

JB

PUBLIC



16012380

N

SEC  
Mail Processing  
Section

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

FEB 29 2016

Washington DC  
409

FACING PAGE

X

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-69182

REPORT FOR THE PERIOD BEGINNING 01/01/15 AND ENDING 12/31/15  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: RS FUNDS DISTRIBUTOR LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1 BUSH STREET, SUITE 900

(No. and Street)

SAN FRANCISCO

CA

94104

(City)

(State)

(Zip Code)

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

SHELLY CHU

(415) 591-2743

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PRICEWATERHOUSECOOPERS LLP

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

3 EMBARCADERO CENTER

SAN FRANCISCO

CA

94111

(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)

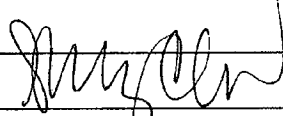
JB

AKB

OATH OR AFFIRMATION

I, SHELLY CHU, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RS FUNDS DISTRIBUTOR LLC, as of DECEMBER 31, 2015, 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:

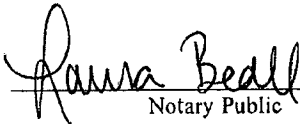
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Signature

FINANCIAL AND OPERATIONS PRINCIPAL

Title



Notary Public

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

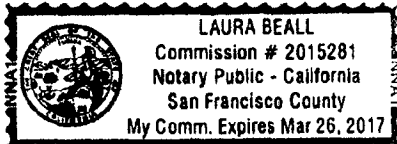
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims 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).

State of California  
County of San Francisco

Subscribed and sworn to (or affirmed) before me on this 25  
day of February, 2016, by Shelly Chu

proved to me on the basis of satisfactory evidence to be the  
person(s) who appeared before me.



(Seal)

Signature

Laura Beall



## Report of Independent Registered Public Accounting Firm

To Management of RS Funds Distributor LLC:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of RS Funds Distributor LLC (the "Company") at December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. The statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit. We conducted our audit of this statement 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 statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

San Francisco, California

February 25, 2016

**RS Funds Distributor LLC**  
**Statement of Financial Condition**  
**December 31, 2015**

---

**Assets**

Cash	\$ 7,934,961
Accounts receivable	1,692,276
Receivable from affiliate	738,731
Prepaid expenses	107,115
Other assets	16,706
Deferred distribution costs, net of accumulated amortization	181,104
Total assets	<u>\$ 10,670,893</u>

**Liabilities and Member's Equity**

**Liabilities**

Accounts payable and accrued expenses	\$ 4,797,253
Payable to affiliate	278,640
Total liabilities	<u>5,075,893</u>

**Member's equity**

Contributed capital	5,500,000
Retained earnings	95,000
Total member's equity	<u>5,595,000</u>
Total liabilities and member's equity	<u>\$ 10,670,893</u>

The accompanying notes are an integral part of this statement.

**RS Funds Distributor LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2015**

---

**1. Organization**

RS Funds Distributor LLC (the "Company") was formed on October 1, 2012 as a limited liability company in the state of Delaware and commenced operations on March 28, 2014. The Company is a wholly owned subsidiary of RS Investment Management Co. LLC ("RS Investments"), a Delaware limited liability company. Effective March 28, 2014, the Company is a registered broker-dealer under the Securities and Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA").

Effective June 1, 2014, the Company is the principal underwriter for the series of mutual funds organized under RS Investment Trust and RS Variable Products Trust ("RS Funds").

On December 17, 2015, RS Investments entered into a definitive Agreement and Plan of Merger with Victory Capital Management Inc. ("Victory Capital") whereby Victory Capital will acquire 100% of the equity ownership of RS Investments. The transaction, which is expected to close by the end of the second quarter of 2016, is subject to regulatory and other customary approvals, conditions and consents, including approvals by the shareholders and boards of trustees of the RS Funds and the boards of trustees of the Victory Funds.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The statement of financial condition have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") using the accrual method of accounting.

**Use of Estimates**

The preparation of the statement of financial condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

**Cash**

Cash at December 31, 2015 consisted of amounts on deposit with banks. At times, cash balances may exceed the limits of FDIC insurance coverage. The Company believes it mitigates this risk by depositing cash with financial institutions that have a high credit rating.

