

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of April 30, 2021 as a loss is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

With Report of Independent Registered
Public Accounting Firm

October 31, 2020

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2023
Estimated average burden
hours per response..... 12.00

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 03337

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 11/01/2019 AND ENDING 10/31/2020
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **TD Prime Services LLC**
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
One Vanderbilt Avenue

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
New York **NY** **10017**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Richard Rosenthal 212-827-6840
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLC

(Name - if individual, state last, first, middle name)
5 Times Square **New York** **NY** **10036**
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
 Public Accountant
 Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Richard Rosenthal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TD Prime Services LLC of October 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard Rosenthal

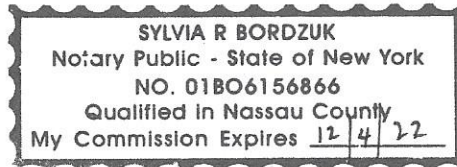
Signature

Chief Financial Officer

Title

State of New York)
County of Nassau)

Sylvia R Bordzuk
Notary Public



This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income...
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

TD Prime Services LLC
Statement of Financial Condition
As Of October 31, 2020

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Facing Page and Oath or Affirmation

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Ernst & Young LLP
5 Times Square
New York, NY 10036-6530

Tel: +1 212 773 3000
Fax: +1 212 773 6350

Report of Independent Registered Public Accounting Firm

To the Member and Board of Directors of TD Prime Services LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TD Prime Services LLC (the "Company") as of October 31, 2020 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at October 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the Company's auditor since 2017.

December 18, 2020

TD Prime Services LLC
Statement of Financial Condition
October 31, 2020

(In Thousands)

Assets

Cash	\$ 109,713
Cash and securities segregated in compliance with federal regulations	29,360
Deposits with clearing organizations	119,497
Securities borrowed	16,786,489
Securities borrowed from affiliate	35,657
Securities received as collateral, at fair value	3,530,443
Receivable from customers	1,808,239
Receivable from brokers	41,135
Securities owned, at fair value	2,766
Receivable from affiliates	1,521
Other assets	2,658
Total assets	<u>\$ 22,467,478</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 2,850,000
Securities loaned	14,254,891
Securities loaned to affiliate	423,169
Obligation to return securities received as collateral, at fair value	3,530,443
Payable to brokers	90,905
Payable to affiliates	3,728
Payable to customers	349,025
Accounts payable and accrued expenses	1,086
	<u>21,503,247</u>
Liabilities subordinated to claims of general creditors	600,000
Total liabilities	<u>22,103,247</u>
Member's Equity	364,231
Total liabilities and member's equity	<u>\$ 22,467,478</u>

See accompanying notes to statement of financial conditions.

TD Prime Services LLC

Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts ("ADR's"), listed options and as principal for transactions in a limited number of equity and preferred securities. As a member of the New York Stock Exchange (“NYSE”), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE, the NASDAQ Stock Market, the International Securities Exchange ("ISE") and various other exchanges.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

The World Health Organization declared outbreak of the coronavirus (COVID-19) pandemic in the first quarter of 2020 has resulted in economic uncertainties which could negatively impact the Company's financial condition. The Company determined that there was no material impact as a result of the pandemic and the responses of various governments.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

where revenues are recognized when, or as, services or products are transferred to customers for amounts the Company expects to be entitled.

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash and Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$3.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments, as well as related revenues and expenses, are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrowed income and securities loaned expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on October 31, 2020 was \$8.64 billion.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur. .

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities, with the cumulative effect included in the Statement of operations for the period in which the change was enacted. A deferred tax valuation allowance is established when, in the judgment of management, it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

TD Prime Services LLC

Notes to Statement of Financial Condition

3. New Accounting Policies

Accounting Developments

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*", which is intended to improve the financial reporting of revenue and comparability of the top line in financial statements globally. The core principle of the new standard is for the recognition of revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard resulted in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improved guidance for multiple-element arrangements. The standard was adopted starting November 1, 2018 (for the 2019 fiscal year). The guidance did not have a material impact on the financial statements as the pattern of recognizing revenue did not change.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. A lessee will continue to recognize expense in its Statement of operations in a manner similar to the requirements under the current lease accounting guidance. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance was effective for the October 31, 2020 annual reporting period. The guidance did not have a material impact on the financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments—Credit Losses (Topic 326)*" that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance will be effective for the October 31, 2021 annual reporting period. The guidance is not expected to have a material impact on the financial statements.

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements (continued)

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended October 31, 2020.

At October 31, 2020, there were no liabilities measured at fair value on a recurring basis. The following table presents the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of October 31, 2020:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 2,766	\$ 2,766	\$ -	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At October 31, 2020, the fair value of securities received as collateral \$19.7 billion, all of which the Company is permitted to sell or re-pledge, of which \$33 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$17.7 billion, of which \$27 million was received from affiliated companies.

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets - October 31, 2020

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 16,823	\$ -	\$ 16,823	\$ 16,166	\$ -	\$ 657
Securities received as collateral, at fair value	\$ 3,530	\$ -	\$ 3,530	\$ 3,530	\$ -	\$ -
Total	\$ 20,353	\$ -	\$ 20,353	\$ 19,696	\$ -	\$ 657

Liabilities - October 31, 2020

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 14,679	\$ -	\$ 14,679	\$ 14,170	\$ -	\$ 509
Obligation to return securities received as collateral, at fair value	\$ 3,530	\$ -	\$ 3,530	\$ 3,530	\$ -	\$ -
Total	\$ 18,209	\$ -	\$ 18,209	\$ 17,700	\$ -	\$ 509

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of October 31, 2020.

(amounts in \$millions)	Maturity Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	Payable under stock loan agreements
Securities loaned	\$ 13,403	\$ 1,219	\$ 57	\$ -	\$ 14,679
Obligation to return securities received as collateral, at fair value	\$ 1,972	\$ -	\$ 1,558	\$ -	\$ 3,530
Total	\$ 15,375	\$ 1,219	\$ 1,615	\$ -	\$ 18,209

<u>Class of Collateral Pledged</u>	<u>Payable under stock loan agreements</u>
Equities	\$ 16,101
Corporate debt	125
US government	1,983
Total	<u>\$ 18,209</u>

6. Related-Party Transactions

During the year ended October 31, 2020, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At October 31, 2020, the aggregate fair value of the securities borrowed vs cash collateral was approximately \$33 million, and the aggregate fair value of the securities loaned vs cash collateral was approximately \$409 million. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$36 million and \$423 million, respectively. At October 31, 2020, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$1.43 billion and \$1.42 billion, respectively. All of these agreements mature overnight.

TD Prime Services LLC

Notes to Statement of Financial Condition

6. Related-Party Transactions (continued)

The Company has an existing \$3.0 billion unsecured revolving line of credit agreement with TDH, of which \$2.85 billion was drawn as of October 31, 2020. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate.

Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$2.3 million was drawn as of October 31, 2020.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of October 31, 2020, the Company has a payable to affiliates of \$1.3 million representing amounts owed and due under these SLA’s not paid as of that date. In addition, at October 31, 2020, the Company has booked net taxes receivable from TDH in the amount \$1.5 million. See note 11 for additional information regarding the Company’s relationship with TDH with regard to income taxes.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At October 31, 2020, the Company had net capital of approximately \$657.0 million, which exceeded its requirement of \$33.0 million by approximately \$624.0 million. At October 31, 2020, the Company’s percentage of aggregate debit items to net capital was 39.8%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirements on October 31, 2020 was \$0 and the Company had securities in the amount of \$29.2 million segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. The Company’s deposit requirements for PAB customers on October 31, 2020 was \$0 and the Company had securities in the amount of \$0.1 million segregated in a special reserve account for the exclusive benefit of PAB customers.

TD Prime Services LLC
Notes to Statement of Financial Condition

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/22	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/22	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the statement of financial condition and was immaterial as of October 31, 2020.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of financial condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Securities (USA) LLC
Notes to Statement of Financial Condition

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At October 31, 2020, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group’s U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH.

The Company currently has \$67 thousand of deferred tax assets on its books pertaining to related party interest.

ASC 740-10 clarifies the accounting for income taxes by prescribing a “more likely than not” recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties and requires additional disclosures on tax reserves. At October 31, 2020, the Company had minimal unrecognized tax benefits.

The Company operates in the U.S. and other jurisdictions and the years 2017-2019 remain subject to examination by tax authorities

TD Securities (USA) LLC
Notes to Statement of Financial Condition

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of October 31, 2020 as a loss is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

(Unaudited)

April 30, 2020

TD Prime Services LLC
Statement of Financial Condition

April 30, 2020

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TD Prime Services LLC
Statement of Financial Condition
April 30, 2020

(In Thousands)

Assets

Cash	\$ 43,677
Cash and securities segregated in compliance with federal regulations	29,859
Deposits with clearing organizations	157,159
Securities borrowed	10,746,927
Securities borrowed from affiliate	28,610
Securities received as collateral, at fair value	3,033,202
Receivable from customers	1,078,194
Receivable from brokers	10,241
Securities owned, at fair value	3,878
Receivable from affiliates	3,253
Other assets	900
Total assets	<u>\$ 15,135,900</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 2,250,000
Securities loaned	8,304,218
Securities loaned to affiliate	186,482
Obligation to return securities received as collateral, at fair value	3,033,202
Payable to brokers	59,156
Payable to affiliates	11,652
Payable to customers	321,599
Accounts payable and accrued expenses	1,705
	<u>14,168,014</u>
Liabilities subordinated to claims of general creditors	600,000
Total liabilities	<u>14,768,014</u>
Member's equity	367,886
Total liabilities and member's equity	<u>\$ 15,135,900</u>

See accompanying notes to statement of financial condition.

TD Prime Services LLC

Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts (“ADR's”), listed options and as principal for transactions in a limited number of equity and preferred securities. As a member of the New York Stock Exchange (“NYSE”), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE and the NASDAQ Stock Market.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

The World Health Organization declared outbreak of the coronavirus (COVID-19) pandemic in the first quarter of 2020 has resulted in economic uncertainties which could negatively impact the Company's financial condition. The potential economic impacts to the Company of the pandemic and the responses of various governments to it are unknown at this time.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument’s fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash and Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$3.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from and Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise, with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrowed income and securities loaned expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in securities borrowing transactions and may provide securities instead of cash as collateral. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on April 30, 2020 was \$4.33 billion.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities. A deferred tax valuation allowance is established when in the judgment of management it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

3. New Accounting Policies

Accounting Developments

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance is effective for the October 31, 2020 annual reporting period. The company adopted this standard on November 1, 2019 and it did not have a material impact on the financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance is effective for the October 31, 2020 annual reporting period. The Company is currently assessing the impact on the financial statements of adopting this standard.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy as of April 30, 2020.

