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

SEC  
Processing  
Section  
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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 01-01-16 AND ENDING 12-31-2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Louis Capital Markets, LP

OFFICIAL USE ONLY
FIRM ID. NO.

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

853 Broadway, 5th Floor  
(No. and Street)

New York  
(City)

New York  
(State)

10003  
(Zip Code)

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

Michael Benhamou

+33 1 55 04 04 55  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Mayer Hoffman McCann CPAs

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

1065 Avenue of the Americas  
(Address)

New York  
(City)

NY  
(State)

10018  
(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 (06-02)

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.

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**LOUIS CAPITAL MARKETS, LP**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2016**  
**(PUBLIC PURSUANT TO RULE 17a-5(e)(3)**  
**AND CFTC REGULATION 1.10)**

# LOUIS CAPITAL MARKETS, LP

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Mayer Hoffman McCann CPAs  
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An Independent CPA Firm

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Louis Capital Markets, LP

We have audited the accompanying statement of financial condition of Louis Capital Markets, LP (the "Partnership") as of December 31, 2016. The financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on the 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 financial statement is free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 financial statement referred to above presents fairly, in all material respects, the financial position of Louis Capital Markets, LP as of December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The computation of net capital, computation for determination of reserve requirements, information relating to the possession or control requirements, schedule of segregation requirements and funds in segregation for customers regulated commodity futures and options accounts and schedule of secured amounts and funds held in separate accounts for foreign futures and foreign options customers (together "supplemental information") has been subjected to audit procedures performed in conjunction with the audit of Louis Capital Markets, LP's financial statement. The supplemental information is the responsibility of Louis Capital Markets, LP's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5 and Regulation 1.17 of the Commodity Futures Trading Commission. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statement as a whole.

*Mayer Hoffman McCann CPAs*

New York, New York  
February 28, 2017



**KRESTON**

Member of Kreston International - a global network of independent accounting firms

# LOUIS CAPITAL MARKETS, LP

## STATEMENT OF FINANCIAL CONDITION (Amounts in Thousands)

December 31, 2016

### ASSETS

Cash	\$	2,808
Receivables from clearing brokers		347
Commissions receivable		238
Other assets		<u>5</u>
	\$	<u>3,398</u>

### LIABILITIES AND PARTNERS' CAPITAL

#### Liabilities

Accounts payable and accrued expenses	\$	2,566
Due to affiliates		<u>186</u>
Total liabilities		<u>2,752</u>

#### Partners' capital

		<u>646</u>
	\$	<u>3,398</u>

# LOUIS CAPITAL MARKETS, LP

## NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

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### 1. Nature of business

#### *Nature of business*

Louis Capital Markets, LP (the "Partnership") is a Delaware limited partnership and a majority-owned subsidiary of LCM Interest Holding LLC (the "Parent") also incorporated in Delaware. The Partnership is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Partnership is also a member of the National Futures Association (NFA) and an introducing broker registered with the Commodities Futures Trading Commission (CFTC). The Partnership commenced operations on December 31, 2003 when Louis Capital Markets, LLC contributed all of its net assets in exchange for its partners' interest in the Partnership.

The Partnership is engaged in selling corporate equity securities over-the-counter and executing futures and listed option trades on an agency basis to institutional investors.

The Partnership, along with affiliates in London, Paris, Hong Kong and the US comprise the Louis Capital Markets Group (the "Group").

#### *Liquidity*

Due to a deteriorating equity brokerage environment most operations of the Partnership were moved to its London facility in 2013. The Partnership now has a service agreement in place with the overseas Group entities to facilitate the execution of Futures and Equity Options from US Customers. In addition the Parent entity has agreed to contribute enough capital, when necessary to maintain operations and fulfill net capital requirements.

### 2. Summary of significant accounting policies

#### *Basis of Presentation*

The Partnership prepares its accounts under accounting principles generally accepted in the United States of America ("GAAP").

