NATIONAL FINANCIAL SERVICES LLC
STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2016
(Unaudited)
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The most recent Statement of Financial Condition, filed pursuant to Rule 17a-5 (e) (3) under the Securities Exchange Act of 1934, is available for inspection at the principal office of the Company and at the Boston Regional Office of the Commission.

NATIONAL FINANCIAL SERVICES LLC
STATEMENT OF FINANCIAL CONDITION (Unaudited)
AS OF JUNE 30, 2016
(Dollars in millions)

ASSETS		
Cash	$	274
Cash and securities segregated under federal regulations		
(includes securities owned with a fair value of $9,584)		63,279
Securities borrowed		9,550
Resale agreements		241
Receivables:		
Brokers, dealers and other organizations		1,989
Customers, net of allowance for doubtful accounts		16,450
Affiliates		42
Total receivables		18,481
Securities owned - at fair value ($234 pledged as collateral)		892
Other assets		482
Total assets	$	93,199
LIABILITIES		
Securities loaned	$	4,036
Repurchase agreements		50
Payables:		
Brokers, dealers and other organizations		2,560
Customers		81,742
Drafts		339
Affiliates		106
Total payables		84,747
Securities sold, but not yet purchased - at fair value		48
Accrued expenses and other liabilities		240
Total liabilities		89,121
COMMITMENTS AND CONTINGENCIES		
MEMBER'S EQUITY		
Member's equity		4,078
Total liabilities and member's equity	$	93,199

The accompanying notes are an integral part of the
statement of financial condition

1. Organization:

National Financial Services LLC (the "Company"), a single member limited liability company ("LLC"), is wholly owned by Fidelity Global Brokerage Group, Inc. (the "Parent"), a wholly owned subsidiary of FMR LLC ("FMR" or "Ultimate Parent").

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is licensed to transact on the NYSE Euronext and various national and regional stock and option exchanges. The Company provides a wide range of securities related services to a diverse customer base primarily in the United States. The Company's client base includes institutional and individual investors, introducing broker-dealers, investment advisors and corporations. The Company engages in brokerage, clearance, custody and financing activities for which it receives fees from customers. The Company also engages in securities transactions either on a principal or agent basis and facilitates securities transactions for its clients. The Company earns a significant amount of its revenues providing clearing and other services for an affiliated broker-dealer, Fidelity Brokerage Services LLC ("FBS"). FBS provides securities brokerage services to a retail customer base that affect transactions across a wide array of financial instruments.

2. Summary of Significant Accounting Policies:

Basis of Presentation and Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including fair value measurements, and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates included in the statement of financial condition.

Cash

For the purposes of reporting amounts in the statement of financial condition, the Company defines cash as cash on hand, demand deposits, and time deposits with maturities less than 60 days. The Company's policy is to invest excess cash into money market funds, which are classified as securities owned in the statement of financial condition.

Cash and Securities Segregated Under Federal Regulations

The Company is required by SEC regulations to segregate cash and securities to satisfy rules regarding the protection of customer assets. As of June 30, 2016, the Company had $63,279 of cash and securities segregated to be in compliance with regulations. These balances are disclosed in the statement of financial condition under cash and securities segregated under federal regulations.

Receivables from and Payables to Customers, Brokers, Dealers and Other Organizations

Receivables from and payables to customers include amounts related to both cash and margin transactions. Receivables also include non-purpose loans, which are collateralized at June 30, 2016. The Company records customer transactions on a settlement date basis, which is generally three business days after trade date. The Company's customer base is monitored through a review of account balance aging, collateral value in the account and an assessment of the customer's financial condition.

2. Summary of Significant Accounting Policies, continued:

Receivables from and Payables to Customers, Brokers, Dealers and Other Organizations, continued:

An allowance against doubtful receivables is established through a combination of specific identification of doubtful accounts and an aging review of all unsecured accounts. Securities owned by customers, including those that collateralize margin transactions, are not reflected on the accompanying statement of financial condition. At June 30, 2016, unsecured receivables from customers were $12, for which the Company recorded an allowance for doubtful accounts of $4.

