SYMS CORP
Form 10-Q
October 07, 2008

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

FORM 10-Q

(Mark One)

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

for the quarterly period ended **August 30, 2008**

OR

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

for the transition period from____________ to ____________

Commission File Number 1-8546

SYMS CORP

(Exact Name of Registrant as Specified in Its Charter)

NEW JERSEY	**22-2465228**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
One Syms Way, Secaucus, New Jersey	**07094**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (201) 902-9600

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

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

Large Accelerated Filer o Accelerated Filer þ Non-Accelerated Filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

At September 24, 2008 the latest practicable date, there were 14,587,700 shares outstanding of Common Stock, par value $0.05 per share.

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Condensed Balance Sheets
(In thousands except per share amounts)

	August 30, 2008 (Unaudited)	March 1, 2008 (NOTE)	September 1, 2007 (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	$ 6,053	$ 11,904	$ 17,475
Receivables	2,048	2,445	2,007
Merchandise inventories - Net	69,168	66,086	65,766
Deferred income taxes	3,248	3,248	3,092
Assets held for sale	5,201	5,576	5,576
Prepaid expenses and other current assets	4,055	4,147	4,267
TOTAL CURRENT ASSETS	89,773	93,406	98,183
PROPERTY AND EQUIPMENT - Net	97,380	98,815	99,141
DEFERRED INCOME TAXES	12,882	12,882	12,557
BUILDING AND AIR RIGHTS	11,134	3,100	
OTHER ASSETS	22,172	21,426	20,454
TOTAL ASSETS	$ 233,341	$ 229,629	$ 230,335
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 31,792	$ 25,610	$ 29,839
Accrued expenses	4,638	6,263	3,177
Obligations to customers	4,443	4,443	3,991
TOTAL CURRENT LIABILITIES	40,873	36,316	37,007
OTHER LONG TERM LIABILITIES	1,002	1,178	1,363
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY			
Preferred stock, par value $100 per share. Authorized 1,000 shares; none outstanding			
Common stock, par value $0.05 per share. Authorized 30,000 shares; 14,588 shares outstanding (net of 4,082 treasury shares) on August 30, 2008; 14,588 shares outstanding (net of 4,082 treasury shares) as of March 1, 2008, and 14,701 shares outstanding (net of 3,987 treasury shares) on September 1, 2007	789	789	789
Additional paid-in capital	19,273	19,273	19,264

Treasury stock	(43,086)	(43,086)	(41,669)
Accumulated other Comprehensive Income	23	23	
Retained earnings	214,490	215,136	213,581
TOTAL SHAREHOLDERS' EQUITY	191,466	192,135	191,965
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 233,341	$ 229,629	$ 230,335

NOTE: The balance sheet at March 1, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See Notes to Condensed Financial Statements

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Condensed Statements of Operations

(In thousands, except per share amounts)

	13 Weeks Ended		26 Weeks Ended	
	August 30, 2008	September 1, 2007	August 30, 2008	September 1, 2007
	(Unaudited)		(Unaudited)	
Net sales	$ 59,030	$ 61,384	$ 123,618	$ 128,531
Cost of goods sold	35,890	38,854	72,300	77,711
Gross profit	23,140	22,530	51,318	50,820
Expenses:				
Selling, general and administrative	19,199	18,692	38,276	37,704
Advertising	1,181	781	2,644	3,595
Occupancy, net	4,123	3,687	7,832	7,207
Depreciation and amortization	1,951	1,805	3,863	3,784
Gain on sale of real estate	(548)		(548)	
Asset impairment charge		745		745
Total operating expenses	25,906	25,710	52,067	53,035
Net (loss) from operations	(2,766)	(3,180)	(749)	(2,215)
Interest (expense) income	(4)	278	38	638
Other income	4	151	12	166
Net (loss) before income taxes	(2,766)	(2,751)	(699)	(1,411)
Income tax benefit	(1,471)	(1,329)	(30)	(663)
Net (loss)	$ (1,295)	$ (1,422)	$ (669)	$ (748)
Net (loss) per share - basic and diluted	$ (0.09)	$ (0.10)	$ (0.05)	$ (0.05)
Weighted average shares outstanding - basic and diluted	14,588	14,696	14,588	14,698

See Notes to Condensed Financial Statements

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Condensed Statements of Cash Flows

(In thousands)

	26 Weeks Ended	
	August 30, 2008	September 1, 2007
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (669)	$ (748)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,863	3,784
Asset impairment charge		745
(Gain) loss on disposal of assets	(503)	10
(Increase) decrease in operating assets:		
Receivables	397	(281)
Merchandise inventories	(3,082)	(1,957)
Prepaid expenses and other current assets	92	787
Other assets	(772)	(1,163)
Increase (decrease) in operating liabilities:		
Accounts payable	6,182	8,161
Accrued expenses	(1,625)	(7,379)
Obligations to customers		33
Other long term liabilities	(176)	(185)
Net cash provided by operating activities	3,707	1,807
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in building and air rights	(8,034)	
Expenditures for property and equipment	(2,447)	(3,155)
Proceeds from sale of land and other assets	923	17
Net cash used in investing activities	(9,558)	(3,138)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends		(8,820)
Stock repurchase		(286)
Net cash used in financing activities		(9,106)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,851)	(10,437)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	11,904	27,912
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,053	$ 17,475
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 74	$ 92
Income taxes paid (net of refunds)	$ 374	$ 2,260

See Notes to Condensed Financial Statements

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Notes to Condensed Financial Statements
13 and 26 Weeks Ended August 30, 2008 and September 1, 2007

(Unaudited)

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Note 1 - The Company

Syms Corp (the “Company”) operates a chain of 32 “off-price” retail clothing stores located in the Northeastern and Middle Atlantic regions and in the Midwest, Southeast and Southwest. Each Syms store offers a broad range of first quality, in season merchandise bearing nationally recognized designer or brand-name labels for men, women and children.

Note 2 - Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). As applicable under such regulation, certain information and footnote disclosures have been condensed or omitted. We believe that all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 13-week and 26-week periods ended August 30, 2008 are not necessarily indicative of the results that may be expected for the entire fiscal year ending February 28, 2009. For further information, refer to the financial statements and footnotes thereto included in the Company’s annual report on Form 10-K for the fiscal year ended March 1, 2008. Certain amounts from prior periods have been reclassified to conform to the current period presentation. Occupancy expenses for the 13 and 26 week periods ended August 30, 2008 and September 1, 2007 have been reduced by net rental income of $575,000, $1,078,000, $841,000 and $1,518,000 respectively from real estate holdings incidental to the Company’s retail operations. In prior reports, the Company reduced general and administrative expense by net rental income.

Note 3 - Accounting Period

The Company’s fiscal year ends the Saturday nearest to the end of February. The fiscal year ended March 1, 2008 (“fiscal 2007”) was comprised of 52 weeks. The fiscal year ending February 28, 2009 (“fiscal 2008”) will also be comprised of 52 weeks.

Note 4 - Merchandise Inventories

Merchandise inventories are stated at the lower of cost (first in, first out) or market, as determined by the retail inventory method.

Note 5 - Building and Air Rights

In May 2008, the Company consummated the acquisition of a landmark structure along with its appurtenant air rights adjacent to its owned store and property in New York City for a purchase price of approximately $8 million. In December 2007, the Company purchased air rights from another adjacent building at this location for a purchase price of approximately $3.1 million.

Note 6 - Bank Credit Facilities

The Company has a revolving credit agreement with a bank for an unsecured line of credit not to exceed $40,000,000 through May 1, 2011. The agreement contains financial covenants, with respect to tangible net

worth, as defined, working capital, maximum capital expenditures and dividends, as well as other financial ratios. The Company is in compliance with all covenants as of August 30, 2008. As of August 30, 2008, March 1, 2008 and September 1, 2007, there were no borrowings under the current or predecessor revolving credit agreements. At August 30, 2008, March 1, 2008 and September 1, 2007, the Company had

$980,000, $869,000 and $795,000, respectively, in outstanding letters of credit which reduces availability under the revolving credit agreement.

Note 7 - Net Income Per Share

Basic net loss per share has been computed based upon the weighted average of the common shares outstanding. Diluted net loss per share gives effect to the potential dilution that would have occurred if options were exercised. The following table sets forth basic and diluted average shares and the related net income per share:

	13 Weeks Ended		26 Weeks Ended	
	8/30/2008	9/1/2007	8/30/2008	9/1/2007
	(in thousands except per share amounts)			
Basic and diluted net (loss) per share:				
Net (loss)	$(1,295)	$(1,422)	$(669)	$(748)
Average shares outstanding basic	14,588	14,696	14,588	14,698
Net (loss) per share basic	$(0.09)	$(0.10)	$(0.05)	$(0.05)
Average shares outstanding diluted	14,588	14,696	14,588	14,698
Stock options				
Total average equivalent shares	14,588	14,696	14,588	14,698
Diluted net (loss) per share	$(0.09)	$(0.10)	$(0.05)	$(0.05)

In periods with losses, options are excluded from the computations of diluted net income per share because the effect would be anti-dilutive. Options to purchase 328,814 and 329,732 shares of common stock at prices ranging from $5.21 to $14.01 per share were outstanding at August 30, 2008 and September 1, 2007, respectively.

Note 8 Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, (SFAS 157) which establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 defines fair value as 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 date and applies whenever other statements require or permit assets or liabilities to be measured at fair value. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of SFAS No. 157 did not have a material impact on the results of operations or the financial position of the Company.

In February 2007, the FASB issued FAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115, (SFAS 159) which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15,

2007. The adoption of SFAS No. 159 did not have a material impact on reported results of operations or financial position of the Company.

Note 9 Share Based Compensation

The Companys Amended and Restated Stock Option and Appreciation Plan allows for the granting of incentive stock options, as defined in Section 422A of the Internal Revenue Code of 1986 (as amended), non-qualified stock options or stock appreciation rights. The plan requires that incentive stock options be granted at an exercise price not less than the fair market value of the Common Stock on the date the option is granted. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be not less than 110% of the fair market value of the Common Stock on the date of

grant. Non-qualified options and stock appreciation rights may be granted at any exercise price. The Company has reserved 1,500,000 shares of common stock for issuance thereunder. The Company is no longer issuing options under its Amended and Restated Incentive Stock Option and Appreciation Plan.