#### *Receivable from Clearing Brokers*

Receivable from clearing brokers includes balances due from the clearing organizations related to the collection of certain brokerage revenues on the Partnership's behalf. The Partnership uses Goldman Sachs Execution and Clearing, L.P ("GSEC") which requires \$1,000 as a clearing deposit from all Group operations of which \$200 is held on behalf of the Partnership. The Partnership also uses GH Financials LLC ("GHF") which requires \$100 as a clearing deposit.

# LOUIS CAPITAL MARKETS, LP

## NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

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### 2. Summary of significant accounting policies (continued)

#### *Commissions Receivable*

Commissions receivable represents balances due from brokers, dealers, banks and other financial and non-financial institutions for the execution of securities and other derivative brokerage transactions. The Partnership carries commission receivables from customers less an allowance for doubtful accounts. On a periodic basis, the Partnership evaluates its commission receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. In addition, if the Partnership is aware of a client's inability to meet its financial obligations, a specific provision is recorded in the amount of the estimated losses that will result from the inability of that client to meet its financial obligation. Accounts are written off as uncollectible at the discretion of management. As of December 31, 2016, the Partnership determined that no allowance for doubtful accounts was necessary.

#### *Translation of Foreign Currency*

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the year end exchange rates. Transactions denominated in foreign currencies including income and expenses, are translated into United States dollar amounts on the transaction date.

#### *Brokerage Transactions*

The Partnership provides brokerage services to its clients in the form of agency commissions.

#### *Agency Commissions*

The Partnership charges commissions for executing transactions between buyers and sellers. Agency commissions revenues and related expenses are recognized on a trade date basis and are presented net of rebates and discounts and are recognized at the time of the transaction.

#### *Income Taxes*

The Partnership is not a taxable entity for U.S. federal and state income tax purposes, and does not directly pay federal and state income tax. The Partnership's taxable income or loss passes through to, and is includable in the federal and state income tax returns of each partner. Although no provision for federal or state income taxes has been made in the accompanying financial statements, the Partnership is subject to New York City unincorporated business tax and has recorded no provision for 2016 due to the net loss.

There are no unrecognized tax benefits recorded in the accompanying financial statement in connection with the tax positions taken by the Partnership.

# LOUIS CAPITAL MARKETS, LP

## NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

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### 2. Summary of significant accounting policies (continued)

The Partnership's U.S. federal and state and local tax returns filed from 2013 through 2015 remain open for examination by these tax authorities and the associated taxes, if applicable, remain subject to examination based on the varying statutes of limitations.

#### *Use of Estimates*

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

### 3. Net capital requirement

The Partnership is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or dividends paid if the resulting net capital ratio would exceed 10 to 1. The Partnership is also subject to the CFTC's minimum financial requirements which require that the Partnership maintain net capital, as defined for securities brokers and dealers, equal to or in excess of the greater of \$45 or the amount of net capital required by the SEC Rule 15c3-1. At December 31, 2016, the Partnership's net capital was approximately \$325 which was approximately \$139 above its minimum requirement of \$186. The Partnership's ratio of aggregate indebtedness to net capital was 8.58 to 1.

Proprietary accounts held at the clearing broker ("PAIB Assets") are considered allowable assets in the net capital computation pursuant to an agreement between the Partnership and the clearing broker which requires, among other things, the clearing broker to perform a computation for PAIB Assets similar to the customer reserve computation set forth in Rule 15c3-3 under the Securities Exchange Act of 1934.

### 4. Related Party Transactions

In 2014, the Partnership entered into a Foreign Correspondent Intercompany Service Agreement with an affiliate located in London, UK and Paris, France. For the year ended December 31, 2016, the Partnership invoiced clients for \$822 in agency brokerage. Under the service agreement this revenue is attributable to London and therefore a corresponding expense is recorded in Foreign correspondent fees. For facilitating this, the Partnership received fees of approximately \$18. As of December 31, 2016, the Partnership owed approximately \$186 to this affiliate.