Receivables from brokers, dealers and other organizations include amounts receivable for securities failed to deliver, clearing deposits, commissions receivables and margin loans made to the Company's introducing brokers. The Company also has receivables from mutual fund companies related to its customers' sales of mutual funds, of which $116 is from mutual funds managed by an affiliate. Receivables from brokers, dealers and other organizations consist of the following at June 30, 2016:

Clearing organizations	$	970
Mutual fund companies		706
Broker dealers		313
Total	$	1,989

Payables to brokers, dealers and other organizations includes amounts payable for securities failed to receive and amounts payable to clearing organizations and broker dealers arising from unsettled trades. The Company also has payables to mutual fund companies related to its customers' purchases of mutual funds, of which $666 is to mutual funds managed by an affiliate. Payables to brokers, dealers and other organizations consist of the following at June 30, 2016:

Mutual fund companies	$	1,015
Clearing organizations		801
Broker dealers		744
Total	$	2,560

Other Assets and Accrued Expenses and Other Liabilities

Other assets primarily consists of furniture, office equipment, leasehold improvements and software, net of accumulated depreciation and amortization, interest and dividends receivable, federal funds sold, deferred implementation costs and concession payments. Accrued expenses and other liabilities primarily consist of accrued compensation and interest payable.

Furniture, office equipment, leasehold improvements and software are stated at cost less accumulated depreciation and amortization. Software includes certain costs incurred for purchasing or developing software for internal use. Depreciation is computed using the straight-line method based on estimated useful lives as follows: furniture and office equipment, three to five years; leasehold improvements, the shorter of their useful lives or the remainder of the lease term; and software, generally three years.

2. Summary of Significant Accounting Policies, continued:

Other Assets and Accrued Expenses and Other Liabilities, continued:

Included in other assets are fixed assets of $108 with a cost of $242 and accumulated depreciation of $134.

Deferred implementation costs are specific software requirements associated with client implementation. These costs are amortized using the straight-line method over the expected service periods.

Concession payments are the costs of acquiring or retaining customers. These concessions are amortized using the straight-line method over the contractual period.

These long-lived assets in the statement of financial condition are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When the long-lived asset is not expected to provide any service future potential the asset is reduced to its net realizable value.

Income Taxes

As a single-member limited liability company, the Company is disregarded as an entity separate from its owner and the operations are included in the federal and state income tax returns of FMR.

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued new guidance on accounting for leases. This guidance requires a lessee to account for leases as finance or operating leases. Both leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on the statement of financial condition. The new guidance will be effective for the Company beginning January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on the statement of financial condition.

3. Cash and Securities Segregated Under Federal Regulations:

Cash and securities segregated under federal regulations consist of the following at June 30, 2016:

U.S. Government and agency securities obtained as collateral under resale agreements (See Note 8)	$ 53,652
U.S. Government and agency securities - at fair value	9,584
Interest bearing cash deposits	43
Total	$ 63,279

4. Credit Facilities:

The Company has entered into committed and uncommitted overnight credit facilities which are borrowed against periodically to satisfy daily operating needs. The committed credit facility permits the Company to borrow at any time up to $500 million at the prevailing Federal Funds Rate plus .875%. The Company must pay an annual commitment fee of 0.08% for the unused portion of this commitment. At June 30, 2016, the Company had credit facilities with sixteen financial institutions and had no outstanding borrowings against these facilities. The Company also has a liquidity facility with FMR. There were no borrowings under this line as of June 30, 2016.

Amounts available under these facilities at June 30, 2016 were as follows:

Committed, unsecured credit facilities	$ 500
Uncommitted facilities:	
Secured	500
Unsecured	3,300
Liquidity facility with FMR	2,000
	$ 6,300

5. Securities Owned and Securities Sold, but Not Yet Purchased:

Securities owned and securities sold, but not yet purchased consist of the following at June 30, 2016:

Securities owned - at fair value:	
Money market funds	$ 500
U.S. Government and agency	214
Municipals	119
Equities	35
Corporates	16
Other	8
Total	$ 892

Securities sold, but not yet purchased - at fair value:	
U.S. Government and agency	$ 24
Equities	11
Other	13
Total	$ 48

6. Derivative Financial Instruments:

The Company enters into foreign exchange contracts to facilitate certain customer transactions. These contracts are subject to volatility in the currency markets. The contracts are recorded at fair value in the Company's statement of financial condition. The Company's determination of fair value includes an assessment of non-performance risk. The notional value of the outstanding contracts purchased as of June 30, 2016 totaled $414, which is indicative of the notional values throughout the year.

7. Commitments and Contingencies:

Leases

The Company leases certain office space and equipment under noncancelable operating leases that expire over various terms. Many lease agreements contain renewal options and operating expense escalation clauses.