No option or stock appreciation rights may be granted under the Amended and Restated Incentive Stock Option Plan after July 28, 2013. The maximum exercise period for any option or stock appreciation right under the plan is ten years from the date the option is granted (five years for any optionee who holds more than 10% of the voting rights of the Company).

The Companys 2005 Stock Option Plan (the "2005 Plan") permits the grant of options, share appreciation rights, restricted shares, restricted share units, performance units, performance shares, cash-based awards and other share-based awards. Key employees, non-employee directors, and third party service providers of the Company who are selected by a committee designated by the Board of Directors of the Company are eligible to participate in the 2005 Plan. The maximum number of shares issuable under the Plan is 850,000, subject to certain adjustments in the event of changes to the Companys capital structure.

Consistent with FAS123(R) Share-Based Payments, share-based compensation cost is measured at grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period. The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model. Expected volatility is based on the historical volatility of the price of the Companys stock. The risk-free interest rate is based on U.S. Treasury issues with a term equal to the expected life of the option. The Company uses historical data to estimate expected dividend yield, expected life and forfeiture rates. There were no options granted during the six months ended August 30, 2008, and all options previously issued are fully vested.

Stock option activity during the six months ended August 30, 2008 is as follows:

	Number Of options	Weighted Average Exercise Price	Weighted Average Remaining Contracted Term (years)	Aggregate Intrinsic Value
Outstanding at March 1, 2008	329,000	$11.20		
Options granted				
Options exercised				
Options forfeited				
Options outstanding at August 30, 2008	329,000	$11.20	2.16	$1,602
Options exercisable at August 30, 2008	329,000	$11.20	2.16	$1,602

As of August 30, 2008, there was no total unrecognized stock-based compensation cost related to options granted under our plans that will be recognized in future periods.

Note 10 — Income Taxes

Effective March 1, 2007, we adopted FIN 48, which clarifies the accounting and disclosure for uncertainty in income taxes. As a result of the adoption, we recorded as a cumulative effect adjustment, a decrease to retained earnings at the beginning of fiscal 2007 of approximately $250,000 and increased our accruals for uncertain tax positions and related interest and penalties by a corresponding amount.

We recognize interest and, if applicable, penalties, which could be assessed, related to uncertain tax positions in income tax expense. For the 13 and 26 week periods ended August 30, 2008, we recorded approximately $4,000 and $8,000 respectively in interest before federal and state tax effect.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

This Quarterly Report (including but not limited to factors discussed below, in the "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as those discussed elsewhere in this Quarterly Report on Form 10-Q) includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934) and information relating to the Company that are based on the beliefs of the management of the Company as well as assumptions made by and information currently available to the management of the Company. When used in this Quarterly Report, the words "anticipate," "believe," "estimate," "expect," "intend," "plan," and similar expressions, as they relate to the Comp or the management of the Company, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks, including among others general economic and market conditions, decreased consumer demand for the Company's products, possible disruptions in the Company's computer or telephone systems, possible work stoppages, or increases in labor costs, effects of competition, possible disruptions or delays in the opening of new stores or inability to obtain suitable sites for new stores, higher than anticipated store closings or relocation costs, higher interest rates, unanticipated increases in merchandise or occupancy costs and other factors which may be outside the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as anticipated, believed, estimated, expected, intended or planned. Subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere described in this Quarterly Report and other reports filed with the Securities and Exchange Commission.

Critical Accounting Policies and Estimate

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in the financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the financial statements.

The Company believes that its application of accounting policies, and the estimates inherently required by the policies, are reasonable. These accounting policies and estimates are constantly reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, the Company has found the application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

The Company's accounting policies are more fully described in Note 1 to the Financial Statements, located in the Annual Report on Form 10-K for fiscal 2008. The Company has identified certain critical accounting policies that are described below.

Merchandise Inventory – Inventory is stated at the lower of cost or market, FIFO retail method. Inventory cost and the resulting gross margins are calculated by applying a cost to retail ratio between the costs of goods available for sale and the retail value of inventories. The significant estimates used are for markdowns and shrinkage.

Factors considered in the determination of permanent markdowns include current and anticipated demand, customer preferences, age of the merchandise, fashion trends and weather conditions. In addition, inventory is also evaluated against corporate pre-determined historical markdown trends. When a decision is made to permanently markdown merchandise, the resulting gross margin reduction is recognized in the period the markdown is recorded. The timing of the decision, particularly surrounding the balance sheet date, can have a significant effect on the results of operations.

Shrinkage is estimated as a percentage of sales for the period from the date of the last physical inventory to the end of the fiscal year. Physical inventories are taken at least annually for all stores and inventory records are adjusted accordingly. The shrinkage rate from the most recent ph

Total assets				
	$ 33,456	$ 34,823	$ 40,103	$

44,083

$

45,579

Total liabilities excluding subordinated borrowings

$

2,416

$

3,599

$

3,477

$

4,695

$

4,995

Stockholders equity

$

31,040

$

31,224

$

36,626

$

39,388

$

40,584

Cash dividends declared on common shares (1)

$

0

$

0

$

0

$

0

$

466

(1) The Chief Executive Officer of the Company waived the right to receive the dividend in excess of the aggregate amount paid to other shareholders

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

This discussion should be read in conjunction with our audited Consolidated Financial Statements and the Notes thereto contained elsewhere in this Annual Report.

Our working capital is invested primarily in money market funds, so that liquidity has not been materially affected. The recent financial crisis did have the effect of reducing participation in the securities market by our retail and institutional customers, which had an adverse effect on our revenues. However the stock market improved in 2012 and consequently so has our revenues. However we did have one customer account generate commissions that accounted for 12% of the total revenue. Income of our affiliate, SBS, increased in 2012 to $1.6 million as a result of an increase in the number of offerings by municipalities. As a result, the Company s income from SBS increased in 2012 to $774,000. The Company s expenses during 2012, 2011 and 2010 include the costs of an arbitration proceeding commenced by a former employee following the termination of his employment, which remains unresolved. The Company believes that the action is without merit, but the costs of defense, which are included as professional expenses, have adversely affected the Company s results of operations and may continue to affect the results of operations until the action is completed. Competition in the brokerage industry remains intense.

The following table sets forth certain metrics as of December 31, 2012 and 2011 and for the twelve months ended December 31, 2012, 2011 and 2010, respectively, which we use in evaluating our business.

	For the Twelve Months ended December 31,		
Retail Customer Activity:	**2012**	**2011**	**2010**
Total retail trades:	336,412	423,501	414,485
Average commission per retail trade:	$ 26.59	$ 20.71	$ 20.92

	As of December 31,	
	2012	**2011**
Retail customer balances:		
Retail customer net worth (in billions):	$ 6.5	$ 6.3
Retail customer money market fund value (in billions):	$ 1.1	$ 1.0
Retail customer margin debit balances (in millions):	$ 190.9	$ 243.5
Retail customer accounts with positions:	41,572	44,834

Description:

Total retail trades represents retail trades that generate commissions.

Average commission per retail trade represents the average commission generated for all types of retail customer trades.

Retail customer net worth represents the total value of securities and cash in the retail customer accounts before deducting margin debits.

Retail customer money market fund value represents all retail customers accounts invested in money market funds.

Retail customer margin debit balances represents credit extended to our customers to finance their purchases against current positions.

Retail customer accounts with positions represents retail customers with cash and/or securities in their accounts.

We, like other securities firms, are directly affected by general economic and market conditions including fluctuations in volume and prices of securities, changes and the prospect of changes in interest rates, and demand for brokerage and investment banking services, all of which can affect our profitability. In addition, in periods of reduced financial market activity, profitability is likely to be adversely affected because certain expenses remain relatively fixed, including salaries and related costs, portions of communications costs and occupancy expenses. Accordingly, earnings for any period should not be considered representative of earnings to be expected for any other period.

Competition continues to intensify among all types of brokerage firms, including established discount brokers and new firms entering the on-line brokerage business. Electronic trading continues to account for an increasing amount of trading activity, with some firms charging very low trading execution fees that are difficult for any conventional discount firm to meet. Some of these brokers, however, impose asset based charges for services such as mailing, transfers and handling exchanges which we do not currently impose, and also direct their orders to market makers where they have a financial interest. Continued competition could limit our growth or even lead to a decline in our customer base, which would adversely affect our results of operations. Industry-wide changes in trading practices, such as the continued use of Electronic Communications Networks, are expected to put continuing pressure on commissions/fees earned by brokers while increasing volatility.

We are a party to an Operating Agreement (the Operating Agreement), with Suzanne Shank and Napoleon Brandford III, the two individual principals (the Principals) of SBSFPC, a Delaware limited liability company. Pursuant to the terms of the Operating Agreement, the Company and each of the Principals made an initial capital contribution of $400,000 in exchange for a 33.33% initial interest in SBSFPC. SBSFPC engages in derivatives transactions related to the municipal underwriting business. The Operating Agreement provides that profit and loss will be shared 66.66% by the Principals and 33.33% by us. Operations from SBSFPC is considered to be integral to our operations.

On January 23, 2008, our Board of Directors authorized a buy back of up to 300,000 shares of our common stock. Under this program, shares are purchased from time to time, at our discretion, in the open market and in private transactions. During 2012 we repurchased 8,107 shares of common stock for an average price of $1.67.

Critical Accounting Policies

We generally follow accounting policies standard in the brokerage industry and believe that our policies appropriately reflect our financial position and results of operations. Our management makes significant estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities included in the financial statements. The estimates relate primarily to revenue and expense items in the normal course of business as to which we receive no confirmations, invoices, or other documentation, at the time the books are closed for a period. We use our best judgment, based on our knowledge of revenue transactions and expenses incurred, to estimate the amount of such revenue and expenses. We are not aware of any material differences between the estimates used in closing our books for the last five years and the actual amounts of revenue and expenses incurred when we subsequently receive the actual confirmations, invoices or other documentation. Estimates are also used in determining the useful lives of intangibles assets, and the fair market value of intangible assets. Our management believes that its estimates are reasonable.

Results of Operations

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenues. Total revenues for 2012 were $21.0 million, an increase of $784,000, or 3.9%, from 2011. Commission and fee income increased $316,000, or 2.2%, from the prior year to $14.6 million primarily due to an increase in average commission charged per trade as a result of an increase in retail options trading by one customer, which accounted for approximately 18% of total commission and fees, as well as an increase in our institutional trading commissions and our commission recapture operations offset by a decrease in margin debit rebate as a result of lower daily average debit balances and 12B-1 fees.