At April 30, 2020, there were no liabilities measured at fair value on a recurring basis. The following table presents the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of April 30, 2020:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 3,878	\$ 3,878	\$ -	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At April 30, 2020, the fair value of securities received as collateral where the Company is permitted to sell or re-pledge the securities was \$13.4 billion, of which \$20 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$11.2 billion, of which \$175 million was received from affiliated companies.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets – April 30, 2020

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 10,776	\$ -	\$ 10,776	\$ 10,378	\$ -	\$ 398
Securities received as collateral, at fair value	\$ 3,033	\$ -	\$ 3,033	\$ 3,033	\$ -	\$ -
Total	\$ 13,809	\$ -	\$ 13,809	\$ 13,411	\$ -	\$ 398

Liabilities – April 30, 2020

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 8,491	\$ -	\$ 8,491	\$ 8,170	\$ -	\$ 321
Obligation to return securities received as collateral, at fair value	\$ 3,033	\$ -	\$ 3,033	\$ 3,033	\$ -	\$ -
Total	\$ 11,524	\$ -	\$ 11,524	\$ 11,203	\$ -	\$ 321

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of April 30, 2020.

(amounts in \$millions)	Maturity				Payable under stock loan agreements
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	
Securities loaned	\$ 7,541	\$ 950	\$ -	\$ -	\$ 8,491
Obligation to return securities received as collateral, at fair value	\$ 1,437	\$ -	\$ 1,596	\$ -	\$ 3,033
Total	\$ 8,978	\$ 950	\$ 1,596	\$ -	\$ 11,524

<u>Class of Collateral Pledged</u>	<u>Payable under stock loan agreements</u>
Equities	\$ 9,582
Corporate debt	112
US government	1,830
Total	<u>\$ 11,524</u>

6. Related-Party Transactions

During the year ended April 30, 2020, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At April 30, 2020, the aggregate fair value of the collateral related to such securities borrowed was approximately \$28 million, and the securities loaned vs cash collateral was approximately \$186 million. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$29 million and \$186 million, respectively. At April 30, 2020, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$690 million and \$679 million, respectively. All of these agreements mature overnight.

TD Prime Services LLC

Notes to Statement of Financial Condition

6. Related-Party Transactions (continued)

The Company has an existing \$3.0 billion unsecured revolving line of credit agreement with TDH, of which \$2.25 billion was drawn as of April 30, 2020. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of April 30, 2020, the Company had interest payable of \$.1 million relating to the revolving line of credit. Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$3.3 million was drawn as of April 30, 2020.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. As of April 30, 2020, the Company has a payable to affiliates of \$8 million representing amounts owed and due under these SLA’s not paid as of that date. In addition, at April 30, 2020, the Company has booked net taxes receivable from TDH in the amount \$3.3 million. See note 11 for additional information regarding the Company’s relationship with TDH with regard to income taxes.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At April 30, 2020, the Company had net capital of approximately \$694.5 million, which exceeded its requirement of \$28.3 million by approximately \$666.2 million. At April 30, 2020, the Company’s percentage of aggregate debit items to net capital was 49%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirement on April 30, 2020 was \$0 and the Company had securities in the amount of \$29.7 million segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. As of April 30, 2020, to comply with its April 30, 2020 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by \$100,000 in accordance with its PAB calculation.

TD Prime Services LLC
Notes to Statement of Financial Condition

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/22	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/21	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the statement of financial condition and was immaterial as of April 30, 2020.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of financial condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Prime Services LLC

Notes to Statement of Financial Condition

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At April 30, 2020, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group’s U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH, as well as stand-alone returns in multiple jurisdictions.

The Company currently has \$0.03 million deferred tax assets on its books pertaining to related party interest.

As of April 30, 2020, the company does not expect BEAT to affect its tax provision based on the final U.S. Treasury Regulations. .

ASC 740-10 clarifies the accounting for income taxes by prescribing a “more likely than not” recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves. At April 30, 2020, the Company had no unrecognized tax benefits. The Company operates in the U.S. and other jurisdictions and the years 2017-2019 remain subject to examination by tax authorities

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of April 30, 2020 as a loss contingency is not probable.

TD Prime Services LLC
Notes to Statement of Financial Condition

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the statement of financial condition. The Company has evaluated all subsequent events through the date of issuance of the statement of financial condition and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

With Report of Independent Registered
Public Accounting Firm

October 31, 2019

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: August 31, 2020
Estimated average burden
hours per response..... 12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-03337

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING November 1, 2018 AND ENDING October 31, 2019
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TD Prime Services LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

31 West 52nd Street

(No. and Street)

NEW YORK

NY

10019

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard Rosenthal

212-827-6340

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young

(Name - if individual, state last, first, middle name)

5 Times Square

New York

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Richard Rosenthal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TD Prime Services LLC of October 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard Rosenthal
Signature

Chief Financial Officer

Title

Robin Kraus
Notary Public

ROBIN KRAUS
Notary Public, State of New York
No. 31-4920571
Qualified New York County
Commission Expires June 7, 2022

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

TD Prime Services LLC
Statement of Financial Condition

October 31, 2019

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Facing Page and Oath or Affirmation

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Ernst & Young LLP
5 Times Square
New York, NY 10036-6530

Tel: +1 212 773 3000
Fax: +1 212 773 6350

Report of Independent Registered Public Accounting Firm

To the Member and Board of Directors of TD Prime Services LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TD Prime Services LLC (the "Company") as of October 31, 2019 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at October 31, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2017.

December 19, 2019

TD Prime Services LLC
Statement of Financial Condition
October 31, 2019

(In Thousands)

Assets

Cash	\$ 21,667
Cash and securities segregated in compliance with federal regulations	27,763
Deposits with clearing organizations	121,014
Securities borrowed	15,008,674
Securities borrowed from affiliate	14,202
Securities received as collateral, at fair value	3,438,795
Receivable from customers	116,540
Receivable from brokers	19,545
Securities owned, at fair value	2,709
Receivable from affiliates	1,053
Other assets	179
Total assets	<u>\$ 18,772,141</u>

Liabilities and Member's Equity

Liabilities

Loan payable to affiliate	\$ 2,500,000
Securities loaned	11,712,062
Securities loaned to affiliate	25,154
Obligation to return securities received as collateral, at fair value	3,438,795
Payable to brokers	10,400
Payable to affiliates	8,088
Payable to customers	97,262
Accounts payable and accrued expenses	5,497
	<u>17,797,258</u>

Liabilities subordinated to claims of general creditors	600,000
Total liabilities	<u>18,397,258</u>

Member's equity	374,883
Total liabilities and member's equity	<u>\$ 18,772,141</u>

See accompanying notes to statement of financial condition.

TD Prime Services LLC

Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”).

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts ("ADR's"), listed options and as principal for transactions in a limited number of equity and preferred securities. As a member of the New York Stock Exchange (“NYSE”), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. The Company currently operates in one reportable business segment which represents principally all of the Company’s capital markets activities.

Additionally, the Company maintains memberships with the NYSE, the NASDAQ Stock Market, the International Securities Exchange (“ISE”) and various other exchanges.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument’s fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for providing services to a customer. The Company recognizes revenue when it has satisfied its obligation to provide the agreed upon services to the customer. The determination of when performance obligations are satisfied, which may affect the timing of revenue recognition, requires the use of judgment.

The Company's stock borrowing and lending contracts have a term of less than one year, consist of a single performance obligation, and the performance obligations generally reflect the individual services outlined in the contracts. Other revenues, principally in the prime brokerage business, are generated from contracts where revenues are recognized when, or as, services or products are transferred to customers for amounts the Company expects to be entitled.

The Company's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Company has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Company

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash and Securities Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash and securities segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$3.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities. These instruments, as well as related revenues and expenses, are recorded on a trade date basis

Securities Borrowed, Securities Borrowed from Affiliate, Securities Loaned, and Securities Loaned to Affiliate

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

TD Prime Services LLC

Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrowed income and securities loaned expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on October 31, 2019 was \$5.35 billion.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities. A deferred tax valuation allowance is established when in the judgment of management it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

TD Prime Services LLC

Notes to Statement of Financial Condition

3. New Accounting Policies

Accounting Developments

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*", which is intended to improve the financial reporting of revenue and comparability of the top line in financial statements globally. The core principle of the new standard is for the recognition of revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The standard was adopted starting November 1, 2018 (for the 2019 fiscal year).. The guidance did not have a material impact on the financial statements as the pattern of recognizing revenue did not change.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance is effective for the October 31, 2020 annual reporting period. The standard will be effective for annual reporting periods beginning after December 15, 2018. The guidance is not expected to have a material impact on the financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments—Credit Losses (Topic 326)*" that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance is effective for the October 31, 2020 annual reporting period. The Company is currently assessing the impact on the financial statements of adopting this standard.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash*", which requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The standard was adopted starting November 1, 2018 (for the 2019 fiscal year) and did not have a material impact on the financial statements.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value. These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended October 31, 2019.

At October 31, 2019, there were no liabilities measured at fair value on a recurring basis. The following table presents the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of October 31, 2019:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 2,709	\$ 2,709	\$ -	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At October 31, 2019, the fair value of securities received as collateral where the Company is permitted to sell or re-pledge the securities was \$18 billion, of which \$10 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$14.9 billion, of which \$23 million was received from affiliated companies.

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement.

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets - October 31, 2019

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 15,023	\$ -	\$ 15,023	\$ 14,587	\$ -	\$ 436
Securities received as collateral, at fair value	\$ 3,439	\$ -	\$ 3,439	\$ 3,439	\$ -	\$ -
Total	\$ 18,462	\$ -	\$ 18,462	\$ 18,026	\$ -	\$ 436

Liabilities - October 31, 2019

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 11,737	\$ -	\$ 11,737	\$ 11,412	\$ -	\$ 325
Obligation to return securities received as collateral, at fair value	\$ 3,439	\$ -	\$ 3,439	\$ 3,439	\$ -	\$ -
Total	\$ 15,176	\$ -	\$ 15,176	\$ 14,851	\$ -	\$ 325

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of October 31, 2019.