Future minimum commitments under these leases are as follows:

2016	$ 3
2017	7
2018	7
2019	7
2020	7
Thereafter	39

Litigation

The Company has been named as a defendant in several legal actions and lawsuits and is subject to regulatory inquiries. The Company reviews such matters on a case by case basis and records reserves if a loss is probable and the amount of the loss can be reasonably estimated. While the outcome of litigation is inherently uncertain, it is the opinion of management, after consultation with legal counsel, that the resolution of such actions will not have a material adverse effect on the Company's statement of financial condition.

Guarantees

Guarantees are defined as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying input (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) in relation to an asset, liability or equity security of a guaranteed party. Guarantees are also defined as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

7. Commitments and Contingencies, continued:

Guarantees, continued:

The Company is a member of numerous exchanges and clearinghouses. Under the membership agreements, members are generally required to guarantee the performance of other members.

Additionally, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral as well as meet certain minimum financial standards. The Company's maximum potential liability under these arrangements cannot be quantified. However, management believes the potential for the Company to be required to make payments under these arrangements is remote. Accordingly, no contingent liability is recorded in the statement of financial condition for these arrangements.

Letters of Credit

At June 30, 2016, the Company had $14 in unsecured letters of credit outstanding.

8. Collateralized Securities and Other Secured Transactions:

Collateralized Securities Transactions

Resale and repurchase agreements are accounted for as collateralized financing transactions and are recorded at their contractual amounts plus accrued interest. These agreements are generally collateralized by U.S. Government and agency securities. It is the Company's policy to take possession of securities purchased under resale agreements with a market value in excess of the principal amount loaned plus accrued interest to collateralize these transactions. Similarly, the Company is generally required to provide securities to counterparties in order to collateralize repurchase agreements. This collateral is valued daily and the Company or the counterparty may be required to deposit additional securities or return securities pledged when appropriate.

The majority of securities obtained as collateral under resale agreements are segregated for the exclusive benefit of customers pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934, and are included in cash and securities segregated under federal regulations in the statement of financial condition.

The Company borrows securities to facilitate the settlement process and lends securities to finance securities transactions. When the Company borrows securities, it usually provides the counterparty with the collateral in the form of cash. In loaning securities, the Company utilizes securities owned by customers' collateralized margin debt and securities borrowed. Securities borrowed and securities loaned are recorded based on the amount of cash collateral advanced or received. For securities borrowed transactions, the Company is typically required to deliver collateral with a fair value approximately equal to the carrying value of the securities borrowed transactions. The Company monitors the market value of securities borrowed and loaned, with excess collateral returned, or additional collateral obtained, when deemed appropriate.

8. Collateralized Securities and Other Secured Transactions, continued:

Collateralized Securities Transactions, continued:

In certain cases, the Company borrows and pledges collateral in the form of securities. In non-cash loan versus pledge securities transactions, when the Company initiates such transactions as lender, it records the collateral received as both an asset and as a liability, recognizing the obligation to return the collateral to the borrower. The Company did not have any outstanding non-cash loan versus pledge securities transactions at June 30, 2016. When the Company initiates such transactions as a borrower, they are not recorded in the statement of financial condition. At June 30, 2016, such off-balance sheet transactions totaled $184.

The table below presents gross amounts of the resale and repurchase agreements and securities borrowed and loaned transactions included in the statement of financial condition. The following table also presents amounts not offset in the statement of financial condition, including the related amount of netting with the same counterparty under enforceable netting arrangements that does not meet the criteria for netting under GAAP and the fair value of cash or securities collateral received or posted subject to collateral arrangements. These arrangements have been determined by the Company to be legally enforceable in the event of default.

	June 30, 2016			
	Assets		Liabilities	
	Resale Agreements	Securities Borrowed	Repurchase Agreements	Securities Loaned
Amounts included in the statement of financial condition				
Gross carrying value	$ 53,893	$ 9,550	$ 50	$ 4,036
Counterparty netting	-	-	-	-
Collateral	-	-	-	-
Total	**53,893**	**9,550**	**50**	**4,036**
Amounts that have not been offset in the statement of financial condition				
Counterparty netting	-	(439)	-	(439)
Collateral	(53,891)	(9,022)	(50)	(3,483)
Total	**$ 2**	**$ 89**	**$ -**	**$ 114**

Resale agreements of $53,652 at June 30, 2016 are segregated for the exclusive benefit of customers pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 and are included in cash and securities segregated under federal regulations in the statement of financial condition. Other resale agreements of $241 at June 30, 2016 are reported in resale agreements in the statement of financial condition.