Investment banking revenues increased $116,000, or 3.1%, from the prior year to $3.9 million in 2012 due to our participation in more new issues in the equity and debt capital markets.

Trading profits increased $355,000, or 17.7%, from the prior year to $2.4 million in 2012 primarily due to an overall increase in institutional and retail customer trading volume primarily in the debt markets.

Income from interest and dividends decreased $3,000, or 3.8%, from the prior year to $76,000 in 2012 primarily due to lower cash balances.

Expenses. Total expenses for 2012 were $21.9 million, a decrease of $3.7 million, or 14.3%, from the prior year.

Employee compensation and benefit costs increased $52,000, or 0.5%, from the prior year to $10.0 million in 2012. This increase was due to increases in commissions paid based on production offset by the lower cost of health insurance and FICA as a well as compensation as a result in an across the board reduction in headcount.

Clearing and floor brokerage fees decreased $100,000, or 3.5%, from the prior year to $2.7 million in 2012 primarily due to lower retail trading volumes as well as execution charges for institutional equity customers.

Professional fees decreased $2.0 million, or 38.6% from the prior year to $3.1 million in 2012 primarily due to a decrease in legal fees relating to a dispute with a former employee offset by increases in consulting fees relating to our Information Technology department and our commission recapture business.

Advertising and promotion expense increased $16,000, or 4.0%, from the prior year to $418,000 in 2012 due to an increase in online advertising.

Communications expense decreased $543,000, or 25.3%, from the prior year to $1.6 million in 2012 due to a decrease in Bloomberg devices resulting from fewer employees in the Institutional Trading Department and the closing of our Surfside and Naples branches in Florida during the fourth quarter of 2011, as well as the elimination of costs associated with the discontinuance of our website developed and maintained by a software vendor as of June 2012.

Occupancy costs decreased $188,000, or 17.2%, from the prior year to $907,000 in 2012 due to the decrease in rents in our New Jersey office and decrease in our utilities costs as well as the closing of our Surfside and Naples branches in Florida during the fourth quarter of 2011.

Impairment of intangibles of $300,000 in 2012 was the result of the Company writing down the carrying value of its unamortized intangible assets to fair value.

Write off of software development costs of $433,000 was due to the Company s discontinuation of its relationship with a software vendor on June 30, 2012, which had developed and maintained our website. As a result, the Company wrote off its remaining unamortized carrying value of development costs of $433,000. Effective July 1, 2012, such services are provided by our clearing broker.

Other general and administrative expenses decreased $677,000, or 22.2%, from the prior year to $2.4 million in 2012 due to an accrued reserve relating to any additional loss due to settlement of litigation and a decrease in depreciation, computer updates, data storage and SIPC dues, offset by increases in office expense, travel and entertainment, insurance & equipment repairs.

Income from our equity investment in SBS, an entity in which Siebert holds a 49% equity interest, for 2012 was $774,000 compared to income of $8,000 for 2011, an increase of $766,000, primarily due to SBS participating in more municipal bond offerings as senior- and co-manager. Income from our equity investment in SBSFPC,

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an entity in which we hold a 33% equity interest, for 2012 was $32,000 as compared to income of $21,000 from the same period in 2011. This increase was principally due to a gain recorded by SBSFPC on termination of swap positions and marked to market of positions. Results of operations of equity investees is considered to be integral to our operations and material to the results of operations.

Taxes. The tax provision for the year ended December 31, 2012 and 2011 was $34,000 and $23,000, respectively. The provision for income taxes for 2012 represents a state assessment of $34,000 based on income relating to years 2007, 2008 and 2009 based on a tax examination completed by New York State in 2012. The Company has recorded a valuation allowance to fully offset our deferred tax asset at December 31, 2012 and 2011.

Year Ended December 31, 2011 Compared To Year Ended December 31, 2010

Revenues. Total revenues for 2011 were $20.2 million, a decrease of $571,000, or 2.8%, from 2010. Commission and fee income decreased $2.8 million, or 16.5%, from the prior year to $14.3 million primarily due to recording $3 million as commission and fee income as part of our negotiations with our primary clearing firm for a three year Fully Disclosed Clearing Agreement in the second quarter of 2010.

Investment banking revenues increased $1.6 million, or 69.8%, from the prior year to $3.8 million in 2011 due to our participation in more new issues in the equity and debt capital markets.

Trading profits increased $768,000, or 62.1%, from the prior year to $2.0 million primarily due to an increase in trading volume primarily in the debt markets and the addition of debt sales-traders in the first quarter of 2011.

Income from interest and dividends decreased $72,000, or 47.7%, from the prior year to $79,000 primarily due to lower yields on investments in money market funds and lower cash balances and interest earned in 2010 for a subordinated loan that was provided to an affiliate.

Expenses. Total expenses for 2011 were $25.6 million, a decrease of $295,000, or 1.1%, from the prior year.

Employee compensation and benefit costs increased $804,000, or 8.8%, from the prior year to $10.0 million. This increase was due to increases in commissions paid based on production and the cost of health insurance offset by an across the board reduction in headcount.

Clearing and floor brokerage fees decreased $297,000, or 9.5%, from the prior year to $2.8 million primarily due to the execution of a Fully Disclosed Clearing Agreement with our primary clearing firm in the second quarter of 2010 which reduced our fees for clearing costs.

Professional fees decreased $1.5 million, or 22.4% from the prior year to $5.1 million in 2011 primarily due to a decrease in legal fees relating to a dispute with a former employee and consulting fees relating to Sarbanes-Oxley compliance, offset by an increase in consulting fees relating to commission recapture business.

Advertising and promotion expense increased $2,000, or 0.5%, from the prior year to $402,000 due to an increase in online advertising.

Communications expense decreased $215,000, or 9.1%, from the prior year to $2.1 million primarily due to a decrease in hosting and communication costs associated with our website.

Occupancy costs decreased $179,000, or 14.1%, from the prior year to $1.1 million due to a decrease in rents in the New York and New Jersey offices and the closing of our Boston office in 2010.

Impairment of intangibles were the result of the Company writing down the carrying value of its unamortized intangible assets to fair value and recording a related impairment loss in 2010.

Other general and administrative expenses increased $200,000, or 7.0%, from the prior year to $3.1 million primarily due to a reserve accrued for relating to any additional loss due to settlement of litigation offset by a decrease in office expense, placement fees, depreciation, registration fees, travel and entertainment, supplies and transportation.

Provision for loss related to settlement of litigation for the year ended December 31, 2011 amounted to $1 million. In a prior year, Siebert had been named as one of the defendants in a class action pending in the United States District Court, Southern District of New York. Among other claims, the third amended complaint in the action asserted on behalf of a class of purchasers in a public offering of $1,500,000,000, 6.75% Subordinated Notes due 2017 (the Notes), issued by Lehman Brothers Holdings, Inc., and certain smaller issuances of other securities that Siebert and other underwriters of the Notes violated Section 11 of the Securities Act of 1933 and other applicable law in that relevant offering materials were false and misleading. Siebert had purchased $15 million of the Notes and $462,953 of other securities as an underwriter in the offerings. Siebert and the other underwriters moved to dismiss the third amended complaint on various grounds. The Court granted in part and denied in part the motion by an order dated July 27, 2011. On November 3, 2011, Siebert and the plaintiffs class agreed to resolve all claims

against Siebert in consideration of a $1 million payment by Siebert. As of December 31, 2011, the settlement remained subject to court approval and the Company had accrued a $1 million provision for

loss to reflect the settlement. As certain defendants did not agree to a settlement, additional liability to the Company is possible. At present, we are uncertain as to the potential liability, if any, in connection with the non-settling defendants.

Income from our equity investment in SBS, an entity in which Siebert holds a 49% equity interest, for 2011 was $8,000 compared to income of $4.1 million for 2010, a decrease of $4.0 million, primarily due to SBS participating in fewer municipal bond offerings as senior- and co-manager. This decrease was attributable to a sharp decline in the number of offerings by municipalities due to investor concerns over defaults by municipalities at the state and local level and the expiration of the Build America Bonds program. Income from our equity investment in SBSFPC, an entity in which we hold a 33% equity interest, for 2011 was $21,000 as compared to a loss of $24,000 from the same period in 2010. This increase was principally due to a gain recorded by SBSFPC on termination of a swap position. Results of operations of equity investees is considered to be integral to our operations and material to the results of operations.

Taxes. The tax provision for the year ended December 31, 2011and 2010 was $23,000 and $1.6 million, respectively. The tax provision for 2011 of $23,000 principally represents various minimum state taxes based on capital. The Company increased its valuation allowance in 2011 by $2.2 million to fully offset any tax benefit resulting from the 2011 loss before benefit of $5.4 million. The tax provision for the year ended December 31, 2010 was incurred due to the recording of a full valuation allowance on deferred taxes of $2.1 million based on recent losses and the likelihood of realization.

Liquidity and Capital Resources

Our assets are highly liquid, consisting generally of cash and money market funds. Our total assets at December 31, 2012 were $33.5 million, of which we regarded $21.1 million, or 63.0%, as highly liquid.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At December 31, 2012, Siebert s regulatory net capital was $17.0 million, which was $16.7 million in excess of its minimum capital requirement of $250,000.

Siebert has entered into a Secured Demand Note Collateral Agreement with SBS under which it is obligated to loan to SBS up to $1.2 million on a subordinated basis collateralized by cash equivalents of approximately $1.5 million as of December 31, 2012. Amounts obligated to be loaned by Siebert under the facility are reflected on our balance sheet as cash equivalents - restricted . SBS pays Siebert interest on this amount at the rate of 4% per annum. The facility expires on August 31, 2014 at which time SBS is obligated to repay to Siebert any amounts borrowed by SBS thereunder.

Contractual Obligations

Below is a table that presents our obligations and commitments at December 31, 2012:

		Payment Due By Period			
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than Five Years**
Operating lease obligations	$ 1,111,000	$ 825,000	$ 286,000	$ 0	$ 0

Off-Balance Sheet Arrangements

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customer obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers and other counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2012.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instruments Held For Trading Purposes:

Through Siebert, we maintain inventories in exchange-listed equity securities and municipal securities on both a long and short basis. We did not have any short positions at December 31, 2012. The Company does not directly engage in derivative transactions, has no interest in any special purpose entity and has no liabilities, contingent or otherwise, for the debt of another entity except for Siebert s obligation under its Secured Demand Note Collateral Agreement of $1.2 million executed in favor of SBS. SBS pays Siebert interest on this amount at the rate of 4% per annum. Siebert earned interest of $48,000, $48,000 and $73,000 in 2012, 2011 and 2010, respectively, from SBS.

