

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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 **0-5703**

**Siebert Financial Corp.**

(Exact Name of Registrant as Specified in its Charter)

**New York**

(State or Other Jurisdiction of  
Incorporation or Organization)

**11-1796714**

(I.R.S. Employer  
Identification No.)

**653 Collins Avenue, Miami Beach, FL 33139**

(Address of Principal Executive Offices) (Zip Code)

**(310) 385-1861**

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - \$0.01 par value	SIEB	The Nasdaq Capital Market

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 ("Exchange Act") 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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 12, 2024, there were 41,120,936 issued and 40,120,936 shares outstanding of the registrant's common stock.

**SIEBERT FINANCIAL CORP.**

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#### Forward-Looking Statements

For purposes of this Quarterly Report on Form 10-Q ("Report"), the terms "Siebert," "Company," "we," "us" and "our" refer to Siebert Financial Corp., its wholly-owned and majority-owned subsidiaries collectively, unless the context otherwise requires.

The statements contained throughout this Report that are not historical facts, including statements about our beliefs and expectations, are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may appear throughout this Report, including in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar words or expressions. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect our beliefs, objectives, and expectations as of the date hereof, are based on the best judgement of management. All forward-looking statements speak only as of the date on which they are made. Such forward-looking statements are subject to certain risks, uncertainties and assumptions relating to factors that could cause actual results to differ materially from those anticipated in such statements, including the following: economic, social and political conditions, global economic downturns resulting from extraordinary events; securities industry risks; interest rate risks; liquidity risks; credit risk with clients and counterparties; risk of liability for errors in clearing functions; systemic risk; systems failures, delays and capacity constraints; network security risks; competition; reliance on external service providers; new laws and regulations affecting our business; net capital requirements; extensive regulation, regulatory uncertainties and legal matters; failure to maintain relationships with employees, customers, business partners or governmental entities; the inability to achieve synergies or to implement integration plans and other consequences associated with risks and uncertainties detailed in Part I, Item 1A – "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, ("2023 Form 10-K"), and our other filings with the Securities and Exchange Commission ("SEC").

We caution that the foregoing list of factors is not exclusive, and new factors may emerge, or changes to the foregoing factors may occur, that could impact our business. The forward-looking statements are based upon management's beliefs and assumptions and are made as of the date of this Report. You should not place undue reliance on these forward-looking statements. We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise, except to the extent required by the federal securities laws.

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#### PART I - FINANCIAL INFORMATION

##### ITEM 1. FINANCIAL STATEMENTS

###### SIEBERT FINANCIAL CORP. & SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS  
Current assets

<u>September 30, 2024 (unaudited)</u>	<u>December 31, 2023</u>
---	------------------------------

Cash and cash equivalents	\$ 4,435,000	\$ 5,735,000
Cash and securities segregated for regulatory purposes; (Cash of \$ 129.6 million, securities with a fair value of \$ 87.8 million as of September 30, 2024; Cash of \$ 158.8 million, securities with a fair value of \$ 115.5 million as of December 31, 2023)		
Receivables from customers	217,429,000	274,317,000
Receivables from broker-dealers and clearing organizations	78,206,000	72,823,000
Receivables from non-customers	4,051,000	3,863,000
Other receivables	471,000	241,000
Prepaid expenses and other assets	4,062,000	2,424,000
Securities borrowed	1,748,000	1,700,000
Securities owned, at fair value	222,584,000	394,709,000
Total Current assets	<u>16,938,000</u>	<u>18,038,000</u>
	<u>549,924,000</u>	<u>773,850,000</u>
Deposits with broker-dealers and clearing organizations	6,047,000	7,885,000
Property, office facilities, and equipment, net	10,130,000	9,404,000
Software, net	4,241,000	1,432,000
Other intangible assets, net	778,000	—
Lease right-of-use assets	2,175,000	2,736,000
Deferred tax assets	3,542,000	4,504,000
Goodwill	2,319,000	1,989,000
Total Assets	<u>\$ 579,156,000</u>	<u>\$ 801,800,000</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current liabilities		
Payables to customers	\$ 238,754,000	\$ 289,777,000
Payables to non-customers	3,630,000	713,000
Drafts payable	2,133,000	1,726,000
Payables to broker-dealers and clearing organizations	1,111,000	481,000
Accounts payable and accrued liabilities	5,157,000	3,639,000
Taxes payable	2,179,000	2,313,000
Securities loaned	232,524,000	419,433,000
Securities sold, not yet purchased, at fair value	6,000	2,000
Current portion of lease liabilities	751,000	759,000
Current portion of long-term debt	87,000	84,000
Current portion of deferred contract incentive	625,000	808,000
Current portion of contract termination liability	<u>1,782,000</u>	<u>1,898,000</u>
Total Current liabilities	<u>488,739,000</u>	<u>721,633,000</u>
Lease liabilities, less current portion	1,690,000	2,227,000
Long-term debt, less current portion	4,162,000	4,229,000
Deferred contract incentive, less current portion	—	438,000
Contract termination liability, less current portion	<u>1,242,000</u>	<u>2,564,000</u>
Total Liabilities	<u>495,833,000</u>	<u>731,091,000</u>
Commitments and Contingencies (see Note 19)		
Equity		
Stockholders' equity		
Common stock, \$.01 par value; 100,000,000 shares authorized; 41,120,936 shares issued and 40,120,936 shares outstanding as of September 30, 2024, respectively. 40,580,936 shares issued and 39,580,936 shares outstanding as of December 31, 2023, respectively.	412,000	406,000
Treasury stock, at cost; 1,000,000 shares held as of both September 30, 2024 and December 31, 2023	(2,510,000)	(2,510,000)
Additional paid-in capital	46,056,000	45,016,000
Retained earnings	38,362,000	26,808,000
Total Stockholders' equity	<u>82,320,000</u>	<u>69,720,000</u>
Noncontrolling interests	1,003,000	989,000
Total Equity	<u>83,323,000</u>	<u>70,709,000</u>
Total Liabilities and Equity	<u>\$ 579,156,000</u>	<u>\$ 801,800,000</u>

Numbers are rounded for presentation purposes. See notes to condensed consolidated financial statements.

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**SIEBERT FINANCIAL CORP. & SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(b unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024		2023	
	2024	2023	2024	2023
Revenue				
Commissions and fees	\$ 2,270,000	\$ 1,903,000	\$ 7,173,000	\$ 5,607,000
Interest, marketing and distribution fees	8,350,000	7,194,000	24,948,000	21,583,000
Principal transactions and proprietary trading	4,197,000	3,753,000	11,277,000	9,207,000
Market making	597,000	223,000	1,706,000	836,000
Stock borrow / stock loan	5,784,000	4,008,000	14,578,000	11,963,000
Advisory fees	629,000	506,000	1,670,000	1,421,000
Other income	733,000	463,000	2,527,000	1,195,000
Total Revenue	<u>22,560,000</u>	<u>18,050,000</u>	<u>63,879,000</u>	<u>51,812,000</u>

Expenses				
Employee compensation and benefits	11,886,000	8,723,000	32,569,000	23,770,000
Clearing fees, including execution costs	345,000	581,000	1,011,000	1,265,000
Technology and communications	1,147,000	827,000	2,903,000	2,409,000
Other general and administrative	1,070,000	1,108,000	3,169,000	3,320,000
Data processing	894,000	725,000	2,377,000	2,317,000
Rent and occupancy	365,000	467,000	1,240,000	1,436,000
Professional fees	1,464,000	979,000	3,741,000	3,060,000
Depreciation and amortization	350,000	265,000	941,000	716,000
Interest expense	72,000	40,000	183,000	222,000
Advertising and promotion	128,000	62,000	225,000	52,000
Total Expenses	17,721,000	13,777,000	48,359,000	38,567,000
Operating income	4,839,000	4,273,000	15,520,000	13,245,000
Impairment of investments	—	—	—	( 1,035,000)
Earnings of equity method investment in related party	—	—	—	111,000
Non-operating loss	—	—	—	( 924,000)
Income before provision for income taxes	4,839,000	4,273,000	15,520,000	12,321,000
Provision for income taxes	1,005,000	1,516,000	3,952,000	3,621,000
Net income	3,834,000	2,757,000	11,568,000	8,700,000
Less net income (loss) attributable to noncontrolling interests	8,000	( 4,000)	14,000	40,000
Net income available to common stockholders	\$ 3,826,000	\$ 2,761,000	\$ 11,554,000	\$ 8,660,000
Net income available to common stockholders per share of common stock				
Basic and diluted	\$ 0.10	\$ 0.07	\$ 0.29	\$ 0.24
Weighted average shares outstanding	40,022,458	39,678,762	39,894,622	36,224,313

Numbers are rounded for presentation purposes. See notes to condensed consolidated financial statements.

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**SIEBERT FINANCIAL CORP. & SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(unaudited)**

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Issued	\$0.01 Par Value	Number of Shares	Amount					
Balance – January 1, 2023	32,505,329	\$325,000	—	\$ —	\$29,642,000	\$18,982,000	\$ 48,949,000	\$ 971,000	\$49,920,000
Net income	—	—	—	—	—	3,196,000	3,196,000	19,000	3,215,000
Balance – March 31, 2023	32,505,329	\$325,000	—	\$ —	\$29,642,000	\$22,178,000	\$ 52,145,000	\$ 990,000	\$53,135,000
Kakaopay transaction, net of issuance cost	8,075,607	81,000	—	—	15,374,000	—	15,455,000	—	15,455,000
Net income	—	—	—	—	—	2,703,000	2,703,000	25,000	2,728,000
Balance – June 30, 2023	40,580,936	\$406,000	—	\$ —	\$45,016,000	\$24,881,000	\$ 70,303,000	\$ 1,015,000	\$71,318,000
Reacquisition of shares outstanding	—	—	1,000,000	2,510,000)	—	—	( 2,510,000)	—	2,510,000)
Net income (loss)	—	—	—	—	—	2,761,000	2,761,000	( 4,000)	2,757,000
Balance – September 30, 2023	40,580,936	\$406,000	1,000,000	\$2,510,000)	\$45,016,000	\$27,642,000	\$ 70,554,000	\$ 1,011,000	\$71,565,000

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Issued	\$0.01 Par Value	Number of Shares	Amount					
Balance – January 1, 2024	40,580,936	\$406,000	1,000,000	\$2,510,000)	\$45,016,000	\$26,808,000	\$ 69,720,000	\$ 989,000	\$70,709,000
Transaction with J2 Financial	200,000	2,000	—	—	348,000	—	350,000	—	350,000
Share-based compensation	50,000	1,000	—	—	84,000	—	85,000	—	85,000
Net income (loss)	—	—	—	—	—	3,688,000	3,688,000	( 1,000)	3,687,000
Balance – March 31, 2024	40,830,936	\$409,000	1,000,000	\$2,510,000)	\$45,448,000	\$30,496,000	\$ 73,843,000	\$ 988,000	\$74,831,000
Share-based compensation	120,000	1,000	—	—	299,000	—	300,000	—	300,000
Net income	—	—	—	—	—	4,040,000	4,040,000	7,000	4,047,000

Balance – June 30, 2024	40,950,936	\$410,000	1,000,000	(\$2,510,000)	\$45,747,000	\$34,536,000	\$78,183,000	\$995,000	\$79,178,000
Share-based compensation	170,000	2,000	—	—	309,000	—	311,000	—	311,000
Net income	—	—	—	—	—	3,826,000	3,826,000	8,000	3,834,000
Balance – September 30 2024	41,120,936	\$412,000	1,000,000	(\$2,510,000)	\$46,056,000	\$38,362,000	\$82,320,000	\$1,003,000	\$83,323,000

Numbers are rounded for presentation purposes. See notes to condensed consolidated financial statements.

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**SIEBERT FINANCIAL CORP. & SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 11,568,000	\$ 8,700,000
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income tax expense	962,000	893,000
Depreciation and amortization	941,000	716,000
Earnings of equity method investment in related party	—	( 111,000)
Share-based compensation	460,000	—
Impairment of investments	—	1,035,000
Interest related to contract termination liability payment	62,000	—
Changes in		
Receivables from customers	( 5,383,000)	( 19,704,000)
Receivables from non-customers	( 230,000)	70,000
Receivables from and deposits with broker-dealers and clearing organizations	1,650,000	561,000
Securities borrowed	172,125,000	( 68,015,000)
Securities owned, at fair value	1,100,000	( 15,483,000)
Prepaid expenses and other assets	( 1,670,000)	( 190,000)
Payables to customers	( 51,023,000)	( 51,170,000)
Payables to non-customers	2,917,000	( 10,515,000)
Drafts payable	407,000	( 1,368,000)
Payables to broker-dealers and clearing organizations	630,000	2,786,000
Accounts payable and accrued liabilities	1,518,000	1,594,000
Securities loaned	( 186,909,000)	81,215,000
Securities sold, not yet purchased, at fair value	4,000	( 1,000)
Net lease liabilities	16,000	( 4,000)
Taxes payable	( 134,000)	1,444,000
Deferred contract incentive	( 621,000)	( 638,000)
Trading platform implementation	—	( 776,000)
Contract termination liability payment	( 1,500,000)	—
Net cash used in operating activities	( 53,110,000)	( 68,961,000)
<b>Cash Flows From Investing Activities</b>		
Purchase of office facilities and equipment	( 68,000)	( 191,000)
Purchase of software	( 2,548,000)	( 246,000)
Additions to property, office facilities, and equipment	( 1,240,000)	( 1,190,000)
Transaction with J2 Financial	( 35,000)	—
Cash paid in a business acquisition, net of cash and cash equivalents acquired	( 1,123,000)	—
Net cash used in investing activities	( 5,014,000)	( 1,627,000)
<b>Cash Flows From Financing Activities</b>		
Kakaopay issuance cost	—	( 1,589,000)
Proceeds received from shares issued for Kakaopay transaction	—	17,363,000
Repayments of long-term debt	( 64,000)	( 2,714,000)
Net cash (used in) / provided by financing activities	( 64,000)	13,060,000
Net change in cash and cash equivalents, and cash and securities segregated for regulatory purposes	( 58,188,000)	( 57,528,000)
Cash and cash equivalents, and cash and securities segregated for regulatory purposes - beginning of period	280,052,000	299,838,000
Cash and cash equivalents, and cash and securities segregated for regulatory purposes - end of period	\$ 221,864,000	\$ 242,310,000
<b>Reconciliation of cash, cash equivalents, and cash and securities segregated for regulatory purposes</b>		
Cash and cash equivalents - end of period	\$ 4,435,000	\$ 4,932,000
Cash and securities segregated for regulatory purposes - end of period	217,429,000	237,378,000
Cash and cash equivalents, and cash and securities segregated for regulatory purposes - end of period	\$ 221,864,000	\$ 242,310,000
<b>Supplemental cash flow information</b>		
Cash paid during the period for income taxes	\$ 3,125,000	\$ 1,284,000
Cash paid during the period for interest	\$ 121,000	\$ 222,000
<b>Non-cash investing and financing activities</b>		
Kakaopay issuance cost (1)	\$ —	\$ 318,000

Transaction with J2 Financial (2)	\$ 350,000	\$ —	—
Share-based compensation (3)	\$ 236,000	\$ —	—
Treasury stock (4)	\$ —	\$ (2,500,000)	—

Numbers are rounded for presentation purposes. See notes to condensed consolidated financial statements.

- (1) Refer to Note 6 – Kakaopay Transaction for further detail.
- (2) Refer to Note 10 – Software, net for further detail.
- (3) Refer to Note 20 – Employee Benefit Plans for further detail.
- (4) Refer to Note 4 – Transaction with Tigress for further detail.

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**SIEBERT FINANCIAL CORP. & SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Organization and Basis of Presentation**

**Organization**

Siebert Financial Corp., a New York corporation, incorporated in 1934, is a holding company that conducts the following lines of business through its wholly-owned and majority-owned subsidiaries:

- Muriel Siebert & Co., LLC ("MSCO") provides retail brokerage services. MSCO is a Delaware corporation and broker-dealer registered with the Securities and Exchange Commission ("SEC") under the Exchange Act and the Commodity Exchange Act of 1936, and member of the Financial Industry Regulatory Authority ("FINRA"), the New York Stock Exchange ("NYSE"), the Securities Investor Protection Corporation ("SIPC"), and the National Futures Association ("NFA").
- Siebert AdvisorNXT, LLC ("SNXT") provides investment advisory services. SNXT is a New York corporation registered with the SEC as a Registered Investment Advisor ("RIA") under the Investment Advisers Act of 1940.
- Park Wilshire Companies, Inc. ("PW") provides insurance services. PW is a Texas corporation and licensed insurance agency.
- Siebert Technologies, LLC ("STCH") provides technology development. STCH is a Nevada limited liability company.
- RISE Financial Services, LLC ("RISE") is a Delaware limited liability company and a broker-dealer registered with the SEC and NFA.
- Gebbia Entertainment, LLC ("GE") is a Florida limited liability company and provides media entertainment services.
- StockCross Digital Solutions, Ltd. ("STXD") is an inactive subsidiary headquartered in Bermuda.

For purposes of this Report on Form 10-Q, the terms "Siebert," "Company," "we," "us," and "our" refer to Siebert Financial Corp., MSCO, SNXT, PW, STCH, RISE, GE, and STXD collectively, unless the context otherwise requires.

On August 12, 2024, the Company entered into a Membership Interest Purchase Agreement with GE, whereby the Company purchased 100 % of GE from related parties. Refer to Note 3 – Business Combinations for more detail.

The Company is headquartered in Miami Beach, FL with primary operations in Florida, New York, and California. The Company has 10 branch offices throughout the U.S. and clients around the world. The Company's SEC filings are available through the Company's website at [www.siebert.com](http://www.siebert.com), where investors can obtain copies of the Company's public filings free of charge. The Company's common stock, par value \$.01 per share, trades on the Nasdaq Capital Market under the symbol "SIEB."

The Company primarily operates in the securities brokerage and asset management industry and has no other reportable segments. All of the Company's revenues for the three and nine months ended September 30, 2024 and 2023 were derived from its operations in the U.S.

The Company has evaluated the impact of its recent acquisition of GE on its consolidated financial statements and has determined that the acquisition is immaterial. As of September 30, 2024, the Company operates as a single reportable segment based on the factors related to management's decision-making framework as well as management evaluating performance and allocating resources based on assessments of the Company from a consolidated perspective. Management will continue to monitor the financial significance of the GE acquisition and may report additional segments in accordance with ASC 280 – Segment Reporting.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements ("financial statements") of the Company have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the U.S. ("GAAP") for interim financial information with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete annual financial statements. The U.S. dollar is the functional currency of the Company and numbers are rounded for presentation purposes.

In the opinion of management, the financial statements contain all adjustments (consisting of normal recurring entries) necessary to fairly present such interim results. Interim results are not necessarily indicative of the results of operations which may be expected for a full year or any subsequent period. These financial statements should be read in conjunction with the financial statements and notes thereto in the Company's 2023 Form 10-K.

**Reclassification**

Certain amounts for the three and nine months ended September 30, 2023 and certain cash flows within the Investing Activities section have been reclassified to conform to the presentation of the current period. The reclassification has not materially impacted the Company's financial statements, and did not result in a change in total revenue, net income or cash flows from operations or investing activities for the periods presented.

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## **Principles of Consolidation**

The financial statements include the accounts of Siebert and its wholly-owned and majority-owned consolidated subsidiaries. Upon consolidation, all intercompany balances and transactions are eliminated. The Company's ownership in RISE was 68 % as of both September 30, 2024 and December 31, 2023. Refer to Note 5 – RISE for more information.

For consolidated subsidiaries that are not wholly-owned, the third-party holdings of equity interests are referred to as noncontrolling interests. The net income or loss attributable to noncontrolling interests for such subsidiaries is presented as net income or loss attributable to noncontrolling interests in the statements of operations. The portion of total equity that is attributable to noncontrolling interests for such subsidiaries is presented as noncontrolling interests in the statements of financial condition.

For investments in entities in which the Company does not have a controlling financial interest but has significant influence over its operating and financial decisions, the Company applies the equity method of accounting with net income and losses recorded in earnings of equity method investment in related party.

## **Significant Accounting Policies**

The Company's significant accounting policies are included in Note 2 – Summary of Significant Accounting Policies in the Company's 2023 Form 10-K and any updates as of September 30, 2024 are listed below.

### **Accounting for Acquisitions**

ASC 805 is used for accounting in business acquisitions. ASC 805 requires that goodwill be recognized separately from assets acquired and liabilities assumed at their acquisition date fair values. Goodwill, as of the date of acquisition, is determined as the excess of the consideration transferred net of the acquisition date fair values of assets acquired and liabilities assumed. Fair value estimates at acquisition date may be assessed internally or externally using third parties. As part of the valuation and appraisal process, the third-party appraiser prepares a report assigning estimated acquisition date fair values to assets and liabilities. These fair value estimations are subjective and require careful consideration and sound judgment. Management reviews the third-party reports for fairness of the assigned values.

### **Intangible Assets, Net**

Certain identifiable intangible assets the Company acquires are amortized over their estimated useful lives on a straight-line basis. Amortization expense associated with such intangible assets is included in the "Depreciation and amortization" line item on the statements of income.

The Company evaluates intangible assets for impairment on an annual basis or when events or changes indicate the carrying value may not be recoverable. The Company also evaluates the remaining useful lives of intangible assets on an annual basis or when events or changes warrants the remaining period of amortization to be revised.

## **2. New Accounting Standards**

### **Recently Issued Accounting Standards**

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. This ASU is effective for all entities for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this ASU to determine its impact on its disclosures.

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"). The ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in the ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for the Company for annual periods beginning after December 15, 2024, though early adoption is permitted. The Company is still evaluating the presentational effect that ASU 2023-09 will have on its consolidated financial statements, but the Company expects considerable changes to its income tax footnote.

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## **Accounting Standards Adopted in Fiscal 2024**

The Company did not adopt any new accounting standards during the three and nine months ended September 30, 2024. In addition, the Company has evaluated other recently issued accounting standards and does not believe that any of these standards will have a material impact on the Company's financial statements and related disclosures as of September 30, 2024.

## **3. Business Combinations**

### **Overview of Acquisition**

On August 12, 2024, the Company entered into a Membership Interest Purchase Agreement by and among the Company, GE and members of the Gebbia family, the ("Gebbia Entertainment Purchase Agreement"), pursuant to which the Company acquired all of the outstanding equity of GE for a purchase price of \$ 1,250,000 .

### **Accounting for Acquisition**

The acquisition will be accounted for under the acquisition method of accounting for business combinations pursuant to ASC 805 – Business Combinations which requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values as of the proposed acquisition date. ASC 802 – Fair Value Measurements, which establishes a framework for measuring fair values, 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".

### **Allocation of Purchase Price**

The Company was required to allocate the GE purchase price to tangible and identifiable intangible assets acquired based on their fair values as of August 12, 2024. The excess of the purchase price over those fair values is recorded as goodwill. The Company acquired intangible assets consisting of GE artist contracts, the fair value of which were \$ 778,000 as of the acquisition date.

The fair value of identifiable intangible assets and goodwill was determined primarily through a Discounted Cash Flow ("DCF") analysis, which falls under the income approach. The valuation included the projection of future cash flows from the intangible asset, discounted at a rate that reflected the company's weighted average cost of capital and accounting for a company-specific risk premium. Additionally, a perpetuity growth rate was applied beyond the forecast period. Goodwill was calculated as the excess of the acquisition price over the fair value of separable assets, capturing anticipated synergies from the business combination.

The following table summarizes the Company's allocation of the purchase price as of the date of acquisition:

	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 127,000
Accounts receivable	5,000
Security deposits	10,000
Other Intangible assets, net	778,000
<b>Total Assets acquired</b>	<b>920,000</b>
Goodwill	330,000
<b>Purchase price</b>	<b>\$ 1,250,000</b>

Since the date of acquisition, there has been no material impact on the Company's financial statements for both the three and nine months ended September 30, 2024.

#### 4. Transaction with Tigress

The Company entered into agreements and subsequent terminations with Tigress Holdings, LLC ("Tigress"). Refer to Note 3 – Transactions with Tigress and Hedge Connection in the Company's 2023 Form 10-K for more detail. Information related to transactions with Tigress that impacted the periods presented is detailed below.

During the three months ended September 30, 2024 and 2023, no earnings were recognized from the Company's investment in Tigress. During the nine months ended September 30, 2024 and 2023, the earnings recognized from the Company's investment in Tigress were \$ 0 and \$ 111,000 , respectively. As of both September 30, 2024 and December 31, 2023, the Company had no interest in Tigress.

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#### 5. RISE

As of both September 30, 2024 and December 31, 2023, the Company's ownership in RISE was 68 % and Siebert consolidated RISE under the voting interest model ("VOE model"). As of both September 30, 2024 and December 31, 2023, RISE reported assets of \$ 1.3 million and liabilities of \$ 0 . There are no restrictions on RISE's assets.

#### 6. Kakaopay Transaction

On April 27, 2023, the Company entered into a Stock Purchase Agreement (the "First Tranche Stock Purchase Agreement") with Kakaopay Corporation ("Kakaopay"), a company established under the Laws of the Republic of Korea and a fintech subsidiary of Korean-based conglomerate Kakao Corp. pursuant to which the Company agreed to issue to Kakaopay 8,075,607 shares of the Company's common stock (the "First Tranche Shares" and, such transaction, the "First Tranche") at a per share price of Two Dollars Fifteen Cents (\$ 2.15 ), which represented 19.9 % of the outstanding equity securities of the Company on a fully diluted basis (taking into account the issuance of the First Tranche Shares). The First Tranche closed on May 18, 2023.

Refer to Note 5 – Kakaopay Transaction in the Company's 2023 Form 10-K for further detail.

#### 7. Receivables From, Payables To, and Deposits With Broker-Dealers and Clearing Organizations

Amounts receivable from, payables to, and deposits with broker-dealers and clearing organizations consisted of the following as of the periods indicated:

	<u>As of September 30, 2024</u>	<u>As of December 31, 2023</u>
Receivables from and deposits with broker-dealers and clearing organizations		
DTCC / OCC / NSCC <sup>(1)</sup>	\$ 7,397,000	\$ 9,332,000
Goldman Sachs & Co. LLC ("GSCO")	46,000	38,000
National Financial Services, LLC ("NFS")	2,312,000	2,212,000
Securities fail-to-deliver	273,000	119,000
Globalshares	70,000	47,000
<b>Total Receivables from and deposits with broker-dealers and clearing organizations</b>	<b>\$ 10,098,000</b>	<b>\$ 11,748,000</b>
Payables to broker-dealers and clearing organizations		
Securities fail-to-receive	\$ 262,000	\$ 399,000
Payables to broker-dealers	849,000	82,000
<b>Total Payables to broker-dealers and clearing organizations</b>	<b>\$ 1,111,000</b>	<b>\$ 481,000</b>

(1) Depository Trust & Clearing Corporation is referred to as ("DTCC"), Options Clearing Corporation is referred to as ("OCC"), and National Securities Clearing Corporation is referred to as ("NSCC").

Under the DTCC shareholders' agreement, MSCO is required to participate in the DTCC common stock mandatory purchase. As of September 30, 2024 and December 31, 2023, MSCO had shares of DTCC common stock valued at approximately \$ 1,145,000 and \$ 1,236,000 , respectively, which is included within the line item "Deposits with broker-dealers and clearing organizations" on the statements of financial condition.