8. Collateralized Securities and Other Secured Transactions, continued:

Collateralized Securities Transactions, continued:

The table below presents repurchase agreements and securities loaned by remaining contractual term to maturity and class of collateral pledged.

	Overnight and Continuous
Repurchase agreements:	
U.S. government and agency securities	$ 50
Total	$ 50
Securities Loaned	
Equity securities	$ 4,032
Other	4
Total	$ 4,036

Assets Pledged and Other Secured Transactions:

In the normal course of business, the Company executes, settles and finances customer, correspondent and principal securities transactions. Customer and correspondent transactions include securities sold, but not yet purchased (short sales) and the writing of options. These activities may expose the Company to off-balance sheet credit risk arising from the potential that the customer or counterparty may fail to satisfy its obligations and the collateral will be insufficient. In these situations, the Company may be required to purchase or sell financial instruments at unfavorable market prices to satisfy obligations to customers and counterparties.

The Company seeks to control the risks associated with its customer and correspondent activities by requiring customers and correspondents to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors trade date customer and correspondent exposure and collateral values daily and requires customers and correspondents to deposit additional collateral or reduce positions when necessary.

Securities sold, but not yet purchased represent obligations of the Company to deliver the specified security at the contracted price, and thereby create a liability to purchase the security in the market at prevailing prices. Accordingly, these transactions result in exposure to market risk as the Company's ultimate obligation to purchase securities sold, but not yet purchased may exceed the amount recognized in the statement of financial condition.

The Company seeks to control the risks associated with these transactions by establishing and monitoring credit limits for significant counterparties for each type of transaction and monitoring collateral and transaction levels daily. The Company may require counterparties to deposit additional collateral or return collateral pledged. In the case of aged securities failed to receive, the Company may, under industry regulations, purchase the underlying securities in the market and seek reimbursement for any losses from the counterparty.

8. Collateralized Securities and Other Secured Transactions, continued:

Collateral

At June 30, 2016, the fair value of securities received as collateral by the Company that can be delivered or repledged was $87,453. This collateral was generally obtained under resale agreements, securities borrowed or margin lending agreements. Of these securities received as collateral, $68,763 was delivered or repledged.

9. Disclosure About Fair Value of Financial Assets and Liabilities

Fair Value Measurements

The Company categorizes the financial assets and liabilities carried at fair value in its statement of financial condition based upon a three-level valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable valuation inputs (Level 3). If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, categorization is based on the lowest level input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment and considers factors specific to the asset or liability.

The three levels are described below:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets and liabilities in an active market.

- Level 2 - Financial assets and liabilities whose values are based on quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset or liability, and are based on the best available information, some of which is internally developed.

9. Disclosure About Fair Value of Financial Assets and Liabilities, continued:

Fair Value Measurements, continued:

The following fair value hierarchy table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Assets:				
Securities segregated under federal regulations	$ 9,584	$ -	$ -	$ 9,584
Securities owned:				
Money market funds	500	-	-	500
U.S. Government and agency	214	-	-	214
Corporates and municipals	-	135	-	135
Equities	35	-	-	35
Other securities	-	8	-	8
Total securities owned	749	143	-	892
Total	$ 10,333	$ 143	$ -	$ 10,476
Liabilities:				
Securities sold, but not yet purchased:				
U.S. Government and agency	$ 24	$ -	$ -	$ 24
Equities	11	-	-	11
Other	1	12	-	13
Total securities sold, but not yet purchased	36	12	-	48
Total	$ 36	$ 12	$ -	$ 48

Securities segregated under federal regulations consist of U.S. Government securities.

Financial Assets and Liabilities Not Carried at Fair Value

Securities owned at fair value and reported as Level 1 assets represent money market funds, U.S. Government and agency securities and listed U.S. equity securities. These assets are valued using reported net asset value for money markets, exchange closing price for listed U.S. equities and third party vendor quotes for fixed income securities.

Securities owned at fair value reported as Level 2 assets represent corporate and municipal bonds and other securities. The valuation techniques used to estimate the fair value of assets categorized as Level 2 do not contain unobservable inputs. The Company estimates fair values of assets categorized as Level 2 using valuation techniques consistent with the market approach which considers, among other things, use of third party vendor quotes.

During the year ended June 30, 2016, there were no changes to the valuation techniques used by the Company to determine fair value, nor were there transfers between levels.