Financial Instruments Held For Purposes Other Than Trading:

We generally invest working capital temporarily in dollar denominated money market funds and commercial paper. These investments are not subject to material changes in value due to interest rate movements.

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customers   obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers and other counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2012.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See financial statements and supplementary data required pursuant to this item beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15 of Securities Exchange of 1934, as amended. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding timely disclosure.

Management s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Exchange Act Rule 13a-15(f)). To evaluate the effectiveness of our internal control over financial reporting, we use the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Framework). Using the COSO Framework, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2012.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitation of the Effectiveness of Internal Controls

None

Item 9B. OTHER INFORMATION

None

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) Identification of Directors

This information is incorporated by reference from our definitive proxy statement to be filed by the Company pursuant to Regulation 14A on or prior to April 30, 2013.

(b) Identification of Executive Officers

Name	Age	Position
Muriel F. Siebert	80	Chairwoman, Chief Executive Officer and President
Ameen Esmail	54	Executive Vice President and Director of Business Development
Joseph M. Ramos, Jr.	54	Executive Vice President and Chief Financial Officer
Jeanne Rosendale	48	Executive Vice President and General Counsel
Timothy O Leary	50	Executive Vice President
Daniel Iesu	53	Secretary

Certain information regarding each executive officer s business experience is set forth below.

Muriel F. Siebert has been Chairwoman, Chief Executive Officer, President and a director of Muriel Siebert & Co., Inc. since 1969 and of Siebert Financial Corp. (the Company) since November 8, 1996. She is a director of the New York State Business Council, and the Greater New York Council of the Boy Scouts of America. On December 28, 1967, Ms. Siebert became the first woman member of the New York Stock Exchange. Ms. Siebert served as Superintendent of Banks of the State of New York from 1977 to 1982. In March 2009, Ms. Siebert was inducted into the U.S. Business Hall of Fame. Ms. Siebert previously served on the executive committee of the Economic Club of New York, of which she is still a member, and formerly served on the New York State Commission on Judicial Nomination, which is involved in the selection of Associate Judges for the Court of Appeals. She is a member of the Council on Foreign Relations, Committee of 200 (an international organization of pre-eminent businesswomen), the International Women s Forum and the New York Women s Forum of which she was a founder and former president. Ms. Siebert provides expertise on financial brokerage matters, and is a sought-after speaker on current financial matters and a frequent commentator on the major financial news networks.

Ameen Esmail has been Executive Vice President and Director of Business Development since July 3, 2003. From 1984 to 1996, Mr. Esmail served as an Executive Vice President of Siebert. From 1996 to 2003, Mr. Esmail worked as an independent consultant servicing the financial securities industry. Mr. Esmail earned a MBA from New York University s Stern s Graduate School of Business in 2000.

Joseph M. Ramos, Jr. has been Executive Vice President, Chief Financial Officer and Assistant Secretary of Siebert since February 10, 2003 and Chief Financial Officer of Siebert, Brandford, Shank, & Co., L.L.C. since April 20, 2009. From May 1999 to February 2002, Mr. Ramos served as Chief Financial Officer of Internet Financial Services, Inc. From November 1996 to May 1999, Mr. Ramos served as Chief Financial Officer of Nikko Securities International, Inc. From September 1987 to March 1996, Mr. Ramos worked at Cantor Fitzgerald and held various accounting and management positions, the last as Chief Financial Officer of their registered broker-dealer based in Los Angeles. From October 1982 to September 1987, Mr. Ramos was an audit manager for Deloitte & Touche LLP, a public accounting firm. Mr. Ramos is a Certified Public Accountant licensed in the State of New York.

Jeanne M. Rosendale has been Executive Vice President and General Counsel of Siebert since May 3, 2004. From February 2003 to April 2004, Ms. Rosendale served as Global Director Compliance for Knight Equity Markets. From 2001 through the end of 2002, Ms. Rosendale served as Managing Director, General Counsel and Chief Compliance Officer for TD Securities (USA) Inc. Ms. Rosendale s background includes senior level legal positions with Citigroup and the law firm Weil, Gotshal & Manges, LLP. Ms. Rosendale received both her B.A. and J.D., with honors, from Fordham University. She is active in various industry groups such as the SIA, the Bond Market Association, the LSTA and ISDA.

Timothy O Leary joined Siebert on June 6, 2007 and was appointed an Executive Vice President in April 2008. Mr. O Leary oversees, Retail and Branch Operations, Marketing and Business Development. From March 2006 to June 2007, Mr. O Leary was a financial consultant with Smith Barney and from January 2003 to January 2006, Mr. O Leary was the President/Owner of Ironvilla Development Corporation, a residual real estate development company. From November 2001 to January 2003, Mr. O Leary was the Senior Vice President at Datek Online, Inc. From October 2000 to November 2001, Mr. O Leary was the Managing Director of Operations at Josephthal & Co., Inc. where he was responsible for all facets of the brokerage operations. From March 1985 to October 2000, Mr. O Leary was with TD Waterhouse, Inc., the last five years as the Senior Vice President of Retail Management.

Daniel Iesu has been Secretary of Siebert since October 1996 and the Company since November 8, 1996. He has been Controller of Siebert since 1989.

(c) Compliance with Section 16(a) of the Exchange Act

This information is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 30, 2013.

(d) Code of Ethics

We have adopted a financial code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and all other employees performing similar functions. This financial code of ethics is posted on our website. The Internet address for our website is http://www.siebertnet.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by either filing a Form 8-K or posting such information on our website, at the address and location specified above, within four business days following the date of such amendment or waiver.

The information required by this item not set forth herein is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 30, 2013.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 30, 2013.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 30, 2013.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 30, 2013.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required in this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 30, 2013.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The exhibits required by Item 601 of Regulation S-K filed as part of, or incorporated by reference in, this Annual Report are listed in the accompanying Exhibit Index.

(a) The following documents are filed as part of this report:

1. Financial Statements

The consolidated Financial statements for the year ended December 31, 2012 commence on page F-1 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

None.

3. Exhibits

The exhibits required by Item 601 of Regulation S-K filed as part of, or incorporated by reference in, this report are listed in the accompanying Exhibit Index. Exhibit Numbers 10.1, 10.2 and 10.6 are management contracts, compensatory plans or arrangements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Siebert Financial Corp.

We have audited the accompanying consolidated statements of financial condition of Siebert Financial Corp. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in stockholders equity and cash flows for each of the years in the three-year period ended December 31, 2012. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits 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 Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Siebert Financial Corp. and subsidiaries as of December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

New York, New York
March 29, 2013

SIEBERT FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2012	**2011**
ASSETS		
Cash and cash equivalents	$ 18,902,000	$ 21,167,000
Cash equivalents - restricted	1,532,000	1,532,000
Receivable from brokers	1,923,000	1,033,000
Securities owned, at fair value	255,000	250,000
Furniture, equipment and leasehold improvements, net	312,000	757,000
Investments in and advances to affiliates	9,304,000	8,619,000
Prepaid expenses and other assets	900,000	827,000
Intangibles, net	328,000	638,000
	$ 33,456,000	$ 34,823,000
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	$ 2,416,000	$ 3,599,000
Commitments and contingent liabilities - Note I		
Stockholders equity:		
Common stock, $.01 par value; 49,000,000 shares authorized, 23,211,846 shares issued, 22,097,392 and 22,105,499 shares outstanding at December 31, 2012 and 2011, respectively	232,000	232,000
Additional paid-in capital	19,490,000	19,490,000
Retained earnings	16,059,000	16,230,000
Less: 1,114,454 and 1,106,347 shares of treasury stock, at cost, at December 31, 2012 and 2011, respectively	(4,741,000)	(4,728,000)
	31,040,000	31,224,000
	$ 33,456,000	$ 34,823,000

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2012	2011	2010
Revenue:			
Commissions and fees	$ 14,630,000	$ 14,314,000	$ 17,144,000
Investment banking	3,917,000	3,801,000	2,238,000
Trading profits	2,360,000	2,005,000	1,237,000
Interest and dividends	76,000	79,000	151,000
	20,983,000	20,199,000	20,770,000
Expenses:			
Employee compensation and benefits	10,045,000	9,993,000	9,189,000
Clearing fees, including floor brokerage	2,742,000	2,842,000	3,139,000
Professional fees	3,106,000	5,057,000	6,517,000
Advertising and promotion	418,000	402,000	400,000
Communications	1,601,000	2,144,000	2,359,000
Occupancy	907,000	1,095,000	1,274,000
Impairment of intangibles	300,000		150,000
Write off of software development costs	433,000		
Other general and administrative	2,374,000	3,051,000	2,851,000
Provision for loss related to settlement of litigation		1,000,000	
	21,926,000	25,584,000	25,879,000
Income from equity investees	806,000	29,000	4,078,000
Loss before income taxes	(137,000)	(5,356,000)	(1,031,000)
Income tax expense	34,000	23,000	1,609,000
Net loss	$ (171,000)	$ (5,379,000)	$ (2,640,000)
Net loss per share of common stock basic and diluted	$ (0.01)	$ (0.24)	$ (0.12)
Weighted average shares outstanding basic and diluted	22,100,759	22,114,121	22,167,218

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Common Stock				Treasury Stock		
	Number Of Shares	**$.01 Par Value**	**Additional Paid -In Capital**	**Retained Earnings**	**Number Of Shares**	**Amount**	**Total**
Balance - January 1, 2010	23,211,846	$ 232,000	$ 19,474,000	$ 24,249,000	1,026,521	$ (4,567,000)	$ 39,388,000
Net loss				(2,640,000)			(2,640,000)
Treasury share purchases					62,647	(132,000)	(132,000)
Stock based compensation			10,000				10,000
Balance - December 31, 2010	23,211,846	232,000	19,484,000	21,609,000	1,089,168	(4,699,000)	36,626,000
Net loss				(5,379,000)			(5,379,000)
Treasury share purchases					17,179	(29,000)	(29,000)
Stock based compensation			6,000				6,000
Balance - December 31, 2011	23,211,846	232,000	19,490,000	16,230,000	1,106,347	(4,728,000)	31,224,000
Net loss				(171,000)			(171,000)
Treasury share purchases					8,107	(13,000)	(13,000)
Balance - December 31, 2012	23,211,846	$ 232,000	$ 19,490,000	$ 16,059,000	1,114,454	$ (4,741,000)	$ 31,040,000