(amounts in \$millions)	Maturity				Payable under stock loan agreements
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	
Securities loaned	\$ 9,263	\$ 2,228	\$ 246	\$ -	\$ 11,737
Obligation to return securities received as collateral, at fair value	\$ 1,715	\$ -	\$ 1,724	\$ -	\$ 3,439
Total	\$ 10,978	\$ 2,228	\$ 1,970	\$ -	\$ 15,176

<u>Class of Collateral Pledged</u>	<u>Payable under stock loan agreements</u>
Equities	\$ 13,087
Corporate debt	267
US government	1,822
Total	<u>\$ 15,176</u>

6. Related-Party Transactions

During the year ended October 31, 2019, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At October 31, 2019, the aggregate fair value of the collateral related to such securities borrowed was approximately \$11.4 million, and the securities loaned vs cash collateral was approximately \$24.9 million. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$14 million and \$25 million, respectively. At October 31, 2019, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$828.4 million and \$821.7 million, respectively. All of these agreements mature overnight. During the year ended October 31, 2019, the Company was charged approximately \$3.1 million in interest by the affiliate for securities loaned and earned approximately \$6.9 million in interest from the affiliate for securities borrowed.

TD Prime Services LLC

Notes to Statement of Financial Condition

6. Related-Party Transactions (continued)

The Company has an existing \$3.0 billion unsecured revolving line of credit agreement with TDH, of which \$2.5 billion was drawn as of October 31, 2019. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of October 31, 2019, the Company had interest payable of \$1.8 million relating to the revolving line of credit. Also, the Company has an existing CAD \$500 million unsecured revolving line of credit with the Bank, of which \$5.7 million was drawn as of October 31, 2019.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. For the year ended October 31, 2019, the Company paid \$33.6 million to affiliates for these services. The expenses have been included in the various expense lines that the expenses pertain to. As of October 31, 2019, the Company has a payable to affiliates of \$.5 million representing amounts owed and due under these SLA’s not paid as of that date. In addition, at October 31, 2019, the Company has booked net taxes receivable from TDH in the amount \$1.05 million. See note 11 for additional information regarding the Company’s relationship with TDH with regard to income taxes.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At October 31, 2019, the Company had net capital of approximately \$675.4 million, which exceeded its requirement of \$8.0 million by approximately \$667.4 million. At October 31, 2019, the Company’s percentage of aggregate debit items to net capital was 168%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirements on October 31, 2019 was \$0 and the Company had securities in the amount of \$27.7 million segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. As of October 31, 2019, to comply with its October 31, 2019 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by \$100,000 in accordance with its PAB calculation.

TD Prime Services LLC
Notes to Statement of Financial Condition

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/21	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/21	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the statement of financial condition and was immaterial as of October 31, 2019.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of financial condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Prime Services LLC

Notes to Statement of Financial Condition

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At October 31, 2019, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group’s U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH, as well as stand-alone returns in multiple jurisdictions.

The Company currently has \$55 thousand of deferred tax assets on its books pertaining to related party interest.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act. The reform implemented an alternative base erosion and anti-abuse tax (“BEAT”) on U.S. corporations that make deductible payments to non-U.S. related persons in excess of specified amounts. The Company is subject to the BEAT regime, however the company does not expect it to affect its tax provision at October 31, 2019. The finalization of the U.S. Treasury Regulations for BEAT are expected to occur in 2020, at which point the Company’s BEAT position will need to be re-assessed.

TD Prime Services LLC

Notes to Statement of Financial Condition

11. Income Taxes (continued)

ASC 740-10 clarifies the accounting for income taxes by prescribing a “more likely than not” recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves. At October 31, 2019, the Company had no unrecognized tax benefits.

The Company operates in the U.S. and other jurisdictions and the years 2017-2019 remain subject to examination by tax authorities

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of October 31, 2019 as a loss contingency is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.



TD Prime Services LLC

Statement of Financial Condition

(Unaudited)

April 30, 2019

TD Prime Services LLC
Statement of Financial Condition
(Unaudited)

April 30, 2019

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Unaudited Statement of Financial Conditions

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TD Prime Services LLC
Statement of Financial Condition
April 30, 2019

(In Thousands)

Assets

Cash	\$ 57,153
Cash segregated in compliance with federal regulations	100
Deposits with clearing organizations	132,966
Securities borrowed	16,273,084
Securities borrowed from affiliate	60,243
Securities received as collateral, at fair value	6,733,149
Receivable from customers	33,450
Receivable from brokers	10,025
Securities owned, at fair value	2,260
Receivable from affiliates	2,128
Other assets	120
Total Assets	<u><u>23,304,678</u></u>

Liabilities and Members' Equity

Liabilities

Loan payable to affiliate	\$ 1,975,000
Securities loaned	13,476,560
Securities loaned to affiliate	25,393
Obligation to return securities received as collateral, at fair value	6,733,149
Payable to brokers	20,914
Payable to affiliates	18,100
Payable to customers	77,109
Accounts payable and accrued expenses	1,290
	<u>22,327,515</u>
Liabilities subordinated to claims of general creditors	600,000
Total liabilities	<u><u>22,927,515</u></u>

Member's Equity

Total Liabilities and Members' Equity	<u><u>23,304,678</u></u>
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See accompanying notes to Statement of Financial Condition

TD Prime Services LLC
Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”) is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). On January 3, 2017, TDH acquired AF and subsequently changed the name of the acquired entity to TD Prime Services LLC.

TDPS is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. As a member of the New York Stock Exchange (“NYSE”), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities. Additionally, the Company maintains memberships with the NYSE, the NASDAQ Stock Market, the International Securities Exchange (“ISE”) and various other exchanges.

2. Summary of Significant Accounting Policies

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

Cash Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$3.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities.

Securities Borrowed and Securities Loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on April 30, 2019 was \$3.5 billion.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities, with the cumulative effect included in the Statement of Operations for the period in which the change was enacted. A deferred tax valuation allowance is established when in the judgment of management it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

3. New Accounting Policies

Accounting Developments

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*", which is intended to improve the financial reporting of revenue and comparability of the top line in financial statements globally. The core principle of the new standard is for the recognition of revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. This guidance is effective for the October 31, 2019 annual reporting period. The guidance is not expected to have a material impact on the financial statements.

TD Prime Services LLC
Notes to Statement of Financial Condition

3. New Accounting Policies (continued)

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. A lessee will continue to recognize expense in its Statement of Operations in a manner similar to the requirements under the current lease accounting guidance. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance is effective for the October 31, 2020 annual reporting period. The standard will be effective for annual reporting periods beginning after December 15, 2018. The Company is currently assessing the impact on the financial statements of adopting this standard.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance is effective for the October 31, 2022 annual reporting period. The Company is currently assessing the impact on the financial statements of adopting this standard.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash*", which requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is not expected to have a material impact on the financial statements.

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value and include money market funds (Level 1); receivables from and payables to broker and deposits with clearing organizations (Level 2); receivable from and payable to customers (Level 2); fails to deliver and fails to receive (Level 2); and collateralized financing agreements (Level 2). These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements (continued)

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy as of April 30, 2019.

At April 30, 2019, there were no liabilities measured at fair value on a recurring basis. The following table presents the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of April 30, 2019:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 2,260	\$ 2,260	\$ -	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At April 30, 2019, the fair value of securities received as collateral where the Company is permitted to sell or re-pledge the securities was \$20.7 billion, of which \$117 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$17.9 billion, of which \$114 million was received from affiliated companies.

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets – April 30, 2019

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 16,410	\$ (77)	\$ 16,333	\$ 15,931	\$ -	\$ 402
Securities received as collateral, at fair value	\$ 6,733	\$ -	\$ 6,733	\$ 6,733	\$ -	\$ -
Total	\$ 23,143	\$ (77)	\$ 23,066	\$ 22,664	\$ -	\$ 402

Liabilities – April 30, 2019

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 13,579	\$ (77)	\$ 13,502	\$ 13,185	\$ -	\$ 317
Obligation to return securities received as collateral, at fair value	\$ 6,733	\$ -	\$ 6,733	\$ 6,733	\$ -	\$ -
Total	\$ 20,312	\$ (77)	\$ 20,235	\$ 19,918	\$ -	\$ 317

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of April 30, 2019.

(amounts in \$millions)	Maturity Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	Cash Collateral Paid
Securities loaned	\$ 11,855	\$ 607	\$ 1,104	\$ 13	\$ 13,579
Obligation to return securities received as collateral, at fair value	\$ 5,180	\$ 455	\$ 1,098	\$ -	\$ 6,733
Total	\$ 17,035	\$ 1,062	\$ 2,202	\$ 13	\$ 20,312

<u>Class of Collateral Pledged</u>	<u>Payable under repurchase agreements</u>
Equities	\$ 16,175
Corporate debt	393
US government	3,744
Total	<u>\$ 20,312</u>

6. Related-Party Transactions

At April 30, 2019, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At April 30, 2019, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs cash collateral was approximately \$60 million and \$25 million, respectively. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$56 million and \$25million, respectively. At April 30, 2019, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$3.538 million and \$3.533 million, respectively. All of these agreements mature overnight.

TD Prime Services LLC
Notes to Statement of Financial Condition

6. Related-Party Transactions (continued)

The Company has an existing \$3.0 billion unsecured revolving line of credit agreement with TDH, of which \$1.975 billion was drawn as of April 30, 2019. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of April 30, 2019, the Company had interest payable of \$2.1 million relating to the revolving line of credit.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. The Company also pays a related party for expenses paid on its behalf. Such amounts are reimbursed to the related party. As of April 30, 2019, the Company has a payable to affiliates of \$15.3 million representing amounts owed under these SLA’s not paid as of that date.

In addition, at April 30, 2019, the Company has booked net taxes receivable from TDH in the amount \$2.1 million. See note 11 for additional information regarding the Company’s relationship with TDH with regard to income taxes.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At April 30, 2019, the Company had net capital of approximately \$624.9 million, which exceeded its requirement of \$2.1 million by approximately \$622.8 million. At April 30, 2019, the Company’s percentage of aggregate debit items to net capital was 593%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s had no deposit requirement on April 30, 2019, and the Company had securities segregated in the amount of \$26 million in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. As of April 30, 2019, to comply with its April 30, 2019 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by \$74,427 in accordance with its PAB calculation.

TD Prime Services LLC
Notes to Statement of Financial Condition

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	<u>Amount</u>	<u>Maturity</u>	<u>Rate</u>
\$	300,000,000	01/31/21	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/20	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the statement of financial condition and was immaterial as of April 30, 2019.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Prime Services LLC
Notes to Statement of Financial Condition

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At April 30, 2019, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group’s U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH.