In September 2022, MSCO and RISE entered into a clearing agreement whereby RISE would introduce clients to MSCO. As part of the agreement, RISE deposited a clearing fund escrow deposit of \$ 50,000 to MSCO, and had cash of approximately \$ 1.2 million and \$ 1.0 million in its brokerage account at MSCO as of September 30, 2024 and December 31, 2023, respectively. The resulting asset of RISE and liability of MSCO is eliminated in consolidation.

## 8. Fair Value Measurements

### Overview

ASC 820 defines fair value, establishes a framework for measuring fair value as well as a hierarchy of fair value inputs. Refer to the below as well as Note 2 – Summary of Significant Accounting Policies in the Company's 2023 Form 10-K for further information regarding fair value hierarchy, valuation techniques and other items related to fair value measurements.

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### Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The tables below present, by level within the fair value hierarchy, financial assets and liabilities, measured at fair value on a recurring basis for the periods indicated. As required by ASC Topic 820, financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the respective fair value measurement.

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and securities segregated for regulatory purposes				
U.S. government securities	\$ 87,814,000	\$ —	\$ —	\$ 87,814,000
Securities owned, at fair value				
U.S. government securities	\$ 15,231,000	\$ —	\$ —	\$ 15,231,000
Certificates of deposit	—	113,000	—	113,000
Municipal securities	—	321,000	—	321,000
Corporate bonds	—	14,000	—	14,000
Collateralized mortgage obligations	—	1,000	—	1,000
Options	28,000	—	—	28,000
Equity securities	494,000	736,000	—	1,230,000
<b>Total Securities owned, at fair value</b>	<b>\$ 15,753,000</b>	<b>\$ 1,185,000</b>	<b>\$ —</b>	<b>\$ 16,938,000</b>
<b>Liabilities</b>				
Securities sold, not yet purchased, at fair value				
Options	\$ —	\$ 6,000	\$ —	\$ 6,000
<b>Total Securities sold, not yet purchased, at fair value</b>	<b>\$ —</b>	<b>\$ 6,000</b>	<b>\$ —</b>	<b>\$ 6,000</b>
As of December 31, 2023				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and securities segregated for regulatory purposes				
U.S. government securities	\$ 115,515,000	\$ —	\$ —	\$ 115,515,000
Securities owned, at fair value				
U.S. government securities	\$ 17,636,000	\$ —	\$ —	\$ 17,636,000
Certificates of deposit	—	114,000	—	114,000
Corporate bonds	—	3,000	—	3,000
Options	2,000	—	—	2,000
Equity securities	146,000	137,000	—	283,000
<b>Total Securities owned, at fair value</b>	<b>\$ 17,784,000</b>	<b>\$ 254,000</b>	<b>\$ —</b>	<b>\$ 18,038,000</b>
<b>Liabilities</b>				
Securities sold, not yet purchased, at fair value				
Equity securities	\$ 2,000	\$ —	\$ —	\$ 2,000
<b>Total Securities sold, not yet purchased, at fair value</b>	<b>\$ 2,000</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,000</b>

The Company had U.S. government securities, certificates of deposit, municipal securities, and corporate bonds with the market values and maturity dates for the periods indicated below:

	As of September 30, 2024
Maturing in 2024	\$ 2,988,000
Maturing in 2025	91,804,000
Maturing in 2026	8,097,000
Maturing after 2026	446,000
Accrued interest	158,000
<b>Total Market value</b>	<b>\$ 103,493,000</b>

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	As of December 31, 2023
Maturing in 2023	\$ 30,000,000
Maturing in 2024	98,931,000
Maturing in 2025	3,965,000
Maturing after 2025	115,000
Accrued interest	257,000
Total Market value	<u><u>\$ 133,268,000</u></u>

#### Financial Assets and Liabilities Not Carried at Fair Value

Financial assets and liabilities not measured at fair value are recorded at carrying value, which approximates fair value due to their short-term nature. The tables below represents financial instruments in which the ending balances as of September 30, 2024 and December 31, 2023 are not carried at fair value in the statements of financial condition:

	As of September 30, 2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets, not measured at fair value</b>					
Cash and cash equivalents	\$ 4,435,000	\$ 4,435,000	\$ 4,435,000	\$ —	\$ —
Cash – segregated for regulatory purposes	129,615,000	129,615,000	129,615,000	—	—
Securities borrowed	222,584,000	222,584,000	—	222,584,000	—
Receivables from customers	78,206,000	78,206,000	—	78,206,000	—
Receivables from non-customers	471,000	471,000	—	471,000	—
Receivables from broker-dealers and clearing organizations	4,051,000	4,051,000	—	4,051,000	—
Other receivables	4,062,000	4,062,000	—	4,062,000	—
Deposits with broker-dealers and clearing organizations	6,047,000	6,047,000	—	6,047,000	—
<b>Total financial assets, not measured at fair value</b>	<b>\$ 449,471,000</b>	<b>\$ 449,471,000</b>	<b>\$ 134,050,000</b>	<b>\$ 315,421,000</b>	<b>\$ —</b>
<b>Financial liabilities, not measured at fair value</b>					
Securities loaned	\$ 232,524,000	\$ 232,524,000	\$ —	\$ 232,524,000	\$ —
Payables to customers	238,754,000	238,754,000	—	238,754,000	—
Payables to non-customers	3,630,000	3,630,000	—	3,630,000	—
Drafts payable	2,133,000	2,133,000	—	2,133,000	—
Payables to broker-dealers and clearing organizations	1,111,000	1,111,000	—	1,111,000	—
Deferred contract incentive	625,000	625,000	—	625,000	—
Long-term debt	4,249,000	4,249,000	—	4,249,000	—
Contract termination liability	3,024,000	3,024,000	—	3,024,000	—
<b>Total financial liabilities, not measured at fair value</b>	<b>\$ 486,050,000</b>	<b>\$ 486,050,000</b>	<b>\$ —</b>	<b>\$ 486,050,000</b>	<b>\$ —</b>

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	As of December 31, 2023				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets, not measured at fair value</b>					
Cash and cash equivalents	\$ 5,735,000	\$ 5,735,000	\$ 5,735,000	\$ —	\$ —
Cash – segregated for regulatory purposes	158,802,000	158,802,000	158,802,000	—	—
Securities borrowed	394,709,000	394,709,000	—	394,709,000	—
Receivables from customers	72,823,000	72,823,000	—	72,823,000	—
Receivables from non-customers	241,000	241,000	—	241,000	—
Receivables from broker-dealers and clearing organizations	3,863,000	3,863,000	—	3,863,000	—
Other receivables	2,424,000	2,424,000	—	2,424,000	—
Deposits with broker-dealers and clearing organizations	7,885,000	7,885,000	—	7,885,000	—
<b>Total financial assets, not measured at fair value</b>	<b>\$ 646,482,000</b>	<b>\$ 646,482,000</b>	<b>\$ 164,537,000</b>	<b>\$ 481,945,000</b>	<b>\$ —</b>
<b>Financial liabilities, not measured at fair value</b>					
Securities loaned	\$ 419,433,000	\$ 419,433,000	\$ —	\$ 419,433,000	\$ —
Payables to customers	289,777,000	289,777,000	—	289,777,000	—
Payables to non-customers	713,000	713,000	—	713,000	—
Drafts payable	1,726,000	1,726,000	—	1,726,000	—
Payables to broker-dealers and clearing organizations	481,000	481,000	—	481,000	—
Deferred contract incentive	1,246,000	1,246,000	—	1,246,000	—
Long-term debt	4,313,000	4,313,000	—	4,313,000	—
Contract termination liability	4,462,000	4,462,000	—	4,462,000	—
<b>Total financial liabilities, not measured at fair value</b>	<b>\$ 722,151,000</b>	<b>\$ 722,151,000</b>	<b>\$ —</b>	<b>\$ 722,151,000</b>	<b>\$ —</b>

#### 9. Property, Office Facilities, and Equipment, Net

Property, office facilities, and equipment consisted of the following as of the periods indicated:

	As of September 30, 2024	As of December 31, 2023
Property	\$ 6,815,000	\$ 6,815,000

Office facilities	3,963,000	2,475,000
Equipment	800,000	726,000
Total Property, office facilities, and equipment	11,578,000	10,016,000
Less accumulated depreciation	(1,448,000)	(612,000)
Total Property, office facilities, and equipment, net	\$ 10,130,000	\$ 9,404,000

Total depreciation expense for property, office facilities, and equipment was \$ 222,000 and \$ 168,000 for the three months ended September 30, 2024 and 2023, respectively. Total depreciation expense for property, office facilities, and equipment was \$ 582,000 and \$ 403,000 for the nine months ended September 30, 2024 and 2023, respectively.

On July 7, 2023, the Company entered into a new lease agreement for office space in the World Financial Center in New York City. Depreciation expense commenced in March 2024, when the New York office space was placed into service. The Company invested \$ 9,000 and \$ 818,000 in the three and nine months ended September 30, 2024 to build out the New York office space. For both the three and nine months ended September 30, 2023, the Company invested \$ 50,000 to build out the New York office space.

In the second quarter of 2024, the Company completed the construction of its office in Omaha, Nebraska, investing \$ 37,000 and \$ 211,000 during the three and nine months ended September 30, 2024, respectively.

#### **Miami Office Building**

On December 30, 2021, the Company purchased an office building located at 653 Collins Ave, Miami Beach, FL ("Miami office building"). The Miami office building contains approximately 12,000 square feet of office space and serves as the headquarters of the Company.

Depreciation expense commenced in April 2023 when the Miami office building was completed and placed in service. The Company invested \$ 113,000 and \$ 299,000 in the three months ended September 30, 2024 and 2023, respectively, to build out the Miami office building. The Company invested \$ 211,000 and \$ 1,140,000 in the nine months ended September 30, 2024 and 2023, respectively, to build out the Miami office building.

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#### **10. Software, Net**

Software consisted of the following as of the periods indicated:

	As of September 30, 2024	As of December 31, 2023
Software	\$ 1,677,000	\$ 1,081,000
Retail Platform	3,469,000	635,000
<b>Total Software</b>	<b>5,146,000</b>	<b>1,716,000</b>
Less accumulated amortization – Software	(905,000)	(284,000)
Less accumulated amortization – Retail Platform	—	—
<b>Total Software, net</b>	<b>\$ 4,241,000</b>	<b>\$ 1,432,000</b>

The Company contracted with a technology vendor in the fourth quarter of 2023 to develop a new retail platform for the Company's customers and integrate this platform into the Company's operations ("Retail Platform"). The total software development expense related to this project was \$ 3,469,000 as of September 30, 2024, all of which was capitalized. Amortization for the Retail Platform will commence once it is placed in service, which is expected to be in the second quarter of 2025.

Total amortization of software was \$ 128,000 and \$ 98,000 for the three months ended September 30, 2024 and 2023, respectively. Total amortization of software was \$ 359,000 and \$ 312,000 for the nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, the Company estimates the following future amortization of software assets:

Year	Amount
2024	\$ 114,000
2025	929,000
2026	920,000
2027	731,000
2028 and after	1,546,000
<b>Total</b>	<b>\$ 4,240,000</b>

#### **Transaction with J2 Financial Technology**

On January 18, 2024, STCH entered into a Purchase Agreement (the "Purchase Agreement") with J2 Financial Technology, Inc., d/b/a "Guild", a Delaware corporation ("J2 Financial").

Under the Purchase Agreement, STCH purchased a mobile self-directed trading app for the total purchase price of \$ 385,000. The purchase price consisted of \$ 35,000 of cash and 200,000 restricted shares of the Company's common stock (priced at the historical 30-day moving average as of January 18, 2024) worth approximately \$ 350,000. This purchase is part of the software related to the Retail Platform and recorded in the line item "Software, net" on the statements of financial condition.

#### **11. Leases**

As of September 30, 2024, all of the Company's leases are classified as operating and primarily consist of office space leases expiring in 2024 through 2028. The Company elected not to include short-term leases (i.e., leases with initial terms of less than twelve months), or equipment leases (deemed immaterial) on the statements of financial condition. The Company leases some miscellaneous office equipment, but they are immaterial and therefore the Company records the costs associated with this office equipment on the statements of operations rather than capitalizing them as lease right-of-use assets. The balance of the lease right-of-use assets and lease liabilities are displayed on the statements of financial condition and the below tables display further detail on the Company's leases.

On July 7, 2023, the Company entered into a new lease agreement expiring in December 2028 for office space in the World Financial Center in New York City. This office replaced the New Jersey office as one of the Company's key operating centers and the total commitment of the lease is approximately \$ 2.1 million.

<b>Lease Term and Discount Rate</b>	<b>As of September 30, 2024</b>		<b>As of December 31, 2023</b>	
	Weighted average remaining lease term – operating leases (in years)	3.4	Weighted average discount rate – operating leases	3.9 7.1% 6.9%
Operating lease cost	\$ 236,000	\$ 356,000	\$ 771,000	\$ 965,000
Short-term lease cost	75,000	67,000	296,000	346,000
Variable lease cost	54,000	44,000	173,000	125,000
Total Rent and occupancy	\$ 365,000	\$ 467,000	\$ 1,240,000	\$ 1,436,000
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 218,000	\$ 315,000	\$ 755,000	\$ 969,000
Lease right-of-use assets obtained in exchange for new lease liabilities				
Operating leases	\$ 78,000	\$ 1,693,000	\$ 78,000	\$ 1,693,000

#### **Lease Commitments**

Future annual minimum payments for operating leases with initial terms of greater than one year as of September 30, 2024 were as follows:

<b>Year</b>	<b>Amount</b>
2024	\$ 209,000
2025	909,000
2026	694,000
2027	520,000
2028	443,000
Remaining balance of lease payments	2,775,000
Less: difference between undiscounted cash flows and discounted cash flows	334,000
Lease liabilities	\$ 2,441,000

#### **12. Goodwill and Other Intangible Assets, Net**

##### **Goodwill**

As of September 30, 2024 and December 31, 2023, the Company's carrying amount of goodwill was \$ 2,319,000 and \$ 1,989,000, respectively. As of September 30, 2024, \$ 1,989,000 of the Company's carrying amount of goodwill came from the Company's acquisition of RISE and \$ 330,000 came from the Company's acquisition of GE. As of September 30, 2024 and December 31, 2023, management concluded that there have been no impairments to the carrying value of the Company's goodwill and no impairment charges related to goodwill were recognized during the three and nine months ended September 30, 2024 and 2023. Refer to Note 2 – Summary of Significant Accounting Policies in the Company's 2023 Form 10-K for further information.

##### **Other Intangible Assets, Net**

As a result of the Company's acquisition of GE, the Company acquired intangible assets consisting of GE artist contracts, the fair value of which were \$ 778,000 as of the acquisition date. The useful life of the GE artist contracts is 5 years.

#### **13. Long-Term Debt**

##### **Mortgage with East West Bank**

###### **Overview**

On December 30, 2021, the Company purchased the Miami office building for approximately \$ 6.8 million, and the Company entered into a mortgage with East West Bancorp, Inc. ("East West Bank") for approximately \$ 4 million to finance part of the purchase of the Miami office building as well as \$ 338,000 to finance part of the build out of the Miami office building.

The Company's obligations under the mortgage are secured by a lien on the Miami office building and the term of the loan is ten years. The repayment schedule will utilize a 30-year amortization period, with a balloon on the remaining amount due at the end of ten years. The interest rate is 3.6 % for the first 7 years, and thereafter the interest rate shall be at the prime rate as reported by the Wall Street Journal, provided that the minimum interest rate on any term loan will not be less than 3.6 %. As part of the agreement, the Company must maintain a debt service coverage ratio of 1.4 to 1. The loan is subject to a prepayment penalty over the first five years which is calculated as a percentage of the principal amount outstanding at the time of prepayment. This percentage is 5% in the first year and decreases by 1% each year thereafter, with the prepayment penalty ending after 5 years. As of September 30, 2024, the Company was in compliance with all of its covenants related to this agreement.

###### **Remaining Payments**

Future remaining annual minimum principal payments for the mortgage with East West Bank as of September 30, 2024 were as follows:

Year	Amount
2024	\$ 22,000
2025	88,000
2026	91,000
2027	95,000
2028	98,000
Thereafter	3,855,000
<b>Total</b>	<b>\$ 4,249,000</b>

The interest expense related to this mortgage was \$ 39,000 and \$ 40,000 for the three months ended September 30, 2024, and 2023, respectively. The interest expense related to this mortgage was \$ 116,000 and \$ 119,000 for the nine months ended September 30, 2024, and 2023, respectively. As of September 30, 2024, the interest rate for this mortgage was 3.6 %.

#### 14. Deferred Contract Incentive

Effective August 1, 2021, MSCO entered into an amendment to its clearing agreement with NFS that, among other things, extended the term of the arrangement for an additional four-year period commencing on August 1, 2021 and ending July 31, 2025.

As part of this agreement, the Company received a one-time business development credit of \$ 3 million from NFS, and NFS will pay the Company four annual credits of \$ 100,000 , which are recorded in the line item "Deferred contract incentive" on the statements of financial condition. Annual credits shall be paid on the anniversary of the date on which the first credit was paid. The business development credit and annual credits will be recognized as contra expense over four years and one year , respectively, in the line item "Clearing fees, including execution costs" on the statements of operations. The amendment also provides for an early termination fee if the Company chooses to end its agreement before the end of the contract term.

In relation to this agreement, the Company recognized \$ 213,000 in contra expense for both the three months ended September 30, 2024 and 2023. For both the nine months ended September 30, 2024 and 2023, the Company recognized \$ 637,000 in contra expense. As of September 30, 2024 and December 31, 2023, the balance of the deferred contract incentive was \$ 0.6 million and \$ 1.2 million, respectively.

#### 15. Revenue Recognition

Refer to Note 2 – Summary of Significant Accounting Policies in Company's 2023 Form 10-K for detail on the Company's primary sources of revenue and the corresponding accounting treatment. Information related to items that impact certain revenue streams within the periods presented is shown below.

##### Principal Transactions and Proprietary Trading

The Company continuously invests in treasury bill and treasury notes as part of its normal operations to meet deposit requirements, which are primarily in the line item "Cash and securities segregated for regulatory purposes" on the statements of financial condition, in order to enhance its yield on its excess 15c3-3 deposits. During 2022, there was an increase in U.S. government securities yields, which created an unrealized loss on the Company's U.S. government securities portfolio. In 2023, the Company recorded substantially all of the reversal of the unrealized loss resulting in a realized and unrealized gain due to the securities coming closer to maturity. Refer to Note 8 – Fair Value Measurements for additional detail.

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The following table represents detail related to principal transactions and proprietary trading.

	Three Months Ended September 30,		
	2024	2023	Increase (Decrease)
<b>Principal transactions and proprietary trading</b>			
Realized and unrealized gain on primarily riskless principal transactions	\$ 3,865,000	\$ 2,657,000	\$ 1,208,000
Realized and unrealized gain on portfolio of U.S. government securities	332,000	1,096,000	( 764,000)
<b>Total Principal transactions and proprietary trading</b>	<b>\$ 4,197,000</b>	<b>\$ 3,753,000</b>	<b>\$ 444,000</b>
<b>Nine Months Ended September 30,</b>			
	2024	2023	Increase (Decrease)
<b>Principal transactions and proprietary trading</b>			
Realized and unrealized gain on primarily riskless principal transactions	\$ 10,788,000	\$ 6,642,000	\$ 4,146,000
Realized and unrealized gain on portfolio of U.S. government securities	489,000	2,565,000	( 2,076,000)
<b>Total Principal transactions and proprietary trading</b>	<b>\$ 11,277,000</b>	<b>\$ 9,207,000</b>	<b>\$ 2,070,000</b>

##### Disaggregation of Revenue

The table below presents revenue from contracts with customers by major types of services for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Commissions and fees	\$ 2,270,000	\$ 1,903,000	\$ 7,173,000	\$ 5,607,000
<b>Interest, marketing and distribution fees</b>				
Interest, marketing and distribution fees revenue	8,449,000	7,292,000	25,207,000	21,943,000
Interest, marketing and distribution fees expense	( 99,000)	( 98,000)	( 259,000)	( 360,000)
<b>Interest, marketing and distribution fees</b>	<b>8,350,000</b>	<b>7,194,000</b>	<b>24,948,000</b>	<b>21,583,000</b>
Principal transactions and proprietary trading	4,197,000	3,753,000	11,277,000	9,207,000
Market making	597,000	223,000	1,706,000	836,000
<b>Stock borrow / stock loan</b>				

Stock rebate revenue	546,000	841,000	1,547,000	2,834,000
Retail fees	2,000	(26,000)	(10,000)	(58,000)
Stock locate fees	5,236,000	3,193,000	13,041,000	9,187,000
Stock borrow / stock loan	5,784,000	4,008,000	14,578,000	11,963,000
Advisory fees	629,000	506,000	1,670,000	1,421,000
Other income	733,000	463,000	2,527,000	1,195,000
<b>Total revenue</b>	<b>\$ 22,560,000</b>	<b>\$ 18,050,000</b>	<b>\$ 63,879,000</b>	<b>\$ 51,812,000</b>

## 16. Income Taxes

The Company's provision for income taxes consists of federal and state taxes, as applicable, in amounts necessary to align the Company's year-to-date tax provision with the effective rate that it expects to achieve for the full year. Each quarter the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary. As of September 30, 2024, the Company has concluded that its deferred tax assets are realizable on a more-likely-than-not basis with the exception of capital loss carryforwards and investments that are expected to generate capital losses when realized.

For the three and nine months ended September 30, 2024, the Company recorded an income tax provision of \$ 1,005,000 and \$ 3,952,000 on pre-tax book income of \$ 4,839,000 and \$ 15,520,000, respectively. The effective tax rate for the three and nine months ended September 30, 2024 was 21 % and 25 % respectively. The effective tax rate differs from the federal statutory rate of 21 % primarily related to certain permanent tax differences and state and local taxes including the impact of finalizing the prior year tax filings.

For the three and nine months ended September 30, 2023, the Company recorded an income tax provision of \$ 1,516,000 and \$ 3,621,000 on pre-tax book income of \$ 4,273,000 and \$ 12,321,000, respectively. The effective tax rate for both the three and nine months ended September 30, 2023 was 35 % and 29 %, respectively. The effective tax rate differs from the federal statutory rate of 21 % primarily related to certain permanent tax differences and state and local taxes including the impact of finalizing the prior year tax filings.

As of both September 30, 2024 and December 31, 2023, the Company recorded an uncertain tax position of \$ 1,405,000 related to various tax matters, which is included in the line item "Taxes payable" in the statements of financial condition.

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## 17. Capital Requirements

### MSCO

#### *Net Capital*

MSCO is subject to the Uniform Net Capital Rules of the SEC (Rule 15c3-1) of the Exchange Act. Under the alternate method permitted by this rule, net capital, as defined, shall not be less than the lower of \$ 1 million or 2 % of aggregate debit items arising from customer transactions. As of September 30, 2024, MSCO's net capital was \$ 62.9 million, which was approximately \$ 61.1 million in excess of its required net capital of \$ 1.8 million, and its percentage of aggregate debit balances to net capital was 69.89 %.

As of December 31, 2023, MSCO's net capital was \$ 56.1 million, which was approximately \$ 54.3 million in excess of its required net capital of \$ 1.8 million, and its percentage of aggregate debit balances to net capital was 63.42 %.

#### *Special Reserve Account*

MSCO is subject to Customer Protection Rule 15c3-3 which requires segregation of funds in a special reserve account for the exclusive benefit of customers. As of September 30, 2024, MSCO had cash and securities deposits of \$ 216.2 million (cash of \$ 128.4 million, securities with a fair value of \$ 87.8 million) in the special reserve accounts which was \$ 39.5 million in excess of the deposit requirement of \$ 176.7 million. After adjustments for deposit(s) and / or withdrawal(s) made on October 1, 2024, MSCO had \$ 14.5 million in excess of the deposit requirement.

As of December 31, 2023, MSCO had cash and securities deposits of \$ 273.1 million (cash of \$ 157.6 million, securities with a fair value of \$ 115.5 million) in the special reserve accounts which was \$ 26.2 million in excess of the deposit requirement of \$ 246.9 million. After adjustments for deposit(s) and / or withdrawal(s) made on January 2, 2024, MSCO had \$ 3.2 million in excess of the deposit requirement.

As of September 30, 2024, the Company was subject to the PAB Account Rule 15c3-3 of the SEC which requires segregation of funds in a special reserve account for the exclusive benefit of proprietary accounts of introducing broker-dealers. As of September 30, 2024, the Company had \$ 1.3 million in the special reserve account which was approximately \$ 0.1 million in excess of the deposit requirement of approximately \$ 1.2 million. The Company made no subsequent deposits or withdrawals on October 1, 2024.

As of December 31, 2023, the Company had \$ 1.2 million in the special reserve account which was approximately \$ 0.2 million in excess of the deposit requirement of approximately \$ 1.0 million. The Company made no subsequent deposits or withdrawals on January 2, 2024.

### RISE

#### *Net Capital*

RISE, as a member of FINRA, is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule 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 and that equity capital may not be withdrawn, or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. RISE is also subject to the CFTC's minimum financial requirements which require that RISE maintain net capital, as defined, equal to the greater of its requirements under Regulation 1.17 under the Commodity Exchange Act or Rule 15c3-1.

As of September 30, 2024, RISE's regulatory net capital was approximately \$ 1.3 million which was \$ 1.0 million in excess of its minimum requirement of \$ 250,000 under 15c3-1. As of December 31, 2023, RISE's regulatory net capital was approximately \$ 1.3 million which was \$ 1.0 million in excess of its minimum requirement of \$ 250,000 under 15c3-1.

## 18. Financial Instruments with Off-Balance Sheet Risk

The Company enters into various transactions to meet the needs of customers, conduct trading activities, and manage market risks and is, therefore, subject to varying degrees of market and credit risk. Refer to the below as well as Note 20 – Financial Instruments with Off-Balance Sheet Risk in the Company's 2023 Form 10-K for further information.

As of September 30, 2024, the Company had margin loans extended to its customers of approximately \$ 369.1 million, of which \$ 78.2 million is within the line item "Receivables from customers" on the statements of financial condition. As of December 31, 2023, the Company had margin loans extended to its customers of approximately \$ 338.1 million, of which \$ 72.8 million is in the line item "Receivables from customers" on the statements of financial condition. There were no material losses for unsettled customer transactions for the three and nine months ended September 30, 2024 and 2023.

The Company accounts for securities lending transactions in accordance with ASC Topic 210-20. The Company does not net securities borrowed and securities loaned and these items are presented on a gross basis on the statements of financial condition. The following table presents information about the Company's securities borrowing and lending activity depicting the potential effect of rights of setoff between these recognized assets and liabilities.