9. Disclosure About Fair Value of Financial Assets and Liabilities, continued:

Financial Assets and Liabilities Not Carried at Fair Value, continued:

Certain financial assets and liabilities that are not carried at fair value in the statement of financial condition are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. These assets and liabilities are classified within Level 1 of the fair value hierarchy and include cash, securities borrowed, resale agreements, receivables, other assets, securities loaned, repurchase agreements, payables, accrued expenses and other liabilities.

10. Regulatory Requirements:

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934 (the "Rule") in addition to the rules of FINRA and other principal exchanges on which it is a member or licensed to transact business. The Company has elected the alternative method permitted by the Rule which requires that minimum net capital, as defined, be the greater of $1.5 or 2% of aggregate debit items arising from customer transactions. At June 30, 2016, the Company had net capital of $3,465 which was 13.80% of aggregate debit items and exceeded its minimum requirement by $2,963.

The Company is also subject to Rule 15c3-3 under the Securities Exchange Act of 1934 and/or other applicable regulations, which require the Company to maintain cash or qualified securities in a segregated reserve account for the exclusive benefit of customers. In accordance with Rule 15c3-3, the Company had cash and securities segregated for the exclusive benefit of customers at June 30, 2016. The amount of cash and the market value of securities segregated for the exclusive benefit of customers was $62,806 . On July 5, 2016, the Company deposited an additional $963 of cash and qualified securities into its segregated reserve bank accounts.

During 2016, the Company performed the computations for the assets in the proprietary accounts of its introducing brokers ("PAB") in accordance with the customer reserve computation (Rule 15c3-3) set forth under the Securities and Exchange Act of 1934. As of June 30, 2016, the Company performed a PAB reserve computation, which indicated the Company's credits exceeded its debits. The amount held in the segregated reserve bank account at June 30, 2016 was $444.

11. Transactions with Affiliated Companies:

Clearing services are provided to FBS under an agreement with the Company. The clearing agreement with FBS is reviewed on a periodic basis and is subject to change upon approval from both parties.

The Company enters into both cash and non-cash loan versus pledge securities loan transactions with FBS. At June 30, 2016, the Company had cash securities loaned to FBS of $1,350 which is included in securities loaned in the statement of financial condition.

Transactions with affiliated companies are settled with FMR, with the exception of certain transactions with the Parent and with FBS (which are settled directly pursuant to the clearing agreement). Receivables from affiliates represent $42 receivable from the Parent at June 30, 2016. Payables to affiliates represent the amounts due to FMR and FBS of $55 and $51, respectively, at June 30, 2016.

12. Employee Benefit Plans:

The Company participates in FMR's defined contribution retirement savings plan, (the "Plan") covering substantially all employees. FMR contributes annually to the Plan in amounts that are generally at the discretion of FMR and equal to a percentage of participating employees' eligible compensation. Additionally, FMR makes matching contributions to the Plan based on amounts contributed by employees to the plan during the year.

The Company participates in FMR's Retiree Health Reimbursement Plan ("RHRP"), a defined benefit health reimbursement arrangement covering eligible employees. FMR accrues a benefit to participants under the RHRP based on an award of three thousand dollars for each eligible full-time employee and one thousand five hundred dollars for each eligible part-time employee, subject to ten year cliff vesting with consideration given for prior service. Future awards under the RHRP are at the discretion of FMR.

The Company participates in various share-based compensatory plans sponsored by FMR. The various share-based compensation arrangements are accounted for as share appreciation rights by FMR. These share-based compensation arrangements are solely compensatory for U.S. federal income tax purposes. These plans generally provide holders with participation in changes in FMR's Net Asset Value per share (as defined) ("NAV") over their respective terms. All plans are settled in cash or promissory notes at the end of their defined term or when plan participants are no longer employees.

13. Concentration of Credit Risk:

The Company provides brokerage, clearance, financing and related services to a customer base primarily in the United States, including institutional and individual investors and brokers and dealers (including affiliates). The Company's exposure to credit risk associated with these transactions is measured on an individual customer or counterparty basis. To reduce the potential for risk concentration, credit limits are established and continually monitored in light of changing customer and market conditions. In the normal course of providing such services, the Company requires collateral on a basis consistent with industry practice or regulatory requirements. The type and amount of collateral is continually monitored and counterparties are required to provide additional collateral as necessary.

14. Subsequent Events:

The Company has performed an evaluation of events that have occurred subsequent to June 30, 2016, and through September 6, 2016 (the date of issuance of this report). There have been no material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the statement of financial condition as of June 30, 2016.