

SECURITIES AND EXCHANGE COMMISSION
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

A

SEC FILE NUMBER
8-52697

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 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Signature Securities Group Corporation
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1177 Avenue of the Americas, 11th Floor

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street) City State Zip Code
New York NY 10036
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jonathan Roberts 646-822-1433
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
KPMG LLP

(Name - if individual, state last, first, middle name)
345 Park Avenue New York NY 10154
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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*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)

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OATH OR AFFIRMATION

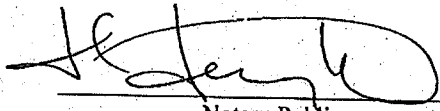
I, Jonathan Roberts, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Signature Securities Group Corporation, as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the 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

Chief Financial Officer

Title



Notary Public

Notary Public
State of NY
County of NY
No. 21-000001
Expires: June 10, 2018

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).

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Statement of Financial Condition

December 31, 2016

(With Report of Independent Registered Public Accounting Firm Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Report of Independent Registered Public Accounting Firm

The Board of Directors
Signature Securities Group Corporation:

We have audited the accompanying statement of financial condition of Signature Securities Group Corporation, a wholly owned subsidiary of Signature Bank, as of December 31, 2016. The financial statement is the responsibility of the Company'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. 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 Signature Securities Group Corporation as of December 31, 2016, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 27, 2017

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Statement of Financial Condition

December 31, 2016

Assets

Cash and cash equivalents (\$534,584 with the Parent)	\$ 32,899,504
Receivable from broker-dealers and clearing organizations	441,823
Premises and equipment, net of accumulated depreciation and amortization of \$707,592	210,103
Receivable from affiliate	1,267,151
Deferred tax asset, net	771,380
Other assets	449,778
Total assets	<u>\$ 36,039,739</u>

Liabilities and Stockholder's Equity

Liabilities:	
Accrued expenses payable	\$ 2,905,811
Payable to affiliate	291,550
Total liabilities	<u>3,197,361</u>
Stockholder's equity:	
Common stock, \$1 par value. Authorized 100 shares; issued and outstanding 60 shares	60
Additional paid-in capital	28,983,455
Retained earnings	3,858,863
Total stockholder's equity	<u>32,842,378</u>
Total liabilities and stockholder's equity	<u>\$ 36,039,739</u>

See accompanying notes to statement of financial condition.

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Notes to Statement of Financial Condition

December 31, 2016

(1) Organization

Signature Securities Group Corporation (SSG or the Company), a wholly owned subsidiary of Signature Bank (the Parent), was incorporated in the State of New York on May 26, 2000. The Company is a registered broker and dealer in securities with the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA).

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including “riskless” principal transactions, agency transactions, consulting services, and investment advisory services.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Company’s statement of financial condition is prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), which requires management to make estimates and assumptions that may affect the amounts reported in the statement of financial condition and accompanying notes. These estimates and underlying assumptions affect the amounts of assets and liabilities reported. Such estimates, including valuation of deferred tax assets, are, by their nature based on judgment and available information and, therefore, may vary from actual results.

The accompanying statement of financial condition has been prepared from separate records maintained by the Company, and may not necessarily be indicative of the financial condition, which would have existed if the Company had been operating as an unaffiliated entity.

(b) Cash and Cash Equivalents

The Company has defined cash and cash equivalents as highly liquid investments with original maturities of less than three months that are not held for sale in the ordinary course of business. These financial instruments are reflected in the statement of financial condition on a trade-date basis and are recorded at fair value.

The Company’s cash and cash equivalents balances was \$32,899,504 at December 31, 2016. This amount primarily consisted of a Fidelity U.S. government money market funds of \$30.6 million and other money market fund balances of \$1.8 million. At December 31, 2016 the Company maintains \$535 thousand with the Parent which consisted of \$449 thousand in a bank money market account and \$86 thousand in a bank demand account.

(c) Deposits

The Company maintained cash deposits of \$104,631 primarily consisting of a \$100,000 escrow deposit held at its clearing broker. This amount is classified as a receivable from broker dealers and clearing organizations in the Company’s statement of financial condition.

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Notes to Statement of Financial Condition

December 31, 2016

(d) Income Taxes

The Parent files consolidated Federal, New York State, and New York City income tax returns. Additionally, there are state and local tax returns filed in various other jurisdictions on both a consolidated basis, as well as a separate Company basis. The Company has entered into a tax allocation agreement with the Parent, whereby the Company determines its Federal, state, and local income tax on a separate company basis using the same computational method as the consolidated group.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as the estimated future tax consequences attributable to net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. If appropriate, deferred tax assets are adjusted by a valuation allowance, which reflects expectations to the extent which such assets will be realized.

The Company recognizes the effect of the income tax positions only if those positions are more likely than not of being sustained in accordance with ASC 740, Income Taxes. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(3) Fair Value Measurements

ASC 820, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 applies only to fair value measurements already required or permitted by other accounting standards and does not impose requirements for additional fair value measures. Pursuant to ASC 820, the fair value of a financial instrument is defined as the amount that would be received to sell an asset or paid to transfer a liability, or the "exit price," in an orderly transaction between market participants at the measurement date. The Company's investments in money market funds are recorded at fair value on a recurring basis. ASC 820 uses a three level hierarchy for fair value measurements based upon the market observability and reliability of inputs used to value assets and liabilities. ASC 820 does not dictate when fair values should be the basis to account for a financial asset or liability, nor does it prescribe which valuation technique should be used. Rather, ASC 820 requires an entity to choose appropriate valuation techniques based upon market conditions, and the availability, reliability, and observability of valuation inputs.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure an asset or a liability fall to different levels within the hierarchy, the classification of the entire asset or liability will be based on the lowest level input that is significant to the overall fair value measurement of the asset or liability. The Company categorizes assets and liabilities based on the inputs to the valuation techniques used to measure fair value as follows:

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Notes to Statement of Financial Condition

December 31, 2016

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions would reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability. Such valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques.