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As of September 30, 2024						
	<u>Gross Amounts of Recognized Assets and Liabilities</u>	<u>Gross Amounts Offset in the Consolidated Statements of Financial Condition<sup>1</sup></u>	<u>Net Amounts Presented in the Consolidated Statements of Financial Condition</u>	<u>FMV - Collateral Received or Pledged<sup>2</sup></u>	<u>Net Amount<sup>3</sup></u>	
Assets						
Securities borrowed	\$ 222,584,000	\$ —	\$ 222,584,000	\$ 212,732,000	\$ 9,852,000	
Liabilities						
Securities loaned	\$ 232,524,000	\$ —	\$ 232,524,000	\$ 222,053,000	\$ 10,471,000	
As of December 31, 2023						
	<u>Gross Amounts of Recognized Assets and Liabilities</u>	<u>Gross Amounts Offset in the Consolidated Statements of Financial Condition<sup>1</sup></u>	<u>Net Amounts Presented in the Consolidated Statements of Financial Condition</u>	<u>FMV - Collateral Received or Pledged<sup>2</sup></u>	<u>Net Amount<sup>3</sup></u>	
Assets						
Securities borrowed	\$ 394,709,000	\$ —	\$ 394,709,000	\$ 371,076,000	\$ 23,633,000	
Liabilities						
Securities loaned	\$ 419,433,000	\$ —	\$ 419,433,000	\$ 404,312,000	\$ 15,121,000	

- 1) Amounts represent recognized assets and liabilities that are subject to enforceable master agreements with rights of setoff. The company did not net any securities borrowed or securities loaned as of September 30, 2024 or December 31, 2023.
- 2) Represents the fair value of collateral the Company had received or pledged under enforceable master agreements.
- 3) Represents the total contract value as presented in the financial statements less the fair market value of the collateral received or pledged.

## 19. Commitments, Contingencies, and Other

### Legal and Regulatory Matters

The Company is party to certain claims, suits and complaints arising in the ordinary course of business. As of September 30, 2024, the Company does not expect that these claims, suits and complaints will have a material impact on its results of operations or financial position.

On April 18, 2024, the Company received a notification from Nasdaq Regulation that the Company no longer complied with Nasdaq's Listing Rules (the "Nasdaq Rules") for continued listing, as a result of the Company's failure to file its 2023 Form 10-K. The Company regained compliance with the Nasdaq Rules in connection with the filing of its 2023 Form 10-K on May 10, 2024.

### Overnight Financing

As of both September 30, 2024 and December 31, 2023, MSCO had an available line of credit for short term overnight demand borrowing with BMO Harris Bank ("BMO Harris") of up to \$ 25 million. As of those dates, MSCO had no outstanding loan balance and there were no commitment fees or other restrictions on the line of credit. The Company utilizes customer or firm securities as a pledge for short-term borrowing needs. There was \$ 2,000 and \$ 0 in interest expense for this line of credit for the three months ended September 30, 2024 and 2023, respectively. There was \$ 5,000 and \$ 0 in interest expense for this line of credit for the nine months ended September 30, 2024 and 2023, respectively. There were no fees related to this line of credit for the three or nine months ended September 30, 2024 and 2023.

### Credit Agreement

On August 15, 2024, the Company entered into a Loan and Security Agreement (the "Credit Agreement") with East West Bank (the "Lender"), a California banking corporation, dated as of July 29, 2024. The Credit Agreement provides for a revolving credit facility of up to \$ 20,000,000 . The initial term of the Credit Agreement is two years. The Company may use any borrowings under the Credit Agreement for acquisitions, stock buybacks, and for general corporate purposes in an amount not to exceed \$10,000,000. Obligations under the Credit Agreement shall be guaranteed by John J. Gebbia, the Company's Chief Executive Officer, Gloria E. Gebbia, a Director of the Company, and John J. Gebbia and Gloria E. Gebbia, as co-trustees of the John and Gloria Living Trust.

Borrowings under the Credit Agreement will bear interest on the outstanding daily balance at a rate of interest per annum equal to the greater of:

(a) the one-month Term Secured Overnight Financing Rate ("Term SOFR"), as administered by CME Group Benchmark Administration plus 3.15 % and (b) 7.50 %. The origination fee is equal to one half of one percent ( 0.50 %) of the \$ 20,000,000 revolver cap. The Credit Agreement contains customary affirmative covenants and negative covenants and requires the Company to maintain a minimum debt service coverage ratio of not less than 1.35:1.00 and minimum net capital of \$ 43,000,000 .

#### NFS Contract

Effective August 1, 2021, MSCO entered into an amendment to its clearing agreement with NFS that, among other things, extends the term of the arrangement for an additional four-year period commencing on August 1, 2021 and ending July 31, 2025. If the Company chooses to exit this agreement before the end of the contract term, the Company is under the obligation to pay an early termination fee upon occurrence pursuant to the table below:

Date of Termination	Early Termination Fee
Prior to August 1, 2025	\$ 3,250,000

For the three and nine months ended September 30, 2024 and 2023, there has been no expense recognized for any early termination fees. The Company believes that it is unlikely it will have to make material payments related to early termination fees and has not recorded any contingent liability in the financial statements related to this arrangement.

#### Technology Vendor

The Company has entered into agreements with technology vendors for certain development projects related to its Retail Platform. As of September 30, 2024, the Company incurred costs of approximately \$ 2.8 million for these vendors.

#### General Contingencies

The Company's general contingencies are included in Note 21 – Commitments, Contingencies, and Other in the Company's 2023 Form 10-K. Other than the below, there have been no material updates to the Company's general contingencies during the three and nine months ended September 30, 2024.

The Company is self-insured with respect to employee health claims. As part of this plan, the Company recognized expenses of \$ 229,000 and \$ 336,000 for the three months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, the Company recognized expenses of \$ 956,000 and \$ 782,000 , respectively.

The Company had an accrual of \$ 90,000 and \$ 64,000 as of September 30, 2024 and December 31, 2023, respectively, which represents the estimate of future expense to be recognized for claims incurred during the periods.

The Company believes that its present insurance coverage and reserves are sufficient to cover currently estimated exposures, but there can be no assurance that the Company will not incur liabilities in excess of recorded reserves or in excess of its insurance limits.

#### 20. Employee Benefit Plans

The Company sponsors a defined-contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all employees ("401(k) plan"). Participant contributions to the 401(k) plan are voluntary and are subject to certain limitations. The Company may also make discretionary contributions to the plan. For 401(k) employee contribution matching, the Company incurred an expense of \$ 13,000 and \$ 26,000 for the three months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, the Company incurred an expense of \$ 176,000 and \$ 135,000 , respectively.

On September 17, 2021, the Company's shareholders approved the Siebert Financial Corp. 2021 Equity Incentive Plan (the "Plan"). The Plan provides for the grant of stock options, restricted stock, and other equity awards of the Company's common stock to employees, officers, consultants, directors, affiliates and other service providers of the Company. There were 3 million shares reserved under the Plan and 2,214,000 and 2,704,000 and shares remained as of September 30, 2024 and December 31, 2023, respectively.

The table below presents the Plan awards granted and the related fair values for the nine months ended September 30, 2024.

	Shares	Weighted-Average Grant Date Fair Value
Nonvested as of December 31, 2023 <sup>(1)</sup>	—	\$ —
Granted	490,000	1.74
Vested	( 340,000)	1.78
Nonvested as of September 30, 2024	150,000	\$ 1.65

(1) The Company did not issue any share-based compensation for the year ended December 31, 2023.

As of September 30, 2024, there was \$ 158,000 of total unrecognized compensation cost related to nonvested shares granted. The cost is expected to be recognized over a weighted average period of 0.8 years.

The Company recognized stock-based compensation expense of \$ 696,000 for the nine months ended September 30, 2024, with \$ 460,000 included in "Employee compensation and benefits" and \$ 236,000 fully capitalized within "Software, net" on the statements of financial condition.

## **21. Related Party Disclosures**

### **KCA**

Gloria E. Gebbia, who is a director of Siebert, is the managing member of Kennedy Cabot Acquisition, LLC ("KCA"). As a result, KCA is an affiliate of the Company and is under common ownership with the Company. To gain efficiencies and economies of scale with billing and administrative functions, during 2023 KCA had an agreement with the Company to serve as a paymaster for the Company for payroll and related functions including serving as the sponsor for the Company's 401(k) plan. KCA passed through any expense or revenue related to this function to the subsidiaries of the Company proportionally. The Company incurred \$ 10,000 and \$ 40,000 of expenses related to these services for the three and nine months ended September 30, 2023. This agreement was terminated as of January 1, 2024.

KCA owns a license from the Muriel Siebert Estate / Foundation to use the names "Muriel Siebert & Co., Inc." and "Siebert" within business activities, which expires in 2025. For the use of these names, KCA passed through to the Company its cost of \$ 15,000 in both the three months ended September 30, 2024 and 2023. For both the nine months ended September 30, 2024 and 2023, KCA passed through to the Company its cost of \$ 45,000

Other than the above arrangements, KCA has earned no profit for providing any services to the Company as KCA passed through any revenue or expenses to the Company's subsidiaries for the three and nine months ended September 30, 2024 and 2023.

### **PW**

PW brokers the insurance policies for related parties. Revenue for PW from related parties was \$ 26,000 and \$ 8,000 for the three months ended September 30, 2024 and 2023, respectively. Revenue for PW from related parties was \$ 75,000 and \$ 99,000 for the nine months ended September 30, 2024 and 2023, respectively.

### **Gloria E. Gebbia, John J. Gebbia, and Gebbia Family Members**

The three sons of Gloria E. Gebbia and John J. Gebbia hold executive positions within the Company's subsidiaries and their compensation was in aggregate \$ 1,054,000 and \$ 748,000 for the three months ended September 30, 2024 and 2023, respectively. The compensation for the sons of Gloria E. Gebbia and John J. Gebbia was in aggregate \$ 2,593,000 and \$ 1,878,000 for the nine months ended September 30, 2024 and 2023, respectively. Part of their compensation includes payments related to key revenue streams.

On May 22, 2023, Gloria E. Gebbia issued a warrant to BCW Securities LLC, a Delaware limited liability company, to purchase 403,780 shares of common stock of the Company held by Gloria E. Gebbia at an exercise price of \$ 2.15 per share. Refer to Note 6 - Kakaopay Transaction for more information.

### **Gebbia Sullivan County Land Trust**

The Company operates on a month-to-month lease agreement for its branch office in Omaha, Nebraska with the Gebbia Sullivan County Land Trust, the trustee of which is a member of the Gebbia Family. For both the three months ended September 30, 2024 and 2023, rent expense was \$ 15,000 for this branch office. For both the nine months ended September 30, 2024 and 2023, rent expense was \$ 45,000 for this branch office.

The Company has completed construction of its branch office in Omaha, Nebraska. Refer to Note 9 – Property, Office Facilities, and Equipment, net for further detail.

### **Credit Agreement**

On August 15, 2024, the Company entered into the Credit Agreement with the Lender whereby John J. Gebbia and Gloria E. Gebbia, along with the John and Gloria Living Trust, are guaranteeing the Company's obligations under the Credit Agreement with the Lender. Refer to Note 19 - Commitments, Contingencies, and Other for more information.

### **Gebbia Entertainment, LLC**

On August 12, 2024, the Company acquired 100 % of GE, a music and entertainment company owned by John J. Gebbia, Gloria E. Gebbia, and David Gebbia. Refer to Note 3 – Business Combinations, for further detail.

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### **Kakaopay and Affiliates**

On April 27, 2023, the Company entered into the First Tranche Stock Purchase Agreement, pursuant to which the Company agreed to issue to Kakaopay the First Tranche Shares at a per share price of Two Dollars Fifteen Cents (\$ 2.15 ). Refer to Note 6 – Kakaopay Transaction for further details on the transaction. MSCO entered into an agreement whereby it would provide an omnibus trading account for Kakaopay's subsidiary, Kakao Pay Securities Corp., and provide trade execution services to Kakao Pay Securities Corp., subject to compliance with applicable U.S. laws, rules and regulations.

### **Tigress**

The Company has entered into various agreements and subsequent terminations with Tigress. Refer to Note 4 – Transaction with Tigress for further detail.

### **RISE**

In September 2022, MSCO and RISE entered into a clearing arrangement whereby RISE would introduce clients to MSCO. As part of the agreement, RISE deposited a clearing fund escrow deposit of \$ 50,000 to MSCO, and had excess cash of approximately \$ 1.2 million and \$ 1.0 million in its brokerage account at MSCO as of September 30, 2024 and December 31, 2023, respectively. The resulting asset of RISE and liability of MSCO is eliminated in consolidation.

## **22. Subsequent Events**

The Company has evaluated events that have occurred subsequent to September 30, 2024 and through November 12, 2024, the date of the filing of this Report.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying financial statements and related notes included under Part I, Item 1 of this Report. In addition to our historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in our 2023 Form 10-K, particularly in Part I, Item 1A – Risk Factors.

### **Overview**

We are a financial services company and provide a wide variety of financial services to our clients. We operate in business lines such as retail brokerage, investment advisory, insurance, and technology development through our wholly-owned and majority-owned subsidiaries.

Results in the businesses in which we operate are highly correlated to general economic conditions and, more specifically, to the direction of the U.S. equity and fixed-income markets. Market volatility, overall market conditions, interest rates, economic, political, and regulatory trends, and industry competition are among the factors which could affect us and which are unpredictable and beyond our control. These factors affect the financial decisions made by market participants who include investors and competitors, impacting their level of participation in the financial markets. 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, as well as 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.

### **Financial Overview**

Earnings per share were \$0.10 for the current quarter, compared to earnings per share of \$0.07 for the prior-year quarter. For the current quarter, our net revenues were \$22.6 million and operating income before taxes was \$4.8 million, compared to net revenues of \$18.1 million and operating income before taxes of \$4.3 million in the prior-year quarter.

Financial highlights as of September 30, 2024:

- Retail customer net worth increased by 10% to \$17.5 billion compared to December 31, 2023
- Stock borrow / stock loan increased by 44% to 5.8 million compared to the prior-year quarter
- Commissions and fees increased by 19% to \$2.3 million compared to the prior-year quarter

### **Trends and Key Factors Affecting our Operations**

#### **Market Risk**

Market risk is our risk of loss resulting from the impact of changes in market prices on our trading inventory and investment positions. We have exposure to market risk primarily through our broker-dealer trading operations. Through our broker-dealer subsidiary, we trade debt obligations and equity securities and maintain trading inventories to ensure availability of securities to facilitate client transactions. Inventory levels may fluctuate daily as a result of client demand. Our primary market risks relate to interest rates and equity prices. Equity risk results from changes in prices of equity securities, affecting the value of the equity securities and other instruments that derive their value from a particular stock.

We may enter into underwriting commitments and, as a result, we may be subject to market risk on any unsold securities issued in the offerings to which we are committed. Risk exposure is controlled by limiting our participation, the transaction size, or through the syndication process.

#### **Interest Rate Risk**

We are exposed to market risk from changes in interest rates. Such changes in interest rates primarily impact revenue from interest, marketing, and distribution fees. We primarily earn interest, marketing and distribution fees from margin interest charged on clients' margin balances, interest on cash and securities segregated for regulatory purposes, and distribution fees from money market mutual funds in clients' accounts. Securities segregated for regulatory purposes consist solely of U.S. government securities. If prices of U.S. government securities within our portfolio decline, we anticipate the impact to be temporary as we intend to hold these securities to maturity. We seek to mitigate this risk by managing the average maturities of our U.S. government securities portfolio and setting risk parameters for securities owned, at fair value.

The following table presents simulated changes to net interest revenue over the next 12 months beginning September 30, 2024 and December 31, 2023 of a gradual increase or decrease in market interest rates relative to prevailing market rates at the end of each reporting period:

	<b>As of</b>	
	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Increase of 200 basis points	26%	35%
Increase of 100 basis points	12%	19%
Increase of 50 basis points	6%	4%
Decrease of 50 basis points	(8)%	(3)%
Decrease of 100 basis points	(14)%	(11)%
Decrease of 200 basis points	(28)%	(26)%

The difference in our simulated incremental increases and decreases in the market interest rates as of September 30, 2024 compared to December 31, 2023 is primarily due to an increase in the proportion of segregated cash to segregated securities and an increase in the proportion of

margin debit balances to cash credit balances.

#### **Technology Initiatives**

At the end of 2023, we hired new technology personnel, changed our primary software development vendor, and made investments in technology development.

Some of these technology investments include the development of a Siebert mobile retail trading application, online platform for our retail customer base and corporate services clients, as well as upgrades to our technological and operational infrastructure to support these platforms and future growth. We believe that these ongoing investments in technology will be key in meeting the needs of our retail customers, correspondent clearing, corporate services as well as our expansion into new markets and demographics.

#### **Client Account and Activity Metrics**

The following tables set forth metrics we use in analyzing our client account and activity trends for the periods indicated.

##### **Client Account Metrics**

	<b>As of</b>	
	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Retail customer net worth (in billions)	\$ 17.5	\$ 15.9
Retail customer margin debit balances (in billions)	\$ 0.4	\$ 0.3
Retail customer credit balances (in billions)	\$ 0.4	\$ 0.5
Retail customer money market fund value (in billions)	\$ 0.8	\$ 0.7
Retail customer accounts	158,594	153,727

- Retail customer net worth represents the total value of securities and cash in the retail customer accounts after deducting margin debits
- Retail customer margin debit balances represent credit extended to our customers to finance their purchases against current positions
- Retail customer credit balances represent client cash held in brokerage accounts
- Retail customer money market fund value represents all retail customers accounts invested in money market funds
- Retail customer accounts represent the number of retail customers

#### **Statements of Operations and Financial Condition**

##### **Statements of Operations for the Three Months Ended September 30, 2024 and 2023**

###### **Revenue**

Commissions and fees for the three months ended September 30, 2024 were \$2,270,000 and increased by \$367,000 from the corresponding period in the prior year, primarily due to strong market conditions.

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Interest, marketing and distribution fees for the three months ended September 30, 2024 were \$8,350,000 and increased by \$1,156,000 from the corresponding period in the prior year primarily due to an increase in interest income received on U.S. government securities and bank deposits.

Principal transactions and proprietary trading for the three months ended September 30, 2024 were \$4,197,000 and increased by \$444,000 from the corresponding period in the prior year, primarily due to the factors discussed below.

The increase in realized and unrealized gain on primarily riskless principal transactions was primarily due to strong market conditions. The increase in unrealized gain on our portfolio of U.S. government securities was due to the following. We invested in 1-year treasury bills and 2-year treasury notes in order to enhance our yield on excess 15c3-3 deposits. During 2022, there was an increase in U.S. government securities yields, which created an unrealized loss on our U.S. government securities portfolio. In 2023, we began to record substantially all of the reversal of the unrealized loss resulting in an unrealized gain due to the securities coming closer to maturity. We continually invest in US government securities based on market yields and cash needs.

Below is a summary of the change in the principal transactions and proprietary trading line item for the periods presented.

	<b>Three Months Ended September 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>
Principal transactions and proprietary trading			
Realized and unrealized gain on primarily riskless principal transactions	\$ 3,865,000	\$ 2,657,000	\$ 1,208,000
Realized and unrealized gain on portfolio of U.S. government securities	332,000	1,096,000	(764,000)
Total Principal transactions and proprietary trading	\$ 4,197,000	\$ 3,753,000	\$ 444,000

Market making for the three months ended September 30, 2024 was \$597,000 and increased by \$374,000 from the corresponding period in the prior year, primarily due to strong equity markets.

Stock borrow / stock loan for the three months ended September 30, 2024 was \$5,784,000 and increased by \$1,776,000 from the corresponding period in the prior year, primarily due to growth in stock locate services.

Advisory fees for the three months ended September 30, 2024 were \$629,000 and increased by \$123,000 from the corresponding period in the prior year, primarily due to growth in platform assets.

Other income for the three months ended September 30, 2024 was 733,000 and increased by \$270,000 from the corresponding period in the prior year, primarily due to fees related to administrative services.

## Operating Expenses

Employee compensation and benefits for the three months ended September 30, 2024 were \$11,886,000 and increased by \$3,163,000 from the corresponding period in the prior year, primarily due to an increase in commission payouts, executive compensation, as well as additional personnel related to technology initiatives.

Clearing fees, including execution costs for the three months ended September 30, 2024 were \$345,000 and decreased by \$236,000 from the corresponding period in the prior year, primarily due to a reduction in volume.

Technology and communications expenses for the three months ended September 30, 2024 were \$1,147,000 and increased by \$320,000 from the corresponding period in the prior year, primarily due to an expansion of technological infrastructure.

Other general and administrative expenses for the three months ended September 30, 2024 were \$1,070,000 and decreased by \$38,000 from the corresponding period in the prior year.

Data processing expenses for the three months ended September 30, 2024 were \$894,000 and increased by \$169,000 from the corresponding period in the prior year, primarily due to increased market activities.

Rent and occupancy expenses for the three months ended September 30, 2024 were \$365,000 and decreased by \$102,000 from the corresponding period in the prior year, primarily due to the expiration of short term leases.

Professional fees for the three months ended September 30, 2024 were \$1,464,000 and increased by \$485,000 from the corresponding period in the prior year primarily due to an increase in legal and accounting fees offset by an decrease in consulting services.

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Depreciation and amortization expenses for the three months ended September 30, 2024 were \$350,000 and increased by \$85,000 from the corresponding period in the prior year, primarily due to an increase in depreciation related to office facilities in 2024.

Interest expense for the three months ended September 30, 2024 was \$72,000 and increased by \$32,000 from the corresponding period in the prior year, primarily due to the interest related to an agreement with Kakaopay in 2024.

Advertising and promotion expense for the three months ended September 30, 2024 was \$128,000 and increased by \$66,000 from the corresponding period in the prior year, primarily due to a reversal related to advertising expenses in 2023 as well as an increase in marketing initiatives in 2024.

## Provision For (Benefit From) Income Taxes

The provision from income taxes for the three months ended September 30, 2024 was \$1,005,000 and decreased by \$511,000 from the corresponding period in the prior year. The change from the corresponding period in the prior year is primarily due to the impact of finalizing the prior year tax filings in the third quarter of 2024. Refer to Note 16 – Income Taxes for additional detail.

## Net Income (Loss) Attributable to Noncontrolling Interests

As further discussed in Note 1 – Organization and Basis of Presentation, we consolidate RISE's financial results into our financial statements and reflect the portion of RISE not held by Siebert as a noncontrolling interest in our financial statements. The net income attributable to noncontrolling interests for the three months ended September 30, 2024 was \$8,000, and increased by \$12,000 from the corresponding period in the prior year.

## Statements of Operations for the Nine Months Ended September 30, 2024 and 2023

### Revenue

Commissions and fees for the nine months ended September 30, 2024 were \$7,173,000 and increased by \$1,566,000 from the corresponding period in the prior year, primarily due to strong market conditions.

Interest, marketing and distribution fees for the nine months ended September 30, 2024 were \$24,948,000 and increased by \$3,365,000 from the corresponding period in the prior year primarily due to an increase in interest income received on U.S. government securities and bank deposits.

Principal transactions and proprietary trading for the nine months ended September 30, 2024 were \$11,277,000 and increased by \$2,070,000 from the corresponding period in the prior year, primarily due to the factors discussed below.

The increase in realized and unrealized gain on primarily riskless principal transactions was primarily due to strong market conditions. The increase in unrealized gain on our portfolio of U.S. government securities was due to the following. We invested in 1-year treasury bills and 2-year treasury notes in order to enhance our yield on excess 15c3-3 deposits. During 2022, there was an increase in U.S. government securities yields, which created an unrealized loss on our U.S. government securities portfolio. In 2023, we began to record substantially all of the reversal of the unrealized loss resulting in an unrealized gain due to the securities coming closer to maturity. We continually invest in US government securities based on market yields and cash needs.

Below is a summary of the change in the principal transactions and proprietary trading line item for the periods presented.

	Nine Months Ended September 30		
	2024	2023	Increase (Decrease)
Principal transactions and proprietary trading			
Realized and unrealized gain on primarily riskless principal transactions	\$ 10,788,000	\$ 6,642,000	\$ 4,146,000
Realized and unrealized gain on portfolio of U.S. government securities	489,000	2,565,000	(2,076,000)
Total Principal transactions and proprietary trading	\$ 11,277,000	\$ 9,207,000	\$ 2,070,000

Market making for the nine months ended September 30, 2024 was \$1,706,000 and increased by \$870,000 from the corresponding period in the prior year, primarily due to strong equity markets.

Stock borrow / stock loan for the nine months ended September 30, 2024 was \$14,578,000 and increased by \$2,615,000 from the corresponding period in the prior year, primarily due to a growth in stock locate services.

Advisory fees for the nine months ended September 30, 2024 were \$1,670,000 and increased by \$249,000 from the corresponding period in the prior year, primarily due to growth in platform assets.

Other income for the nine months ended September 30, 2024 was \$2,527,000 and increased by \$1,332,000 from the corresponding period in the prior year, primarily due to fees related to administrative services.

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#### *Operating Expenses*

Employee compensation and benefits for the nine months ended September 30, 2024 were \$32,569,000 and increased by \$8,799,000 from the corresponding period in the prior year, primarily due to an increase in commission payouts, executive compensation, as well as additional personnel related to technology initiatives.

Clearing fees, including execution costs for the nine months ended September 30, 2024 were \$1,011,000 and decreased by \$254,000 from the corresponding period in the prior year, primarily due to a reduction in volume.

Technology and communications expenses for the nine months ended September 30, 2024 were \$2,903,000 and increased by \$494,000 from the corresponding period in the prior year, primarily due to an expansion of technological infrastructure.

Other general and administrative expenses for the nine months ended September 30, 2024 were \$3,169,000 and decreased by \$151,000 from the corresponding period in the prior year, primarily due to a decrease in office expenses.

Data processing expenses for the nine months ended September 30, 2024 were \$2,377,000 and increased by \$60,000 from the corresponding period in the prior year, primarily due to increased market activities.

Rent and occupancy expenses for the nine months ended September 30, 2024 were \$1,240,000 and decreased by \$196,000 from the corresponding period in the prior year, primarily due to a discontinued rent expense related to the temporary Miami office.

Professional fees for the nine months ended September 30, 2024 were \$3,741,000 and increased by \$681,000 from the corresponding period in the prior year primarily due to an increase in legal and accounting fees offset by a decrease in consulting services.

Depreciation and amortization expenses for the nine months ended September 30, 2024 were \$941,000 and increased by \$225,000 from the corresponding period in the prior year, primarily due to an increase in depreciation related to office facilities in 2024.

Interest expense for the nine months ended September 30, 2024 was \$183,000 and decreased by \$39,000 from the corresponding period in the prior year, primarily due to the repayment of a loan with East West Bank in the second quarter of 2023.

Advertising and promotion expense for the nine months ended September 30, 2024 was \$225,000 and increased by \$173,000 from the corresponding period in the prior year, primarily due to a reversal related to advertising expenses in 2023 as well as an increase in marketing initiatives in 2024.

#### *Non-Operating Income (Loss)*

The earnings of equity method investment in related party for the nine months ended September 30, 2024 was \$0 and decreased by \$111,000 from the corresponding period in the prior year, primarily due to the exit of our investment in Tigress in the third quarter of 2023.

The impairment of investment for the nine months ended September 30, 2024 was \$0 and decreased by \$1,035,000 from the corresponding period in the prior year, primarily due to the impairment of our investment in a trading technology provider and the impairment of our investment in Tigress occurring in 2023.

#### *Provision For (Benefit From) Income Taxes*

The provision from income taxes for the nine months ended September 30, 2024 was \$3,952,000 and increased by \$331,000 from the corresponding period in the prior year. The change from the corresponding period in the prior year is primarily due to increased pre-tax earnings in the nine months ending September 30, 2024. Refer to Note 16 – Income Taxes for additional detail.