The Company currently has \$97 thousand of deferred tax assets on its books pertaining to related party interest.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Act"), which makes broad and complex changes to the U.S. tax code. The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act triggered a remeasurement of the Company’s U.S. deferred tax assets and liabilities to the lower base rate of 21%.

TD Prime Services LLC
Notes to Statement of Financial Condition

11. Income Taxes (continued)

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group's U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH.

The Company currently has \$56 thousand of deferred tax assets on its books pertaining to related party interest.

ASC 740-10 clarifies the accounting for income taxes by prescribing a "more likely than not" recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves. At April 30, 2019, the Company had no unrecognized tax benefits.

The Company operates in the U.S. and other jurisdictions and the years 2018 remain subject to examination by tax authorities.

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of April 30, 2019 as a loss contingency is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.

TD Prime Services LLC Statement of Financial Condition

With Report of Independent Registered
Public Accounting Firm

October 31, 2018



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

OMB APPROVAL
OMB Number: 3235-0123
Expires: August 31, 2020
Estimated average burden
hours per response..... 12.00

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 03337

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 11/01/2017 AND ENDING 10/31/2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TD Prime Services LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

31 West 52nd Street - 9th Floor

(No. and Street)

NEW YORK

NY

10019

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard Rosenthal

212-827-6840

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young

(Name - if individual, state last, first, middle name)

5 Times Square

New York

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Richard Rosenthal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TD Prime Services LLC, as of OCTOBER 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard Rosenthal

Signature

Chief Financial Officer

Title

Suzanne Connors Franco
Notary Public

SUZANNE CONNORS FRANCO
Notary Public, State of New York
No. 01FR6175998
Qualified in New York County
Commission Expires October 22, 2019

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income...
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

TD Prime Services LLC
Financial Statements
and Supplemental Information
Year Ended October 31, 2018

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Facing Page and Oath or Affirmation

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Ernst & Young LLP
5 Times Square
New York, NY 10036-6530

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ey.com

Report of Independent Registered Public Accounting Firm

To the Member and Board of Directors of TD Prime Services LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TD Prime Services LLC (the Company) as of October 31, 2018 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at October 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2017.

December 18, 2018

TD Prime Services LLC
Statement of Financial Condition
October 31, 2018

(In Thousands)

Assets

Cash	\$ 64,711
Cash segregated in compliance with federal regulations	25,100
Deposits with clearing organizations	47,856
Securities borrowed	16,590,166
Securities borrowed from affiliate	114,392
Securities received as collateral, at fair value	4,064,879
Receivable from customers	47,351
Receivable from brokers	6,560
Securities owned, at fair value	2,529
Receivable from affiliates	1,596
Other assets	588
Total Assets	<u><u>20,965,728</u></u>

Liabilities and Members' Equity

Liabilities

Loan payable to affiliate	\$ 1,925,000
Securities loaned	13,819,344
Securities loaned to affiliate	119,081
Obligation to return securities received as collateral, at fair value	4,064,879
Payable to brokers	5,775
Payable to affiliates	3,356
Payable to customers	48,167
Accounts payable and accrued expenses	496
	<u>19,986,098</u>
Liabilities subordinated to claims of general creditors	600,000
Total liabilities	<u><u>20,586,098</u></u>

Member's Equity

Total Liabilities and Members' Equity	<u><u>379,630</u></u> <u><u>20,965,728</u></u>
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See accompanying notes to Statement of Financial Condition

TD Prime Services LLC
Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), formerly Albert Fried and Company, LLC (“AF”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). On January 3, 2017, TDH acquired AF and subsequently changed the name of the acquired entity to TD Prime Services LLC.

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts (“ADR's”), listed options and as principal for transactions in a limited number of equity and preferred securities. As a member of the New York Stock Exchange (“NYSE”), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities.

Additionally, the Company maintains memberships with the NYSE, the NASDAQ Stock Market, the International Securities Exchange (“ISE”) and various other exchanges.

2. Summary of Significant Accounting Policies

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument's fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

Cash Segregated in Compliance with Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Receivables from and Payables to Affiliates and Loan Payable to Affiliate

Loan payable to affiliate represents the amount drawn by the Company under its existing \$3.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due in cash and margin accounts.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of equity securities.

Securities Borrowed and Securities Loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrowed income and securities loaned expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may provide securities instead of cash as collateral. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on October 31, 2018 was \$0.9 billion.

TD Prime Services LLC
Notes to Statement of Financial Condition

2. Summary of Significant Accounting Policies (continued)

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date, while statement of income accounts are translated at a rate of exchange on the date the transactions occur.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities, with the cumulative effect included in the Statement of Operations for the period in which the change was enacted. A deferred tax valuation allowance is established when in the judgment of management it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

3. New Accounting Policies

Accounting Developments

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*", which is intended to improve the financial reporting of revenue and comparability of the top line in financial statements globally. The core principle of the new standard is for the recognition of revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. This guidance is effective for the October 31, 2019 annual reporting period. The guidance is not expected to have a material impact on the financial statements.

TD Prime Services LLC
Notes to Statement of Financial Condition

3. New Accounting Policies (continued)

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. A lessee will continue to recognize expense in its Statement of Operations in a manner similar to the requirements under the current lease accounting guidance. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance is effective for the October 31, 2020 annual reporting period. The standard will be effective for annual reporting periods beginning after December 15, 2018. The Company is currently assessing the impact on the financial statements of adopting this standard.

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments—Credit Losses (Topic 326)*" that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance is effective for the October 31, 2022 annual reporting period. The Company is currently assessing the impact on the financial statements of adopting this standard.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash*", which requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is not expected to have a material impact on the financial statements.

4. Fair Value Measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value and include money market funds (Level 1); receivables from and payables to broker and deposits with clearing organizations (Level 2); receivable from and payable to customers (Level 2); fails to deliver and fails to receive (Level 2); and collateralized financing agreements (Level 2). These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

TD Prime Services LLC
Notes to Statement of Financial Condition

4. Fair Value Measurements (continued)

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the year ended October 31, 2018.

At October 31, 2018, there were no liabilities measured at fair value on a recurring basis. The following table presents the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of October 31, 2018:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 2,529	\$ 2,529	\$ -	\$ -

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including equities, U.S. Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At October 31, 2018, the fair value of securities received as collateral where the Company is permitted to sell or re-pledge the securities was \$20.7 billion, of which \$117 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$17.9 billion, of which \$114 million was received from affiliated companies.

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

Assets - October 31, 2018

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 16,829	\$ (125)	\$ 16,704	\$ 16,697	\$ -	\$ 7
Securities received as collateral, at fair value	\$ 4,065	\$ -	\$ 4,065	\$ 4,065	\$ -	\$ -
Total	\$ 20,894	\$ (125)	\$ 20,769	\$ 20,762	\$ -	\$ 7

Liabilities - October 31, 2018

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 14,063	\$ (125)	\$ 13,938	\$ 13,826	\$ -	\$ 112
Obligation to return securities received as collateral, at fair value	\$ 4,065	\$ -	\$ 4,065	\$ 4,065	\$ -	\$ -
Total	\$ 18,128	\$ (125)	\$ 18,003	\$ 17,891	\$ -	\$ 112

The columns titled financial instruments represent the fair value of securities pledged and received under repurchase agreements or securities lending agreements. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition

5. Collateralized Financing Transactions (continued)

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of October 31, 2018.

(amounts in \$millions)	Maturity				
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	Cash Collateral Paid
Securities loaned	\$ 13,261	\$ 129	\$ 673	\$ -	\$ 14,063
Obligation to return securities received as collateral, at fair value	\$ 2,666	\$ -	\$ 1,399	\$ -	\$ 4,065
Total	\$ 15,927	\$ 129	\$ 2,072	\$ -	\$ 18,128

<u>Class of Collateral Pledged</u>	<u>Payable under repurchase agreements</u>
Equities	\$ 17,967
Corporate debt	131
US government	30
Total	<u>\$ 18,128</u>

6. Related-Party Transactions

During the year ended October 31, 2018, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. The collateral associated with these agreements can be either cash or other securities. At October 31, 2018, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs cash collateral was approximately \$117 million and \$114 million, respectively. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned versus cash as collateral, including accrued interest, was approximately \$115 million and \$119 million, respectively. At October 31, 2018, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned vs different securities provided as collateral was approximately \$1.446 million and \$1.453 million, respectively. All of these agreements mature overnight.

TD Prime Services LLC
Notes to Statement of Financial Condition

6. Related-Party Transactions (continued)

The Company has an existing \$3.0 billion unsecured revolving line of credit agreement with TDH, of which \$1.925 billion was drawn as of October 31, 2018. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate. As of October 31, 2018, the Company had interest payable of \$1.5 million relating to the revolving line of credit.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. One affiliate also provides services such as payment of direct expenses which are reimbursed by the Company. The Company also pays a related party for expenses paid on its behalf. Such amounts are reimbursed to the related party. As of October 31, 2018, the Company has a receivable from affiliate of \$0.4 million and a payable to affiliates of \$1.5 million representing amounts owed and due under these SLA’s not received or paid as of that date.

In addition, at October 31, 2018, the Company has booked net taxes receivable from TDH in the amount \$1.3 million. See note 11 for additional information regarding the Company’s relationship with TDH with regard to income taxes.

In January 2018, the Company received a capital contribution of \$200 million from its parent, TDH.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC’s Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1.5 million or 2% of the Rule 15c3-3 aggregate debit items, as defined. At October 31, 2018, the Company had net capital of approximately \$552.3 million, which exceeded its requirement of \$1.5 million by approximately \$550.8 million. At October 31, 2018, the Company’s percentage of aggregate debit items to net capital was 747%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company’s deposit requirements on October 31, 2018 was \$5.3 million and the Company had cash in the amount of \$25 million segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers (“PAB”) agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company’s net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. As of October 31, 2018, to comply with its October 31, 2018 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by \$75,000 in accordance with its PAB calculation.

TD Prime Services LLC
Notes to Statement of Financial Condition

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/20	1-month LIBOR + 1/8 of 1%
\$	300,000,000	11/30/20	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in payable to affiliates on the statement of financial condition and was immaterial as of October 31, 2018.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

TD Prime Services LLC
Notes to Statement of Financial Condition

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At October 31, 2018, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group’s U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH.

The Company currently has \$97 thousand of deferred tax assets on its books pertaining to related party interest.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Act"), which makes broad and complex changes to the U.S. tax code. The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act triggered a remeasurement of the Company’s U.S. deferred tax assets and liabilities to the lower base rate of 21%.