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
Cash Flows From Operating Activities:	**2012**	**2011**	**2010**
Net loss	$ (171,000)	$ (5,379,000)	$ (2,640,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	284,000	520,000	525,000
Income from equity investees	(806,000)	(29,000)	(4,078,000)
Distributions from equity investees	97,000	1,185,000	3,346,000
Write off of software development costs	433,000		
Impairment of intangibles	300,000		150,000
Deferred taxes			1,323,000
Stock based compensation		6,000	10,000
Changes in:			
Securities owned, at fair value	(5,000)	866,000	491,000
Receivable from brokers	(890,000)	530,000	391,000
Income tax refund receivable		795,000	279,000
Prepaid expenses and other assets	(73,000)	(86,000)	309,000
Accounts payable and accrued liabilities	(1,183,000)	122,000	(1,218,000)
Net cash used in operating activities	(2,014,000)	(1,470,000)	(1,112,000)
Cash Flows From Investing Activities:			
Purchase of customer list			(50,000)
Purchase of furniture, equipment and leasehold improvements	(262,000)	(21,000)	(200,000)
Subordinated loan to investee			(10,000,000)
Repayment of subordinated loan to investee			10,000,000
Collection (payment) of advances made to equity investees	24,000	41,000	(44,000)
Net cash (used in) provided by investing activities	(238,000)	20,000	(294,000)
Cash Flows From Financing Activities:			
Purchase of treasury shares	(13,000)	(29,000)	(132,000)
Net cash used in financing activities	(13,000)	(29,000)	(132,000)
Net decrease in cash and cash equivalents	(2,265,000)	(1,479,000)	(1,538,000)
Cash and cash equivalents - beginning of year	21,167,000	22,646,000	24,184,000
Cash and cash equivalents - end of year	$ 18,902,000	$ 21,167,000	$ 22,646,000
Supplemental Cash Flow Disclosures:			
Cash for:			
Income taxes paid (received), net	$ 34,000	$ (717,000)	$ 16,000

See notes to consolidated financial statements.

SIEBERT FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A - Summary Of Significant Accounting Policies

[1] Business and Principles of Consolidation:

Siebert Financial Corp. (Financial), through its wholly owned subsidiary, Muriel Siebert & Co., Inc. (Siebert), engages in the business of providing discount brokerage services for customers, investment banking services for institutional clients and trading securities for its own account, and, through its wholly owned subsidiary, Siebert Women s Financial Network, Inc. (WFN), engages in providing products, services and information devoted to women s financial needs. The accompanying consolidated financial statements include the accounts of Financial and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Financial, Siebert and WFN collectively are referred to herein as the Company .

The municipal bond investment banking business is conducted by Siebert, Brandford, Shank & Co., L.L.C. (SBS), and related derivatives transactions are conducted by SBS Financial Products Company, LLC (SBSFP), investees not controlled or majority-owned, which are accounted for by the equity method of accounting (see Note B). The equity method provides that the Company records its share of the investees earnings or losses in its results of operations with a corresponding adjustment to the carrying value of its investment. In addition, the investment is adjusted for capital contributions to and distributions from the investees. Operations of equity investees are considered integral to Financial s operations.

[2] Cash Equivalents:

Cash equivalents consist of highly liquid investments purchased with an original maturity of 3 months or less. Cash equivalents are carried at fair value and amount to $18,242,000 and $18,194,000 at December 31, 2012 and 2011, respectively, consisting of money market funds.

Cash equivalents restricted of $1,532,000 at December 31, 2012 and 2011 representing cash invested in a money market fund which serves as collateral for a secured demand note payable in the amount of $1,200,000 to SBS (see Note I).

[3] Securities:

Securities owned are carried at fair value with realized and unrealized gains and losses reflected in trading profits. Siebert clears all its security transactions through unaffiliated clearing firms on a fully disclosed basis. Accordingly, Siebert does not hold funds or securities for, or owe funds or securities to, its customers. Those functions are performed by the clearing firms.

[4] Fair value of financial instruments:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available.

Level 3 Unobservable inputs which reflect the assumptions that management develops based on available information about the assumptions market participants would use in valuing the asset or liability.

Note A - Summary Of Significant Accounting Policies (CONTINUED)

Financial instruments of the Company are valued at fair value (Level 1) as of December 31, as follows:

	2012	2011
Financial Instrument	**Level 1**	**Level 1**
Cash equivalents	$ 19,774,000	$ 19,726,000
Securities	255,000	250,000
	$ 20,029,000	$ 19,976,000

At December 31, 2012 and 2011 respectively, securities include common stock of $255,000 and $250,000 valued on the last business day of the year at the last available reported sales price on the primary securities exchange.

[5] Income Taxes:

The Company accounts for income taxes utilizing the asset and liability approach requiring the recognition of deferred tax assets and liabilities for the expected future tax consequences of net operating loss carryforwards and temporary differences between the basis of assets and liabilities for financial reporting purposes and tax purposes.

[6] Furniture, Equipment and Leasehold Improvements:

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvements or period of the lease.

[7] Advertising Costs:

Advertising costs are charged to expense as incurred.

[8] Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[9] Per Share Data:

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average outstanding common shares during the year. Diluted earnings per share is calculated by dividing net income by the number of shares outstanding under the basic calculation and adding all dilutive securities, which consist of options. As the Company incurred a net loss for each of the years ended December 31, 2012, 2011 and 2010, basic and diluted net loss per common share are the same for each year as the effect of stock options is anti-dilutive. In 2012, 2011 and 2010, 400,000, 1,228,200 and 1,503,200 common shares, respectively, issuable upon the exercise of options were not included in the computation.

[10] Revenue:

Commission revenues and related clearing expenses are recorded on a trade-date basis. Fees, consisting principally of revenue participation with the Company s clearing broker in distribution fees, and interest are recorded as earned.

Investment banking revenue includes gains and fees, net of syndicate expenses, arising from underwriting syndicates in which the Company participates. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date

and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Trading profits are also recorded on a trade-date basis and principally represent riskless principal transactions which the Company, after receiving an order, buys or sells securities as principal and at the same time sells or buys the securities with a markup or markdown to satisfy the order.

Interest is recorded on an accrual basis and dividends are recorded on the ex-dividend date.

Note A - Summary Of Significant Accounting Policies (CONTINUED)

[11] Stock-Based Compensation:

Share-based payments to employees, including grants of employee stock options, are recognized in the statement of operations as an operating expense, based on their fair values on the grant date. Share-based compensation costs are recognized on a straight-line basis over the requisite service periods of awards which would normally be the vesting period of the options. Cash flows resulting from the tax benefits of the tax deduction in excess of the compensation cost recognized for these options are classified as financing cash flows.

[12] Intangibles:

Purchased intangibles which have finite useful lives are principally being amortized using the straight-line method over estimated useful lives of three to five years. Domain names and other intellectual property which are deemed to have an indefinite useful life are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test for indefinite-lived intangibles consists of a comparison of their fair value with their carrying amount (see notes A [14] and D).

[13] Valuation of Long-Lived Assets:

The Company evaluates the recoverability of its long-lived assets including amortizable intangibles and recognizes an impairment loss in the event the carrying value of these assets exceeds the estimated future undiscounted cash flows attributable to these assets. The Company assesses potential impairment to its long-lived assets when events or changes in circumstances indicate that its carrying value may not be recoverable. Should impairment exist, the impairment loss would be measured based on the excess of the carrying value of the assets over their fair value.

[14] New Accounting Standards:

In June 2009, the Financial Accounting Standards Board (FASB) finalized guidance in determining whether an enterprise has a controlling financial interest in a variable interest entity. This determination identifies the primary beneficiary of a variable interest entity as the enterprise that has both the power to direct the activities of a variable interest entity that most significantly impacts the entity s economic performance, and the obligation to absorb losses or the right to receive benefits of the entity that could potentially be significant to the variable interest entity. This guidance also requires ongoing reassessments of whether an enterprise is the primary beneficiary and eliminates the quantitative approach previously required for determining the primary beneficiary. New provisions of this guidance were effective January 1, 2010. The adoption of the new guidance did not have any impact on the Company s financial statements.

In June 2009, the FASB issued guidance to improve transparency about transfers of financial assets and a transferor s continuing involvement, if any, with transferred financial assets. This guidance removes the concept of a qualifying special-purpose entity and removes the exception from applying previous guidance to variable interest entities that are qualifying special-purpose entities; limits the circumstances in which a transferor derecognizes a portion or component of a financial asset; defines a participating interest; requires a transferor to recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer accounted for as a sale; and requires enhanced disclosures. This guidance was adopted by the Company beginning January 1, 2010 and did not have any impact on the Company s financial statements.

In January 2010, the FASB issued guidance that requires some new disclosures and clarifies some existing disclosure requirements about fair value measurements which is effective for interim and annual reporting periods beginning after December 15, 2009. The guidance was adopted by the Company as of January 1, 2010 and did not have any impact on the Company s disclosures. Additionally, these amended standards require presentation of disaggregated activity within the reconciliation for fair value measurements using significant unobservable inputs (Level 3) and is effective for fiscal years beginning after December 15, 2010. The guidance was adopted by the Company on January 1, 2011 and did not have any impact on its disclosures.

In May 2011, the FASB issued guidance to expand disclosures for Level 3 measurements based on unobservable inputs. The guidance is effective for fiscal years beginning after December 15, 2011. The guidance was adopted by the Company as of January 2012, and did not have any impact on the Company s disclosures.

In July 2012, the FASB issued amendments to the indefinite-lived intangible asset impairment guidance which provides an option for companies to use a qualitative approach to test indefinite-lived intangible assets for impairment if certain conditions are met. The amendments are effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012 (early adoption is permitted). The implementation of the amended accounting guidance is not expected to have a material impact on the Company s financial statements.