#### *Net Income (Loss) Attributable to Noncontrolling Interests*

As further discussed in Note 1 – Organization and Basis of Presentation, we consolidate RISE's financial results into our financial statements and reflect the portion of RISE not held by Siebert as a noncontrolling interest in our financial statements. The net income attributable to noncontrolling interests for the nine months ended September 30, 2024 was \$14,000, and decreased by \$26,000 from the corresponding period in the prior year.,

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#### *Statements of Financial Condition As of September 30, 2024 and December 31, 2023*

##### *Assets*

Assets as of September 30, 2024 were \$579,156,000 and decreased by \$222,644,000 from December 31, 2023, primarily due to a decrease in cash and securities segregated for regulatory purposes and securities borrowed.

##### *Liabilities*

Liabilities as of September 30, 2024 were \$495,833,000 and decreased by \$235,258,000 from December 31, 2023, primarily due to a decrease in payables to customers and securities loaned.

## Liquidity and Capital Resources

### Overview

As of September 30, 2024, a significant portion of our assets were liquid in nature, providing us with flexibility in financing our business. A significant portion of our assets not held by customers or used for stock borrow / stock loan consisted primarily of cash and cash equivalents, securities owned, at fair value, which are marked-to-market daily, and receivables from and deposits with broker-dealers and clearing organizations.

We expect to use our available cash, cash equivalents, and potential future borrowings under our debt agreements and potential issuance of new debt or equity, to support and invest in our core business, including investing in new ways to serve our customers, potentially seeking strategic acquisitions to leverage existing capabilities, and for general capital needs (including capital, deposit, and collateral requirements imposed by regulators and SROs).

Based on our current level of operations, we believe our available cash, available lines of credit, overall access to capital markets, and cash provided by operations will be adequate to meet our current liquidity needs for the foreseeable future. As of the date of this Report, other than the items detailed in the section below, there are no known or material events that would require us to use large amounts of our liquid assets to cover expenses.

### Kakaopay

The net capital infusion from Kakaopay to Siebert from the First Tranche transaction was approximately \$14.8 million after the issuance cost. This capital is currently being used to enhance our regulatory capital, and is primarily invested in U.S. government securities and is in the line item "Securities owned, at fair value" on the statements of financial condition. Refer to Note 5 – Kakaopay Transaction in our 2023 Form 10-K for further detail.

### Credit Agreement

On August 15, 2024, we entered into the Credit Agreement with East West Bank providing a \$20 million revolving credit facility, which offers substantial financial flexibility to support our strategic initiatives. This credit facility allows the Company to fund acquisitions, execute stock buybacks, and meet general corporate needs up to \$10 million, ensuring access to capital for both growth and operational purposes. The two-year term of the Credit Agreement, combined with a competitive interest rate structure that is tied to either the one-month Term SOFR plus 3.15% or a minimum of 7.50%, provides a stable and predictable financing source. The personal guarantees provided by key executives, John J. Gebbia and Gloria E. Gebbia, and their trust, further strengthen the Company's borrowing position and help secure favorable terms.

### Cash and Cash Equivalents

Our cash and cash equivalents were \$4.4 million and \$5.7 million as of September 30, 2024 and December 31, 2023, respectively.

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### Debt Agreements

We have \$4.2 million outstanding on our mortgage with East West Bank and an unutilized line of credit for short term overnight demand borrowing of up to \$25 million with BMO Harris as of September 30, 2024. As of September 30, 2024, we were in compliance with all covenants related to our mortgage agreement.

### Cash Requirements

The following table summarizes our short- and long-term material cash requirements as of September 30, 2024.

	Payments Due By Period						
	2024	2025	2026	2027	2028	Thereafter	Total
Operating lease commitments	\$ 209,000	\$ 909,000	\$ 694,000	\$ 520,000	\$ 443,000	\$ —	\$ 2,775,000
Kakaopay fee (1)	1,000,000	2,000,000	1,000,000	—	—	—	4,000,000
Mortgage with East West Bank (2)	22,000	88,000	91,000	95,000	98,000	3,855,000	4,249,000
Technology vendors (3)	39,000	1,521,000	—	—	—	—	1,560,000
Broadridge contract (4)	102,000	407,000	170,000	—	—	—	679,000
Total	<u>\$ 1,372,000</u>	<u>\$ 4,925,000</u>	<u>\$ 1,955,000</u>	<u>\$ 615,000</u>	<u>\$ 541,000</u>	<u>\$ 3,855,000</u>	<u>\$13,263,000</u>

(1) Pursuant to the Settlement Agreement with Kakaopay, we will pay Kakaopay a fee of \$5 million payable in ten quarterly installments beginning in the first quarter of 2024. Refer to Note 5 – Kakaopay Transaction in our 2023 Form 10-K for further detail.

(2) On December 30, 2021, we purchased the Miami office building and financed part of the purchase price with a mortgage with East West Bank.

(3) We have entered into agreements with technology vendors for certain development projects related to our Retail Platform. As of September 30, 2024, we have incurred approximately \$2.8 million out of the \$4.4 million total budget for these vendors.

(4) In June 2023, we entered into an amendment to its service agreement with Broadridge Securities Processing Solutions, LLC with a total minimum expense of approximately \$1.2 million for this arrangement.

### Shelf Registration Statement

On February 18, 2022, we filed a shelf registration statement on Form S-3 that was declared effective on March 2, 2022 by the SEC for the potential offering, issuance and sale by Siebert of up to \$100.0 million of our common stock, preferred stock, warrants to purchase our common stock and/or preferred stock, units consisting of all or some of these securities and subscription rights to purchase all or some of these securities. However, since we filed the 2023 Form 10-K after its scheduled due date, we no longer satisfy the eligibility requirements for use of registration statements on Form S-3, which requires that we file in a timely manner all reports required to be filed during the prior twelve calendar months. As a result, we have suspended use of the shelf registration statement.

### Net Capital, Reserve Accounts, Segregation of Funds, and Other Regulatory Requirements

MSCO is subject to the Uniform Net Capital Rules of the SEC (Rule 15c3-1) and the Customer Protection Rule (15c3-3) of the Exchange Act and

maintains capital and segregated cash reserves in excess of regulatory requirements. Requirements under these regulations may vary; however, MSCO has adequate reserves and contingency funding plans in place to sufficiently meet any regulatory requirements. In addition to net capital requirements, as a self-clearing broker-dealer, MSCO is subject to cash deposit and collateral requirements with clearing houses, such as the DTCC and OCC, which may fluctuate significantly from time to time based upon the nature and size of clients' trading activity and market volatility. RISE, as a member of FINRA, is subject to the SEC Uniform Net Capital Rule 15c3-1 and the corresponding regulatory capital requirements.

MSCO can transfer funds to Siebert as long as MSCO maintains its liquidity and regulatory capital requirements. RISE can transfer funds to its shareholders, of which Siebert is entitled to its proportional ownership interest, as long as RISE maintains its liquidity and regulatory capital requirements. For the three and nine months ended September 30, 2024 and 2023, MSCO and RISE had sufficient net capital to meet their respective liquidity and regulatory capital requirements. Refer to Note 17 – Capital Requirements for more detail about our capital requirements.

### **Cash Flows**

Cash used in operating activities consisted of net income adjusted for certain non-cash items. Net operating assets and liabilities at any specific point in time are subject to many variables, including variability in customer activity, the timing of cash receipts and payments, and vendor payment terms. The total changes in our statements of cash flows, especially our operating cash flow, are not necessarily indicative of the ongoing results of our business as we have customer assets and liabilities on our statements of financial condition.

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For the nine months ended September 30, 2024, cash used in operating activities decreased by \$15.9 million compared to the prior year period, which was primarily driven by the net change in securities borrowed and securities loaned, receivables from broker-dealers and clearing organizations, receivables from customers, payables to non-customers and securities owned, at fair value.

For the nine months ended September 30, 2024, cash used in investing activities increased by \$3.4 million compared to the prior year period, which was primarily driven by the purchase of software related to the Retail Platform as well as the acquisition of GE in 2024.

For the nine months ended September 30, 2024, cash flows used in financing activities decreased by \$13.1 million compared to 2023, which was primarily driven by the issuance of shares related to the transaction with Kakaopay in 2023.

### **Long Term Contracts**

Effective August 1, 2021, MSCO entered into an amendment to its clearing agreement with NFS that, among other things, extends the term of their arrangement for an additional four-year period commencing on August 1, 2021 and ending July 31, 2025. As part of this agreement, we received a one-time business development credit of \$3 million, and NFS will pay us four annual credits of \$100,000 over the term of the agreement. The amendment also provides for an early termination fee; however, as of September 30, 2024, we do not expect to terminate the contract with NFS before the end of the contract term. Refer to Note 14 – Deferred Contract Incentive and Note 19 – Commitments, Contingencies and Other for additional detail.

Effective June 2023, MSCO entered into an amendment to its service agreement with Broadridge Securities Processing Solutions, LLC that, among other things, extends the term of their arrangement for a five-year period ending June 2028, with an option to terminate after three years. The total minimum expense for this arrangement is estimated at approximately \$1.2 million over the duration of the contract.

### **Off-Balance Sheet Arrangements**

We enter into various transactions to meet the needs of customers, conduct trading activities, and manage market risks and are, therefore, subject to varying degrees of market and credit risk. In the normal course of business, our customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose us to off-balance sheet risk in the event the customer or other broker is unable to fulfill their contracted obligations and we are forced to purchase or sell the financial instrument underlying the contract at a loss. There were no material losses for unsettled customer transactions for the three and nine months ended September 30, 2024 and 2023. Refer to Note 18 – Financial Instruments with Off-Balance Sheet Risk for additional detail.

### **Uncertain Tax Positions**

We account for uncertain tax positions in accordance with the authoritative guidance issued under ASC 740-10, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. We may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure requirements.

We recognize interest and penalties related to unrecognized tax benefits on the provision for income taxes line on the statements of operations. Accrued interest and penalties would be included on the related tax liability line on the statements of financial condition.

As of both September 30, 2024 and December 31, 2023, the Company recorded an uncertain tax position of \$1,405,000 related to various tax matters, which is included in the line item "Taxes payable" in the statements of financial condition.

### **Critical Accounting Policies and Estimates**

Certain of our accounting policies that involve a higher degree of judgment and complexity are discussed in Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K. As of September 30, 2024, there have been no changes to our critical accounting policies or estimates.

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### **New Accounting Standards**

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. This ASU is effective for all entities for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024.

Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating this ASU to determine its impact on the Company's disclosures.

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"). The ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in the ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for us for annual periods beginning after December 15, 2024, though early adoption is permitted. We are still evaluating the presentational effect that ASU 2023-09 will have on our consolidated financial statements, but we expect considerable changes to our income tax footnote.

Refer to Note 2 – New Accounting Standards for additional information regarding new ASUs issued by the FASB.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### **Financial Instruments Held For Trading Purposes**

We do not directly engage in derivative transactions, have no interest in any special purpose entity and have no liabilities, contingent or otherwise, for the debt of another entity.

#### **Financial Instruments Held For Purposes Other Than Trading**

We generally invest our cash and cash equivalents temporarily in dollar denominated bank account(s). These investments are not subject to material changes in value due to interest rate movements.

We invest cash and securities segregated for regulatory purposes in dollar denominated bank accounts which are not subject to material changes in value due to interest rate movements. We also invest cash and securities segregated for regulatory purposes and securities owned, at fair value in U.S. government securities which may be subject to material changes in value due to interest rate movements. Securities owned, at fair value invested in U.S. government securities are generally purchased to enhance yields on required regulatory deposits. While the value of the government securities may be subject to material changes in value, we believe any reduction in value would be temporary since the securities would mature at par value.

Customer transactions are cleared through clearing brokers on a fully disclosed basis and are also self-cleared by MSCO. If customers do not fulfill their contractual obligations any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy customer obligations may be incurred by Siebert. We regularly monitor the activity in customer accounts for compliance with margin requirements. We are 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 the last five years.

See "Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations - Trends and Key Factors Affecting our Operations" of this Report for our quantitative and qualitative disclosures about market risk.

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### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Executive Vice President / 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(e) or Rule 15d-15(e) of the Exchange Act. Based on its evaluation, our management, including our Chief Executive Officer and our Executive Vice President / Chief Financial Officer, concluded that as of the end of the period covered by this quarterly report, our disclosure controls and procedures were ineffective, based on the material weaknesses in internal control over financial reporting as previously disclosed in our 2023 Form 10-K.

#### **Ongoing Remediation of Previously Identified Material Weakness**

Management is in the process of implementing the following measures to ensure that the control deficiencies contributing to the material weakness are remediated: (i) designing and implementing controls related to provisioning, privileged access, and user access reviews, (ii) developing an enhanced risk assessment process to evaluate logical access, and (iii) improving the existing training program associated with control design and implementation. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation will be completed as of the year-ended December 31, 2024.

#### **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

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### **PART II - OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS**

We are party to certain claims, suits and complaints arising in the ordinary course of business.

As of the date of this Report, we do not expect that these claims, suits and complaints will have a material impact on our results of operations or financial position.

#### **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this Report, investors should carefully consider the risk factors discussed in Part I, Item 1A - Risk Factors in our 2023 Form 10-K and under Part II, Item 1A. of our Form 10-Qs. Each of such risk factors could materially affect our business, financial position, and results of operations. As of the date of this Report, there have been no material changes from the risk factors disclosed in our 2023 Form 10-K.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

None of our directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the three and nine months ended September 30, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

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## ITEM 6. EXHIBITS

Exhibit No.	Description of Document
10.44	<a href="#">East West Loan and Security Agreement, dated July 29, 2024 (incorporated by reference to Exhibit 10.44 to the Company's Current Report on Form 8-K (File No. 000-05703) filed on August 20, 2024).</a>
10.45	<a href="#">East West Revolver Note Agreement, dated July 29, 2024 (incorporated by reference to Exhibit 10.45 to the Company's Current Report on Form 8-K (File No. 000-05703) filed on August 20, 2024).</a>
10.46	<a href="#">Continuing Guaranty, dated July 29, 2024 (incorporated by reference to Exhibit 10.46 to the Company's Current Report on Form 8-K (File No. 000-05703) filed on August 20, 2024).</a>
31.1**	<a href="#">Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2**	<a href="#">Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**#	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**#	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded with Inline XBRL document).

\*\* Filed herewith

# This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

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## SIGNATURES

Pursuant to the requirements 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/ John J. Gebbia

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John J. Gebbia  
Chief Executive Officer  
(Principal executive officer)

By: /s/ Andrew H. Reich

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Andrew H. Reich  
Executive Vice President, Chief Operating Officer,  
Chief Financial Officer, and Secretary  
(Principal financial and accounting officer)

Dated: November 12, 2024



# EASTWEST BANK

## LOAN AND SECURITY AGREEMENT

by and between

**SIEBERT FINANCIAL CORP.,**  
as Borrower

and

**EAST WEST BANK,**  
as Bank

Dated as of July 29, 2024

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## LOAN AND SECURITY AGREEMENT

This **LOAN AND SECURITY AGREEMENT** (this "Agreement"), dated as of July 29, 2024, is entered into by and between **EAST WEST BANK**, a California banking corporation ("Bank") and **SIEBERT FINANCIAL CORP.**, a New York corporation ("Borrower"), with reference to the following facts:

### RECITALS

A. Borrower has requested that Bank make revolver loans in an aggregate principal amount not to exceed the Revolver Cap, the proceeds of which Borrower will use (a) to pay a portion of the purchase consideration payable in connection with any Proposed Acquisition or Permitted Stock Buyback and (b) for general corporate purposes in an amount not to exceed Ten Million Dollars (\$10,000,000); and

B. Bank is willing to provide or make such loans and other financial accommodations to Borrower for such purposes on the terms and subject to the conditions set forth herein.

### AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

#### 1. DEFINITIONS AND CONSTRUCTION.

**1.1 Definitions.** As used in this Agreement, capitalized terms shall have the respective meanings set forth on Exhibit A. The terms "Account Debtor," "Chattel Paper," "Commercial Tort Claims," "Control," "Control Agreement," "Deposit Accounts," "Documents," "Electronic Chattel Paper," "Fixtures," "General Intangibles," "Goods," "Instruments," "Inventory," "Investment Property," "Letter-of-Credit Right," "Proceeds," "Security Certificate," "Intangible Chattel Paper," and any other term defined in the UCC and used herein without definition shall have the respective meanings given to such terms in the UCC.

**1.2 Accounting Terms.** Any accounting term not specifically defined on Exhibit A shall be construed in accordance with GAAP, and all financial covenant calculations shall be made in accordance with GAAP. The term "financial statements" shall include the accompanying notes and schedules.

**1.3 Other Definitional Terms; Rules of Interpretation.** The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections, subsections, Exhibits, Schedules and the like, are to Sections and subsections of, or Exhibits or Schedules attached to, this Agreement unless otherwise expressly provided. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." Unless the context in which used herein otherwise clearly requires, "or" has the inclusive meaning represented by the phrase "and/or." Defined terms include in the singular number the plural and in the plural number the singular. Reference to any agreement (including the Loan Documents), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof (and, if applicable, in accordance with the terms hereof and the other Loan Documents), except where otherwise explicitly provided, and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor. Reference to any law, rule, regulation,

order, decree, requirement, policy, guideline, directive or interpretation means as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect on the determination date, including rules and regulations promulgated thereunder.

## 2. LOANS AND TERMS OF PAYMENT.

### 2.1 Credit Extension.

(a) Promise to Pay. Borrower hereby unconditionally promises to pay to Bank, in lawful money of the United States of America, the aggregate unpaid principal amount of all Credit Extensions made by Bank to Borrower, together with accrued and unpaid interest on the unpaid principal amount of such Credit Extensions at the rates set forth herein, and all other Obligations owing by Borrower to Bank, in each case as and when due in accordance with the terms hereof.

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(b) Advances under Revolver Line. Subject to and upon the terms and conditions of this Agreement, Borrower may request Advances in an aggregate outstanding amount at any time not to exceed the Revolver Cap. Amounts borrowed pursuant to this Section 2.1(b) may be repaid and reborrowed at any time prior to the Revolver Maturity Date. On the Revolver Maturity Date, all outstanding Obligations under this Section 2.1(b) shall be immediately due and payable. Borrower may prepay Advances under this Section 2.1(b) at any time without prepayment premium or penalty. Interest shall accrue from the date of each Advance at the rate specified in Section 2.1(d) and shall be payable in accordance with Section 2.2.

(c) Form of Advance Request. Whenever Borrower desires an Advance under this Section 2.1(c), Borrower will notify Bank by e-mail transmission of a completed an advance request in the form of Exhibit D attached hereto (each, a "Advance Request") no later than 4:00 p.m. Pacific time on the Business Day that an Advance is to be made. Bank is authorized to make Advances under this Agreement based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's reasonable discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. Bank shall be entitled to rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances made under this Section 2.1(c) to such deposit account or Obligation as Borrower specifies.

(d) Interest Rate. Except as set forth in Section 2.2(e), each Advance shall bear interest, on the outstanding daily balance thereof, at a rate of interest per annum equal to the greater of: (a) SOFR plus 3.15% and (b) 7.50%.

(e) Default Rate. All Obligations shall bear interest, from and after the occurrence and during the continuance of an Event of Default, until such time that such Event of Default has been remedied to Bank's satisfaction, as determined by Bank in its sole discretion or all outstanding Obligations have been paid in full, at a rate equal to three (3) percentage points above the respective interest rates applicable immediately prior to the occurrence of the Event of Default.

(f) Computation of Interest. All interest chargeable under the Loan Documents shall be computed on the basis of a 360 day year for the actual number of days elapsed.

(g) Inability to Determine SOFR. Notwithstanding anything herein to the contrary, in the event that (i) the Index is permanently or indefinitely unavailable or unascertainable, (ii) the Index can no longer be lawfully relied upon in contracts of this nature by one or both of the parties, or (iii) the Index does not accurately and fairly reflect the cost of making or maintaining the type of loans or advances under this Agreement and in any such case, such circumstances are unlikely to be temporary, then all references to the interest rate herein will instead be to a replacement rate determined by Bank in its sole judgment, including any adjustment to the replacement rate to reflect a different credit spread, term or other mathematical adjustment deemed necessary by the Bank in its sole judgment. Bank will provide reasonable notice to Borrower of such replacement rate, which will be effective on the date of the earliest event set forth in clauses (i)-(iii) of this paragraph. If there is any ambiguity as to the date of occurrence of any such event, Bank's judgment will be dispositive. Bank may also from time to time, in Bank's sole discretion, make any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length or applicability of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) ("Conforming Changes") that Bank decides may be appropriate to reflect the adoption and implementation of such replacement rate and to permit the administration of the loans by Bank an administratively and operationally practicable manner. If there is any ambiguity as to the date of occurrence of any such event, Bank's judgment will be dispositive. Bank does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the administration of, submission of, calculation of or any other matter related to any replacement rate, any component definition thereof or rates referenced in the definition thereof or any alternative, comparable or successor rate thereto, including whether the composition or characteristics of any such alternative, comparable or successor rate will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as the immediately preceding interest index rate or any other interest rate index, or (b) the effect, implementation or composition of any Conforming Changes.

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(h) Additional Conditions on Advances. In addition to the conditions precedent set forth in Section 3, Bank shall have no obligation to make a requested Advance if:

- (i) After giving effect to the requested Advance, the aggregate amount of the outstanding Advances would exceed Revolver Cap;
- (ii) Solely with respect to a requested Advance for a Proposed Acquisition, any of the following apply:
  - a. the Required Documentation either (x) has not been delivered to Bank at least fifteen (15) Business Days prior to the date that Borrower requests such Advance be funded; or (y) is not in form and substance reasonably satisfactory to Bank;
  - b. Either (x) true and correct copies of the fully executed Acquisition Documents with respect to the Proposed Acquisition have not been delivered to Bank at least five (5) Business Days prior to the date that Borrower requests such Advance be funded, or (y) such Acquisition Documents are not in form and substance reasonably satisfactory to Bank; and
  - c. Either (x) a true and correct copy of the fully executed Acquisition Certificate with respect to the Proposed Acquisition has not been delivered to Bank at least one (1) Business Day prior to the date that Borrower requests such Advance be funded, or (y) such Acquisition Certificate is not in form and substance reasonably satisfactory to Bank.

(i) Solely with respect to a requested Advance for a Permitted Stock Buyback, the following applies:

a. Either (x) such Permitted Stock Buyback Certificate is not in form and substance reasonably satisfactory to Bank or (y) the Borrower has not delivered notice to Bank of such Permitted Stock Buyback concurrently with any announcement made by Borrower to the SEC or any other relevant Governmental Authority.

(j) **Mandatory Prepayment Upon an Acceleration.** If the Obligations are accelerated following the occurrence and during the continuation of an Event of Default pursuant to Section 8.1, Borrower shall immediately pay to Bank an amount equal to the sum of: (i) all outstanding principal plus accrued but unpaid interest, plus (ii) all other sums, if any, that shall have become due and payable, including Bank Expenses and interest at the default rate described in Section 2.1(e) with respect to any past due amounts.

## 2.2 Payments.

(a) Interest hereunder on each Advance shall be due and payable on the first Business Day of each month during the term hereof.

(b) Bank shall, at its option, charge any interest, all Bank Expenses, all Periodic Payments and all other Obligations against any of Borrower's deposit accounts or against the Revolver Line, in which case those amounts shall thereafter accrue interest at the highest rate chargeable hereunder. Any interest not paid when due shall be compounded by becoming part of the Obligations, and such interest shall thereafter accrue interest at the interest rate set forth in Section 2.1(e).

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(c) Unless otherwise agreed or required by applicable Law, payments will be applied first to any accrued unpaid interest as shown on the most recent statement or bill provided to Borrower (if no statement or bill has been provided for any reason, it shall be applied to the unpaid interest accrued since the last payment); then to principal; then to any late charges; and then to any unpaid collection costs.

(d) Borrower will pay all amounts owing under the Loan Documents to Bank at Bank's address specified herein or at such other place as Bank may designate in writing.

(e) If at any time the aggregate balance of outstanding Advances taken as a whole exceeds the Revolver Cap, such excess principal amount shall be immediately due and payable to Bank without the necessity of any demand, whether or not an Event of Default has occurred.

## 2.3 Crediting Payments.

(a) Bank shall have the right, in its sole discretion, to immediately apply any wire transfer of funds, check, or other item of payment Bank may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 12:00 p.m. Pacific time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

## 2.4 Fees. Borrower shall pay to Bank the following:

(a) Origination Fee. On the Closing Date, a fee equal to one half of one percent (0.50%) of the Revolver Line (each an " Origination Fee".).

(b) Extension Fee. Subject to Section 2.7(b), if the Bank has agreed in writing to an extension of the Initial Term under the Revolver Maturity Date by the Renewal Term, a fee equal to one hundred twenty-five thousandths of one percent (0.125%) of the Revolver Line on the Approval Date.

(c) Bank Expenses. (i) On the Closing Date, all Bank Expenses incurred through the Closing Date, and (ii) after the Closing Date, all Bank Expenses, as and when they become due.

(d) Late Charges. If any amount payable under the Loan Document is more than ten (10) days late, Borrower will be charged six percent (6%) of the unpaid portion of such amount, or \$5.00, whichever is greater.

## 2.5 Additional Costs.

(a) If Bank shall determine that the adoption or implementation of any applicable Law, rule, regulation, or treaty regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by Bank (or its applicable lending office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on capital of Bank or any person or entity controlling Bank ("Bank's Parent") as a consequence of its obligations hereunder to a level below that which Bank (or Bank's Parent) could have achieved but for such adoption, change, or compliance (taking into consideration policies with respect to capital adequacy) by an amount deemed by Bank to be material, then from time to time, within five (5) days after demand by Bank, Borrower shall pay to Bank such additional amount or amounts as will compensate Bank for such reduction. Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith, and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) (including pursuant to Basel III) shall in each case be deemed to be a change in law for purposes of this Agreement, regardless of the date enacted, adopted or issued. A statement of Bank claiming compensation under this Section 2.5 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error.

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(b) Borrower authorizes Bank, at its sole option, to (i) debit an Advance on or after the Closing Date (ii) debit any other Borrower account with Bank, or (iii) make demand upon Borrower, for payment of all reasonable attorneys' fees and expenses incurred by Bank in connection with the

negotiation and documentation of the Revolver Line by counsel retained by Bank, which attorney's fees and expenses become due through the Closing Date and/or after the Closing Date.

## 2.6 Taxes.

(a) Withholding. Any and all payments by Borrower to or on account of any obligation of Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that, if Borrower shall be required by any applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then: (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.6(a)), Bank receives an amount equal to the sum it would have received had no such deductions been made; (ii) Borrower shall make such deductions; and (iii) Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

(b) Obligation to Pay. Without limiting the provisions of Section 2.6(a), Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) Indemnity. Borrower shall indemnify Bank, within ten days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Taxes imposed or asserted on or attributable to amounts payable under this Section 2.6) paid by Bank and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Bank shall be conclusive absent manifest error.

(d) Receipts. If requested in writing by Bank, Borrower shall deliver to Bank, as soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Bank.

(e) Refunds. If Bank receives a refund of any Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section 2.6, it shall pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section 2.6 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out of pocket expenses of Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that Borrower, upon the request of Bank, agrees to repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Bank in the event Bank is required to repay such refund to such Governmental Authority. This Section 2.6(e) shall not be construed to require Bank to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrower or any other Person.