TD Prime Services LLC
Notes to Statement of Financial Condition

11. Income Taxes (continued)

The U.S. Tax Act also implemented a quasi-territorial tax system that included a one-time transition tax on deemed repatriated earnings of foreign subsidiaries; imposing a minimum tax on Global Intangible Low Taxed Income ("GILTI") and an alternative base erosion and anti-abuse tax ("BEAT") on U.S. corporations that make deductible payments to non-U.S. related person in excess of specified amounts. BEAT and GILTI had no impact to the Company's tax provision as of October 31, 2018.. The BEAT provision will become effective for the Company for the year ending October 31, 2019. At October 31, 2018, we have now completed our accounting for all enactment-date income tax effects of the U.S. Tax Act.

ASC 740-10 clarifies the accounting for income taxes by prescribing a "more likely than not" recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves. At October 31, 2018, the Company had no unrecognized tax benefits.

The Company operates in the U.S. and other jurisdictions and the years 2017-2018 remain subject to examination by tax authorities.

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of October 31, 2018 as a loss contingency is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the financial statements and determined that no such events have occurred.



**TD Prime Services LLC
Statement of Financial Condition
(Unaudited)**

April 30, 2018



TD Prime Services LLC

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TD Prime Services LLC

Statement of Financial Condition

April 30, 2018

Assets

Cash	\$	9,996,069
Cash segregated in compliance with federal regulations		15,350,000
Deposits with clearing organizations		24,978,665
Securities borrowed		12,558,608,027
Securities borrowed from affiliate		58,624,738
Securities received as collateral, at fair value		2,477,282,692
Receivable from customers		30,878,400
Receivable from brokers		82,088
Securities owned, at fair value		45,420,939
Receivable from affiliates		339,936
Interest receivable from securities borrowed		18,359,801
Deferred tax asset		120,485
Other assets		510,039
Total Assets	\$	<u>15,240,551,879</u>

Liabilities and Members' Equity

Liabilities

Interest payable on securities loaned	\$	13,884,119
Loan payable to affiliate		1,925,000,000
Securities loaned		9,536,730,506
Securities loaned to affiliate		251,996,520
Obligation to return securities received as collateral, at fair value		2,477,282,692
Payable to brokers		138,008
Payable to affiliates		16,895,609
Payable to customers		31,444,395
Accounts payable and accrued expenses		284,719
		<u>14,253,656,568</u>
Liabilities subordinated to claims of general creditors		<u>600,000,000</u>
Total liabilities		<u>14,853,656,568</u>

Member's Equity

Total Liabilities and Members' Equity	\$	<u>15,240,551,879</u>
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TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

1. Organization and Nature Business

TD Prime Services LLC (the "Company") (formerly named Albert Fried & Company, LLC) was acquired on January 3, 2017 by Toronto Dominion Holdings (U.S.A.) Inc. ("TDH"), and is a wholly owned subsidiary of TDH, which is a wholly owned subsidiary of TD Group US Holdings LLC ("TDGUS"), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the "Bank"). The Company is registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. Additionally the Company provides brokerage services to a limited number of institutional clients and is engaged in NYSE floor brokerage execution. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (DTCC), National Securities Clearing Corp ("NSCC") and Options Clearing Corporation ("OCC") facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities.

Additionally, the Company maintains memberships with the New York Stock Exchange ("NYSE"), the NASDAQ Stock Market, the International Securities Exchange ("ISE") and various other exchanges.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and codified in the Accounting Standards codification ("ASC"), as set forth by the Financial Standards Board ("FASB") which requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash Segregated Under Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 ("SEA") to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in Cash segregated in compliance with federal regulations in the statement of financial condition approximates fair value.

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

2. Summary of Significant Accounting Policies (continued)

Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amount included in Deposits with clearing organizations in the statement of financial condition approximates fair value.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with Accounting Standards Codification (“ASC) 820, *Fair Value Measurements and Disclosures*. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instruments fair value in accordance with various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurement and disclosures*, establishes a three-level hierarchy for valuations and disclosures of fair value measurements. The valuation hierarchy is based upon the transparency of inputs of the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted price for identical financial instruments in active markets that are accessible the Company at the measurement date. Level 1 assets and liabilities generally are debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets and other imputed that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted process that are traded less frequently than exchange-traded instruments an derivatives contracts whole value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgement or estimation.

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

2. Summary of Significant Accounting Policies (continued)

Securities borrowed and Securities loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings except where letters of credit or other securities are used as collateral and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required.

Soft Dollars

The Company conducts soft dollar arrangements with customers within the safe harbor provisions of Rule 28(e) of the Securities Exchange Act of 1934 (“Rule 28(e)”), as amended, which provides for the payment of research, brokerage, quote services and other expenses permissible by Rule 28(e).

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the balance sheet date.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax impacts attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities. A deferred tax valuation allowance is established when in the judgement of management it is more likely than not that all or a portion of deferred tax assets will not be realized.

Receivable from/payable to customers

Accounts receivable from and payable to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for the receivable. Such collateral is not reflected in the financial statements.

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

2. Summary of Significant Accounting Policies (continued)

Loans, advances, acceptances and letters of credit

The Company maintains a demand promissory note with a major financial institution whereby the Company may access funds, at the bank's sole discretion, on a fully collateralized basis. The Company also has an unsecured line of credit with an affiliate.

3. Fair value measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in Note 2.

The following table presents information about the Company's assets measured at fair value as of April 30, 2018:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of April 30, 2018
Assets				
Securities owned , at fair value				
Investments in equity securities, at fair value	\$ 194,182	\$ -	\$ -	\$ 194,182
Investments in preferred shares, at fair value	226,757	-	-	226,757
Investments in money markets, at fair value	45,000,000	-	-	45,000,000
Total securities owned , at fair value	<u>\$ 45,420,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,420,939</u>

Other financial instruments are recorded by the Company at amounts which approximate fair value and include cash (Level 1); receivables from and payables to broker dealers and deposits clearing organizations (Level 2); receivables from and payables to customers (Level 2); and collateralized financing agreements (Level 2). These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

3. Fair value measurements (continued)

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the 6 months ended April 30, 2018.

4. Regulatory requirements

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1,500,000 or 2% of the Rule 15c3-3 aggregate debit items, as defined. At April 30, 2018, the Company had net capital of approximately \$711,660,000 which exceeded its requirement of \$1,500,000 by approximately \$710,160,000. At May 31, 2018, the Company had net capital of approximately \$627,982,000 which exceeded its requirement of \$1,500,000 by approximately \$626,482,000. As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. As of May 1, 2018, to comply with its April 30, 2018 requirements, the Company had a deposit in the amount of \$15,250,000 segregated in a special reserve account for the exclusive benefit of customers, with an actual requirement of zero.

As a clearing broker-dealer, the Company computes a reserve requirement for Proprietary Accounts of Brokers/Dealers ("PAB calculation", as defined.) As of May 1, 2018, to comply with its April 30, 2018 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by approximately \$75,000 in accordance with its PAB calculation.

5. Off balance sheet risk and concentrations of credit risk

In the normal course of business, the Company enters into various debt, option, futures and equity transactions as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

5. Off balance sheet risk and concentrations of credit risk (continued)

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitor required margin levels daily, and pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

The Company engages in securities borrowed collateralized by securities loaned. The values of these contracts are not included in the statement of financial condition.

Cash segregated for the exclusive benefit of customers of approximately \$15,250,000 and PAB accounts of approximately \$100,000 are maintained in one bank. The Company does not consider itself to be at risk with respect to its cash deposits held at the bank.

6. Collateralized Financing Transactions

Offsetting Assets and Liabilities

Substantially all securities borrowing and lending agreements are transacted under master securities lending agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. No offsetting of securities borrowing and lending has occurred in the statement of financial condition .

The following table provides disclosure regarding the potential effect of offsetting on recognized assets and liabilities presented in the statement of financial condition had the Company elected to offset;

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

6. Collateralized Financing Transactions

The tables below represents securities loaned transactions and obligations to return securities received as collateral by remaining term to maturity and class of collateral pledged as of April 30, 2018

Assets - April 30, 2018

(amounts in \$millions)	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Amount
Receivables under securities borrowed transactions	\$ 12,617	\$ -	\$ 12,617	\$ 12,331	\$ -	\$ 286
Securities received as collateral, at fair value	\$ 2,477	\$ -	\$ 2,477	\$ 2,477	\$ -	\$ -
Total	\$ 15,094	\$ -	\$ 15,094	\$ 14,808	0	\$ 286

Liabilities - April 30, 2018

(amounts in \$millions)	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Amount
Payables under securities loaned transactions	\$ 9,789	\$ -	\$ 9,789	\$ 9,504	\$ -	\$ 285
Obligation to return securities received as collateral, at fair value	\$ 2,477	\$ -	\$ 2,477	\$ 2,477	\$ -	\$ -
Total	\$ 12,266	\$ -	\$ 12,266	\$ 11,981	\$ -	\$ 285

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

6. Collateralized financing transactions (continued)

**Class of Collateral Pledged &
Maturity**
(amounts in \$millions)

	Less than 30 Days	30 - 90 Days	Gross Contract Amount
Debt	293		293
Equity	10,228	1,744	11,972
Total	10,522	1,744	12,266

7. Related Party Transactions

During the 6 month period ending April 30, 2018 the Company entered into certain securities borrowed and securities loaned transactions with related parties. The aggregate value of these security borrows and loans were \$56,995,275 and \$239,510,520 respectively. Furthermore, the aggregate contract value of such securities borrowed and securities loaned were approximately \$58,624,738 and \$251,996,520 respectively. The Company has an existing \$2 billion unsecured revolving line of credit agreement with TDH. of which \$1.925 billion was drawn as of April 30, 2018. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate.

Affiliates of the Company provide support services to the Company under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. As of April 30, 2018, the Company has a payable to affiliates of \$13.4 million representing amounts owed under these SLA’s not paid as of that date.

8. Subordinated Borrowing

The Company owes TDH the following amounts pursuant to subordination agreements approved by FINRA:

<u>Amount</u>	<u>Maturity</u>	<u>Rate</u>
\$ 300,000,000.00	1/30/2020	1 month LIBOR + 1/8 of 1%
\$ 300,000,000.00	11/30/2020	1 month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for the purposes of computing net capital under the SEC Uniform Net Capital Rule. To the extent that such borrowings are required for the Company’s continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in accrued expenses and other liabilities on the statement of financial condition.