Note B - Investment In Affiliates

Investment in and advances to, equity in income of, and distributions received from, affiliates consist of the following:

December 31, 2012	SBS	SBSFPC	TOTAL
Investment and advances	$ 8,950,000	$ 354,000	$ 9,304,000
Income from equity investees	$ 774,000	$ 32,000	$ 806,000
Distributions	$ 95,000	$ 2,000	$ 97,000

December 31, 2011	SBS	SBSFPC	TOTAL
Investment and advances	$ 8,295,000	$ 324,000	$ 8,619,000
Income from equity investees	$ 8,000	$ 21,000	$ 29,000
Distributions	$ 1,185,000	$	$ 1,185,000

December 31, 2010	SBS	SBSFPC	TOTAL
Income (loss) from equity investees	$ 4,102,000	$ (24,000)	$ 4,078,000
Distributions	$ 3,344,000	$ 2,000	$ 3,346,000

Siebert and two individuals (the Principals) formed SBS to succeed to the tax-exempt underwriting business of the Siebert Brandford Shank division of Siebert. The agreements with the Principals provide that profits will be shared 51% to the Principals and 49% to Siebert.

Pursuant to the terms of the Operating Agreement, Financial and each of the Principals own a 33.33% initial interest in SBSFPC which engages in derivatives transactions related to the municipal underwriting business. The Operating Agreement provides that income/(loss) be shared 66.66% by the Principals and 33.33% by Financial.

Summarized financial data of SBS is as follows:

	2012	2011	2010
Total assets, including secured demand note of 1,200,000 in each year due from Siebert	$ 27,752,000	$ 31,403,000	
Total liabilities, including subordinated liabilities $1,200,000 in each year due to Siebert	9,555,000	14,592,000	
Total members capital	18,197,000	16,811,000	
Regulatory minimum net capital requirement	250,000	493,000	
Total revenue	28,246,000	26,441,000	$ 48,769,000
Net income	1,579,000	17,000	8,372,000

During 2012, 2011 and 2010, Siebert charged SBS $75,000 for each year, respectively, for general and administrative services, which Siebert believes approximates the cost of furnishing such services. In addition, during each of the years 2012, 2011 and 2010, Siebert earned interest income of $48,000, $48,000 and $73,000, respectively, from SBS in connection with subordinated loans available or made to SBS and Siebert paid SBS interest earned on restricted cash equivalents amounted to $2,900, $2,500 and $3,500 in 2012, 2011 and 2010, respectively (see Note I (5)). Further, on November 1, 2010, Siebert entered into a temporary subordinated loan agreement with SBS in the amount of $10 million

bearing interest at 2% and maturing on December 15, 2010. The note was repaid in December 2010 and interest received from SBS amounted to $25,000.

Siebert s share of undistributed earnings from SBS amounted to $8,524,000 and $7,845,000 at December 31, 2012 and 2011, respectively. Such amounts may not be immediately available for distribution to Siebert for various reasons including the amount of SBS s available cash, the provisions of the agreement between Siebert and the Principals and SBS s continued compliance with its regulatory net capital requirements.

Summarized financial data of SBSFPC is as follows:

	2012	**2011**	**2010**
Total assets	$ 167,841,000	$ 238,290,000	
Total liabilities	166,775,000	237,317,000	
Total members capital	1,066,000	974,000	
Total revenue	293,000	610,000	$ 124,000
Net income (loss)	98,000	61,000	(72,000)

At December 31, 2012 and 2011, SBSFPC had cumulative distributions in excess of cumulative earnings in the amount of $135,000 and $226,000, respectively, of which Siebert s share was $45,000 and $75,000, respectively.

Note C - Furniture, Equipment And Leasehold Improvements, Net

Furniture, equipment and leasehold improvements consist of the following:

	December 31,	
	2012	**2011**
Equipment	$ 527,000	$ 2,307,000
Leasehold improvements	22,000	29,000
Furniture and fixtures	3,000	23,000
	552,000	2,359,000
Less accumulated depreciation and amortization	(240,000)	(1,602,000)
	$ 312,000	$ 757,000

Depreciation and amortization expense for the years ended December 31, 2012, 2011 and 2010 amounted to $274,000, $510,000 and $523,000, respectively.

Due to the Company s discontinuation of its relationship with a software vendor on June 30, 2012, which had developed and maintained Siebert s website, the Company wrote-off remaining related software development costs of $433,000. The unamortized carrying value of such development costs consisted of $1,856,000 of cost net of $1,423,000 of accumulation amortization. Effective July 1, 2012, such services are provided by the Company s clearing broker.

Note D - Intangible Assets

In 2000, WFN acquired the stock of WFN Women s Financial Network, Inc. (WFNI) and HerDollar.com, Inc., companies in the development stage which had yet to commence principal operations and had no significant revenue for aggregate consideration of $2,310,000, including costs. The transactions were accounted for as purchases of assets consisting of domain name, website and content, and a non-compete agreement (the Acquired Intangible Assets). Related deferred tax assets attributable to net operating loss carryforwards of the acquired companies and deferred tax liabilities attributable to the excess of the statement bases of the acquired assets over their tax bases were reflected as an adjustment to the carrying amount of such intangibles (see Note E).

Intangible assets consist of the following:

	December 31, 2012		December 31, 2011	
	Gross Carrying Amount	**Accumulated Amortization**	**Gross Carrying Amount**	**Amortization Accumulated**
Amortizable assets:				
Website, content and non-compete	$ 1,850,000	$ 1,850,000	$ 1,850,000	$ 1,850,000
Retail brokerage accounts	2,638,000	2,610,000	2,638,000	2,600,000
	$ 4,488,000	$ 4,460,000	$ 4,488,000	$ 4,450,000
Unamortized intangible assets:				

Domain name/intellectual property	$	300,000	$	600,000
Amortization expense	$	10,000	$	10,000

During 2010 and 2012, the Company recorded impairment charges and wrote down the carrying value of its unamortized intangible assets by $150,000 and $300,000, respectively, representing the excess of carrying value over its fair value. Such write downs were due to a continuing decline in the Company s revenue attributable to such intangibles. The Company valued the domain name using the income approach methodology known as the relief from royalty method determined based on significant Level 3 inputs including for 2012 discount rate of 27%, long-term growth rate of 2% and royalty rate of 4%. The premise behind the valuation of these assets is that a buyer would be willing to pay a royalty for the right to use an established or recognized trade name in order to gain market acceptance, which a product or service otherwise might not enjoy.

Note E - Income Taxes

The Company files a consolidated federal income tax return with its subsidiaries.

Income tax expense (benefit) provision consists of the following:

	Year Ended December 31,		
	2012	**2011**	**2010**
Federal income tax expense (benefit):			
Current	$	$	$ 286,000
Deferred			731,000
			1,017,000
State and local:			
Current	34,000	23,000	
Deferred			592,000
	34,000	23,000	592,000
Total:			
Current	34,000	23,000	286,000
Deferred			1,323,000
	$ 34,000	$ 23,000	$ 1,609,000

A reconciliation between the income tax benefit and income taxes computed by applying the statutory Federal income tax rate to loss before income taxes is as follows:

	Year Ended December 31,		
	2012	**2011**	**2010**
Expected income tax benefit at statutory Federal tax rate (34%)	$ (47,000)	$ (1,812,000)	$ (351,000)
State and local taxes, net of Federal tax effect	22,000	(406,000)	(67,000)
Increase in valuation allowance		2,177,000	1,980,000
Permanent difference	36,000	36,000	47,000
Other	23,000	28,000	
Income tax expense	$ 34,000	$ 23,000	$ 1,609,000

Note E - Income Taxes (Continued)

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and their tax basis. The principal items giving rise to deferred tax assets (liabilities) are as follows:

	December 31,	
	2012	**2011**
Deferred tax asset:		
Net operating loss carryforwards	$ 3,239,000	$ 3,060,000
Employee stock based compensation	237,000	231,000
Retail brokerage accounts	362,000	430,000
Contribution carryover	345,000	252,000
Furniture, equipment and leasehold improvements	59,000	68,000
Accrued expenses	134,000	400,000
Accrued compensation and other	179,000	59,000
	4,555,000	4,500,000
Valuation allowance	(4,432,000)	(4,260,000)
	123,000	240,000
Deferred tax liability:		
Acquired intangible assets	(123,000)	(240,000)
	$ 0	$ 0

Due to cumulative losses incurred by the Company during the current and prior two years, the Company is unable to conclude that it is more likely than not that it will realize its net deferred tax asset and, accordingly, has recorded a valuation allowance to fully offset its deferred tax asset at December 31, 2012 and 2011.

At December 31, 2012, the Company has state net operating loss carryforwards aggregating $13.1 million, which expires through 2032 in various states. In addition, the Company has federal net operating loss carryforwards of $6.2 million at December 31, 2012, which expires through 2032. The Company also has additional federal net operating loss carryforwards of $775,000 at December 31, 2012 which is attributable to WFN and expires through 2020. Utilization of WFN s federal net operating loss carryforwards is subject to annual limitations under Section 382 of the Internal Revenue Code.

The Company applied the more-likely-than not recognition threshold to all tax positions taken or expected to be taken in a tax return which resulted in no unrecognized tax benefits reflected in the financial statements as of December 31, 2012. The Company classifies interest and penalties that would accrue according to the provisions of relevant tax law as income taxes.

The provision for income taxes in 2012 represents a state tax assessment of $34,000 relating to years 2007, 2008 and 2009 based on a tax examination completed by New York state in 2012. For federal and certain state and local jurisdictions, the 2009 through 2012 tax years remain open by the taxing authorities. For other states the 2008 through 2012 tax years remain open for examinations.

Note F - Stockholders Equity

Siebert is subject to the SEC s Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. Siebert has elected to use the alternative method, permitted by the rule, which requires that Siebert maintain minimum net capital, as defined, equal to the greater of $250,000 or 2 percent of aggregate debit balances arising from customer transactions, as defined. The Net Capital Rule of the New York Stock Exchange also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5% of aggregate debits. At December 31, 2012 and 2011, Siebert had net capital of approximately $16,962,000 and $17,814,000, respectively, as compared with net capital requirements of $250,000. Siebert claims exemption from the reserve requirement under Section 15c3-3(k)(2)(ii).