**Accounts Receivable**

Accounts receivable consists of 12b-1 distribution fees, amounts for sub-transfer agent expense reimbursements due from the RS Funds, and commissions due.

**Deferred Distribution Costs**

Deferred distribution costs relate to commissions paid to registered representatives for distribution of Class C shares ("C Shares") for the RS Funds which have a contingent deferred sales charge ("CDSC"). Such costs are deferred and amortized over a 12-month period on a straight-line basis to the extent recoverable from future revenues.

At December 31, 2015, deferred distribution costs reported in the Statement of Financial Condition were \$181,104, net of accumulated amortization of \$1,727,346.

**RS Funds Distributor LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2015**

---

**Prepaid Expenses and Other Assets**

Prepaid expenses and other assets consist primarily of prepaid registration fees, prepaid insurance and funds deposited with FINRA.

**Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consist primarily of sub-transfer agent expenses, revenue share expenses, and distribution fees.

**Federal Income Taxes**

As a limited liability company, federal and state income taxes are the responsibility of the sole member.

**3. Related Party Transactions**

**Distribution Agreement**

As a registered broker-dealer, the Company serves as the principal underwriter and distributor for the RS Funds. The Company has entered into a distribution agreement with the RS Funds for distribution services in accordance with the provisions of the distribution plans adopted by the RS Funds pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended. Under the plan, the Company is compensated for services in such capacity, including its expenses in connection with the promotion and distribution of shares of the RS Funds. As of December 31, 2015, the amount receivable from the RS Funds is \$174,585.

In addition to distribution fees under the distribution plan, the Company is reimbursed by the RS Funds for certain sub-transfer agent expenses that the Company makes to financial intermediaries that provide certain administrative, recordkeeping, and account maintenance services. As of December 31, 2015, the amount receivable from the RS Funds is \$1,479,405.

**Expense Sharing Agreement**

The Company has entered into an Expense Sharing Agreement with RS Investments. RS Investments provides certain distribution, administrative support and other services to the Company and such expenses are allocated to the Company. The Company does not have its own employees. The Expense Sharing Agreement also provides that RS Investments will compensate the Company monthly for providing distribution services equal to the amount by which expenses incurred by the Company exceed income earned by the Company, plus \$5,000 monthly. As of December 31, 2015, the amount receivable from RS Investments is \$738,731.

**Payable to Affiliate**

As of December 31, 2015, the amount payable to The Guardian Insurance & Annuity Company, Inc., an affiliate of RS Investments, for sub-transfer agent expenses, is \$278,640.

**4. Regulatory Requirements**

The Company is subject to the Uniform Net Capital requirements of the U.S. Securities and Exchange Commission under Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1 (8 to 1 for the first year of operations, which was the case for the Company up through March, 2015). At December 31, 2015, the Company is required to maintain minimum net capital equal to the greater of \$5,000 or 6 2/3% of total aggregate indebtedness. At December 31, 2015, the Company had net capital of \$2,859,068, which is \$2,520,675 in excess of its required net capital of \$338,393. The Company's ratio of aggregate indebtedness to net capital is 1.78:1.

**RS Funds Distributor LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2015**

---

The Company has claimed an exemption from Rule 15c3-3 of the Securities and Exchange Act of 1934 under paragraph (k)(1) of the rule.

**5. Indemnifications**

The Company has provided general indemnifications to members and officers of the Company and others when they act, in good faith, in the best interest of the Company. The Company is unable to develop an estimate of the maximum potential amount of future payments that could result from any hypothetical future claim, but expects the risk of having to make any payments under these general business indemnifications to be remote.

**6. Commitments and Contingencies**

The Company is subject to various claims and lawsuits which arise in the ordinary course of business. It is the opinion of management that the ultimate resolution of these matters would not have a material effect on the Company's financial position.

**7. Review for Subsequent Events**

The Company has evaluated subsequent events through February 25, 2016, the date this statement of financial condition was available to be issued and determined that no material events have occurred that require adjustment or additional disclosure.



SEC  
Mail Processing  
Section

FEB 29 2016

Washington DC  
20549  
**RS Funds Distributor LLC**

**(A wholly owned subsidiary of RS Investment  
Management Co. LLC)**

**Statement of Financial Condition  
December 31, 2015**