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

9. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis for TDH based upon its proportionate share of the group's U.S. federal, state, and local tax liability. The Company is treated as a disregarded entity for U.S. tax purposes and files combined state and local income tax returns with TDH, as well as stand-alone returns in multiple jurisdictions.

The Company recognizes the federal, state and local deferred taxes associated with temporary differences arising from recognized assets and liabilities as well as direct income and expense transactions. The gross deferred tax asset is \$120,485 as of April 30, 2018. Management believes it is more likely than not that the Company will realize this deferred tax asset.

ASC 740-10 clarifies the accounting for income taxes by prescribing a "more likely than not" recognition threshold that a tax position is required to meet before being recognized in the statement of financial condition. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves.

At April 30, 2018, the Company had no unrecognized tax benefits.

The Company operates in the U.S. and other tax jurisdictions, and fiscal year 2017 remains subject to examination by tax authorities.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), which makes broad and complex changes to the U.S. tax code that will take time to interpret.

The Company will continue to analyze certain aspects of the Tax Act and refine its calculations, which could potentially affect the measurement of the deferred tax balances or potentially give rise to new deferred tax amounts.

The Company will continue to analyze the Tax Act to determine the full effects of the new law on the Company's financial statements. The impact and effect on our future earnings may differ from the Company's current assessment, due to, among other things, changes in interpretations and assumptions the Company has made, guidance that may be issued by applicable regulatory authorities, and actions the Company may take as a result of the Tax Act or otherwise.

TD Prime Services LLC

Notes to Statement of Financial Condition

April 30, 2018

10. Guarantees

The Company is a member of a central counterparty clearing house (“CCP”) and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event a counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company’s guarantee obligations would arise only if the CCP had previously exhausted its resources.

At April 30, 2018, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

11. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the statement of financial condition and determined that no such events have occurred.



TD Prime Services LLC Statement of Financial Condition

With Report of Independent Registered
Public Accounting Firm

October 31, 2017



TD Prime Services LLC

Statement of Financial Condition

October 31, 2017

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Statement of Financial Condition

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Report of Independent Registered Public Accounting Firm

The Member and Board of Directors of
TD Prime Services LLC

We have audited the accompanying statement of financial condition of TD Prime Services LLC (the “Company”) as of October 31, 2017. This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of TD Prime Services LLC at October 31, 2017, in conformity with U.S. generally accepted accounting principles.

December 19, 2017

TD Prime Services LLC
Statement of Financial Condition
October 31, 2017

(In Thousands)

Assets

Cash	\$ 6,524
Cash segregated in compliance with regulations	3,350
Deposits with clearing organizations	3,088
Securities borrowed	8,758,380
Securities borrowed from affiliate	47,694
Securities received as collateral, at fair value	1,399,313
Receivable from customers	2,476
Receivable from brokers	3,871
Securities owned, at fair value	78,194
Receivable from affiliates	1,267
Interest receivable from securities borrowed	9,207
Other assets	198
Total assets	<u>\$ 10,313,562</u>

Liabilities and member's equity

Liabilities:	
Loan from affiliate	\$ 900,000
Securities loaned	7,039,585
Securities loaned to affiliate	465,910
Obligation to return securities received as collateral, at fair value	1,399,313
Payable to brokers	1,459
Payable to affiliates	2,598
Payable to customers	5,596
Interest payable on securities loaned	7,301
Accounts payable and accrued expenses	389
	<u>9,822,151</u>
Liabilities subordinated to claims of general creditors	300,000
Total liabilities	<u>10,122,151</u>
Member's equity	<u>191,411</u>
Total liabilities and member's equity	<u>\$ 10,313,562</u>

See accompanying notes to statement of financial condition.

TD Prime Services LLC Notes to Statement of Financial Condition

1. Organization

TD Prime Services LLC (“TDPS” or the “Company”), formerly Albert Fried and Company, LLC (“AF”), is a wholly owned subsidiary of Toronto Dominion Holdings (U.S.A.) Inc. (“TDH”), which is a wholly owned subsidiary of TD Group US Holdings LLC (“TDGUS”), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the “Bank”). On January 3, 2017, TDH acquired AF, paid out \$61.2 million to former members, and subsequently changed the name of the acquired entity to TD Prime Services LLC. To conform to the fiscal year end of the Bank and all of its subsidiaries, the Company changed its fiscal year end from December 31 to October 31. Thus, all balances and related footnote disclosures presented in this financial statement reflect 10 months of activity, beginning January 1, 2017 and ending October 31, 2017.

In 2016, the Bank’s legal entities in the United States were reorganized to be compliant with the enhanced prudential standards for foreign banking organizations established under Dodd Frank. As a result, TDGUS has become the top-tier intermediate holding company (“IHC”) mandated by the rule and the Company is now a subsidiary within the IHC corporate structure.

The Company is primarily engaged in providing brokerage services. The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. The Company's sales and trading area acts as an agent for institutional clients in the purchase and sale of domestic and foreign equity securities, American Depository Receipts ("ADR's"), listed options and as principal for transactions in a limited number of equity and preferred securities. As a member of the New York Stock Exchange (NYSE), the Company provides trade execution from the NYSE in a floor broker capacity. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (“DTCC”), National Securities Clearing Corp (“NSCC”) and Options Clearing Corporation (“OCC”) facilities while utilizing foreign custodial relationships for clearance and custody of foreign securities.

Additionally, the Company maintains memberships with the New York Stock Exchange ("NYSE"), the NASDAQ Stock Market, the International Securities Exchange ("ISE") and various other exchanges.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies

Basis of Presentation

The statement of financial condition is prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and codified in the Accounting Standards Codification (“ASC”), as set forth by the Financial Accounting Standards Board (“FASB”), which requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Actual results could differ from those estimates and assumptions.

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*. Depending upon the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instrument’s fair value in accordance with the various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level hierarchy for valuation and disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical financial instruments in active markets that are accessible by the Company at the measurement date. Level 1 assets and liabilities generally include equity securities that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgment or estimation.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash Segregated in Compliance with Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 (“SEA”) to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers. The amount included in cash segregated in compliance with regulations in the statement of financial condition approximates fair value.

Receivables from and Payables to Brokers and Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amounts included in deposits with clearing organizations and receivable from/payable to brokers in the statement of financial condition approximates fair value.

Receivables from and Payables to Affiliates and Loan from Affiliate

Loan from affiliate represents the amount drawn by the Company under its existing \$1.0 billion unsecured revolving line of credit agreement with TDH. Other receivables and payables from/to affiliates consist primarily of interest receivable and interest payable on open securities borrowed and securities lending transactions and amounts due to/from affiliates under tax transfer pricing agreements. See note 6 for additional information on related-party transactions.

Receivable from/Payable to Customers

Receivable from and payable to customers include amounts due on cash and margin transactions.

Securities Owned, at Fair Value

Securities owned, at fair value, consist of money market funds purchased to minimize excess cash balances.

Securities Borrowed and Securities Loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies (continued)

Securities Borrowed and Securities Loaned

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrowed income and securities loaned expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Securities Received as Collateral, at Fair Value and Obligations to Return Securities Received as Collateral, at Fair Value

The Company acts as lender in a securities lending transaction and may receive securities that can be pledged or sold as collateral instead of receiving cash. It recognizes an asset on the statement of financial condition for the market value of those securities (securities received as collateral, at fair value) and recognizes a liability for the same amount to recognize the obligation to return such collateral (obligation to return securities received as collateral, at fair value).

The Company acts as a borrower in a securities borrowing transaction and may loan securities instead of cash. These transactions are not recognized on the statement of financial condition. The fair value of these securities borrowed on October 31, 2017 was \$1.4 billion.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at rates of exchange prevailing at the close of business at the statement of financial condition date.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the statement of financial condition in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the statement of financial condition. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities. A deferred tax valuation allowance is established when in the judgment of management it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

3. New Accounting Policies

Accounting Developments

In February 2016, the FASB issued guidance that requires assets and liabilities from all outstanding lease contracts to be recognized on balance sheet (with limited exceptions). The guidance substantially changes a lessee's accounting for leases and requires the recording on balance sheet of a "right-of-use" asset and liability to make lease payments for most leases. For lessors, the guidance modifies classification criteria and accounting for sales-type and direct financing leases and requires a lessor to derecognize the carrying value of the leased asset that is considered to have been transferred to a lessee and record a lease receivable and residual asset. The guidance also eliminates the real estate specific provisions of the current guidance. This guidance is effective for the October 31, 2020 annual reporting period. The standard will be effective for annual reporting periods beginning after December 15, 2018. The Company is currently assessing the impact on the Statement of Financial Condition of adopting this standard.

In June 2016, the FASB issued guidance that requires the Company to provide users of the statement of financial condition with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. This guidance is effective for the October 31, 2022 annual reporting period. The Company is currently assessing the impact on the statement of financial condition of adopting this standard.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

4. Fair Value Measurements

The Company's assets liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in note 2.

Other financial instruments are recorded by the Company at amounts which approximate fair value and include cash (Level 1); receivables from and payables to broker and deposits with clearing organizations (Level 2); receivable from and payable to customers (Level 2); fails to deliver and fails to receive (Level 2); and collateralized financing agreements (Level 2). These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or less active. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the ten-months ended October 31, 2017.

At October 31, 2017, there were no liabilities measured at fair value on a recurring basis. The following table presents the level within the fair value hierarchy for each of the Company's assets measured at fair value on a recurring basis as of October 31, 2017:

Description	Total	Level 1	Level 2	Level 3
Assets				
Securities owned, at fair value				
Equity securities, at fair value	\$ 194	\$ 194	\$ -	\$ -
Money markets, at fair value	78,000	78,000	-	-
	<u>\$ 78,194</u>	<u>\$ 78,194</u>	<u>\$ -</u>	<u>\$ -</u>

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

5. Collateralized Financing Transactions

The Company enters into securities borrowing and lending transactions to meet counterparty needs, earn residual interest spreads, and obtain securities for settlement purposes. Under these transactions, the Company either receives or provides collateral, including U.S Government and agency securities, corporate bonds, cash or other collateral.

Under most agreements, the Company is permitted to sell or re-pledge securities received as collateral. At October 31, 2017, the fair value of securities received as collateral where the Company is permitted to sell or re-pledge the securities was \$8.7 billion, of which \$47 million was received from affiliated companies. The fair value of securities received as collateral that had been sold or re-pledged was \$7.4 billion, of which \$47 million was received from affiliated companies.

The Company pledges assets owned to collateralize stock loan agreements. Pledged assets that can be sold or re-pledged by the secured party are disclosed parenthetically in securities borrowed on the statement of financial condition.