On January 23, 2008, the Board of Directors of the Company authorized a buy back of up to 300,000 shares of common stock. Shares will be purchased from time to time in the open market and in private transactions. During 2010, 2011 and 2012, the Company repurchased 62,647, 17,179 and 8,107 shares of common stock at an average price of $2.10, $1.68 and $1.67, respectively. As of December 31, 2012, 116,871 of common shares have been repurchased pursuant to such authorization.

Note G - Options

The Company s 2007 Long-Term Incentive Plan (the Plan) authorizes the grant of options to purchase up to an aggregate of 2,000,000 shares, subject to adjustment in certain circumstances. Both non-qualified options and options intended to qualify as Incentive Stock Options under Section 422 of the Internal Revenue Code may be granted under the Plan. A Stock Option Committee of the Board of Directors administers the Plan. The committee has the authority to determine when options are granted, the term during which an option may be exercised (provided no option has a term exceeding 10 years), the exercise price and the exercise period. The exercise price shall not be less than the fair market value on the date of grant. No option may be granted under the Plan after December 2017. Generally, employee options vest 20% per year for five years and expire ten years from the date of grant. At December 31, 2012, options for 1,700,000 shares of common stock are available for grant under the Plan.

A summary of the Company s stock option transactions for the three years ended December 31, 2012 is presented below:

		2012		2011		2010	
		Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding - beginning of the year		1,228,200	$ 3.88	1,503,200	$ 4.14	1,719,700	$ 4.00
Expired/forfeited		(828,200)	$ 4.14	(275,000)	$ 5.33	(216,500)	$ 2.98
Outstanding - end of year	(a)	400,000	$ 3.33	1,228,200	$ 3.88	1,503,200	$ 4.14
Fully vested and Exercisable at end of year	(a)	400,000	$ 3.33	1,228,200	$ 3.88	1,498,200	$ 4.15

(a) Weighted average remaining contractual terms of 4.7 years and no aggregate intrinsic value.
For the year ended December 31, 2012, 2011 and 2010, no stock options were granted.

As of December 31, 2012, there was no unrecognized compensation cost.

Note H Clearing Agreement

As part of the negotiations with one of the Company s clearing brokers on a fully disclosed clearing agreement which was entered into on May 5, 2010, the Company resolved at $3 million the amount due to the Company from the clearing firm on past transactions cleared by the Company. This amount is included in commissions and fees revenue for the year ended December 31, 2010.

Note I - Commitments, Contingencies And Other

(1) Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customer obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2012, 2011 or 2010.

(2) In a prior year, Siebert was named as one of the defendants in a class action pending in the United States District Court, Southern District of New York. The complaint was brought on behalf of a class of purchasers in a public offering by Lehman Brothers Holdings, Inc. of $1,500,000,000 of 6.75% Subordinated Notes due 2017 (the Notes) as to Siebert and certain smaller issuances of other securities. The complaint asserted that Siebert and other underwriters of the Notes violated Section 11 of the Securities Act of 1933 in that relevant offering materials were false and misleading. Siebert had agreed to purchase $15 million of the Notes and $462,953 of the other securities as an underwriter in the offerings. Siebert and the plaintiffs class agreed to resolve all claims against Siebert in consideration of a $1

million payment by Siebert. The settlement was accrued as of December 31, 2011, paid into an escrow account during the first quarter of 2012 and approved by the court on May 2, 2012. As certain plaintiffs did not agree to a settlement or purchased securities that were not covered by the settlement, additional liability to Siebert is possible. At present, Siebert is unable to determine the potential liability, if any.

Note I - Commitments, Contingencies And Other (continued)

Siebert is party to certain claims, suits and complaints arising in the ordinary course of business. In the opinion of management, all such claims, suits and complaints are without merit, or involve amounts which would not have a significant effect on the financial position or results of operations of the Company.

(3) The Company rents discount retail brokerage and other office space under long-term operating leases expiring in various periods through 2015. These leases call for base rent plus escalations for taxes and operating expenses.
Future minimum base rental payments under these operating leases are as follows:

Year Ending December 31,	Amount
2013	825,000
2014	206,000
2015	80,000
	$ 1,111,000

Rent expense, including escalations for operating costs, amounted to approximately $907,000, $1,095,000 and $1,274,000 for the years ended December 31, 2012, 2011 and 2010, respectively. Rent is being charged to expense over the entire lease term on a straight-line basis.

(4) Siebert sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all employees. Participant contributions to the plan are voluntary and are subject to certain limitations. Siebert may also make discretionary contributions to the plan. No contributions were made by Siebert in 2012, 2011 and 2010.

(5) Siebert is party to a Secured Demand Note Collateral Agreement with SBS which obligates Siebert to lend SBS, on a subordinated basis, up to $1,200,000. The secured demand note payable held by SBS and a related $1,200,000 receivable due from SBS are included in investments in and advances to equity investees in the accompanying consolidated statement of financial condition. Amounts that Siebert is obligated to lend under this arrangement are collateralized by cash equivalents of $1,532,000. Any amounts loaned will bear interest at 4% per annum and are repayable on August 31, 2014.

(6) During 2012, commission income earned from one customer accounted for approximately 12% of total revenue.

Note J - Summarized Quarterly Financial Data (Unaudited)

	2012				2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 6,553,000	$ 5,625,000	$ 4,073,000	$ 4,732,000	$ 5,503,000	$ 4,498,000	$ 5,857,000	$ 4,341,000
Net income (loss)	$ 625,000	$ 447,000	$ (912,000)	$ (331,000)	$ (2,004,000)	$ (1,790,000)	$ (591,000)	$ (994,000)
Earnings (loss) per share:								
Basic	$ 0.03	$ 0.02	$ (0.04)	$ (0.01)	$ (0.09)	$ (0.08)	$ (0.03)	$ (0.04)
Diluted	$ 0.03	$ 0.02	$ (0.04)	$ (0.01)	$ (0.09)	$ (0.08)	$ (0.03)	$ (0.04)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Managers
Siebert, Brandford, Shank & Co., L.L.C.
New York, New York

We have audited the accompanying statements of financial condition of Siebert, Brandford, Shank & Co., L.L.C. (the Company) as of December 31, 2012 and 2011, and the related statements of operations, changes in members capital and cash flows for each of the years in the three-year period ended December 31, 2012. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits 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 Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siebert, Brandford, Shank & Co., L.L.C. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

New York, New York
February 22, 2013

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Financial Condition

	December 31,	
	2012	**2011**
ASSETS		
Cash and cash equivalents	**$ 12,510,002**	$ 27,881,153
Accounts receivable	**958,060**	218,522
Securities owned, at fair value	**11,264,998**	
Due from broker		3,125
Receivable from affiliate	**36,309**	33,595
Secured demand note	**1,200,000**	1,200,000
Furniture, equipment and leasehold improvements, net	**1,024,528**	1,227,240
Other assets	**758,007**	839,561
	$ 27,751,904	$ 31,403,196
LIABILITIES AND MEMBERS CAPITAL		
Liabilities:		
Payable to affiliate	**$ 27,644**	$ 52,436
Due to broker	**2,320,760**	
Accounts payable and accrued expenses	**5,375,185**	6,652,981
Deferred rent	**631,815**	686,663
	8,355,404	7,392,080
Subordinated debt	**1,200,000**	7,200,000
Total liabilities	**9,555,404**	14,592,080
Members capital	**18,196,500**	16,811,116
	$ 27,751,904	$ 31,403,196

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Operations

	Years Ended December 31,		
	2012	**2011**	**2010**
Revenues:			
Investment banking	**$ 23,092,819**	$ 20,625,468	$ 41,275,623
Trading profits	**5,149,140**	5,811,327	7,488,092
Interest and other	**4,389**	4,278	5,429
	28,246,348	26,441,073	48,769,144
Expenses:			
Employee compensation and benefits	**20,541,452**	19,878,202	33,076,985
Clearing fees	**129,694**	142,648	194,957
Communications	**905,970**	940,907	880,792
Occupancy	**1,052,908**	1,065,030	1,020,409
Professional fees	**591,175**	623,415	680,673
Interest	**66,718**	59,290	73,000
State and local income tax	**78,706**	120,907	435,187
General and administrative	**3,300,549**	3,593,466	4,035,029
	26,667,172	26,423,865	40,397,032
Net income	**$ 1,579,176**	$ 17,208	$ 8,372,112

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Changes in Members Capital

Balance - January 1, 2010	$ 17,663,219
Distributions to members	(6,824,179)
Net income	8,372,112
Balance - December 31, 2010	19,211,152
Distributions to members	(2,417,244)
Net income	17,208
Balance - December 31, 2011	16,811,116
Distributions to members	(193,792)
Net income	1,579,176
Balance - December 31, 2012	**$ 18,196,500**

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Cash Flows

	Years Ended December 31,		
	2012	**2011**	**2010**
Cash flows from operating activities:			
Net income	**$ 1,579,176**	$ 17,208	$ 8,372,112
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	**266,093**	256,161	237,045
Changes in:			
Accounts receivable	**(739,538)**	(2,260,023)	(142,013)
Due to/from broker	**2,323,885**	(508,730)	1,948,895
Securities owned, at fair value	**(11,264,998)**	11,816,604	(11,816,604)
Other receivable			491,441
Other assets	**81,554**	102,903	107,658
Payable to (receivable from) affiliates	**(27,506)**	(49,432)	43,429
Accounts payable and accrued expenses	**(1,277,796)**	(9,336,178)	(623,750)
Deferred rent	**(54,848)**	(54,888)	250,110
Net cash (used in) provided by operating activities	**(9,113,978)**	4,503,671	(1,131,677)
Cash flows from investing activities:			
Purchase of leasehold improvements and equipment	**(63,381)**	(65,053)	(381,046)
Cash flows from financing activities:			
Distributions to members	**(193,792)**	(2,417,244)	(6,824,179)
Subordinated borrowings		6,000,000	10,000,000
Subordinated repayments	**(6,000,000)**		(10,000,000)
Net cash (used in) provided by financing activities	**(6,193,792)**	3,582,756	(6,824,179)
Net (decrease) increase in cash and cash equivalents	**(15,371,151)**	8,021,374	(8,336,902)
Cash and cash equivalents - beginning of year	**27,881,153**	19,859,779	28,196,681
Cash and cash equivalents - end of year	**$ 12,510,002**	$ 27,881,153	$ 19,859,779
Supplemental disclosures of cash flow information:			
Taxes paid	**$ 101,517**	$ 154,726	$ 404,483
Interest paid	**$ 66,718**	$ 48,000	$ 73,000

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Notes to Financial Statements
December 31, 2012 and 2011

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Siebert, Brandford, Shank & Co., L.L.C. (SBS or the Company) engages in the business of tax-exempt underwriting and related trading activities. The Company qualifies as a Minority and Women Owned Business Enterprise in certain municipalities.