2.7 Term. This Agreement shall become effective on the Closing Date and shall continue in full force and effect for so long as any Obligations remain outstanding under the Agreement. Notwithstanding the foregoing:

(a) Bank shall have no obligation to make any Advance after the Revolver Maturity Date,

(b) At the option of Borrower, Borrower may extend the Initial Term of the Revolver Maturity Date by the Renewal Term, provided that the following conditions have been satisfied:

(i) Bank shall have received approval for such extension request;

(ii) Borrower shall provide a written request of extension, in substantially the form of Exhibit E hereto, at least thirty (30) days prior to the end of the Initial Term, but in no event shall such extension request be delivered prior to the first annual anniversary of the Closing Date;

(iii) no Event of Default shall have occurred and be continuing on the date of such extension request;

(iv) no material change to Borrower's or any Guarantor's financial position has occurred since the Closing Date, as determined by Bank in its sole discretion;

(v) The Bank has received a certificate duly executed by a Responsible Officer of Borrower, in form and substance satisfactory to Bank, certifying that the conditions set forth in subclauses

(iii) and (iv) above have been satisfied and attaching any financial information, documentation or other information required by Bank supporting such certification.

(c) Bank shall have the right to terminate its obligation to make Credit Extensions and declare the Obligations to be immediately due and payable under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default, provided that in the case of an Event of Default under Section 8.1 or 8.5, termination and acceleration shall occur automatically without the need for Bank to take any action.

## 3. CONDITIONS OF ADVANCES.

3.1 Conditions Precedent to Closing. The obligation of Bank to make the Advances available to Borrower is subject to Bank's receipt of each of the following documents (which shall be duly executed by each of the applicable parties thereto and otherwise in form and substance reasonably satisfactory to Bank) and the satisfaction of each of the following conditions:

(a) Loan Documents.

(i) this Agreement;

(ii) a Representations and Warranties of Officers of Borrower;

(iii) that certain Authorization for Automatic Loan Payment executed by Borrower as of the date hereof;

(iv) [reserved];

(v) each other Loan Document entered into and delivered on the Closing Date in connection with this Agreement, including without limitation a guaranty in form and substance acceptable to Bank, duly executed by the Gebbia Parties;

(b) Secretary's Certificates. An officer's certificate from Borrower dated as of the Closing Date, certifying as to (i) the Operating Documents of Borrower (which, to the extent filed with a governmental authority, shall be certified as of a recent date by the applicable governmental authority), (ii) the resolutions of the governing body of Borrower, (iii) the good standing, existence or its equivalent of Borrower, certified by the Secretary of State of New York as of a date no earlier than 30 days prior to the Closing Date, (iv) the certificates of foreign qualification/good standing (for all other jurisdictions in which Borrower is qualified to do business, if any), certified by the applicable Secretary of State or other applicable authority of any such other jurisdiction as of a date no earlier than 30 days prior to the Closing Date, and (v) the incumbency (including specimen signatures) of the Responsible Officers of Borrower;

(c) Financing Statements. A financing statement on Form UCC-1 for Borrower for filing with the applicable Secretary of State for Borrower, junior in priority only to other financing statements naming Borrower as the debtor as are approved in writing by Bank;

(d) [intentionally omitted];

(e) Fees and Expenses. Payment of the fees and Bank Expenses then due specified in Section 2.4(b);

(f) Closing Certificate. A closing certificate signed by a Responsible Officer of Borrower, stating that (i) all representations and warranties set forth in this Agreement and the other Loan Documents are true and correct on and as of such date, and (ii) on such date no default or Event of Default has occurred or is continuing;

(g) Material Adverse Effect. No Material Adverse Effect having occurred since the date of the most recent financial statements delivered by Borrower to Bank;

(h) Financial Statements. Current financial statements of Borrower and its Subsidiaries on a consolidated basis, including audited statements for Borrower most recently ended Fiscal Year, together with an unqualified opinion, company prepared consolidated and consolidating balance sheet, income statement and statement of cash flows for the most recently ended fiscal quarter in accordance with Section 6.2, and such other updated financial information as Bank may reasonably request;

(i) [Reserved];

(j) [Reserved]; and

(k) Deposit Relationships. Borrower shall have transferred its primary business depository relationship to Bank, including without limitation its general operating and administrative deposit accounts, as well its cash management services.

(l) Other Documents. Such other documents or certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including without limitation, a Beneficial Ownership Certificate.

3.2 Conditions Precedent to all Credit Extensions. The obligation of Bank to make each Credit Extension, including the initial Credit Extension, is further subject to the following conditions:

(a) if in connection with a Proposed Acquisition, timely receipt by Bank of the applicable Required Documentation, Acquisition Documents, Acquisition Certificate in respect of such Credit Extension and such other documents and certifications, and completion of such other matters (including without limitation payment of the applicable Origination Fee), as Bank may reasonably deem necessary or appropriate;

(b) the representations and warranties contained in Section 5 shall be true, correct and complete in all material respects on and as of the date of the request for each Advance in the Required Documentation and on the effective date of each Credit Extension as though made at and as of each such date (provided, however, that (i) those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such other date and (ii) any representation or warranty that is qualified by materiality, Material Adverse Effect or any similar standard shall be true, correct and complete in all respects);

(c) Borrower shall deliver to Bank an Advance Request pursuant to Section 2.1(b); and

(d) no Event of Default shall have occurred and be continuing, or would exist after giving effect to such Credit Extension.

The request for each Credit Extension shall be deemed to be a representation and warranty by Borrower on the date of such Credit Extension as to the accuracy of the facts referred to in this Section 3.2.

#### 4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. Borrower grants and pledges to Bank a continuing security interest in and Lien on all Collateral, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, to secure the prompt payment of any and all Obligations and to secure the prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except as set forth in the Disclosure Schedules, and subject only to Permitted Liens that may have priority by operation of law, such security interest constitutes a valid, first-priority security interest in all presently existing Collateral, and will constitute a valid, first-priority security interest in all after-acquired Collateral. Notwithstanding any termination of this Agreement, Bank's Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

4.2 Perfection of Security Interest. Borrower authorizes Bank to file at any time financing statements, continuation statements, and amendments thereto that specifically describe the Collateral, and contain any other information required by the Uniform Commercial Code for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Borrower is an organization, the type of organization and any organizational identification number issued to Borrower, if applicable. Borrower shall from time to time endorse and deliver to Bank, at the request of Bank, all Negotiable Collateral and other documents that Bank may request, in form satisfactory to Bank, to perfect and continue perfected Bank's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Bank chooses to perfect its security interest by possession in addition to the filing of a financing statement. Where Collateral is in possession of a third party bailee, Borrower shall take such steps as Bank requests for Bank to (i) obtain an acknowledgment, in form and substance satisfactory to Bank, of the bailee that the bailee holds such Collateral for the benefit of Bank, (ii) obtain Control of any Collateral consisting of Investment Property, Deposit Accounts, Letter-of-

Credit Rights or Electronic Chattel Paper by causing the securities intermediary or depository institution or issuing bank to execute a control agreement in form and substance satisfactory to Bank. Borrower will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Bank indicating that Bank has a security interest in the Chattel Paper. Borrower from time to time may deposit with Bank specific cash collateral to secure specific Obligations; Borrower authorizes Bank to hold such specific balances in pledge and to decline to honor any drafts thereon or any request by Borrower or any other Person to pay or otherwise transfer any part of such balances for so long as the specific Obligations are outstanding.

#### 4.3 Collateral Management.

(a) Until the occurrence and continuance of an Event of Default, Borrower shall:

(i) be entitled to receive and retain Distributions from its Subsidiaries, provided that Borrower shall deposit all Distributions received from its Subsidiaries in a separate deposit account maintained at Bank into which no other funds shall be deposited (the "Distribution Account");

(ii) have access to the Distribution Account and may use the funds therein in the ordinary course of its business as conducted on the date hereof; and

(iii) be entitled to exercise any voting rights with respect to the Equity Interests in Borrower's Subsidiaries and to give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be inconsistent with any of the terms of this Agreement or which would constitute or create any violation of any of such terms.

(b) Following the occurrence and during the continuance of an Event of Default, Borrower acknowledges and agrees that:

(i) all of Borrower's rights under Section 4.3(b) shall immediately and automatically terminate without Bank's need to take any further action or give Borrower any notice; and

(ii) Bank may block Borrower's and any other Person's access to the Distribution Account, and Bank may apply the funds therein to the Obligations in accordance with this Agreement; provided that Borrower shall not be restricted from paying its taxes in accordance with Section 6.3 so long as it provides prior written notice to the Bank describing such taxes required to be paid.

(c) Effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to direct Borrower's Subsidiaries to make any Distributions that the Subsidiaries are entitled to make under applicable Law to the Distribution Account. The foregoing appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers in this clause (d), being coupled with an interest, are irrevocable until all of the Obligations have been fully repaid and performed and Bank's obligation to make Term Loans hereunder is terminated.

**4.4 Assignment of Insurance.** As additional security for the payment and performance of the Obligations, Borrower hereby assigns to Bank any and all monies (including proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Borrower with respect to, any and all policies of insurance now or at any time hereafter covering the Collateral or any evidence thereof or any business records or valuable papers pertaining thereto, and Borrower hereby directs the issuer of any such policy to pay all such monies directly to Bank. At any time, whether or not an Event of Default then exists, Bank may (but need not), in Bank's name or in Borrower's name, execute and deliver proof of claim, receive all such monies, endorse checks and other instruments representing payment of such monies, and adjust, litigate, compromise or release any claim against the issuer of any such policy. Any monies received as payment for any loss under any insurance policy mentioned above (other than liability insurance policies) or as payment of any award or compensation for condemnation or taking by eminent domain, shall be paid over to Bank to be applied, at the option of Bank, either to the prepayment of the Obligations or shall be disbursed to Borrower under staged payment terms satisfactory to Bank for application to the cost of repairs, replacements, or restorations. Any such repairs, replacements, or restorations shall be effected with reasonable promptness and shall be of a value at least equal to the value of the items or property destroyed prior to such damage or destruction.

#### 5. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants as follows:

**5.1 Due Organization and Qualification.** Borrower is a corporation duly existing under the laws of New York and qualified and is licensed to do business in each other state in which the conduct of its business or its ownership of property requires that it be so qualified, except where the failure to do so would not reasonably be expected to cause a Material Adverse Effect.

**5.2 Due Authorization; No Conflict.** The execution, delivery, and performance of the Loan Documents to which Borrower is a party are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's organizational documents, nor will they constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement by which it is bound, except to the extent such default would not reasonably be expected to cause a Material Adverse Effect.

**5.3 Enforceability.** The Loan Documents to which Borrower is a party are the legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms, subject to bankruptcy, insolvency and similar Laws affecting the enforceability of creditor's rights generally and to general principles of equity.

**5.4 Indebtedness.** Except for Permitted Indebtedness and the Obligations, Borrower is not obligated (directly or indirectly), for any loans or other Indebtedness.

**5.5 Margin Security and Use of Proceeds.** None of the proceeds of the Advances hereunder shall be used for the purpose of purchasing or carrying any margin securities or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase any margin securities or for any other purpose not permitted by Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

**5.6 Subsidiaries and Affiliates.** Except as set forth in the Disclosure Schedules, Borrower has no Subsidiaries or other Affiliates or divisions, nor is Borrower engaged in any joint venture or partnership with any other Person.

**5.7 No Defaults.** Neither Borrower nor any of its Subsidiaries is in default under any material contract, lease or commitment to which it is a

party or by which it is bound. There is no any dispute regarding any such contract, lease or commitment which would have a Material Adverse Effect.

**5.8 Employee Matters.** There are no controversies pending or threatened between Borrower or any of its Subsidiaries, on the one hand, and any of their respective employees, agents or independent contractors, on the other hand, other than employee grievances arising in the ordinary course of business which would not, in the aggregate, have a Material Adverse Effect, and Borrower and its Subsidiaries are in compliance with all Laws respecting employment and employment terms, conditions and practices except for such non-compliance which would not have a Material Adverse Effect.

**5.9 Collateral.** Borrower has rights in or the power to transfer the Collateral, and Borrower's title to such Collateral is free and clear of Liens, adverse claims, and restrictions on transfer or pledge except for Permitted Liens.

**5.10** [intentionally omitted]

**5.11 Environmental Matters.** Neither Borrower nor any of its Subsidiaries has generated, used, stored, treated, transported, manufactured, handled, produced or disposed of any Hazardous Materials, on or off its premises (whether or not owned by it) in any manner which at any time violates in any material respect any Environmental Law or any license, permit, certificate, approval or similar authorization thereunder and the operations of each such Person comply in all material respects with all Environmental Laws and all licenses, permits, certificates, approvals and similar authorizations thereunder. There has been no investigation, proceeding, complaint, order, directive, claim, citation or notice by any governmental authority or any other Person, nor is any pending or to the best of Borrower's knowledge threatened with respect to any non-compliance with or violation of the requirements of any Environmental Law by Borrower or any of its Subsidiaries or the release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter, which affects any such Person or its business, operations or assets or any properties at which any such Person has transported, stored or disposed of any Hazardous Materials. Neither Borrower nor any of its Subsidiaries has material liability (contingent or otherwise) in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials.

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**5.12 ERISA Matters.** Except as set forth in the Disclosure Schedules, neither Borrower nor any of its ERISA Affiliates (a) maintains or has maintained any Pension Plan, (b) contributes or has contributed to any Multiemployer Plan or (c) provides or has provided post-retirement medical or insurance benefits with respect to employees or former employees (other than benefits required under Section 601 of ERISA, Section 4980B of the Code or applicable state Law). Neither Borrower nor any of their respective ERISA Affiliates has received any notice or has any knowledge to the effect that it is not in full compliance with any of the requirements of ERISA, the Code or applicable state Law with respect to any Plan. No Reportable Event exists in connection with any Pension Plan. Each Plan which is intended to qualify under the Code is so qualified, and no fact or circumstance exists which may have an adverse effect on the Plan's tax qualified status. Neither Borrower nor any of its ERISA Affiliates has (i) any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code) under any Plan, whether or not waived, (ii) any liability under Section 4201 or 4243 of ERISA for any withdrawal, partial withdrawal, reorganization or other event under any Multiemployer Plan or (iii) any liability or knowledge of any facts or circumstances which could result in any liability to the PBGC, the Internal Revenue Service, the Department of Labor or any participant in connection with any Plan (other than routine claims for benefits under the Plan).

**5.13 Anti-Money Laundering and Economic Sanctions Laws.**

(a) To the extent applicable, Borrower and each of its Subsidiaries is in compliance with (i) the Patriot Act in all material respects and (ii) any applicable anti-money laundering laws or any applicable Sanctions requirements of Law that in each case are binding on them, except in the case of this clause (ii) where the failure to be in compliance would not reasonably be expected to have a Material Adverse Effect. To the knowledge of management of the Borrower, none of its Subsidiaries or their respective officers or directors is an Embargoed Person.

(b) No part of the proceeds of the Advances will be used, directly or, to the knowledge of management of Borrower, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(c) None of Borrower or its Subsidiaries or, to the knowledge of management of the Borrower, any of their respective officers and directors, will directly or indirectly use any proceeds of the Advances or lend, contribute or otherwise make available such proceeds to any Person for the purpose of financing the activities of or with any Person or in any country or territory that, at the time of funding, is an Embargoed Person.

**5.14 Name; Location of Chief Executive Office; Locations of Collateral.** Except as disclosed in the Disclosure Schedules, Borrower has not done business under any name other than that specified on the signature page hereof, and its exact legal name is as set forth in the first paragraph of this Agreement. The chief executive office of Borrower, at which Borrower keeps its books, records and accounts (or copies thereof) concerning the Collateral, is located in New York State. The Collateral, including the Equipment (except any part thereof which Borrower shall have advised Bank in writing consists of Collateral normally used in more than one state) is kept, or, in the case of vehicles, based, only at the address set forth in Section 10 hereof, and at other locations within the continental United States of which Bank has been advised by Borrower in writing.

**5.15 Litigation.** There are no actions or proceedings pending by or against Borrower or any of its Subsidiaries before any court or administrative agency in which a likely adverse decision would reasonably be expected to have a Material Adverse Effect. Borrower has no Commercial Tort Claims pending other than those set forth in the Disclosure Schedules and those of which Bank has been advised by Borrower in writing.

**5.16 Accuracy of Financial Statements.** All consolidated and consolidating financial statements that are delivered by Borrower to Bank fairly present in all material respects the financial condition of Borrower and its Subsidiaries as of the date thereof and the results of operations of such Persons for the period then ended.

**5.17 Solvency; Payment of Debts.** Borrower is able to pay its debts (including trade debts) as they mature; the fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; and Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement.

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**5.18 Compliance with Laws and Regulations.** Borrower and its Subsidiaries have met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from any such Person's failure to comply with ERISA that is

reasonably likely to result in such Person's incurring any liability that could have a Material Adverse Effect. Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Neither Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System). Borrower and each of its Subsidiaries has complied in all material respects with all the provisions of the Federal Fair Labor Standards Act. Borrower and each of its Subsidiaries is in compliance with all Environmental Laws, regulations and ordinances except where the failure to comply is not reasonably likely to have a Material Adverse Effect. Neither Borrower nor any of its Subsidiaries have violated any statutes, Laws, ordinances or rules applicable to it, the violation of which could reasonably be expected to have a Material Adverse Effect. Borrower and each of its Subsidiaries has filed or caused to be filed all tax returns required to be filed, and have paid, or have made adequate provision for the payment of, all taxes reflected therein except those being contested in good faith with adequate reserves under GAAP or where the failure to file such returns or pay such taxes would not reasonably be expected to have a Material Adverse Effect.

**5.19 Government Consents.** Borrower and each of its Subsidiaries has obtained all consents, approvals, franchises, certificates, licenses, permits and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of such Person's business as currently conducted, except where the failure to do so would not reasonably be expected to cause a Material Adverse Effect.

**5.20 Affiliate Transactions.** Except as set forth in the Disclosure Schedules, Borrower is not conducting, permitting or suffering to be conducted, transactions with any Affiliate other than transactions for services in the ordinary course of business pursuant to terms that are no less favorable to such Person than the terms upon which such transactions would have been made had they been made to or with a Person that is not an Affiliate.

**5.21 Names and Trade Names.** Borrower's name has always been as set forth on the first page of this Agreement and Borrower does not use any trade names, assumed names, fictitious names or division names in the operation of its business, except as set forth in the Disclosure Schedules.

**5.22 Beneficial Ownership Certificate.** The information included in the Beneficial Ownership Certification by Borrower to Bank delivered on or about the Closing Date is true and correct in all respects.

**5.23 Full Disclosure.** No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Bank taken together with all such certificates and written statements furnished to Bank contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading, it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may differ from the projected or forecasted results.

## **6. AFFIRMATIVE COVENANTS.**

Borrower covenants that, until payment in full of all outstanding Obligations, and for so long as Bank may have any commitment to make a Credit Extension hereunder, Borrower shall do all of the following:

**6.1 Good Standing and Government Compliance.** Borrower shall maintain, and at Bank's request provide Bank evidence of, its organizational existence and good standing in the Borrower State, shall maintain, and at Bank's request provide Bank evidence of, qualification and good standing in each other jurisdiction in which the failure to so qualify could have a Material Adverse Effect, and shall furnish to Bank the organizational identification number issued to Borrower by the authorities of the state in which Borrower is organized, if applicable. Borrower shall cause each of its Subsidiaries to maintain, and at Bank's request provide Bank evidence of, each such Person's organizational existence and good standing in its state of organization, shall maintain, and at Bank's request provide Bank evidence of, qualification and good standing in each other jurisdiction in which the failure to so qualify could have a Material Adverse Effect, and shall furnish to Bank the organizational identification number issued to such Person by the authorities of the state in which such Person is organized, if applicable. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. Borrower shall comply in all material respects with all applicable Environmental Laws, and maintain all material permits, licenses and approvals required thereunder where the failure to do so could have a Material Adverse Effect. Borrower shall, and shall cause each of its Subsidiaries to, comply with all statutes, Laws, ordinances and government rules and regulations to which such Person is subject, and shall maintain in force all licenses, approvals and agreements, the loss of which or failure to comply with which would reasonably be expected to have a Material Adverse Effect.

**6.2 Financial Statements, Reports, Certificates.** Borrower shall deliver to Bank:

(a) as soon as available, but in any event within one hundred twenty (120) days after the end of each Fiscal Year, audited consolidated and consolidating financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an opinion which is unqualified on such financial statements of an independent certified public accounting firm selected by Borrower and acceptable to Bank and a copy of any management letter sent to Borrower by such accountants.

(b) as soon as available, but in any event within sixty (60) days after the end of each Fiscal Quarter (other than Fiscal Quarters ending on December 31), (i) company-prepared consolidated and consolidating financial statements, including a balance sheet and statements of income, retained earnings and cash flow, in a form acceptable to Bank and certified by a Responsible Officer, and (ii) true and correct copies of each FOCUS Report filed during such Fiscal Quarter.

(c) concurrently with delivery of the annual financial statements required by clause (a) above and the quarterly financial statements required by clause (b) above, a Compliance Certificate certified as of the last day of the applicable Fiscal Year or Fiscal Quarter and signed by a Responsible Officer, in substantially the form of Exhibit C hereto.

(d) within thirty (30) days of filing of the same by any Guarantor, copies of all federal, state and other material tax returns and reports (including without limitation all schedule K-1s attached thereto) which contain more than \$50,000 in distributions;

(e) promptly upon becoming aware of the occurrence or existence of an Event of Default hereunder, a written statement of a Responsible Officer setting forth details of the Event of Default, and the action which Borrower has taken or proposes to take with respect thereto;

(f) except as provided in clause (b) above, promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Borrower or any of its Subsidiaries files with the SEC, as well as promptly providing to Bank copies of any reports and proxy statements delivered to its shareholders;

(g) as soon as available, but in any event with ninety (90) days of December 31 of each year personal financial statements and proof of

(h) promptly following any request therefor, Borrower shall provide information and documentation reasonably requested by Bank for purposes of compliance with applicable "know your customer" requirements under the Patriot Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including but not limited to a Beneficial Ownership Certification form acceptable to Bank;

(i) promptly upon receipt, any notices from SEC, FINRA or any other Governmental Authority regarding any liability; and

(j) promptly following request therefor by Bank, such other business or financial data, reports, appraisals and projections as Bank may request.

Borrower may deliver to Bank on an electronic basis any certificates, reports or information required pursuant to this Section 6.2, and Bank shall be entitled to rely on the information contained in the electronic files, provided that Bank in good faith believes that the files were delivered by a Responsible Officer of Borrower. If Borrower delivers any such information electronically, Borrower shall also deliver such information to Bank by U.S. Mail, reputable overnight courier service, hand delivery, facsimile or .pdf file within five (5) Business Days after Borrower's electronic submission of such information.

**6.3 Taxes.** Borrower shall make due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by Law, including, but not limited to, those Laws concerning income taxes, F.I.C.A., F.U.T.A. and state disability, and will execute and deliver to Bank, on demand, proof satisfactory to Bank indicating that Borrower has made such payments or deposits and any appropriate certificates attesting to the payment or deposit thereof; provided that Borrower need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings and is reserved against (to the extent required by GAAP) by Borrower.

**6.4 Insurance.**

(a) Borrower, at its expense, shall keep the Collateral insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Borrower's business is conducted on the Closing Date. Borrower shall also maintain liability and other insurance in amounts and of a type that are customary to businesses similar in size and scope to Borrower's.

(b) All such policies of insurance shall be in such form, with such companies, and in such amounts as reasonably satisfactory to Bank. Upon Bank's request, Borrower shall deliver to Bank certified copies of the policies of insurance and evidence of all premium payments. If no Event of Default has occurred and is continuing, proceeds payable under any casualty policy will, at Borrower's option, be payable to Borrower to replace the property subject to the claim, provided that any such replacement property shall be deemed Collateral in which Bank has been granted a first priority security interest. If an Event of Default has occurred and is continuing, all proceeds payable under any such policy shall, at Bank's option, be payable to Bank to be applied on account of the Obligations.

**6.5 Financial Covenants.** Borrower shall comply with each of the following financial covenants:

(a) Minimum Debt Service Coverage Ratio. As of the end of any Fiscal Quarter, commencing with the Fiscal Quarter ending on July 31, 2024, Borrower shall maintain a Debt Service Coverage Ratio of not less than 1.35:1.00.

(b) Minimum Net Capital. As of the end of any Fiscal Quarter, commencing with the Fiscal Quarter ending on July 31, 2024, MSCO shall maintain a Net Capital of not less than \$43,000,000.

**6.6 Creation/Acquisition of Subsidiaries.** If Borrower creates or acquires any Subsidiary that at any time owns assets with a value in excess of \$100,000, Borrower shall promptly notify Bank of the creation or acquisition of such Subsidiary.

**6.7 Maintenance of Books and Records.** Borrower shall, and shall cause each Subsidiary to, at all times keep accurate and complete books, records and accounts with respect to all business activities in accordance with GAAP.

**6.8 Notices.** Borrower shall provide written notice to Bank of the following:

(a) Investigations. Promptly upon becoming aware thereof, any action taken or threatened to be taken by any the SEC, FINRA or any other Governmental Authority (or any notice of any of the foregoing) regarding Borrower or any of its Subsidiaries.

(b) Litigation and Proceedings. Promptly upon becoming aware thereof, (i) of any litigation, arbitration, governmental investigation or other actions or proceedings which are pending or threatened against Borrower or any Subsidiary or to which any of the properties of any thereof is subject which involves an amount in controversy in excess of \$1,000,000, or which could reasonably be expected to have a Material Adverse Effect, and (ii) of any Commercial Tort Claims of Borrower in excess of \$250,000 which may arise.

(c) Names and Trade Names. Within ten (10) days after the change of Borrower's name or the use of any trade name, assumed name, fictitious name or division name not previously disclosed to Bank in writing.

(d) ERISA Matters. Promptly upon (i) the occurrence of any Reportable Event which might result in the termination by the PBGC of any Plan covering any officers or employees of Borrower or any of its Subsidiaries, any benefits of which are, or are required to be, guaranteed by the PBGC, (ii) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefore, (iii) its intention to terminate or withdraw from any Plan, (iv) the institution of any steps by any member of the Controlled Group or any other Person to terminate any Pension Plan, (v) the failure of Borrower, any of its Subsidiaries or any their respective ERISA Affiliates of any member of the Controlled Group or any other Person to make a required contribution to any Pension Plan (if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA) or to any Multiemployer Plan, (vi) the taking of any action with respect to a Pension Plan which could result in the requirements that Borrower or any of its Subsidiaries furnish a bond or other security to the PBGC or such Pension Plan, (vii) the occurrence of any event with respect to any Pension Plan or Multiemployer Plan which could result in the incurrence by any ERISA Affiliate or any member of the Controlled Group of any liability, fine or penalty (including any claim or demand for withdrawal liability or partial withdrawal from any Multiemployer Plan) in excess of \$100,000, (viii) any increase in excess of \$100,000 in the contingent liability of Borrower or any of its Subsidiaries with respect to any post-retirement welfare plan benefit, or (ix) any notice that any Multiemployer

Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of an excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

(e) Environmental Matters. Immediately upon becoming aware of any investigation, proceeding, complaint, order, directive, claim, citation or notice with respect to any non-compliance with or violation of the requirements of any Environmental Law by any Borrower or any of its Subsidiaries or the generation, use, storage, treatment, transportation, manufacture handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter which affects Borrower or any of its Subsidiaries or their respective business operations or assets or any properties at which any such Person has transported, stored or disposed of any Hazardous Materials unless the foregoing could not reasonably be expected to result in liability to Borrower and its Subsidiaries in excess of \$250,000, or which could reasonably be expected to have a Material Adverse Effect.