Offsetting of Collateralized Financing Transactions

Substantially all securities borrow and loan agreements are transacted under master securities loan agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. The Company could offset securities borrowed and securities loaned transactions with the same counterparty on the statement of financial condition when the transactions have the same explicit maturity date and enforceable netting terms as included in the stock loan agreement. However, no such circumstances exist as of October 31, 2017 so there are no amounts offset in the statement of financial condition.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

5. Collateralized Financing Transactions (continued)

The tables below present the gross balances, amounts offset, and market value of financial instruments received or pledged:

(amounts in \$millions)	Assets - October 31, 2017					
	Gross Assets	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral received	Net Asset
Receivables under securities borrowed transactions	\$ 8,806	\$ -	\$ 8,806	\$ (8,672)	\$ -	\$ 134
Total	\$ 8,806	\$ -	\$ 8,806	\$ (8,672)	\$ -	\$ 134

	Liabilities - October 31, 2017					
	Gross Liabilities	Amounts Offset in Statement of Financial Condition	Net Amounts Reported in Statement of Financial Condition	Financial Instruments	Cash collateral paid	Net Liability
Payables under securities loaned transactions	\$ 7,505	\$ -	\$ 7,505	\$ (7,351)	\$ -	\$ 154
Total	\$ 7,505	\$ -	\$ 7,505	\$ (7,351)	\$ -	\$ 154

The columns titled financial instruments represent the market value of securities pledged and received under repurchase agreements or securities lending agreements where there is a legally enforceable netting agreement. These amounts are not offset in the statement of financial condition, but are shown as a reduction to the net amounts reported in the statement of financial condition for the purpose of deriving a net asset or liability in the above table.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

5. Collateralized Financing Transactions (continued)

Payable under Securities Loaned Transactions Accounted for as Secured Borrowings:

The tables below represent stock loan agreements by remaining term to maturity and class of collateral pledged as of October 31, 2017.

(Amounts in \$millions)	Maturity				Gross
	Overnight and continuous	30 days or less	After 30 through 90 days	After 90 days	Contract Amount
Securities Loaned	\$ 6,812	\$ 70	\$ 623	\$ -	\$ 7,505
Total	\$ 6,812	\$ 70	\$ 623	\$ -	\$ 7,505

<u>Class of Collateral Pledged</u>	<u>Payable under repurchase agreements</u>
Equities	\$ 7,026
Corporate Debt	344
US Government	135
Total	<u>\$ 7,505</u>

6. Related-Party Transactions

During the ten-months ended October 31, 2017, the Company entered into certain securities borrowing and securities lending agreements with an affiliate. At October 31, 2017, the aggregate fair value of the collateral related to such securities borrowed and the securities loaned was approximately \$47 million and \$454.9 million, respectively. All of these agreements mature overnight. The aggregate contract value of such securities borrowed and securities loaned, including accrued interest, was approximately \$48 million and \$466.6 million, respectively.

The Company has an existing \$1.0 billion unsecured revolving line of credit agreement with TDH, of which \$900 million was drawn as of October 31, 2017. Loans drawn under the line of credit bear interest at the hourly effective federal funds rate.

Affiliates of the Company provide support services under Service Level Agreements (“SLA’s”) that define the services to be provided by those affiliates and the basis upon which the Company will reimburse them for expenses incurred in providing those services. As of October 31, 2017, the Company has a receivable from affiliate of \$0.6 million and a payable to affiliates of \$1.1 million representing amounts owed and due under these SLA’s not received or paid as of that date.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1,500,000 or 2% of the Rule 15c3-3 aggregate debit items, as defined. At October 31, 2017, the Company had net capital of approximately \$401,845,000 which exceeded its requirement of \$1,500,000 by approximately \$400,345,000. At October 31, 2017, the Company's percentage of aggregate debit items to net capital was 2,866%.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. The Company had no deposit requirements on October 31, 2017; however, as of October 31, 2017, the Company had cash in the amount of \$3,250,000 segregated in a special reserve account for the exclusive benefit of customers.

The Company has entered into appropriate proprietary accounts of broker-dealers ("PAB") agreements with a clearing firm, and the clearing firm has not given notice to the Company that they did not maintain adequate PAB reserves in order for the Company to classify its proprietary accounts held at the clearing firm as allowable assets in the Company's net capital computations. As a clearing broker-dealer, the Company computes a reserve requirement for PAB. As of October 31, 2017, to comply with its October 31, 2017 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts exceeding actual requirements by approximately \$75,000 in accordance with its PAB calculation.

8. Subordinated Borrowing

The Company owes TDH the following amount pursuant to a subordination agreement approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	01/31/20	1-month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for purposes of computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in accounts payable and accrued expenses on the statement of financial condition and was immaterial as of October 31, 2017.

9. Off Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve execution, settlement and financing of various debt, option and equity transactions for clients as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying Statement of Financial Condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

9. Off Balance Sheet Risk and Concentrations of Credit Risk (continued)

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily, and pursuant to such guidelines, require the customer to deposit additional collateral or to reduce positions when necessary.

Cash segregated for the exclusive benefit of customers of \$3,250,000 and PAB accounts of \$100,000 is maintained in one bank. The Company does not consider itself to be at risk with respect to its cash deposits held at the bank.

10. Guarantees

The Company is a member of a central counterparty clearing house ("CCP") and a customer of several organizations that clear and settle securities. In the normal course of business, certain activities of the Company involve the settlement of transactions with counterparties through these entities. These activities may expose the Company to risk in the event counterparty is unable to fulfill its contractual obligation. Pursuant to the clearing and membership agreements, the Company has agreed to indemnify these entities for losses that they may sustain from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through settlement date.

Associated with its CCP membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. Under the terms of the membership agreement, the Company posts collateral in the form of cash or securities relating to this requirement. In general, the Company's guarantee obligations would arise only if the CCP had previously exhausted its resources.

At October 31, 2017, there were no amounts to be indemnified to these entities pursuant to these agreements, and the Company believes that any potential requirement to make payments under these agreements is remote.

TD Prime Services LLC
Notes to Statement of Financial Condition (continued)

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TDH based upon its proportionate share of the group's U.S. federal, state, and local tax liability. TDPS is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with TDH.

The Company currently has no federal, state and local deferred taxes associated with various temporary differences.

ASC 740-10 clarifies the accounting for income taxes by prescribing a "more likely than not" recognition threshold that a tax position is required to meet before being recognized in the statement of financial condition. In addition, the guidance clarifies the measurement of uncertain tax positions and classification of interest and penalties, and requires additional disclosures on tax reserves. At October 31, 2017, the Company had no unrecognized tax benefits.

The Company operates in the U.S. and other jurisdictions and the year 2017 remains subject to examination by tax authorities.

12. Commitments and Contingencies

In the normal course of its business, the Company may be named a defendant in lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management, no accruals are necessary as of October 31, 2017 as a loss contingency is not probable.

13. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the statement of financial condition. The Company has evaluated all subsequent events through the date of issuance of the statement of financial condition and determined that no such events have occurred.



TD Prime Services LLC Statement of Financial Condition

(Unaudited)

June 30, 2017



TD Prime Services LLC

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TD Prime Services LLC
Statement of Financial Condition (Unaudited)
June 30, 2017

Assets

Cash	\$ 2,342,781
Cash segregated in compliance with federal regulations	3,350,000
Deposits with clearing organizations	14,088,028
Securities borrowed	5,477,042,245
Securities borrowed from affiliate	6,570,200
Receivable from customers	15,477,027
Receivable from brokers	6,838,553
Securities owned, at fair value	35,194,182
Receivable from affiliates	1,653,465
Interest receivable from securities borrowed	5,880,327
Other assets	213,788
	<hr/>
Total Assets	\$ 5,568,650,596
	<hr/> <hr/>

Liabilities and Members' Equity

Liabilities

Accounts payable and accrued expenses	\$ 347,841
Interest payable on securities loaned	5,012,459
Securities loaned	4,959,654,502
Securities loaned to affiliate	96,630,600
Payable to brokers	61,982
Payable to affiliates	5,961,282
Payable to customers	5,682,408
	<hr/>
	5,073,351,074
Liabilities subordinated to claims of general creditors	300,000,000
Total liabilities	<hr/> 5,373,351,074

Member's Equity

	<hr/> 195,299,522
Total Liabilities and Members' Equity	\$ 5,568,650,596
	<hr/> <hr/>

The accompanying notes are an integral part of this statement

TD Prime Services LLC

Notes to Statement of Financial Condition (Unaudited)

June 30, 2017

1. Organization and Nature Business

TD Prime Services LLC (the "Company") (formerly named Albert Fried & Company, LLC) was acquired on January 3, 2017 by Toronto Dominion Holdings (U.S.A.) Inc. ("TDH"), which is a wholly owned subsidiary of TD Group US Holdings LLC ("TDGUS"), which is a wholly owned subsidiary of The Toronto-Dominion Bank (the "Bank"). The Company is registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's prime brokerage group provides financing, securities lending and other prime brokerage services. Additionally the Company provides brokerage services to a limited number of institutional clients and is engaged in NYSE floor brokerage execution. The Company self-clears all its customer equity, option and fixed income business through its own account at the Depository Trust Company (DTCC), National Securities Clearing Corp ("NSCC") and Options Clearing Corporation ("OCC") facilities while utilizing BMO/Harris and BNP Paribas for clearance and custody of foreign securities.

Additionally, the Company maintains memberships with the New York Stock Exchange ("NYSE"), the NASDAQ Stock Market, the International Securities Exchange ("ISE") and various other exchanges.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and codified in the Accounting Standards codification ("ASC"), as set forth by the Financial Standards Board ("FASB") which requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Cash

Cash consists of demand and term deposits at various deposit taking institutions which can be withdrawn without restriction.

Cash Segregated Under Federal Regulations

The Company is obligated by rule 15c3-3 of the Securities Exchange Act of 1934 ("SEA") to maintain and segregate cash and/or securities in a special reserve bank account for the benefit of customers.

Deposits with Clearing Organizations

The Company is a member of various clearing organizations at which it maintains cash and/or securities required for the conduct of its day-to-day clearance activities. The amount included in securities segregated under federal regulations in the statement of financial condition approximates fair value.