The fair value of the Company's investment in money market funds was determined using the closing market price and is included in Level 1. The carrying value of the Company's investments in such funds as of December 31, 2016 was \$32,364,920.

There were no transfers in or out of Levels 1, 2 or 3.

(4) Regulatory Requirements

The Company is a registered broker dealer and, accordingly, is subject to net capital requirements of SEC Rule 15c3-1 (SEC Net Capital Rule) and FINRA. The Company has elected to select the basic method permitted by the SEC Net Capital Rule, which requires that it maintain a minimum net capital of \$250,000 or 6-2/3 percent of its aggregate indebtedness. At December 31, 2016 the Company's net capital was \$27,250,828, which was \$27,000,828 in excess of its required net capital of \$250,000.

At December 31, 2016, nonallowable assets was \$3.3 million. This amount primarily consisted of a \$1.3 million receivable from affiliates, a \$771 thousand net deferred tax asset, and a \$535 thousand cash and cash equivalents balance maintained with the Parent. Typically, all cash and cash equivalents would be considered allowable assets in the computation of net capital; however, since the \$535 thousand is on deposit with SSG's Parent, the balance must be treated as a nonallowable asset due to its direct affiliation.

The Company operates pursuant to the exemptive provisions of Section (k)(2)(ii) of the Securities and Exchange Commission's Computation of Reserve Requirements Rule 15c3 3, and accordingly, all customer transactions are cleared through National Financial Services LLC on a fully disclosed basis.

(5) Incentive Savings Plan

The Company, with the Parent, has a 401(k) program under which employees may make personal contributions of up to 60% of their pretax earnings by means of payroll deductions. The Company matches 100% of the first 3% of contributions to the plan and 50% of the next 4% of compensation contributed. The Company is allocated a portion of this liability based upon an overall benefits allocation between the Company and the Parent.

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Notes to Statement of Financial Condition

December 31, 2016

(6) Income Taxes

The Company and the Parent filed consolidated Federal, New York State, and New York City tax returns for the year ended December 31, 2016. Additionally, the Company files other state and local returns on a stand-alone basis. The Company has entered into a tax allocation agreement with the Parent.

The provision for income taxes of the Company is determined on a separate company basis using the same computational method as the consolidated group. At December 31, 2016, the Company has a \$421,014 excess tax benefit receivable related to stock-based compensation and a \$197,595 receivable from the Parent for its share of the consolidated group's tax expense, which is recorded in receivable from affiliate on the accompanying statement of financial condition.

At December 31, 2016, a net deferred tax asset resulted from temporary differences between the financial reporting amounts and tax bases of certain assets. The components are set forth in the following table:

Deferred tax assets:	
Unearned compensation	\$ 847,229
Total deferred tax assets	<u>847,229</u>
Deferred tax liabilities:	
Prepaid assets	(55,427)
Depreciation	<u>(20,422)</u>
Total deferred tax liabilities	<u>(75,849)</u>
Net deferred tax asset	\$ <u>771,380</u>

At December 31, 2016, management has concluded that a valuation allowance is not needed based on historical profitability, as well as expected taxable income in future periods.

(7) Stock-Based Compensation

In March 2004, the Parent adopted the Signature Bank 2004 Long-Term Incentive Plan (the 2004 equity incentive plan or the Plan) for grants to be made to participants, including officers, employees, and consultants. The 2004 equity incentive plan was subsequently amended and restated upon receiving required shareholder approval at the 2008 Annual Shareholders Meeting held on April 17, 2008. The Plan is designed to assist in attracting, retaining, and motivating officers, employees, directors, and/or consultants and provides the Parent and its subsidiaries with a stock plan providing incentives directly related to increases in shareholder value.

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Notes to Financial Statements

December 31, 2016

(8) Related-Party Transactions

As of year-end December 31, 2016, the Company had a \$1,267,151 receivable with the Parent, which consisted of a \$421,014 excess tax benefit receivable related to stock-based compensation from the Parent, \$197,595 receivable from the Parent for its share of the consolidated group's tax expense, as well as \$648,542 receivable from the Parent for SBA activity. The Company maintains \$535 thousand with the Parent which consisted of \$449 thousand in a bank money market account and \$86 thousand in a bank demand account. The Company had a \$292 thousand payable to the Parent related to the settlement of intercompany activity.

(9) Financial Transactions

In the normal course of business, the Company's client activities involve the execution and settlement of various securities and financial instrument transactions through National Financial Services LLC. In connection with these activities, a client's unsettled trade may expose the Company to off-balance sheet risk in the event the client is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instruments underlying the contract at a loss.

As part of the Company's securities and financial instrument transactions settlement activities, the Company uses securities as collateral. In the event the client is unable to fulfill its contractual obligation, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its obligations. The Company monitors this risk by reviewing the market values of financial instruments pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure.

(10) Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through February 27, 2017, the date the financial statements were available to be issued, noting none.

SIGNATURE SECURITIES GROUP CORPORATION
(A Wholly Owned Subsidiary of Signature Bank)

Financial Statements and Supplemental Information

December 31, 2016

(With Report of Independent Registered Public Accounting Firm Thereon)

This report is deemed CONFIDENTIAL in accordance with Rule 17a-5(e)(3) under the Securities
Exchange Act of 1934