(f) Default: Material Adverse Change. Promptly following becoming aware of (i) any Material Adverse Effect, (ii) the occurrence of any Event of Default hereunder, or (iii) the occurrence of any event which, if uncured, will become an Event of Default after notice or lapse of time (or both).

All of the foregoing notices shall be provided by Borrower to Bank in writing and shall describe the steps being taken by Borrower or any Subsidiary affected thereby with respect thereto.

**6.9 Compliance with Laws and Maintenance of Permits.** Borrower shall, and shall cause each of its Subsidiaries to, maintain all governmental consents, franchises, certificates, licenses, authorizations, approvals and permits, the lack of which would have a Material Adverse Effect and such Person shall remain in compliance with all applicable federal, state, local and foreign statutes, orders, regulations, rules and ordinances (including Environmental Laws and statutes, orders, regulations, rules and ordinances relating to taxes, employer and employee contributions and similar items, securities, ERISA or employee health and safety) the failure with which to comply would have a Material Adverse Effect. Following any determination by Bank that there is non-compliance, or any condition which requires any action by or on behalf of Borrower or any of its Subsidiaries in order to avoid non-compliance, with any Environmental Law, at Borrower's expense cause an independent environmental engineer acceptable to Bank to conduct such tests of the relevant site(s) as are appropriate and prepare and deliver a report setting forth the results of such tests, a proposed plan for remediation and an estimate of the costs thereof.

**6.10 Inspection and Field Examinations.** Borrower shall, and shall cause each Subsidiary to, permit Bank, or any Persons designated by Bank, to call at such Person's places of business at any reasonable times, and, without hindrance or delay, to inspect the Collateral and to inspect, audit, check and make extracts from such Person's books, records, journals, orders, receipts and any correspondence and other data relating to such Person's business, the Collateral or any transactions between the parties hereto, and shall have the right to make such verification concerning such Person's business as Bank may consider reasonable under the circumstances. Borrower shall furnish to Bank such information relevant to Bank's rights under the Loan Documents as Bank shall at any time and from time to time request. Borrower authorizes Bank to discuss the affairs, finances and business of the Borrower and its Subsidiaries with any officers, employees or directors of Borrower, its Subsidiaries, or with any Affiliate or the officers, employees or directors of any Affiliate, and to discuss the financial condition of the Borrower and its Subsidiaries with Borrower's independent public accountants. Any such discussions shall be without liability to Bank or to such independent public accountants. For each inspection or audit conducted by Bank hereunder, Borrower shall pay to Bank all costs and out-of-pocket expenses incurred by Bank; provided that so long as no Event of Default shall have occurred and be continuing, Borrower shall not be responsible for the cost of more than one (1) inspection or audit in any Fiscal Year. All such fees, costs and expenses shall constitute Obligations hereunder, shall be payable five (5) Business Days following written demand and, if not paid when due, shall bear interest at the highest rate then applicable to Advances hereunder.

**6.11 Collateral.** Borrower shall keep the Collateral in good condition and order, such that the value thereof shall at all times be preserved and maintained in all respects. Subject to the limitations on inspection rights set forth in Section 6.12, Borrower shall permit Bank to examine any of the Collateral at any time and wherever the Collateral may be located and, Borrower shall, immediately upon request therefor by Bank, deliver to Bank any and all evidence of ownership of the Collateral. Bank shall, at the request of Bank, indicate on its records concerning the Collateral a notation, in form satisfactory to Bank, of the security interest of Bank hereunder.

**6.12 Use of Proceeds.** Borrower shall use the proceeds of each Credit Extension (a) to pay a portion of the consideration payable in connection with a Proposed Acquisition of a Permitted Target, (b) to make a Permitted Stock Buyback or (c) for general corporate purposes in an amount not to exceed Ten Million Dollars (\$10,000,000).

**6.13 Intellectual Property.** Borrower shall, and shall cause its Subsidiaries to, maintain adequate licenses, Patents, Copyrights, Trademarks and other Intellectual Property to continue its business as heretofore conducted by it or as hereafter conducted by it unless the failure to maintain any of the foregoing could not reasonably be expected to have a Material Adverse Effect.

**6.14 Patriot Act, Bank Secrecy Act and Office of Foreign Assets Control.** As required by federal law and the Bank's policies and practices, Bank may need to obtain, verify and record certain customer identification information and documentation in connection with opening or maintaining accounts, or establishing or continuing to provide services and Borrower agrees to provide such information. In addition, and without limiting the foregoing sentence, Borrower shall (a) ensure, and cause each of its Subsidiaries to ensure, that no Person who owns a controlling interest in or otherwise controls Borrower or such Subsidiary is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Department of the Treasury or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Advances to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, and cause each Subsidiary to comply, with all applicable bank secrecy act laws and regulations.

**6.15 Deposit Relationships.** Borrower shall at all times maintain its primary business depository relationship with Bank, including without limitation its general operating and administrative deposit accounts, as well its cash management services.

**6.16 Further Assurances.** At any time and from time to time Borrower and any Subsidiary shall execute and deliver such further instruments and take such further action as may reasonably be requested by Bank to effect the purposes of this Agreement.

**6.17 Distributions After Default.** Following the occurrence and during the continuance of an Event of Default, Borrower shall cause its Subsidiaries to make Distributions directly to the Distribution Account in an amount sufficient to pay all of the outstanding Obligations in full.

Borrower covenants and agrees that, so long as any credit hereunder shall be available and until the outstanding Obligations are paid in full or for so long as Bank may have any commitment to make any Credit Extensions, Borrower will not do any of the following:

7.1 Transfers. Convey, sell, lease, license, transfer or otherwise dispose of (collectively, to “Transfer”) all or any part of its business or property, or to move cash balances on deposit with Bank to accounts opened at another financial institution, other than Permitted Transfers.

7.2 Change in Name, Location, Executive Office, or Executive Management; Change in Business; Change in Fiscal Year; Change in Control. Change its name or the Borrower State or relocate its chief executive office without thirty (30) days prior written notification to Bank; change any Key Employee (i) without prompt written notice to Bank and (ii) unless a replacement for a Key Employee is approved by such Person's Board of Directors and engaged by such Person within ninety (90) days after such change, subject to the reasonable satisfaction of Bank; engage in any business, or permit any of its Subsidiaries to engage in any business, other than or reasonably related or incidental to the businesses currently engaged in by such Persons; change or permit any of its Subsidiaries to change, its Fiscal Year end; or have a Change in Control without Bank's prior written consent, provided that Bank's consent shall not be unreasonably withheld or delayed solely with respect to a Change in Control that occurs under clause (a) of such definition.

7.3 Mergers or Acquisitions. Except in connection with the making of an Advance in accordance with the Required Documents submitted in connection therewith or for any merger involving Borrower in which Borrower is the surviving entity and no Change in Control occurs, enter into any merger or consolidation or permit any Subsidiary to do so without the prior written consent of Bank; purchase the stock, other equity interests or all or a material portion of the assets of any Person or division of such Person or permit any of its Subsidiaries to do so; or enter into any other transaction outside the ordinary course of Borrower's or any of its Subsidiaries' business, including any purchase, redemption or retirement of any shares of any class of its stock or any other equity interest, and any issuance of any shares of, or warrants or other rights to receive or purchase any shares of, any class of its stock or any other equity interest. Borrower shall not permit any of its Subsidiaries to form any Subsidiaries or enter into any joint ventures or partnerships with any other Person.

7.4 Indebtedness. Create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness.

7.5 Encumbrances. Create, incur, assume or allow any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, or covenant to any other Person that Borrower in the future will refrain from creating, incurring, assuming or allowing any Lien with respect to any of Borrower's property.

7.6 Distributions. Declare or pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock or other applicable equity interest in Borrower, except for (i) distributions or dividends made by Borrower to any Person that is not a Subsidiary of Borrower, provided that, in any Fiscal Year during the term of this Agreement and for the Fiscal Year ended December 31, 2024, the aggregate amount of distributions or dividends made in such Fiscal Year under this subclause (i), shall not exceed five (5%) of the Net Worth of Borrower and its Subsidiaries, on a consolidated basis as of the last day of the immediately preceding Fiscal Year and identified on audited financial statements delivered by Borrower pursuant Section 6.2(a) and Section 3(h) with respect to the Fiscal Year ended December 31, 2024, (ii) Permitted Stock Buybacks and (iii) distributions made by Borrower to Borrower's Subsidiaries so long as both before and immediately after giving effect thereto, no Event of Default exists or would result therefrom.

7.7 Investments. Directly or indirectly acquire or own, or make any Investment in or to any Person, other than Permitted Investments, or maintain or invest any of its property with a Person other than Bank or Bank's Affiliates to do so unless such Person has entered into a control agreement with Bank, in form and substance satisfactory to Bank.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for transactions that are in the ordinary course of such Borrower's business, upon fair and reasonable terms that are no less favorable to such Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Reserved.

7.10 No Investment Company; Margin Regulation. Become or be controlled by an “investment company” within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Advance for such purpose. If requested by Bank, Borrower will furnish to Bank a statement to the foregoing effect in conformity with the requirements of FR Form G 3 or FR Form O 1, as applicable, referred to in Regulation U of the Board of Governors of the Federal Reserve System.

7.11 Use of Proceeds. The proceeds of any Advance shall not be used for any purposes other than the purposes described under Section 6.12.

7.12 ERISA. Except as disclosed to the Bank in writing prior to the Closing Date, directly or through any ERISA Affiliate, (a) adopt, create, assume or become a party to any Pension Plan, (b) incur any obligation to contribute to any Multiemployer Plan, (c) incur any obligation to provide post-retirement medical or insurance benefits with respect to employees or former employees (other than benefits required by Law) or (d) amend any Plan in a manner that would materially increase its funding obligations.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an Event of Default under this Agreement:

8.1 Payment Default. If Borrower fails to pay when due any payment of principal or interest due on the Credit Extensions (which shall include the payment of all outstanding principal, interest, and all other outstanding Obligations due on the Revolver Maturity Date), or Borrower fails to pay any fee within three (3) Business Days after the due date thereof, or Borrower fails to pay or deposit when required any Bank Expenses or any other amount payable hereunder or under any Loan Document within five (5) Business Days after the due date of such payment or the deposit thereof.

8.2 Covenant Default.

(a) If Borrower fails to perform any obligation under Sections 6 of this Agreement, or violates any of the covenants contained in Section 7 of this Agreement; or

(b) If Borrower fails or neglects to perform or observe any obligation under any other material term, provision, condition or covenant contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within thirty (30) days after such Borrower receives notice thereof or any officer of Borrower becomes aware thereof.

**8.3 Defective Perfection.** If Bank shall receive at any time following the Closing Date an SOS Report indicating that except for Permitted Liens, Bank's Lien on the Collateral is not prior to all other security interests or Liens of record reflected in the report, unless Bank's Lien on such collateral was not timely or properly perfected by Bank.

**8.4 Levy, Seizure or Attachment.** If any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within five (5) Business Days, or if Borrower or any of its Subsidiaries is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's or any of its Subsidiaries' assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's or any of its Subsidiaries' assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within fifteen (15) days after the applicable Person receives notice thereof (provided that no Credit Extensions will be made during such cure period).

**8.5 Insolvency.** If Borrower or any of its Subsidiaries becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower or any of its Subsidiaries, or if an Insolvency Proceeding is commenced against Borrower or any of its Subsidiaries and is not dismissed or stayed within sixty (60) days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding).

**8.6 Other Agreements.** If an Event of Default occurs and is continuing under any agreement evidencing any Subordinated Debt, or there is any failure to make any payment, except to the extent being Properly Contested, when due any payment under any agreement to which the Borrower is a party with a third party or parties or there is any other default or other failure to perform in any other agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of \$500,000 or that would reasonably be expected to have a Material Adverse Effect.

**8.7 Subordinated Debt.** If Borrower makes any payment on account of Subordinated Debt, except to the extent the payment is allowed under any subordination agreement entered into with Bank relating to such Subordinated Debt.

**8.8 Judgments.** If one or more final judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least \$2,000,000 shall be rendered against Borrower and the same are not within ten (10) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the discharge, stay, or bonding of such judgment, order or decree).

**8.9 Misrepresentations.** If any warranty or representation set forth herein or in any certificate, Loan Document or any other written communication to Bank by any Responsible Officer pursuant to this Agreement or to induce Bank to enter into this Agreement or any other Loan Document is false or misleading in any material respect.

**8.10 Material Adverse Effect.** If a Material Adverse Effect occurs, as determined by Bank in its sole judgment, or if any event occurs which, in Bank's sole judgment, could have a Material Adverse Effect;

**8.11 Guaranty.** If any guaranty of all or a portion of the Obligations (a "Guaranty") ceases for any reason to be in full force and effect, or any guarantor fails to perform any obligation under any Guaranty or any security agreement securing any Guaranty (collectively, the "Guaranty Documents"), or any event of default occurs under any Guaranty Document or any guarantor revokes or purports to revoke a Guaranty, or any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth in any Guaranty Document or in any certificate delivered to Bank in connection with any Guaranty Document, or if any of the circumstances described in Sections 8.3 through 8.8 occur with respect to any guarantor.

**8.12 Change in Control.** If any Change in Control shall occur.

**8.13 SEC, FINRA, Related Fines.** If Two Hundred Fifty Thousand Dollars (\$250,000) or more in aggregate fines and other amounts imposed by SEC, FINRA or any other similar Governmental Authority are due and payable by Borrower and its Subsidiaries at any one time.

**8.14 SIPC, SEC, FINRA, Further Actions.** (a) If the SIPC announces its intention to file or files an application for a "Protective Decree", as such term is defined under the SIPA, with respect to Borrower or any of its Subsidiaries.

## **9. BANK'S RIGHTS AND REMEDIES.**

**9.1 Rights and Remedies.** Upon the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5, all Obligations shall become immediately due and payable without any action by Bank);

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Bank;

(c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order Bank reasonably considers advisable;

(d) Make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its Lien and to pay all expenses incurred in connection therewith. With respect to premises owned by Borrower, if any, Borrower hereby grants Bank a license to enter into

possession of such premises and to occupy the same, without charge, in order to exercise any of Bank's rights or remedies provided herein, at Law, in equity, or otherwise;

(e) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Bank, and (ii) indebtedness at any time owing to or for the credit or the account of Borrower by Bank;

(f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Bank is hereby granted a license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements shall inure to Bank's benefit;

(g) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including the premises of Borrower, if any) as Bank determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Bank deems appropriate. Bank may sell the Collateral without giving any warranties as to the Collateral. Bank may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Bank sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Bank, and applied to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Bank may resell the Collateral and Borrower shall be credited with the proceeds of the sale;

(h) Bank may credit bid and purchase at any public sale;

(i) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Collateral, without notice and without regard to the adequacy of the security for the Obligations and without regard to the solvency of Borrower or any other Person liable for any of the Obligations;

(j) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower; and

(k) exercise all other rights and remedies available to Bank under the Loan Documents, under applicable law, or in equity.

Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

**9.2 Power of Attorney.** Effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Bank's security interest in the Accounts; (b) endorse such Person's name on any checks or other forms of payment or security that may come into Bank's possession, cash or deposit such checks or other items of payment or security, and apply to the Obligations all proceeds of such checks or other items; (c) sign such Person's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) dispose of any Collateral and apply all cash sale proceeds to the Obligations; (e) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance and apply to the Obligations all amounts received by Bank pursuant to such policies; (f) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable, and apply to the Obligations all amounts received by Bank in connection with any such settlement and adjustment; and (g) file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral. The appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Bank's obligation to make Advances hereunder is terminated.

**9.3 Accounts Collection.** At any time after the occurrence and during the continuance of an Event of Default, Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and verify the amount of such Account. Borrower shall collect all amounts owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

**9.4 Bank Expenses.** If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following after reasonable written notice to Borrower: (a) make payment of the same or any part thereof; or (b) obtain and maintain insurance policies of the type discussed in Section 6.4 of this Agreement, and take any action with respect to such policies as Bank deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

**9.5 Bank's Liability for Collateral.** Bank has no obligation to clean up or otherwise prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

**9.6 No Obligation to Pursue Others.** Bank has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Bank may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Bank's rights against Borrower. Borrower waives any right it may have to require Bank to pursue any other Person for any of the Obligations.

**9.7 Remedies Cumulative.** Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the UCC, by Law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver, election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the specific instance and for the specific purpose for which it was given. Borrower expressly agrees that this Section 9.7 may not be waived or modified by Bank by course of performance, conduct, estoppel or otherwise.

**9.8 Demand; Protest.** Except as otherwise provided in this Agreement, Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment and any other notices relating to the Obligations.

## 10. NOTICES.

Unless otherwise provided in this Agreement, all notices, demands and other communications by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements, compliance certificates and other informational documents which may be sent by first-class mail, postage prepaid or e-mail) shall be personally delivered or sent by a recognized overnight delivery service, certified mail, postage prepaid, return receipt requested, to Borrower or to Bank, as the case may be, at its addresses set forth below:

If to Borrower: Siebert Financial Corp.  
653 Collins Avenue,  
Miami Beach, FL 33139  
Attn: Andrew Reich  
E-mail: areich@siebertnet.com

If to Bank: East West Bank  
135 N. Los Robles Ave. 6th Floor  
Pasadena, CA 91101  
Attention: May Kwong  
May.kwong@eastwestbank.com

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

## 11. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; JUDICIAL REFERENCE.

**11.1 Governing Law and Venue.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to principles of conflicts of law. Each of Borrower and Bank hereby submits to the exclusive jurisdiction of the state and Federal courts located in the County of Los Angeles, State of California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or *forum non conveniens* and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or 3 days after deposit in the U.S. mails, proper postage prepaid.

**11.2 JURY TRIAL WAIVER.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

**11.3 JUDICIAL REFERENCE PROVISION.** WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, who shall be a retired state or federal court judge, mutually selected by the parties or, if they cannot agree, then any party may seek to have a private judge appointed in accordance with California Code of Civil Procedure §§ 638 and 640 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Los Angeles County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Los Angeles County Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

The parties agree that time is of the essence in conducting the referenced proceedings. The parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof. The costs shall be borne equally by the parties.

## 12. GENERAL PROVISIONS.

**12.1 Successors and Assigns.** This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties and shall bind all persons who become bound as a debtor to this Agreement; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right at any time to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits hereunder without notice to, or consent of, Borrower.

**12.2 Indemnification.** Borrower shall defend, indemnify and hold harmless Bank and its officers, employees, attorneys and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement or any other Loan Document; and (b) all losses or Bank Expenses in any way suffered, incurred, or paid by Bank, its officers, employees, attorneys and agents as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under this Agreement, or otherwise (including without limitation attorneys' fees and expenses), except for losses caused by Bank's gross negligence or willful misconduct to the extent determined by a court of competent jurisdiction in a final, non-appealable judgment.

**12.3 Time of Essence.** Time is of the essence for the performance of all obligations set forth in this Agreement.

**12.4 Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

**12.5 Correction of Loan Documents.** Bank may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

**12.6 Amendments in Writing, Integration.** All amendments to or termination of this Agreement or the other Loan Documents must be in writing and signed by the parties to this Agreement or to such other Loan Document, as applicable. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the other Loan Documents, if any, are merged into this Agreement and the other Loan Documents.

**12.7 Counterparts; Electronic Execution.** This Agreement and any other Loan Document may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement or Loan Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and/or any Loan Document and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record. If any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing this Agreement or any other Loan Document (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original hereof or thereof.

**12.8 Survival.** All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding or Bank has any obligation to make any Credit Extension to Borrower. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

**12.9 Confidentiality.** In handling any confidential information, Bank and all employees and agents of Bank shall exercise the same degree of care that Bank exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Agreement except that disclosure of such information may be made (i) to the subsidiaries or Affiliates of Bank in connection with their present or prospective business relations with Borrower, (ii) to prospective transferees or purchasers of any interest in any Advance, provided that they have entered into a comparable confidentiality agreement in favor of Borrower, as applicable, and have delivered a copy to Borrower, as applicable, (iii) as required by Law, regulations, rule or order, subpoena, judicial order or similar order, (iv) as may be required in connection with the examination, audit or similar investigation of Bank, (v) to Bank's accountants, auditors and regulations, and (vi) as Bank may determine in connection with the enforcement of any remedies hereunder. Confidential information hereunder shall not include information that either: (a) is in the public domain or in the knowledge or possession of Bank when disclosed to Bank, or becomes part of the public domain after disclosure to Bank through no fault of Bank; or (b) is disclosed to Bank by a third party, provided Bank does not have actual knowledge that such third party is prohibited from disclosing such information. Notwithstanding the foregoing, Borrower hereby consents to Bank's publishing a tombstone or similar advertising material relating to the financial transaction contemplated by this Agreement so long as Bank has first obtained the approval of Borrower of such tombstone or advertising material.

**12.10 Right of Set Off.** Borrower hereby grants to Bank a lien, security interest and right of set off as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a Bank subsidiary) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set off the same or any thereof and apply the same to any liability or obligation of Borrower, as applicable, even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER.

**12.11 Captions.** The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

**12.12 Construction of Agreement.** The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

**12.13 Relationship.** The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incident different from those parties to an arm's-length contract.

**12.14 Third Parties.** Nothing in this Agreement, whether express or implied, is intended to:

(a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

12.15 Patriot Act. Bank hereby notifies Borrower that pursuant to the requirements of the Patriot Act, Bank is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Bank to identify Borrower in accordance with the Patriot Act. Borrower shall, promptly following a request by Bank, provide all documentation and other information that Bank requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act. For legal entity borrowers, Bank will require the legal entity to provide identifying information about each beneficial owner and/or individuals who have significant responsibility to control, manage or direct the legal entity.

12.16 No Consequential Damages. No party to this Agreement or any other Loan Document, nor any agent or attorney of such party or Bank, shall be liable to any other party to this Agreement or any other Person on any other theory of liability of any special, indirect, consequential or punitive damages.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

**BORROWER:**

**SIEBERT FINANCIAL CORP.,**  
a New York corporation

By: /s/ Andrew Reich  
Name: Andrew Reich  
Title: Chief Financial Officer

Loan and Security Agreement

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**BANK:**

**EAST WEST BANK,**  
a California banking corporation

By: /s/ May Kwong  
Name: May Kwong  
Title: Senior Vice President

Loan and Security Agreement

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**EXHIBIT A**

**DEFINITIONS**

"Accounts" means all presently existing and hereafter arising accounts, contract rights, payment intangibles and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and all of Borrower's Books relating to any of the foregoing.

"Acquisition Certificate" means, collectively, (a) a certification duly executed by (i) a Responsible Officer of a Permitted Target providing that all conditions precedent to the effectiveness of the related Acquisition Documents (except for the payment of the purchase consideration thereunder) have been satisfied; and (ii) a Responsible Officer of Borrower providing that Borrower has paid, or concurrently with the funding of the applicable requested Advance will pay, all of the purchase consideration not being financed with the requested Advance; and (b) a Compliance Certificate demonstrating that as of the date thereof, and after giving effect to the requested Advance, no Event of Default exists or would exist under this Agreement, including without limitation, under Section 6.5.

"Acquisition Documents" means, collectively, the agreements, instruments and documents entered into between Borrower and a Permitted Target in order to consummate a Proposed Acquisition.

"Advance" or "Advances" means a cash advance or cash advances under the Revolver Line.

"Affiliate" means any Person (a) which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, Borrower, (b) which beneficially owns or holds five percent (5%) or more of the voting control or equity interests of Borrower, or (c) five percent (5%) or more of the voting control or equity interests of which is beneficially owned or held by Borrower.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Approval Date" means, subject to terms and conditions set forth in Section 2.7(b), the date upon which the Bank has agreed in writing to extend the Initial Term under the Revolver Maturity Date by the Renewal Term, if applicable.

Bank" has the meaning set forth in the preamble to this Agreement.

Bank Expenses" means all costs or expenses (including attorneys' fees and expenses) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; reasonable Collateral audit fees; and Bank's reasonable attorneys' fees and expenses incurred in amending, enforcing or defending the Loan Documents (including fees and expenses of appeal), incurred before, during and after an Insolvency Proceeding, whether or not suit is brought.

Bank Products" means any service or facility extended to Borrower by Bank or any affiliate of Bank, or procured for Borrower from any third party by Bank or any affiliate of Bank by means of a full-recourse agreement or other credit support extended to such third party including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH transactions, (f) cash management, including controlled disbursement, accounts or services, (g) letters of credit, or (h) Hedging Agreements.

Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially in form and substance satisfactory to Bank.

Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

Borrower" has the meaning set forth in the preamble to this Agreement.

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Borrower's Books" means, in respect of Borrower, all of Borrower's books and records including: ledgers; records concerning Borrower's assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

Borrower State" means New York, the state under whose laws Borrower is incorporated.

Business Day" means any day other than a Saturday or a Sunday or any day on which commercial banks in Los Angeles, California, are authorized or required to close, and, if the applicable Business Day relates to SOFR, such day also must be a U.S. Government Securities Business Day.

Change in Control" means (a) a transaction in which any "person" or "group" (within the meaning of Section 13(d) or 14(a) of the Securities Exchange Act of 1934), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of 24% or more of the aggregate shares of all classes of stock then outstanding of Borrower ordinarily entitled to vote in the election of directors of Borrower, or (b) Borrower shall cease to own 100% of the equity interests of each of its Subsidiaries, other than in connection with a transaction permitted pursuant to this Agreement.

Closing Date" means the date of this Agreement.

Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder, all as in effect from time to time.

Collateral" means, collectively, all of the following, whether presently existing or hereafter created or acquired, and wherever located:

- (a) all cash, dividends, Distributions, stock and other monies and property from time to time received, receivable or otherwise transferred or transferable in respect of or in exchange for Borrower's Equity Interests and any other rights to payment from Borrower's Subsidiaries;
- (b) any Deposit Accounts into which any of the foregoing is deposited, including without limitation the Distribution Account; and
- (c) all substitutions, products, proceeds (cash and non-cash) arising out of any of the foregoing.

Compliance Certificate" means a certificate in the form attached hereto as Exhibit C, with appropriate insertions.

Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

Controlled Group" means a controlled group of corporations as defined in 26 U.S.C. § 1563.

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Credit Extension" means each Advance or any other extension of credit by Bank to or for the benefit of Borrower hereunder.

Current Maturities of Long Term Debt" shall mean, in respect of Borrower and as of any applicable date of determination thereof, that portion of the Long Term Debt of Borrower that should be classified as a current liability at such time in accordance with GAAP, including, without limitation, that portion of capital lease obligations of Borrower that would be so classified at such time.

Debt Issuance" means the issuance, sale or incurrence by Borrower of any debt securities or other Indebtedness, whether in a public offering or otherwise, except for any Indebtedness permitted under Section 7.4.

Debt Service Coverage Ratio" means, for any quarter for which the Debt Service Coverage Ratio is to be determined, on a rolling four quarter basis on the last day of any Fiscal Quarter, the ratio of (a) Borrower's consolidated EBITDA for such period minus Distributions made in cash during such period,

minus, taxes paid in cash during such period, to (b) the sum of (i) Borrower's Current Maturities of Long Term Debt at such time of determination, (ii) the aggregate amount of principal payments on Long Term Debt made, or required to have been made, by Borrower during such period (including, without limitation, all payments on capital lease obligations paid or required to have been paid by Borrower during such period), and (iii) the interest expense of Borrower for such period.