# LOUIS CAPITAL MARKETS, LP

## NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

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### 5. Concentrations of credit risk

#### *Market Risk*

Pursuant to its clearance agreements, the Partnership introduces all of its securities transactions to its clearing brokers on a fully-disclosed basis. Therefore, all of the money balances and long and short security positions are carried on the books of the clearing brokers. Under certain conditions, as defined in the clearance agreements, the Partnership has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Partnership. Although the right of the clearing brokers to charge the Partnership applies to all trades executed through the clearing brokers, the Partnership believes that there is no reasonable amount assignable to its obligations pursuant to this right as any such obligation would be based upon the future non-performance by one or more counterparties. Accordingly, at December 31, 2016, the Partnership has recorded no liabilities with respect to these obligations. In accordance with industry practice and regulatory requirements, the Partnership and the clearing brokers monitor collateral on the securities transactions introduced by the Partnership. In addition, the receivables from the clearing brokers are pursuant to these clearance agreements and the Group must maintain at least \$1,100 in cash and securities at all times with the clearing brokers.

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

#### *Credit Risk*

Credit risk arises from potential non-performance by counterparties from non-payment of commissions by customers of the Partnership's agency brokerage business. The Partnership also has credit and counterparty risk in certain situations where it provides execution services. The Partnership provides agency clearing services through its relationships with general clearing member firms and/or exchanges. In these instances, the Partnership's accounts at such institutions are used, in its name, to provide access to clearing services for its customers. Credit risk arises from the possibility that the Partnership may suffer losses due to the failure of its customers or other counterparties to satisfy their financial obligations to the Partnership or in a timely manner.

The Partnership has established policies and procedures to manage its exposure to credit risk. The Partnership maintains a thorough credit approval process to limit its exposure to counterparty risk and employ monitoring to control the market and counterparty risk. The Partnership's brokers may only execute transactions for clients that have been approved by the Partnership's management following review by the Partnership's management and compliance department. The Partnership's credit approval process includes verification of key financial information and operating data and anti-money laundering verification checks. The Partnership's credit review process may include consideration of independent credit agency reports and a visit to the entity's premises, if necessary.

#### *Off-Balance Sheet Risk*

The Partnership maintains its cash balance at one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250. The General Partner regularly monitors the financial condition of this institution in order to keep the potential risk to a minimum.

# LOUIS CAPITAL MARKETS, LP

## NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

### 6. Commitments and contingencies

#### *Required Tax Distributions*

As required by the limited partnership agreement, the Partnership is required to make tax distributions in an amount no less than an amount determined by multiplying the taxable net income of the Partnership by the highest combined applicable individual federal, state and local tax rates. For the year ended December 31, 2016, there were no tax distributions made on behalf of its partners.

#### *Legal Proceedings*

In the normal course of business, the Partnership has been in the past, named as defendant in various lawsuits and proceedings and is, and has been in the past, involved in certain regulatory examinations. Additional actions, investigations or proceedings may be brought from time to time in the future. The Partnership is subject to the possibility of losses from these various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired and the amount of the loss can be reasonably estimated. The Partnership accrues a liability for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the reporting period.

On August 19, 2014, CBRE filed in the supreme court of the state of New York a claim for breach of contract with regards to the negotiation of a lease for office space. The claim was settled on May 5 2016 for \$40 which has been apportioned \$20 to the Partnership and \$20 to LCM Commodities LLC. During 2015, the Partnership recorded a provision of \$80 based on preliminary discussions; therefore a reversal of \$60 was recorded during 2016.

On December 21, 2016, the Partnership reached a tentative settlement with the lawyers of the SEC regarding an investigation of activity from 2009 through 2012. That tentative settlement must be submitted to the Commissioners of the SEC for their review and becomes final only if it is approved by the Commissioners. No date for the Commissioners review has been set but a provision of \$2,500 based on the offer of settlement received was made during the year and is reflected in the statement of operations. The outstanding balance was \$2,466 as of December 31, 2016, and reflects the liability discounted at an imputed annual interest rate of 3.75% and is payable in 3 installments over a 1 year term after approval. The initial installment is \$1,500 14 days after approval, the second is \$500, 6 months after approval and the final installment is \$500, 12 months after approval.

#### *Risks and Uncertainties*

The Partnership primarily generates its revenues by executing and facilitating transactions for counterparties. Revenues for these services are transaction based. As a result, the Partnership's revenues could vary based upon the transaction volume of securities and derivative markets.