[2] Cash equivalents:

Cash equivalents represent short-term, highly liquid investments which are readily convertible to cash and have maturities of three months or less at time of purchase. Cash equivalents, which are valued at fair value, consist of money market funds which amounted to $12,327,108 and $27,881,153 at December 31, 2012 and 2011, respectively.

[3] Investments:

Security transactions are recorded on a trade-date basis. Securities owned are valued at fair value. The resulting realized and unrealized gains and losses are reflected as trading profits.

Dividends are recorded on the ex-dividend date, and interest income is recognized on an accrual basis.

[4] Fair value:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. 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 date. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available.

Level 3 Unobservable inputs which reflect the assumptions that the managing members develop based on available information about the assumptions market participants would use in valuing the asset or liability.

The classification of financial instruments valued at fair value as of December 31, 2012 and 2011 is as follows:

	December 31, 2012		
	Level 1	**Level 2**	**Total**
Cash equivalents	**$ 12,327,108**		**$ 12,327,108**
Municipal Bonds		**$ 11,264,998**	**$ 11,264,998**
	$ 12,327,108	**$ 11,264,998**	**$ 23,592,106**

	December 31, 2011		
	Level 1	**Level 2**	**Total**

Cash equivalents	$ 27,881,153	$ 27,881,153

The fair value of municipal bonds is determined using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates and bond default risk spreads.

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Notes to Financial Statements
December 31, 2012 and 2011

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Furniture, equipment and leasehold improvements, net:

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years. Leasehold improvements are amortized over the period of the lease.

[6] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[7] Investment banking revenues:

Investment banking revenues include gains and fees, net of syndicate expenses, arising primarily from municipal bond offerings in which the Company acts as an underwriter or agent. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

[8] Income taxes:

The Company is not subject to federal income taxes. Instead, the members are required to include in their income tax returns their respective share of the Company s income or loss. The Company is subject to tax in certain state and local jurisdictions. Deferred taxes are not significant.

NOTE B - SUBORDINATED BORROWINGS AND SECURED DEMAND NOTE RECEIVABLE

The subordinated debt consists of the following:

	December 31,	
	2012	**2011**
Payable to member (a)	**$ 1,200,000**	$ 1,200,000
Payable to clearing broker (b)		6,000,000
	$ 1,200,000	$ 7,200,000

(a) Consists of a Secured Demand Note Collateral Agreement payable to Muriel Siebert & Co., Inc. (Siebert), a member of the Company, in the amount of $1,200,000 bearing 4% interest and due August 31, 2014. On November 1, 2010, the Company entered into a temporary subordinated loan agreement with Siebert in the amount of $10,000,000 bearing interest at 2% and maturing on December 15, 2010. The note was repaid in December 2010. Interest expense paid to Siebert for each of the years ended December 31, 2012, 2011 and 2010 amounted to $48,000, $48,000 and $73,000, respectively.

(b) On December 14, 2011, the Company entered into a temporary subordinated loan agreement with National Financial Services, its clearing broker, in the amount of $6,000,000, bearing interest at the federal funds rate plus 4% (4.04% at December 31, 2011), which it repaid on January 27, 2012. Interest expense accrued in 2011 amounted to approximately $11,000.

The subordinated borrowings are available in computing net capital under the Securities and Exchange Commission s (SEC) Uniform Net Capital Rule. To the extent that such borrowing is required for the Company s continued compliance with minimum net capital requirements, it may not be repaid.

The secured demand note receivable of $1,200,000 is collateralized by cash equivalents of Siebert of approximately $1,532,000 at both December 31, 2012 and December 31, 2011. Interest earned on the collateral paid by Siebert to SBS amounted to approximately $2,900, $2,500 and $3,500 in 2012, 2011 and 2010, respectively.

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Notes to Financial Statements
December 31, 2012 and 2011

Note C - Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment, and leasehold improvements consist of the following:

	December 31,	
	2012	**2011**
Equipment	**$ 855,315**	$ 821,463
Furniture and leasehold improvements	**1,653,042**	1,623,513
	2,508,357	2,444,976
Less accumulated depreciation and amortization	**1,483,829**	1,217,736
	$ 1,024,528	$ 1,227,240

Depreciation and amortization expense for 2012, 2011 and 2010 amounted to $266,093, $256,161 and $237,045, respectively.

Note D - Net Capital

The Company is subject to the SEC s Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2012 and 2011, the Company had net capital of $20,722,398 and $21,353,097, respectively, which was $20,472,398 and $20,860,291, respectively, in excess of its required net capital and its ratio of aggregate indebtedness to net capital was 0.09 and 0.35 to 1, respectively. The Company claims exemption from the reserve requirements under Section 15c-3-3(k)(2)(ii).

Note E - Commitments

The Company rents office space under long-term operating leases expiring through 2020. These leases call for base rent plus escalations for property taxes and other operating expenses. Future minimum base rent under these operating leases as of December 31, 2012 are as follows:

Year Ending December 31,	Amount
2013	$ 946,000
2014	842,000
2015	735,000
2016	577,000
2017	459,000
Thereafter	1,038,000
	$ 4,597,000

Rent expense, including taxes and operating expenses for 2012, 2011 and 2010 amounted to $1,052,908, $1,065,030 and $1,020,409, respectively.

In prior years, the Company purchased leasehold improvements of approximately $620,000 which were reimbursed by the landlord. The Company recorded such reimbursement as a credit to deferred rent liability, which is being recognized as a reduction of rental expense on a straight-line basis over the term of the lease.

Rent expense is being charged to operations on a straight-line basis resulting in a deferred rent liability which, together with the deferred rent discussed above, amounted to $631,815 at December 31, 2012 and $686,663 at December 31, 2011.

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Notes to Financial Statements
December 31, 2012 and 2011

Note F - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	December 31,	
	2012	**2011**
Accounts payable	**$ 98,038**	$ 1,488,400
Accrued bonus and other employee compensation	**5,011,647**	5,037,575
Other accrued expenses	**265,500**	127,006
	$ 5,375,185	$ 6,652,981

Note G - Other

During each of 2012, 2011 and 2010, the Company was charged $75,000 by Siebert for general and administrative services.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIEBERT FINANCIAL CORP.

By: /s/ MURIEL F. SIEBERT

Muriel F. Siebert
Chair, Chief Executive Officer and President

Date: April 1, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	**Title**	**Date**
/s/ Muriel F. Siebert	Chair, Chief Executive Officer, President and Director	April 1, 2013
Muriel F. Siebert	(principal executive officer)	
/s/ Jeanne Rosendale	Executive Vice President	April 1, 2013
Jeanne Rosendale	and General Counsel	
/s/ Joseph M. Ramos, Jr.	Chief Financial Officer	April 1, 2013
Joseph M. Ramos, Jr.	and Assistant Secretary (principal financial and accounting officer)	
/s/ Patricia L. Francy	Director	April 1, 2013
Patricia L. Francy		
/s/ Leonard M. Leiman	Director	April 1, 2013
Leonard M. Leiman		
/s/ Jane H. Macon	Director	April 1, 2013
Jane H. Macon		
/s/ Robert P. Mazzarella	Director	April 1, 2013
Robert P. Mazzarella		
/s/ Nancy Peterson Hearn	Director	April 1, 2013
Nancy Peterson Hearn		

EXHIBIT INDEX

Exhibit No.	Description Of Document
2.1	Plan and Agreement of Merger between J. Michaels, Inc. (JMI) and Muriel Siebert Capital Markets Group, Inc. (MSCMG), dated as of April 24, 1996 (Merger Agreement) (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.2	Amendment No. 1 to Merger Agreement, dated as of June 28, 1996 (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.3	Amendment No. 2 to Merger Agreement, dated as of September 30, 1996 (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.4	Amendment No. 3 to Merger Agreement, dated as of November 7, 1996 (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
3.1	Certificate of Incorporation of Siebert Financial Corp., formerly known as J. Michaels, Inc. originally filed on April 9, 1934, as amended and restated to date (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1997)
3.2	By-laws of Siebert Financial Corp. (incorporated by reference to Siebert Financial Corp. s Registration Statement on Form S- 1 (File No. 333-49843) filed with the Securities and Exchange Commission on April 10, 1998)
10.1**	Siebert Financial Corp. 1998 Restricted Stock Award Plan (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1997)
10.2**	Siebert Financial Corp. 1997 Stock Option Plan (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.3	Siebert, Brandford, Shank & Co., LLC Operating Agreement, among Siebert, Brandford, Shank & Co., L.L.C., Muriel Siebert & Co., Inc., Napoleon Brandford III and Suzanne F. Shank, dated as of March 10, 1997 (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.4	Services Agreement, between Siebert, Brandford, Shank & Co., L.L.C. and Muriel Siebert & Co., Inc., dated as of March 10, 1997 (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.5	Operating Agreement of SBS Financial Products Company, LLC, dated effective as of April 19, 2005, by and among Siebert Financial Corp., Napoleon Brandford III and Suzanne Shank. (incorporated by reference to Siebert Financial Corp. s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2005)
10.6**	Siebert Financial Corp. 2007 Long-Term Incentive Plan (incorporated by reference to Siebert Financial Corp. s Registration Statement on Form S-8 (File No. 333-144680) filed with the Securities and Exchange Commission on July 18, 2007)
10.7*	Fully Disclosed Clearing Agreement, by and between National Financial Services LLC and Muriel Siebert & Co., Inc. dated May 5, 2010. (incorporated by reference to Siebert Financial Corp. s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 16, 2010)
21	Subsidiaries of the registrant (incorporated by reference to Siebert Financial Corp. s Annual Report on Form 10-K for the year ended December 31, 2001)
23	Consent of Independent Auditors
31.1	Certification of Muriel F. Siebert pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Joseph M. Ramos, Jr. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley act of 2002.

32.1	Certification of Muriel F. Siebert of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Joseph M. Ramos, Jr. of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002

* Portions of the indicated document have been afforded confidential treatment and have been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934, as amended.

** Management contract or compensatory plan or arrangement.