“Disclosure Schedules” means the schedule of exceptions attached hereto and approved by Bank, if any.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition of any property by Borrower (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding any Involuntary Disposition.

“Distributions” means distributions paid in cash to the owners of the Equity Interests in Borrower.

“Dollars,” “dollars” or use of the sign “\$” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “\$” sign to denote its currency or may be readily converted into lawful money of the United States.

“EBITDA” means, for any period, the sum of the Borrower's and its Subsidiaries': (a) net income after taxes for such period (excluding extraordinary gains or losses); plus (b) Interest Expense for such period; plus (c) income tax expense for such period; plus (d) depreciation and amortization for such period; plus or minus (e) any other non-cash charges or gains which have been subtracted or added in calculating net income after taxes for such period, all on a consolidated basis.

“Embargoed Person” means (a) any country or territory that is the target of a sanctions program administered by OFAC or (b) any Person that (i) is or is owned or controlled by a Person publicly identified on the most current list of “Specially Designated Nationals and Blocked Persons” published by OFAC, (ii) is the target of a sanctions program or sanctions list (A) administered by OFAC, or (B) under the Iran Sanctions Act, as amended, section 1245 of the National Defense Authorization Act for Fiscal Year 2012 or Executive Order 13590 “Authorizing the Imposition of Certain Sanctions with respect to the Provision of Services, Technology or Support for Iran's Energy and Petro- chemical Sectors,” effective November 21, 2011 (collectively, “Sanctions”) or (iii) resides, is organized or chartered, or has a place of business in a country or territory that is the subject of a sanctions program administered by OFAC.

“Environmental Laws” means all federal, state, district, local and foreign laws, rules, regulations, ordinances, and consent decrees relating to health, safety, hazardous substances, pollution and environmental matters, as now or at any time hereafter in effect, applicable to Borrower's or any of its Subsidiaries' business or facilities owned or operated by such Person, including Laws relating to emissions, discharges, releases or threatened releases of pollutants, contamination, chemicals, or hazardous, toxic or dangerous substances, materials or wastes into the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“Equipment” means, as applicable, all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

“Equity Interests” means all securities, shares, units, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company, or similar entity, whether voting or nonvoting, certificated or uncertificated, including general partner partnership interests, limited partner partnership interests, common stock, preferred stock, or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934) membership interests.

“Equity Issuance” means, any issuance by Borrower of its Equity Interests, other than (a) any issuance of its Equity Interests pursuant to the exercise of options or warrants or unit award agreements, (b) any issuance of its Equity Interests pursuant to the conversion of any debt securities to equity or the conversion of any class of equity securities to any other class of equity securities pursuant to agreements outstanding as of the Closing Date and without regard to any amendments or modifications of such agreements after the Closing Date, and (c) any issuance of options or warrants or unit award agreements relating to its Equity Interests. The term “Equity Issuance” shall not be deemed to include any Disposition or any Debt Issuance.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

“ERISA Affiliate” means any Person who for purposes of Title IV of ERISA is a member of Borrower's Controlled Group, or under common control with Borrower or any of its Subsidiaries, within the meaning of Section 414 of the Code.

“Event of Default” has the meaning assigned in Section 8.

“Excluded Taxes” means, with respect to Bank or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder or under any other Loan Document, any taxes on or measured by overall net income (however denominated), franchise taxes (in lieu of net income taxes) and branch profits taxes, in each case imposed on it by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of Bank, in which its applicable lending office is located.

“Fiscal Year” means each twelve (12) month accounting period of Borrower, which ends on December 31<sup>st</sup> of each year.

“Fiscal Quarter” means any of the quarterly accounting periods of Borrower.

“FINRA” means the Financial Industry Regulatory Authority, any successor thereto, and any analogous Governmental Authority.

“FOCUS Report” means each duly completed and executed SEC Form X-17A-5 submitted to the SEC.

“GAAP” means United States generally accepted accounting principles, consistently applied, as in effect from time to time.

“Gebbia Parties” means, collectively (a) John J. Gebbia, an individual, (b) Gloria Gebbia, an individual, and (c) John J. Gebbia and Gloria Gebbia, as co-trustees of the John and Gloria Living Trust u/d/t December 8, 1994.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra national bodies such as the European Union or the European Central Bank).

“Guarantor” means each Person that now or in the future agrees to guaranty the Obligations, including without limitation the Gebbia Parties.

“Hazardous Materials” means any hazardous, toxic or dangerous substance, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

“Hedging Agreement” means any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rate, currency exchange rates or commodity prices.

“Hedging Obligation” means, with respect to any Person, any liability of such Person under any Hedging Agreements. The amount of any Person’s obligations in respect of any Hedging Obligation shall be deemed to be the incremental obligations that would be reflected in the financial statements of such Person in accordance with GAAP.

“Indebtedness” of a Person means at any time the sum at such time of: (a) indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (b) any obligations of such Person in respect of letters of credit, banker’s or other acceptances or similar obligations issued or created for the account of such Person; (c) lease indebtedness, liabilities and other obligations of such Person with respect to capital leases; (d) obligations of third parties which are being guaranteed or indemnified against by such Person or which are secured by the property of such Person; (e) any obligation of such Person under an employee stock ownership plan or other similar employee benefit plan; (f) any obligation of such Person or a commonly controlled entity to a multi-employer plan; and (g) any obligations, liabilities or indebtedness, contingent or otherwise, under or in connection with, transactions, agreements or documents now existing or hereafter entered into, which provides for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging fluctuations in interest or exchange rates, loan, credit exchange, security or currency valuations or commodity prices; but excluding trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue (as determined in accordance with customary trade practices) or which are being disputed in good faith by such Person and for which adequate reserves are being provided on the books of such Person in accordance with GAAP consistently applied.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Initial Term” means two (2) years from the Closing Date.

“Insolvency Proceeding” means any proceeding commenced by or against any Person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Interest Expense” means, for any period, for Borrower and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses (excluding closing costs associated with this transaction) in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets during such period, plus (b) all payments made under interest rate Hedging Agreements during such period to the extent not included in clause (a) of this definition, minus (c) all payments received under interest rate Hedging Agreements during such period, plus (d) the portion of rent expense with respect to such period under capital leases that is treated as interest in accordance with GAAP.

“Investment” means any beneficial ownership of (including stock, partnership or limited liability company interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“Key Employees” means, collectively, John J. Gebbia, Gloria Gebbia, or Andrew Reich.

“Laws” means all ordinances, statutes, rules, regulations, orders, injunctions, writs, or decrees of any Governmental Authority.

“Lien” means any security interest, mortgage, deed of trust, pledge, lien, charge, judgment lien, assignment, financing statement, encumbrance, title retention agreement or analogous instrument or device, including the interest of each lessor under any capitalized lease and the interest of any bondsman under any payment or performance bond, in, of or on any assets or properties of a Person, whether now owned or subsequently acquired and whether arising by agreement or operation of law, all whether perfected or unperfected.

“Liquidity” means, at any time, the sum of the aggregate amount of unrestricted cash and cash equivalents held at such time by Borrower in deposit accounts or securities accounts maintained with Bank or its Affiliates or maintained in deposit accounts, or securities accounts subject to a control agreement in favor of Bank.

“Loan Documents” means, collectively, this Agreement and all other agreements, instruments and documents including promissory notes, guaranties, deeds of trust, mortgages, pledges, powers of attorney, consents, assignments, contracts, notices, security agreements, leases, financing statements, Hedging Agreements and all other writings heretofore, now or from time to time hereafter executed by or on behalf of Borrower, or any other Person and delivered to Bank or to any parent, affiliate or subsidiary of Bank in connection with the Obligations or the transactions contemplated hereby, as each of the same may be amended, modified or supplemented from time to time.

“Long Term Debt” shall mean, in respect of any applicable Person(s) and as of any applicable date of determination thereof, all Indebtedness of such Person(s) which should be classified as “funded indebtedness” or “long term indebtedness” on a balance sheet of such Person(s) as of such date in accordance with GAAP, including, without limitation, to the extent not otherwise included, capital lease obligations of such Person(s) to the extent classified as long term at such time.

“Material Adverse Effect” means any of the following: (a) a material adverse change in, or material adverse effect upon, the business, condition (financial or otherwise), operations, performance, or prospects of either: (i) Borrower; or (ii) Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of either Borrower or any of its Subsidiaries taken as a whole, to perform their respective obligations under the Loan Documents; (c) a material adverse effect upon: (i) the legality, validity, binding effect or enforceability of any Loan Document to which Borrower is a party against either: (A) Borrower; or (B) the Borrower and its Subsidiaries taken as a whole; or (ii) the rights and remedies of Bank under or in respect of any Loan

Document; or (d) the shares of any class of equity interest of Borrower could reasonably be expected to be delisted from the primary stock exchange on which they are traded, as determined by Bank.

**"Multiemployer Plan"** means a multiemployer plan (as defined in Section 4001(a)(3) of ERISA) to which Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates contributes or is obligated to contribute.

**"MSCO"** means Muriel Siebert & Co., LLC, a Delaware limited liability company.

**"Negotiable Collateral"** means all of Borrower's present and future letters of credit of which it is a beneficiary, drafts, instruments (including promissory notes), securities, Documents, documents of title, Chattel Paper, and each Borrower's Books relating to any of the foregoing.

**"Net Capital"** means the definition of "net capital" as defined in 17 CFR § 240.15c3-1.

**"Net Cash Proceeds"** means the aggregate cash or Cash Equivalents proceeds received by Borrower in respect of any Equity Issuance, Debt Issuance, Disposition or Involuntary Disposition, net of (a) direct costs incurred in connection therewith (including, without limitation, legal, accounting and investment banking fees and sales commissions), (b) taxes paid or payable as a result thereof and (c) in the case of any Disposition or any Involuntary Disposition, the amount necessary to retire any Indebtedness secured by a Permitted Lien (ranking senior to any Lien of Bank) on the related property; it being understood that "Net Cash Proceeds" shall include, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by Borrower in any Equity Issuance, Debt Issuance, Disposition or Involuntary Disposition.

**"Net Worth"** means, at any date, the sum of total assets as of such date minus the sum of total liabilities of such Person, as determined in accordance with GAAP on a consolidated basis.

**"Obligations"** means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Advances, (b) the letter of credit Obligations, (c) all obligations arising under the Foreign Exchange Sublimit (d) all liabilities of any Borrower to Bank or to any affiliate of Bank arising out of or relating to Bank Products, (e) Bank Expenses, (f) Hedging Obligations of Borrower, and (g) all other fees and commissions (including attorneys' fees and expenses), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by Borrower and its Subsidiaries to Bank or to any parent, affiliate or subsidiary of Bank of every kind, nature and description, direct or indirect, primary or secondary, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, whether several, joint, or joint and several, and whether or not evidenced by any note, and including any debt, liability or obligation owing from Borrower to others that Bank may have obtained by assignment or otherwise, and interest and fees that accrue after the commencement by or against Borrower of any bankruptcy or similar proceeding, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

**"OFAC"** means the United States Office of Foreign Assets Control.

**"Operating Documents"** means, for any Person, such Person's formation documents, as certified with the Secretary of State of such Person's state of formation on a date that is no earlier than 30 days prior to the Closing Date, and (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its operating agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

**"Other Taxes"** means all present or future stamp, intangible or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

**"Patriot Act"** means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time.

**"PBGC"** means the Pension Benefit Guaranty Corporation.

**"Pension Plan"** means a pension plan (as defined in Section 3(2) of ERISA) maintained for employees of Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates and covered by Title IV of ERISA.

**"Periodic Payments"** means all installments or similar recurring payments that Borrower may now or hereafter become obligated to pay to Bank pursuant to the terms and provisions of any instrument, or agreement now or hereafter in existence between Borrower and Bank.

**"Permitted Indebtedness"** means:

- (a) Indebtedness of Borrower in favor of Bank arising under this Agreement or any other Loan Document;
- (b) Hedging Obligations of Borrower in favor of Bank or any Affiliate of Bank;
- (c) Indebtedness existing on the Closing Date and disclosed in the Disclosure Schedules;
- (d) fines and other amounts owing to the SEC, FINRA or any other similar Governmental Authority that do not constitute an Event of Default; and
- (e) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon the Borrower.

**"Permitted Investment"** means:

- (a) Investments existing on the Closing Date and disclosed in the Disclosure Schedules;

- (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) Bank's certificates of deposit maturing no more than one year from the date of investment therein, and (iv) Bank's money market accounts;
- (c) Investments accepted in connection with Permitted Transfers; and
- (d) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business of any Borrower.

"Permitted Liens" means the following:

- (a) Liens or security interests in favor of Bank;
- (b) Liens set forth in the Disclosure Schedules;
- (c) Liens for taxes, assessments and other government charges or levies not yet due and payable or which are being contested in good faith and by appropriate proceedings and for which the Borrower has maintained adequate reserves;
- (d) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business; and
- (e) Liens arising in the ordinary course of business, of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, and in favor of other financial institutions arising in connection with Borrower's deposit accounts held at such institutions to secure standard fees for deposit services charged by, but not financing made available by such institutions, provided that Bank has a perfected security interest in the amounts held in such deposit accounts.

"Permitted Stock Buyback" means redemptions of capital stock of Borrower, provided that the following conditions shall be satisfied: (a) both before and immediately after giving effect thereto, no Event of Default exists or would result therefrom and (b) Borrower shall have delivered to Bank a certificate by a Responsible Officer certifying that the condition described in clause (a) above has been satisfied ("Permitted Stock Buyback Certificate").

"Permitted Target" means a Person that is engaged in the same or substantially the same line of business that Borrower and its Subsidiaries are engaged in on the Closing Date that Borrower proposes to acquire in connection with a Proposed Acquisition.

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"Permitted Transfer" means the conveyance, sale, lease, transfer or disposition by Borrower of assets of Borrower that do not in the aggregate exceed \$500,000 during any fiscal year.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) maintained for employees of Borrower, any of its Affiliates or any of their respective ERISA Affiliates.

"Proposed Acquisition" means the proposed Acquisition by Borrower of either all of the Equity Interests in, or all or substantially all of the assets of, a Permitted Target.

"Properly Contested" means, with respect to any obligation of the Borrower, (a) the obligation is subject to a bona fide dispute regarding amount or the Borrower's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment would not reasonably be expected to have a Material Adverse Effect, nor result in forfeiture or sale of any assets of the Borrower; (e) no Lien is imposed on assets of the Borrower, unless bonded and stayed to the satisfaction of Bank; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

"Regulatory Change" means, with respect to Bank, any change on or after the Closing Date in United States federal, state, or foreign laws or regulations, or the adoption or making on or after such date of any interpretations, directives, or requests applying to a class of Banks including Bank, of or under any United States federal or state, or any foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Renewal Term" means a 12 month period.

"Reportable Event" means a reportable event (as defined in Section 4043 of ERISA), other than an event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Required Documentation" means the following to be submitted by Borrower to Bank in connection with a request for an Advance, all of which shall be in form, substance and detail acceptable to Bank:

- (a) a summary description of the Proposed Acquisition and the investment rationale therefor demonstrating, among other things, that the Person subject of the Proposed Acquisition is a Permitted Target and is reasonably determined to be accretive to Borrower's business and the timing of the closing of the Proposed Acquisition, including without limitation the proposed date on which the requested Advance be made;
- (b) a third-party fairness opinion prepared by a Person acceptable to Bank, affirming, among other things, the value of the property being purchased in connection with the Proposed Acquisition;
- (c) a financial projection model, including without limitation an opening balance sheet and monthly income statement projection for the first twelve (12) months following the Proposed Acquisition and an annual balance sheet and income statement thereafter; and
- (d) a Compliance Certificate demonstrating that as of the date thereof, and after giving effect to the requested Advance, no Event of Default exists or would exist under this Agreement, including without limitation, under Section 6.5.

"Responsible Officer" means each of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Controller of Borrower.

"Revolver Cap" means Twenty Million Dollars (\$20,000,000).

"Revolver Line" means the revolving line of credit of up to the Revolver Cap established under this Agreement.

"Revolver Loan" and "Revolver Loans" means the loans and advances made by the Bank pursuant to this Agreement

"Revolver Note" means a promissory note substantially in the form of Exhibit F, duly executed and delivered by Borrower to Bank, with appropriate insertions.

"Revolver Maturity Date" means, (i) the end of the Initial Term or (ii) subject to the terms and conditions set forth in Section 2.7(b), the end of the Renewal Term (if applicable), as the case may be.

"SEC" means the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"SIPA" means the Securities Investor Protection Act of 1970, as amended, and the regulations thereunder.

"SIPC" means the Securities Investor Protection Corporation, or any corporation or other entity succeeding to any of its principal functions.

"SOFR" means, the one (1) month Term Secured Overnight Financing Rate, as administered by CME Group Benchmark Administration Limited (or successor administrator) (the "SOFR Administrator") and displayed by Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Bank) and as determined by Bank on each SOFR Determination Date (the "Index").

"SOFR Loan" means the principal portion of any Revolver Loan that bears interest based on the SOFR.

"SOFR Determination Date" means, initially, the date of the closing under this Agreement; and then on the payment due date immediately following the closing date, and every one (1) month thereafter; provided that if any SOFR Determination Date is not a U.S. Government Securities Business Day, the rate applicable on such SOFR Determination Date shall be the rate for the next succeeding U.S. Government Securities Business Day.

"SOS Reports" means the official reports from the Secretary of State of the Borrower State and from all other applicable federal, state or local government offices identifying all current security interests filed against the Collateral and Liens of record as of the date of such report.

"Subordinated Debt" means Indebtedness incurred by Borrower that is subordinated in writing to the Obligations on terms acceptable to Bank.

"Subsidiary" means any corporation, partnership or limited liability company or joint venture in which (i) any general partnership interest or (ii) more than 50% of the stock, limited liability company interest or joint venture of which by the terms thereof ordinary voting power to elect the board of directors, managers or trustees (or similar governing body) of the entity, at the time as of which any determination is being made, is owned by Borrower, either directly or through an Affiliate.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Transfer" has the meaning set forth in Section 7.1.

"UCC" means the California Uniform Commercial Code as amended or supplemented from time to time.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

## **EXHIBIT B**

[intentionally omitted]

## **EXHIBIT C**

### **COMPLIANCE CERTIFICATE**

TO: EAST WEST BANK

FROM: SIEBERT FINANCIAL CORP.

The undersigned authorized officer of Siebert Financial Corp., a New York corporation ("Borrower"), pursuant to the Loan and Security Agreement (the "Loan Agreement") dated as of July 29, 2024 by and between Borrower and East West Bank, a California banking corporation ("Bank"), hereby certifies to Bank that in accordance with the terms and conditions of the Loan Agreement, (i) Borrower is in complete compliance for the period ending with all required covenants except as noted below and (ii) all representations and warranties in the Agreement are true and correct in all material respects as of the date hereof except that those representations and warranties referring to another date shall be true and correct in all material respects on that other date. Attached hereto are the required documents supporting the above certification. The summary descriptions in the Reporting Covenants below are qualified by, and subject to, the terms of the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

<b>Reporting Covenant</b>	<b>Required</b>	<b>Complies</b>
Annual audited financial statements and Compliance Certificate	FYE within 120 days	Yes No
Quarterly balance sheet and income statements (internally prepared), FOCUS Reports and Compliance Certificate	Quarterly within 60 days after each fiscal quarter (other than the fiscal quarter ending December 31)	Yes No
Tax Returns	Earlier of 30 days of filing	Yes No
SEC Filings (other than FOCUS Reports)	Concurrently with filing	Yes No
Guarantor personal financial and liquidity statements	Year end within 90 days	Yes No
<b>Financial Covenants</b>	<b>Required/Permitted</b>	<b>Complies</b>
Debt Service Coverage Ratio	1.35:1.00	Yes No
Net Capital Ratio	Not less than \$43,000,000	Yes No
<b>Distribution Covenant</b>	<b>Required/Permitted</b>	<b>Complies</b>
Aggregate distributions and dividends made by Borrower to any Person other than Borrower's Subsidiaries during any Fiscal Year	Less than 5% of the Net Worth of Borrower and its Subsidiaries	Yes No
<b>Comments Regarding Exceptions:</b> See Attached.		
Name: _____	Verified: _____	
Title: CFO	AUTHORIZED SIGNER	
Date: _____	Date: _____	
Compliance Status		Yes No

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**EXHIBIT D – FORM OF NOTICE OF ADVANCE**

**[TO BE PROVIDED BY BANK]**

Exhibit D – Form of Notice of Advance



(Rev. 07/2023-2)

**LOAN ADVANCE / PAYMENT AUTHORIZATION**  
*(MUST BE RECEIVED BY 5:00 PM PST FOR SAME DAY PROCESSING)*  
*WHEN COMPLETED E-MAIL TO:*  
*AdvanceGroup@EastWestBank.com (For Bilateral Loans)*  
*PartAndSynd@EastWestBank.com (For Syndication/Participation Loans)*  
*OR FAX TO: 626-927-2088*

<b>LOAN REQUEST FORM</b> <i>(TO BE COMPLETED BY BORROWER)</i>						
Borrower Name:	Borrower Phone No.	Date of Request:				
Loan / Note No.:	("Loan")					
<b>LOAN ADVANCE REQUEST</b> <i>(TO BE COMPLETED BY BORROWER)</i>						
Effective Date	Credit To	Description	Amount			
UCC Equipment Filing Required		Yes.      No.      If yes, please provide a copy of supporting documents.				
<b>LOAN PAYMENT REQUEST</b> <i>(TO BE COMPLETED BY BORROWER)</i>						
Effective Date	Debit From	Credit to Loan / Note No.	Payment Type			Total Amount
			Principal	Interest	Fee	

**CERTIFICATION OF BORROWER**

This request is made to East West Bank by an authorized representative(s) of Borrower, who signs below and who certifies that: (i) The representations and warranties by Borrower set forth in the Loan and Security Agreement, dated as of July [ ], 2024 by and between Borrower and East West Bank and Related Loan Documents (collectively "Loan Documents") are true and correct in all material respects (or, if conditioned on materiality, in all respects) as of the date made and as of the date of this advance request; (ii) Borrower is not in violation of any of the terms of the Loan Documents; (iii) no Event of Default has occurred and is continuing or would result from making the Loan Advance; and, (iv) there has been no material adverse change in Borrower's financial condition since the Loan Documents were executed.

Authorized Signature: \_\_\_\_\_  
Authorized Signature: \_\_\_\_\_

Printed Name/Title: \_\_\_\_\_  
Printed Name/Title: \_\_\_\_\_

**EAST WEST BANK OFFICE USE ONLY**  
**SPECIAL INSTRUCTIONS**

For borrower requests initiated without signatures, verified name \_\_\_\_\_, by phone number \_\_\_\_\_  
Prepared By: \_\_\_\_\_  
Signature \_\_\_\_\_  
Approved By: \_\_\_\_\_  
Signature \_\_\_\_\_  
Printed Name/Title: \_\_\_\_\_  
Printed Name/Title: \_\_\_\_\_  
**For loan advance:**  
**By signing the above, Approver has validated that the request is by an authorized representative(s) of Borrower.**  
**When the loan advance requires an outgoing wire, Approver has called back the authorized representative(s) of Borrower to confirm the information stated in this request, including but not limited to wire instructions.**

**Exhibit E – FORM OF EXTENSION REQUEST**[ ], 20[ ]<sup>1</sup>

EAST WEST BANK  
535 Madison Avenue, 8th Floor  
New York, NY 10022  
Attn: [ ]  
E-mail: [ ]

Re: Loan and Security Agreement, dated as of July 29, 2024 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Loan Agreement") by and between Siebert Financial Corp., a New York corporation ("Borrower") and East West Bank, a California banking corporation ("Bank")

Ladies and Gentlemen:

Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Loan Agreement. The undersigned hereby requests Bank's consent to extend the Initial Term of the Revolver Maturity Date by the Renewal Term ("Extension Request") and certifies that he or she is a Responsible Officer of the Company, and that:

- (a) no Event of Default shall have occurred and be continuing on the date hereof or after giving effect to this Extension Request;
- (b) no material change to Borrower's or any Guarantor's financial position has occurred since the Closing Date;
- (c) the representations and warranties made by Borrower in the Loan Agreement, or which are contained in any certificate, document or financial or other statement furnished at any time under or in connection therewith, are and will be correct on and as of the date of this notice of extension request letter ("Extension Request Letter"), except to the extent that such representations and warranties specifically refer to any earlier date;
- (d) attached hereto as Schedule 1 ("Schedule 1") is the financial information, documentation and/or other information supporting the certifications set forth in clauses (a) and (b) above;
- (e) The financial information, documentation and other information set forth in Schedule 1 are true and accurate on and as of the date of this Extension Request Letter; and
- (f) the undersigned has reviewed and is familiar with the terms of the Loan Agreement and has made, or has caused to be made under his or her supervision, a detailed review of the transactions and conditions (financial or otherwise) of Borrower during any accounting period covered by any financial statements attached to Schedule 1.

<sup>1</sup> This written request of extension shall be delivered at least 30 days prior to the end of the Initial Term.

**Exhibit E – Form of Extension Request**

The foregoing certifications, together with the financial information, documentation and/or other information supporting the certifications attached to Schedule 1, are made and delivered this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**SIEBERT FINANCIAL CORP.,**  
a New York corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit E – Form of Extension Request

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Schedule I to Form of Extension Request

[financial information, documentation and/or other information to be attached by Responsible Officer]

Schedule I to Exhibit E

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**EXHIBIT F – FORM OF REVOLVER NOTE**

\$[ ] [ ] , 20[ ]

**FOR VALUE RECEIVED**, the undersigned, **SIEBERT FINANCIAL CORP.**, a New York corporation ("Borrower"), **HEREBY PROMISES TO PAY** to the order of **EAST WEST BANK**, a California banking corporation ("Bank") at its office located at 9300 Flair Drive, 6<sup>th</sup> Floor, El Monte, CA 91731, Attn: Loan Servicing Department, or at such other place as Bank may from time to time designate in writing, in lawful money of the United States and in immediately available funds, the principal amount of    (\$  ), or such lesser amount as shall equal the aggregate outstanding principal amount of the Advances made by Bank to Borrower, together with interest from the date of disbursement computed on the outstanding principal balance hereof as set forth in the Loan and Security Agreement dated as of the date hereof, by and between Borrower and Bank, and as amended from time to time (the "Loan Agreement"). The Loan Agreement is incorporated herein by this reference in its entirety. Capitalized terms used but not otherwise defined herein are used in this revolver note (this "Revolver Note") as defined in the Loan Agreement.

This Revolver Note is entitled to the benefits of the Loan Agreement. The Loan Agreement, among other things, contains provisions for acceleration of the maturity of the Advances upon the happening of certain stated events and also for prepayments on account of any Advance hereof prior to the maturity of such Advance upon the terms and conditions specified in the Loan Agreement.

Borrower further promises to pay interest on the unpaid principal amount outstanding from time to time from the date hereof until payment in full at the rate (or rates) from time to time applicable to the Advances as determined in accordance with the Loan Agreement. Interest shall be calculated on the basis of a three hundred sixty (360)-day year for the actual days elapsed.