### 7. Subsequent events

The Partnership has evaluated subsequent events through issuance and has determined that there are no other significant subsequent events to report.

# LOUIS CAPITAL MARKETS, LP

## SUPPLEMENTARY INFORMATION COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION AND REGULATION 1.17 OF THE COMMODITY FUTURES TRADING COMMISSION

**December 31, 2016**

<b>Net capital,</b>		
Partners' capital		\$ 646
Partner capital not allowable for net capital		(34)
Adjusted Partners' capital		<u>612</u>
<b>Less nonallowable assets</b>		
Commissions receivable		182
Receivables from non customers		100
Prepaid and other assets		5
		<u>287</u>
<b>Net capital</b>		<u>\$ 325</u>
Aggregate indebtedness included in statement of financial condition		\$ 2,752
Adjustment for NPV discount of SEC liability not recorded in statement of financial condition		34
<b>Total Aggregate indebtedness</b>		<u>2,786</u>
<b>Computed minimum net capital required</b> (6.67% of aggregate indebtedness)		<u>\$ 186</u>
<b>Minimum net capital required (under SEC Rule 15c3-1)</b>		<u>\$ 100</u>
<b>Minimum net capital requirement (under CFTC Regulation 1.17)</b>		<u>\$ 45</u>
<b>Excess net capital (\$325 - \$186)</b>		<u>\$ 139</u>
<b>Net Capital less 10% of total aggregate indebtedness</b>		<u>\$ 46</u>
<b>Ratio of aggregate indebtedness to net capital</b>	\$ 2,786	
	\$ 325	
		<u>8.58</u>

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part II-A as amended filing as of December 31, 2016.

# LOUIS CAPITAL MARKETS, LP

## SUPPLEMENTARY INFORMATION COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

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December 31, 2016

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The Company is exempt from Securities Exchange Commission ("SEC") Rule 15c3-3 pursuant to the exemptive provisions of sub-paragraph (k)(2)(ii).

# LOUIS CAPITAL MARKETS, LP

## SUPPLEMENTARY INFORMATION INFORMATION RELATING TO POSSESSION AND CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

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December 31, 2016

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The Company is exempt from Securities Exchange Commission ("SEC") Rule 15c3-3 pursuant to the exemptive provisions of sub-paragraph (k)(2)(ii).

# LOUIS CAPITAL MARKETS, LP

## SUPPLEMENTARY INFORMATION SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CUSTOMERS REGULATED COMMODITY FUTURES AND OPTIONS ACCOUNTS

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December 31, 2016

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As the Company does not carry customer accounts for regulated commodity futures and options, it neither computes nor segregates funds pursuant to Section 1.10 under the Commodity Exchange Act.

## LOUIS CAPITAL MARKETS, LP

### SUPPLEMENTARY INFORMATION SCHEDULE OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS FOR FOREIGN FUTURES AND FOREIGN OPTIONS CUSTOMERS PURSUANT TO REGULATION 30.7 UNDER THE COMMODITY EXCHANGE ACT

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December 31, 2016


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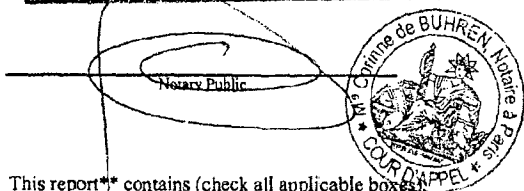
As the Company does not carry customer accounts for foreign futures and foreign options, it neither computes nor segregates funds pursuant to Regulation 30.7 under the Commodity Exchange Act.

**OATH OR AFFIRMATION**

I, Michael Benhamou, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Louis Capital Markets, LP, as of February 28, 2017, 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:

Maître <u>Cosmin de Buhren</u> Notaire associé a Paris (1 <sup>er</sup> ) 3, rue de Turbigo Certifie la signature de Monsieur <u>Michael BENHAMOU</u> ci-apposée PARIS, le <u>28 Février 2017</u>
--

  
 \_\_\_\_\_  
 Signature  
 \_\_\_\_\_  
 Chief Executive Officer  
 \_\_\_\_\_  
 Title



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 Proprietor's 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).