TD Prime Services LLC

Notes to Statement of Financial Condition (Unaudited)

June 30, 2017

Fair Value Measurements

The Company measures many of its assets and liabilities on a recurring basis at fair value in accordance with Accounting Standards Codification (“ASC) 820, *Fair Value Measurements and Disclosures*. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating an instruments fair value in accordance with various standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

Fair Value Hierarchy

ASC 820, *Fair Value Measurement and disclosures*, establishes a three-level hierarchy for valuations and disclosures of fair value measurements. The valuation hierarchy is based upon the transparency of inputs of the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Fair value is based on unadjusted quoted price for identical financial instruments in active markets that are accessible the Company at the measurement date. Level 1 assets and liabilities generally are debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets and other imputed that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted process that are traded less frequently than exchange-traded instruments, and derivatives contracts, whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially valued at transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques requiring significant management judgement or estimation.

Securities borrowed and Securities loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings except where letters of credit or other securities are used as collateral and recorded at contract amounts plus accrued interest. Securities borrowed transactions require the Company to deposit cash and other collateral with the lender. The value of cash and other collateral generally exceeds the value of the securities borrowed. Likewise with respect to securities loaned, the Company receives collateral generally in an amount in excess of the market value of the securities loaned.

TD Prime Services LLC

Notes to Statement of Financial Condition (Unaudited)

June 30, 2017

The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of the cash collateral advanced or received and adjusted for additional collateral required. Securities borrow income and expense represents primarily the interest income and expense on these outstanding debit and credit balances, respectively on an accrual basis.

Soft Dollars

The Company conducts soft dollar arrangements with customers within the safe harbor provisions of Rule 28(e) of the Securities Exchange Act of 1934 (“Rule 28(e)”), as amended, which provides for the payment of research, brokerage, quote services and other expenses permissible by Rule 28(e).

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are revalued at the rate of exchange prevailing at the close of business at the balance sheet date.

Income Taxes

The Company provides for income taxes on all transactions that have been recognized in the financial statements in accordance with ASC 740, *Income Taxes*. Certain income and expense items are accounted for in different periods for income tax purposes than for financial reporting purposes. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settle. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities, with the cumulative effect included in the statement of income for the period in which the change was enacted. A deferred tax valuation allowance is established when in the judgement of management it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company recognizes the financial merits, that the position will be sustained upon examination.

Receivable from/payable to customers

Accounts receivable from and payable to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for the receivable. Such collateral is not reflected in the financial statements. Receivable from/payable to Brokers and Dealers Receivable from brokers and dealers consist of cash deposited with BNP Paribas for the settlement of foreign securities transactions. Payable to brokers and dealers consists of a clearing deposit due to an introducing broker and unrealized gains on security investments.

Loans, advances, acceptances and letters of credit

The Company maintains a demand promissory note with a major financial institution whereby the Company may access funds, at the bank’s sole discretion, on a fully collateralized basis.

TD Prime Services LLC
Notes to Statement of Financial Condition (Unaudited)
June 30, 2017

Receivables from and Payable to affiliate and Securities loaned and borrowed from affiliate

Receivable from affiliates consist amounts due from TDH under tax transfer pricing agreements. Payable to affiliate consists of amounts due to affiliates under tax transfer pricing agreements. In addition, the Company enters into securities borrowed and loaned transactions with one affiliate. See Note 8 for additional information on related-party transactions.

3. Fair value measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant and accounting policies in Note 2.

The following table presents information about the Company's assets measured at fair value as of June 30, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2017
Assets				
Securities owned , at fair value				
Investments in equity securities, at fair value	\$ 194,182	\$ -	\$ -	\$ 194,182
Investments in money markets, at fair value	35,000,000	-	-	35,000,000
Total securities owned , at fair value	<u>\$ 35,194,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,194,182</u>

Other financial instruments are recorded by the Company at amounts which approximate fair value and include cash (Level 1); receivables from and payables to brokers and deposits with clearing organizations (Level 2); receivables from and payables to customers (Level 2); and collateralized financing agreements (Level 2). These financial instruments are considered to approximate their carrying amounts because they have limited counterparty credit risk, are short-term, or bear interest at market rates and, accordingly, are carried at amounts which are a reasonable estimate of fair value.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. The Company's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or date of the change in circumstance that caused the change in level. There were no transfers into and out of each level of the fair value hierarchy during the 6 months ended June 30, 2017.

TD Prime Services LLC

Notes to Statement of Financial Condition (Unaudited)

June 30, 2017

4. New Accounting Policies

In June 2016, the FASB issued guidance that requires the Company to provide users of the financial statements with more information on expected credit losses on financial instruments held at each balance sheet date. The amendments replace the current incurred loss methodology with an expected loss methodology incorporating a broader range of information to support credit loss estimates. The guidance will be effective for fiscal years beginning after December 15, 2019. The Company is currently assessing the impact on the financial statements of adopting this standard.

5. Regulatory requirements

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1. The Company computed its net capital under the alternative method permitted by the rule, which requires it to maintain minimum net capital equal to the greater of \$1,500,000 or 2% of the Rule 15c3-3 aggregate debit items, as defined. At June 30, 2017, the Company had net capital of approximately \$433,090,000 which exceeded its requirement of \$1,500,000 by approximately \$431,590,000.

As a clearing broker, the Company is subject to SEC Rule 15c3-3, as adopted and administered by the SEC. As of July 3, 2017, to comply with its June 30, 2017 requirements, the Company had deposits in the amount of \$3,250,000 segregated in a special reserve account for the exclusive benefit of customers, which exceeds the actual requirement by approximately \$16,288,000.

As a clearing broker-dealer, the Company computes a reserve requirement for Proprietary Accounts of Brokers/Dealers ("PAB calculation", as defined.) As of July 3, 2017, to comply with its June 30, 2017 requirement, cash in the amount of \$100,000 has been segregated in a special reserve account for the exclusive benefit of PAB accounts, which exceeds actual requirements by approximately \$75,000 in accordance with its PAB calculation.

6. Commitments

The Company is obligated under non-cancelable operating leases for office and other space expiring on various dates through July 2017. The leases contain provisions for escalation based on certain costs incurred by the lessor.

The future aggregate minimum rental commitments under the aforementioned leases are as follows:

6 months Ending June 30,

2017		15,430
	\$	<u>15,430</u>

TD Prime Services LLC

Notes to Statement of Financial Condition (Unaudited)

June 30, 2017

7. Off balance sheet risk and concentrations of credit risk

In the normal course of business, the Company enters into various debt, option, futures and equity transactions as principal or agent. The execution, settlement and financing of those transactions can result in off-balance sheet risk or concentration of credit risk.

In connection therewith, the Company may be exposed to a risk of loss not reflected on the accompanying statement of financial condition for securities sold not yet purchased should the value of such securities rise.

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits.

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

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral for loans for such securities in support of various financing sources such as bank loans and securities loaned. In the event the counterparty is unable to meet its contractual obligation to return customer securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitor required margin levels daily, and pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

The Company engages in securities borrowed collateralized by securities loaned. The values of these contracts are not included in the statement of financial condition.

Cash segregated for the exclusive benefit of customers of approximately \$3,250,000 and PAB accounts of approximately \$100,000 are maintained in one bank. The Company does not consider itself to be at risk with respect to its cash deposits held at the bank.

TD Prime Services LLC
Notes to Statement of Financial Condition (Unaudited)
June 30, 2017

8. Collateralized Financing Transactions

Offsetting Assets and Liabilities

Substantially all securities borrowing and lending agreements are transacted under master securities lending agreements that give the Company the right to liquidate securities held and offset receivables and payables with the same counterparty in the event of default by that counterparty. No offsetting of securities borrowing and lending has occurred in the statement of financial condition as there are no transactions with the same counterparty that have the same explicit maturity date.

The following table provides disclosure regarding the net exposure associated with the Company's securities borrowed and securities loaned transactions

	<u>Gross Amounts of Assets/Liabilities</u>		<u>Gross Amounts Offset in the Statement of Financial Position</u>		<u>Net Amounts Presented in the Statement of Financial Position</u>		<u>Securities Collateral</u>		<u>Exposure</u>
Securities Borrowed	\$ 5,483,612,445	\$ -	-	\$	5,483,612,445	\$	(5,395,976,460)	\$	87,635,985
Securities Loaned	\$ (5,056,285,102)	\$ -	-	\$	(5,056,285,102)	\$	4,964,259,029	\$	(92,026,073)

As of June 30, 2017 the fair value of securities received as collateral under securities borrowed transactions amounted to \$5,484,000,000 of which the Company re-pledged 5,056,000,000 under securities loaned transactions.

The tables below represents securities loaned transactions by remaining term to maturity and class of collateral pledged as of June 30, 2017.

<u>Class of Collateral Pledged & Maturity</u>		<u>Overnight and continuous</u>
Equity	\$	4,936,552,072
Corporate Debt		119,733,030
	\$	<u>5,056,285,102</u>

TD Prime Services LLC

Notes to Statement of Financial Condition (Unaudited)

June 30, 2017

9. Related –Party Transactions

During the 6 month period ending June 30, 2017 the Company entered into certain securities borrowed and securities loaned transactions with one affiliate. The aggregate value of these securities borrowed and loaned transactions were \$6,195,000 and \$93,480,000 respectively. Furthermore, the aggregate contract value of such securities borrowed and securities loaned were approximately \$6,570,000 and \$96,631,000 respectively.

The Company has an existing \$500 million unsecured revolving line of credit agreement with TDH, of which there was no amount drawn as of June 30, 2017. Loans drawn under the line of credit bear interest at the overnight federal funds rate as published by the Federal Reserve Bank of New York plus 1/8%.

10. Subordinated Borrowing

The Company owes TDH the following amounts pursuant to subordination agreements approved by FINRA:

	Amount	Maturity	Rate
\$	300,000,000	1/30/2020	1 month LIBOR + 1/8 of 1%

The loans are subordinated to claims of general creditors and are included by the Company for the purpose of computing net capital under the SEC Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. Accrued interest payable to TDH pursuant to subordinated agreements is included in accrued expenses and other liabilities on the statement of financial condition.

11. Income Taxes

The Company, TDH, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TDH arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis for TDH based upon its proportionate share of the group's U.S. federal, state, and local tax liability. The Company is treated as a disregarded entity for U.S. tax purposes and files combined state and local income tax returns with TDS, as well as stand-alone returns in multiple jurisdictions.

12. Subsequent Events

The Company is required by accounting literature (ASC 855, *Subsequent Events*) to evaluate whether events occurring after the statement of financial condition date but before the date the statement of financial condition is available to be issued require accounting as of the balance sheet date or disclosure in the financial statements. The Company has evaluated all subsequent events through the date of issuance of the statement of financial condition and determined that no such events have occurred.