Borrower, for itself, its successors and assigns, hereby waives diligence, demand, presentment and protest, and notice of demand, presentment, protest and nonpayment. Except as otherwise provided in the Loan Agreement or other Loan Documents, Borrower, for itself, its successors and assigns, hereby waives all rights to notice and hearing of any kind upon the occurrence of an Event of Default prior to the exercise by Bank of its rights under the Loan Agreement.

If this Revolver Note is not paid when due, whether on its specified or accelerated maturity date, Borrower promises to pay all costs of collection and enforcement of this Revolver Note, including, but not limited to, reasonable attorneys' fees and costs, incurred by Bank on account of such collection or enforcement, whether or not suit is filed hereon.

This Revolver Note shall be governed by and construed in accordance with the laws of the State of California.

*[Rest of Page Intentionally Left Blank; Signature Page Follows]*

Exhibit F – Form of Extension Request

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Revolver Note as of the date and year first above written.

**SIEBERT FINANCIAL CORP.**,  
a New York corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit F – Form of Revolver Note

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#### Schedule 4.1 – Permitted Liens

(a) Mortgage with East West Bank: On December 30, 2021, the Company purchased the Miami office building for approximately \$6.8 million, and the Company entered into a mortgage with East West Bancorp, Inc. ("East West Bank") for approximately \$4 million to finance part of the purchase of the Miami office building as well as \$338,000 to finance part of the build out of the Miami office building. The Company's obligations under the mortgage are secured by a lien on the Miami office building and the term of the loan is ten years. The repayment schedule will utilize a 30-year amortization period, with a balloon on the remaining amount due at the end of ten years. The interest rate is 3.6% for the first 7 years, and thereafter the interest rate shall be at the prime rate as reported by the Wall Street Journal, provided that the minimum interest rate on any term loan will not be less than 3.6%. As part of the agreement, the Company must maintain a debt service coverage ratio of 1.4 to 1. The loan is subject to a prepayment penalty over the first five years which is calculated as a percentage of the principal amount outstanding at the time of prepayment. This percentage is 5% in the first year and decreases by 1% each year thereafter, with the prepayment penalty ending after 5 years. As of March 31, 2024, the Company was in compliance with all of its covenants related to this agreement.

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#### Schedule 5.4 – Debt

(a) The installment payments made to Kakaopay Securities Corp in respect of the consideration agreed to be paid pursuant to the terms of that certain Termination and Settlement Agreement, dated December 19, 2023, by and among Borrower and Kakaopay Securities Corp., MSCO and certain other parties named therein including, but not limited to, the Gebbia Parties. As of the Closing Date, the sum of the outstanding installment payments due is \$4,000,000.

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#### Schedule 5.6 – Affiliates

Name and Address	Type of Operation	Ownership Percentage or Relationship
Muriel Siebert & Co., LLC ("MSCO")	a registered broker-dealer	Wholly owned subsidiary
Siebert AdvisorNXT, LLC	Registered Investment Advisor	Wholly owned subsidiary
Siebert Technologies, LLC. (f/k/a KCA Technologies LLC) <sup>1</sup>	Develop Retail Trading Platform & Mobile App	Wholly owned subsidiary
Park Wilshire Companies Inc.	a licensed insurance agency	Wholly owned subsidiary
RISE Financial Services, LLC (f/k/a WPS Prime Services, LLC; Weeden Prime Services, LLC)	a registered broker-dealer	Appx. Owned 68% by SFC

<sup>1</sup> Name changed in September 2019

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#### Schedule 5.12 – ERISA

1) 401k plan administered through the Borrower. The Custodian is Vanguard, and employer matching is optional (up to \$2,000 per employee/per year)

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#### Schedule 5.14 - Locations

a. Any other names Borrower has done business under other than the name specified on the signature page of the Agreement:

None

b. Any locations that Borrower owns, leases, or otherwise holds any assets:

Locations	Ownership status	If leased, landlord name and address
Headquarters – Miami Beach Siebert Financial Corp. 653 Collins Avenue Miami Beach, FL 33139 Boca Raton Muriel Siebert & Co., LLC 4400 North Federal Highway, Suite 122 Boca Raton, FL 33431	Own  Lease	N/A  Investments Limited Inc. 215 N. Federal Hwy Boca Raton, FL 33432

Beverly Hills – Wilshire Blvd Muriel Siebert & Co., LLC 9378 Wilshire Blvd., Suite 300 Beverly Hills, CA 90212	Lease	JLL 10351 Santa Monica Blvd, Suite 260 Los Angeles, CA 90025
New York Siebert Financial Corp. 300 Vesey St., Suite 501, New York, NY 10282	Sublease	New York Mercantile Exchange, Inc. – CME Group 300 Vesey Street New York, NY 10282
Philadelphia Siebert Financial Corp. 601 Dresher Road, Suite 302 Horsham, PA 19044	Lease	601 Dresher Partners, LP 490 North Main Street, Suite 101 Pittston, PA 18640
Seal Beach Siebert Financial Corp. 3020 Old Ranch Parkway Suite 300 Seal Beach, CA 90740	Sublease	Seagate Offices, Inc. dba Access Offices 3020 Old Ranch Parkway Suite 300 Seal Beach, CA 90740
Tampa Muriel Siebert & Co., LLC 4950 Northdale Blvd, Suite 105 Tampa, FL 33624	Lease	Northdale Plaza LLC 12701 West Hillsborough Ave Tampa, FL 33635
Calabasas Muriel Siebert & Co., LLC 24005 Ventura Blvd Suite 200 Calabasas, CA 91302	Lease	Montage Insurance Solutions 24005 Ventura Blvd Calabasas, CA 91302
Beverly Hills – Cannon Drive Muriel Siebert & Co., LLC 190 N. Canon Drive, Suite 200 Beverly Hills, CA 90210	Lease	190 Canon, LLC P.O. Box 907 Kirkland, WA 98083
Omaha Muriel Siebert & Co., Inc. 18045 Oak Street Omaha, NE 68130	Short-term lease	Gebbia Sullivan county trust 9464 Wilshire Blvd. Beverly Hills, CA 90212
Boston Muriel Siebert & Co., Inc. 77 Summer Street, 3rd Floor Boston, MA 02110	Short-term lease	HIVE Property Owner LLC c/o Synergy Investments LLC Ten Post Office Square14th Floor Boston, MA 02109

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Schedule 5.15 – Commercial Tort Claims

None.

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Schedule 5.20 – Transactions with Affiliates

None.

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Schedule 5.21 – Trade Names, Assumed Names, Fictitious Names or Division Names in the operation of its business

(a) Borrower was originally incorporated under the name "Michaels & Co., Inc." Borrower changed its name to "J. Michaels, Inc.", then to "Siebert Capital Corp." and then to "Siebert Financial Corp."

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Schedule 7.7 – Permitted Investments

None.

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## REVOLVER NOTE

\$20,000,000

July 29, 2024

**FOR VALUE RECEIVED**, the undersigned, **SIEBERT FINANCIAL CORP.**, a New York corporation ("Borrower"), **HEREBY PROMISES TO PAY** to the order of **EAST WEST BANK**, a California banking corporation ("Bank") at its office located at 9300 Flair Drive, 6<sup>th</sup> Floor, El Monte, CA 91731, Attn: Loan Servicing Department, or at such other place as Bank may from time to time designate in writing, in lawful money of the United States and in immediately available funds, the principal amount of **TWENTY MILLION DOLLARS (\$20,000,000.00)**, or such lesser amount as shall equal the aggregate outstanding principal amount of the Advances made by Bank to Borrower, together with interest from the date of disbursement computed on the outstanding principal balance hereof as set forth in the Loan and Security Agreement dated as of the date hereof, by and between Borrower and Bank, and as amended from time to time (the "Loan Agreement"). The Loan Agreement is incorporated herein by this reference in its entirety. Capitalized terms used but not otherwise defined herein are used in this revolver note (this "Revolver Note") as defined in the Loan Agreement.

This Revolver Note is entitled to the benefits of the Loan Agreement. The Loan Agreement, among other things, contains provisions for acceleration of the maturity of the Advances upon the happening of certain stated events and also for prepayments on account of any Advance hereof prior to the maturity of such Advance upon the terms and conditions specified in the Loan Agreement.

Borrower further promises to pay interest on the unpaid principal amount outstanding from time to time from the date hereof until payment in full at the rate (or rates) from time to time applicable to the Advances as determined in accordance with the Loan Agreement. Interest shall be calculated on the basis of a three hundred sixty (360)-day year for the actual days elapsed.

Borrower, for itself, its successors and assigns, hereby waives diligence, demand, presentment and protest, and notice of demand, presentment, protest and nonpayment. Except as otherwise provided in the Loan Agreement or other Loan Documents, Borrower, for itself, its successors and assigns, hereby waives all rights to notice and hearing of any kind upon the occurrence of an Event of Default prior to the exercise by Bank of its rights under the Loan Agreement.

If this Revolver Note is not paid when due, whether on its specified or accelerated maturity date, Borrower promises to pay all costs of collection and enforcement of this Revolver Note, including, but not limited to, reasonable attorneys' fees and costs, incurred by Bank on account of such collection or enforcement, whether or not suit is filed hereon.

This Revolver Note shall be governed by and construed in accordance with the laws of the State of California.

*[Rest of Page Intentionally Left Blank; Signature Page Follows]*

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Revolver Note as of the date and year first above written.

**SIEBERT FINANCIAL CORP.**,  
a New York corporation

By: /s/ Andrew Reich  
Name: Andrew Reich  
Title: Chief Financial Officer

Revolver Note

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## CONTINUING GUARANTY

This **CONTINUING GUARANTY** (as amended, restated, supplemented or otherwise modified from time to time, this "Guaranty"), dated as of July 29, 2024, is executed and delivered by **JOHN J. GEBBIA**, individually and as a co-trustee of the **JOHN AND GLORIA LIVING TRUST U/D/T DECEMBER 8, 1994**, and **GLORIA GEBBIA**, individually and as a co-trustee of the **JOHN AND GLORIA LIVING TRUST U/D/T DECEMBER 8, 1994** (individually and collectively, the "Guarantor"), in favor of **EAST WEST BANK** ("Lender"), in light of the following:

A. Siebert Financial Corp., a New York corporation ("Borrower") and Lender are entering into that certain Loan and Security Agreement of even date herewith (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which Borrower requested that Lender provide certain financial accommodations to Borrower; and

B. It is one of the conditions precedent to the effectiveness of the Loan Agreement and Lender's agreement to provide such financial accommodations that the Guarantor execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor and Bank hereby agree as follows:

### **1. Definitions and Construction.**

(a) **Definitions.** Initially capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement. In addition, the following terms, as used in this Guaranty, shall have the following meanings:

"Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101 – 1532, as amended from time to time.

"Guaranteed Obligations" means any and all Obligations owing to Bank under the Loan Agreement or any other Loan Document, including all such obligations, indebtedness, or liabilities, whether for principal, interest (including any interest which, but for the application of the provisions of the Bankruptcy Code, would have accrued on such amounts), premium, reimbursement obligations, fees, costs, expenses (including, reasonable attorneys' fees), or indemnity obligations, whether heretofore, now, or hereafter made, incurred, or created, whether voluntarily or involuntarily made, incurred, or created, whether secured or unsecured (and if secured, regardless of the nature or extent of the security), whether absolute or contingent, liquidated or unliquidated, determined or indeterminate, whether Borrower is liable individually or jointly with others, and whether recovery is or hereafter becomes barred by any statute of limitations or otherwise becomes unenforceable for any reason whatsoever, including any act or failure to act by Lender.

(b) **Construction.** Unless the context of this Guaranty clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. Words importing any gender include the other genders. The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Guaranty as a whole and not to any particular provision of this Guaranty. Any reference herein to any of the Loan Agreement or any other agreement related thereto includes any and all alterations, amendments, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Neither this Guaranty nor any uncertainty or ambiguity herein shall be construed or resolved against Lender or Guarantor, whether under any rule of construction or otherwise. On the contrary, this Guaranty has been reviewed by Guarantor, Lender, and their respective counsel, and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of Lender and Guarantor.

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**2. Guaranteed Obligations.** Guarantor hereby irrevocably and unconditionally guarantees to Lender, as and for its own debt, until payment in full thereof has been made, (a) payment of the Guaranteed Obligations, in each case when and as the same shall become due and payable, whether at maturity, pursuant to a mandatory prepayment requirement, by acceleration, or otherwise; it being the intent of Guarantor that the guaranty set forth herein shall be a guaranty of payment and not a guaranty of collection; and (b) the punctual and faithful performance, keeping, observance, and fulfillment by Borrower of all of the agreements, conditions, covenants, and obligations of Borrower contained in the Loan Agreement and in each of the other agreements related thereto.

**3. Continuing Guaranty.** This Guaranty includes Guaranteed Obligations arising under successive transactions continuing, compromising, extending, increasing, modifying, releasing, or renewing the Guaranteed Obligations, changing the interest rate, payment terms, or other terms and conditions thereof, or creating new or additional Guaranteed Obligations after prior Guaranteed Obligations have been satisfied in whole or in part. Guarantor irrevocably waives any right it has, including any rights under California Civil Code Section 2815, to terminate or revoke the continuing nature of this Guaranty and its application to any Guaranteed Obligations arising after any attempt to terminate this Guaranty.

**4. Performance Under This Guaranty.** In the event that Borrower fails to make any payment of any Guaranteed Obligations on or before the due date thereof, or if Borrower shall fail to perform, keep, observe, or fulfill any other obligation referred to in clause (a) of Section 2 hereof in the manner provided in the Loan Agreement or the other agreements related thereto, as applicable, and all applicable cure periods have expired, Guarantor immediately shall cause such payment to be made or each of such obligations to be performed, kept, observed, or fulfilled.

**5. Primary Obligations.** This Guaranty is a primary and original obligation of Guarantor and is an absolute, unconditional, and continuing guaranty of payment and performance which shall remain in full force and effect without respect to future changes in conditions, including any change of law. Guarantor agrees that it is directly, and jointly and severally with any other guarantor of the Guaranteed Obligations, liable to Lender, that the obligations of Guarantor hereunder are independent of the obligations of Borrower or any other guarantor, and that a separate action may be brought against Guarantor whether such action is brought against Borrower or any other guarantor or whether Borrower or any such other guarantor is joined in such action. Guarantor agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by Lender of whatever remedies it may have against Borrower or any other guarantor, or the enforcement of any lien or realization upon any security Lender may at any time possess. Guarantor agrees that any release which may be given by Lender to Borrower or any other guarantor shall not release Guarantor. Guarantor consents and agrees that Lender shall be under no obligation (under Sections 2899 or 3433 of the California Civil Code or otherwise) to marshal any assets of Borrower or any other guarantor in favor of Guarantor, or against or in payment of any or all of the Guaranteed Obligations.

**6. Waivers.** Except as prohibited by applicable law, Guarantor waives any right to require Lender to (A) make any presentment, protest, demand, or notice of any kind, including notice of change of any terms of repayment of the Indebtedness, default by Borrower or any other guarantor or surety, any action or nonaction taken by Borrower, Lender, or any other guarantor or surety of Borrower, or the creation of new or additional Indebtedness; (B)

proceed against any person, including Borrower, before proceeding against Guarantor; (C) proceed against any collateral for the Indebtedness, including Borrower's collateral, before proceeding against Guarantor; (D) apply any payments or proceeds received against the Indebtedness in any order; (E) give notice of the terms, time, and place of any sale of the collateral pursuant to the Uniform Commercial Code or any other law governing such sale; (F) disclose any information about the Indebtedness, the Borrower, the collateral, or any other guarantor or surety, or about any action or nonaction of Lender; or (G) pursue any remedy or course of action in Lender's power whatsoever.

Guarantor also waives any and all rights or defenses arising by reason of (H) any disability or other defense of Borrower, any other guarantor or surety or any other person; (I) the cessation from any cause whatsoever, other than payment in full, of the Indebtedness; (J) the application of proceeds of the Indebtedness by Borrower for purposes other than the purposes understood and intended by Guarantor and Lender; (K) any act of omission or commission by Lender which directly or indirectly results in or contributes to the discharge of Borrower or any other guarantor or surety, or the Indebtedness, or the loss or release of any collateral by operation of law or otherwise; (L) any statute of limitations in any action under this Guaranty or on the Indebtedness; or (M) any modification or change in terms of the Indebtedness, whatsoever, including without limitation, the renewal, extension, acceleration, or other change in the time payment of the Indebtedness is due and any change in the interest rate, and including any such modification or change in terms after revocation of this Guaranty on the Indebtedness incurred prior to such revocation.

Guarantor waives all rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to Guarantor by reason of California Civil Code Sections 2787 to 2855, inclusive.

Guarantor waives all rights and any defenses arising out of an election of remedies by Lender even though that the election of remedies, such as a non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by operation of Section 580d of the California Code of Civil Procedure or otherwise.

Guarantor waives all rights and defenses that Guarantor may have because Borrower's obligation is secured by real property. This means among other things: (N) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower. (O) If Lender forecloses on any real property collateral pledged by Borrower: (1) the amount of Borrower's obligation may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (2) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's obligation is secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Guarantor understands and agrees that the foregoing waivers are unconditional and irrevocable waivers of substantive rights and defenses to which Guarantor might otherwise be entitled under state and federal law. The rights and defenses waived include, without limitation, those provided by California laws of suretyship and guaranty, anti-deficiency laws, and the Uniform Commercial Code. Guarantor acknowledges that Guarantor has provided these waivers of rights and defenses with the intention that they be fully relied upon by Lender. Guarantor further understands and agrees that this Guaranty is a separate and independent contract between Guarantor and Lender, given for full and ample consideration, and is enforceable on its own terms. Until all of the Indebtedness is paid in full, Guarantor waives any right to enforce any remedy Guarantor may have against the Borrower or any other guarantor, surety, or other person, and further, Guarantor waives any right to participate in any collateral for the Indebtedness now or hereafter held by Lender.

**Guarantor's Understanding With Respect To Waivers.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

**7. Releases.** Guarantor consents and agrees that, without notice to or by Guarantor and without affecting or impairing the obligations of Guarantor hereunder, Lender may, by action or inaction:

- (a) compromise, settle, extend the duration or the time for the payment of, or discharge the performance of, or may refuse to or otherwise not enforce the Loan Documents;
- (b) release all or any one or more parties to any one or more of the Loan Documents or grant other indulgences to Borrower in respect thereof;
- (c) amend or modify in any manner and at any time (or from time to time) any of the Loan Documents; or

(d) release or substitute any other guarantor, if any, of the Guaranteed Obligations, or enforce, exchange, release (by action or inaction), or waive any security for the Guaranteed Obligations or any other guaranty of the Guaranteed Obligations, or any portion thereof.

**8. No Election.** Lender shall have the right to seek recourse against Guarantor to the fullest extent provided for herein, and no election by Lender to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Lender's right to proceed in any other form of action or proceeding or against other parties unless Lender has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by Lender under any document or instrument evidencing the Guaranteed Obligations shall serve to diminish the liability of Guarantor under this Guaranty, except to the extent that Lender shall have realized payment in full by such action or proceeding.

**9. Claw-Back.** In the event that, for any reason, any portion of payments of the Guaranteed Obligations to Lender is set aside or restored, whether voluntarily or involuntarily, after the making thereof, then the obligation intended to be satisfied thereby shall be revived and continued in full force and effect as if said payment or payments had not been made, and Guarantor shall be liable for the full amount Lender is required to repay plus any and all costs and expenses (including reasonable attorneys' fees) paid by Lender in connection therewith.

**10. Financial Condition of Borrower.** Guarantor represents and warrants to Lender that Guarantor is currently informed of the financial condition of Borrower and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Guaranteed Obligations. Guarantor further represents and warrants to Lender that Guarantor has read and understands the terms and conditions of the Loan Agreement and the other agreements related thereto. Guarantor hereby covenants that Guarantor will continue to keep informed of Borrower's financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Guaranteed Obligations.

**11. Payments; Application.** All payments to be made hereunder by Guarantor shall be made in lawful money of the United States of America at the time of payment, shall be made in immediately available funds, and shall be made without deduction (whether for taxes or otherwise) or offset. All payments made by Guarantor hereunder shall be applied as follows: first, to all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Lender in enforcing this Guaranty or in collecting the Guaranteed Obligations; second, to all accrued and unpaid interest, premium, if any, and fees owing to Lender constituting Guaranteed Obligations; and third, to the balance of the Guaranteed Obligations.

**12. Attorneys' Fees and Other Costs and Expenses.** Guarantor agrees to pay, on demand, (a) all reasonable attorneys' fees and all other reasonable costs and expenses which may be incurred by Lender in the enforcement of this Guaranty (including without limitation any claim in any action or proceeding brought under the Bankruptcy Code) or in any way arising out of, or consequential to the protection, assertion, or enforcement of the Guaranteed Obligations (or any security therefor), including without limitation, any losses suffered by Lender caused by Guarantor's negligence, willful misconduct, bad faith or fraud in the performance or non performance of the duties owed under this Guaranty, whether or not suit is brought.

**13. Notices.** All notices or demands by Guarantor or Lender to the other relating to this Guaranty shall be in writing and either personally served or sent by registered or certified mail, postage prepaid, return receipt requested, overnight delivery service, or by telefacsimile, and shall be deemed to be given for purposes of this Guaranty on the earlier of the date of actual receipt or five days after the deposit thereof in the mail. Unless otherwise specified in a notice sent or delivered in accordance with the provisions of this section, such writing shall be sent, if to Guarantor, at Guarantor's address set forth below, and if to Lender, then as follows:

If to Lender:

East West Bank  
535 Madison Avenue, 8th Floor  
New York, NY 10022  
Attn: Stephen E. Altneu  
E-mail: steve.altneu@eastwestbank.com

If to Guarantor:

John J. Gebbia, individually and as co-trustee  
Gloria Gebbia, individually and as co-trustee  
5697 Hoback Glenn  
Hidden Hills, CA 91302  
E-mail: areich@siebert.com

**14. Cumulative Remedies.** No remedy under this Guaranty or under the Loan Agreement or any of the other agreements related thereto is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or under the Loan Agreement or any of the other agreements related thereto, and those provided by law or in equity. No delay or omission by Lender to exercise any right under this Guaranty shall impair any such right nor be construed to be a waiver thereof. No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

**15. Books and Records.** Guarantor agrees that Lender's books and records showing the account between Lender and Borrower shall be admissible in any action or proceeding for the purpose of establishing the items therein set forth and shall constitute *prima facie* proof thereof.

**16. Severability of Provisions.** Any provision of this Guaranty which is prohibited or unenforceable under applicable law, shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

**17. Entire Agreement; Amendments.** This Guaranty constitutes the entire agreement between Guarantor and Lender pertaining to the subject matter contained herein. This Guaranty may not be altered, amended, or modified, nor may any provision hereof be waived or noncompliance therewith consented to, except by means of a writing executed by both Guarantor and Lender. Any such alteration, amendment, modification, waiver, or consent shall be effective only to the extent specified therein and for the specific purpose for which given. No course of dealing and no delay or waiver of any right or default under this Guaranty shall be deemed a waiver of any other, similar or dissimilar right or default or otherwise prejudice the rights and remedies hereunder.

**18. Successors and Assigns.** This Guaranty shall be binding upon Guarantor's successors and assigns and shall inure to the benefit of the successors and assigns of Lender; provided, however, Guarantor shall not assign this Guaranty or delegate any of its duties hereunder without Lender's prior written consent. Any assignment without the consent of Lender shall be absolutely void. In the event of any assignment or other transfer of rights by Lender, the rights and benefits herein conferred upon Lender shall automatically extend to and be vested in such assignee or other transferee.

**19. Choice of Law and Venue.** This Guaranty shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to principles of conflicts of law. Each of Guarantor and Lender hereby submits to the exclusive jurisdiction of the state and Federal courts located in the County of Los Angeles, State of California; provided, however, that nothing in this Guaranty shall be deemed to operate to preclude Lender from bringing suit or taking other legal action in any other jurisdiction to enforce its rights and remedies under the Loan Documents, or to enforce a judgment or other court order in favor of Lender. Guarantor expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Guarantor hereby waives any objection that he or she may have based upon lack of personal jurisdiction, improper venue, or *forum non conveniens* and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Guarantor hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Guarantor at the address set forth in, or subsequently provided by Guarantor in accordance with, Section 13 of this Guaranty and that service so made shall be deemed completed upon the earlier to occur of Guarantor's actual receipt thereof or 3 days after deposit in the U.S. mails, proper postage prepaid.

**20. WAIVER OF JURY TRIAL.** GUARANTOR AND LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS GUARANTY, THE OTHER LOAN DOCUMENTS OR ANY CONTEMPLATED

TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THE LOAN AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

**21. Judicial Reference.** WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, who shall be a retired state or federal court judge, mutually selected by the parties or, if they cannot agree, then any party may seek to have a private judge appointed in accordance with California Code of Civil Procedure §§ 638 and 640 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Los Angeles County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Los Angeles County Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. The parties agree that time is of the essence in conducting the referenced proceedings. The parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof. The costs shall be borne equally by the parties.

**22. Waivers, Consents.** Guarantor warrants and agrees that each of the waivers and consents set forth herein is made after consultation with legal counsel and with full knowledge of its significance and consequence, with the understanding that events giving rise to any defense or right waived may diminish, destroy, or otherwise adversely affect rights which Guarantor otherwise may have against Borrower, Lender, or others, or against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]*

IN WITNESS WHEREOF, Guarantor has executed and delivered this Guaranty to Lender, as of the date set forth in the first paragraph hereof.

**GUARANTOR:**

*/s/ John J. Gebbia*

**JOHN J. GEBBIA**, individually and as a co-trustee of the  
**JOHN AND GLORIA LIVING TRUST U/D/T DECEMBER 8, 1994**

*/s/ Gloria Gebbia*

**GLORIA GEBBIA**, individually and as a co-trustee of the  
**JOHN AND GLORIA LIVING TRUST U/D/T DECEMBER 8, 1994**

Continuing Guaranty  
(Gebbia Parties)

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**LENDER:**

**EAST WEST BANK**

By: */s/ May Kwong*

Name: May Kwong

Title: Senior Vice President

Continuing Guaranty  
(Gebbia Parties)

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**CERTIFICATION  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John J. Gebbia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Siebert Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John J. Gebbia

John J. Gebbia  
Chief Executive Officer  
(Principal executive officer)

Date: November 12, 2024

**CERTIFICATION  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Andrew H. Reich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Siebert Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Andrew H. Reich

Andrew H. Reich  
Executive Vice President, Chief Operating Officer,  
Chief Financial Officer, and Secretary  
(Principal financial and accounting officer)

Date: November 12, 2024

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Siebert Financial Corp. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the SEC on the date hereof (the "Report"), I, John J. Gebbia, in my capacity as Chief Executive Officer, hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and the results of operations of the Company for the period covered by the Report.

/s/ John J. Gebbia

John J. Gebbia  
Chief Executive Officer  
(Principal executive officer)

Date: November 12, 2024

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the SEC or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Siebert Financial Corp. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the SEC on the date hereof (the "Report"), I, Andrew H. Reich, in my capacity as Executive Vice President, Chief Operating Officer, Chief Financial Officer, and Secretary hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and the results of operations of the Company for the period covered by the Report.

/s/ Andrew H. Reich  
Andrew H. Reich  
Executive Vice President, Chief Operating Officer,  
Chief Financial Officer, and Secretary  
(Principal financial and accounting officer)

Date: November 12, 2024

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the SEC or its staff upon request.