

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 June 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 August 14, 2024, there were 40,980,936 issued and 39,980,936 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**

	<b>June 30, 2024 (unaudited)</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Current assets	\$ 5,200,000	\$ 5,735,000
Cash and cash equivalents		

Cash and securities segregated for regulatory purposes; (Cash of \$ 128.0 million, securities with a fair value of \$ 86.6 million as of June 30, 2024; Cash of \$158.8 million, securities with a fair value of \$115.5 million as of December 31, 2023)

	2024	2023
Receivables from customers	214,635,000	274,317,000
Receivables from broker-dealers and clearing organizations	74,875,000	72,823,000
Receivables from non-customers	8,720,000	3,863,000
Other receivables	455,000	241,000
Prepaid expenses and other assets	4,097,000	2,424,000
Securities borrowed	1,693,000	1,700,000
Securities owned, at fair value	253,781,000	394,709,000
Total Current assets	16,768,000	18,038,000
	580,224,000	773,850,000
Deposits with broker-dealers and clearing organizations	7,279,000	7,885,000
Property, office facilities, and equipment, net	10,195,000	9,404,000
Software, net	3,454,000	1,432,000
Lease right-of-use assets	2,297,000	2,736,000
Deferred tax assets	3,672,000	4,504,000
Goodwill	1,989,000	1,989,000
Total Assets	\$ 609,110,000	\$ 801,800,000
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current liabilities		
Payables to customers	\$ 233,873,000	\$ 289,777,000
Payables to non-customers	186,000	713,000
Drafts payable	1,527,000	1,726,000
Payables to broker-dealers and clearing organizations	5,015,000	481,000
Accounts payable and accrued liabilities	4,104,000	3,639,000
Taxes payable	1,581,000	2,313,000
Securities loaned	272,515,000	419,433,000
Securities sold, not yet purchased, at fair value	2,000	2,000
Current portion of lease liabilities	702,000	759,000
Current portion of long-term debt	86,000	84,000
Current portion of deferred contract incentive	758,000	808,000
Current portion of contract termination liability	1,820,000	1,898,000
Total Current liabilities	522,169,000	721,633,000
Lease liabilities, less current portion	1,843,000	2,227,000
Long-term debt, less current portion	4,184,000	4,229,000
Deferred contract incentive, less current portion	63,000	438,000
Contract termination liability, less current portion	1,673,000	2,564,000
Total Liabilities	529,932,000	731,091,000
Commitments and Contingencies (see Note 18)		
Equity		
Stockholders' equity		
Common stock, \$.01 par value; 100,000,000 shares authorized; 40,950,936 shares issued and 39,950,936 shares outstanding as of June 30, 2024, respectively. 40,580,936 shares issued and 39,580,936 shares outstanding as of December 31, 2023, respectively.	410,000	406,000
Treasury stock, at cost; 1,000,000 shares held as of both June 30, 2024 and December 31, 2023, respectively	(2,510,000)	(2,510,000)
Additional paid-in capital	45,747,000	45,016,000
Retained earnings	34,536,000	26,808,000
Total Stockholders' equity	78,183,000	69,720,000
Noncontrolling interests	995,000	989,000
Total Equity	79,178,000	70,709,000
Total Liabilities and Equity	\$ 609,110,000	\$ 801,800,000

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 OPERATIONS**  
**(unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Commissions and fees	\$ 2,603,000	\$ 1,858,000	\$ 4,903,000	\$ 3,705,000
Interest, marketing and distribution fees	7,835,000	7,416,000	16,598,000	14,389,000
Principal transactions and proprietary trading	3,574,000	2,654,000	7,080,000	5,454,000
Market making	437,000	268,000	1,109,000	613,000
Stock borrow / stock loan	4,696,000	4,513,000	8,794,000	7,955,000
Advisory fees	551,000	471,000	1,041,000	915,000
Other income	1,167,000	412,000	1,794,000	731,000
Total Revenue	20,863,000	17,592,000	41,319,000	33,762,000

Expenses				
Employee compensation and benefits	10,307,000	8,080,000	20,683,000	15,047,000
Clearing fees, including execution costs	238,000	329,000	666,000	684,000
Technology and communications	880,000	793,000	1,756,000	1,582,000
Other general and administrative	1,070,000	1,119,000	2,099,000	2,212,000
Data processing	732,000	741,000	1,483,000	1,592,000
Rent and occupancy	378,000	491,000	875,000	969,000
Professional fees	1,240,000	1,007,000	2,277,000	2,081,000
Depreciation and amortization	336,000	261,000	591,000	451,000
Interest expense	60,000	94,000	111,000	182,000
Advertising and promotion	43,000	18,000	97,000	(10,000)
Total Expenses	15,284,000	12,933,000	30,638,000	24,790,000
Operating income	5,579,000	4,659,000	10,681,000	8,972,000
Impairment of investments	—	(1,035,000)	—	(1,035,000)
Earnings of equity method investment in related party	—	73,000	—	111,000
Non-operating loss	—	(962,000)	—	(924,000)
Income before provision for income taxes	5,579,000	3,697,000	10,681,000	8,048,000
Provision for income taxes	1,532,000	969,000	2,947,000	2,105,000
Net income	4,047,000	2,728,000	7,734,000	5,943,000
Less net income attributable to noncontrolling interests	7,000	25,000	6,000	44,000
Net income available to common stockholders	\$ 4,040,000	\$ 2,703,000	\$ 7,728,000	\$ 5,899,000
Net income available to common stockholders per share of common stock				
Basic and diluted	\$ 0.10	\$ 0.07	\$ 0.19	\$ 0.17
Weighted average shares outstanding	39,890,606	36,410,018	39,830,002	34,468,460

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			Stockholders' Equity	Noncontrolling Interest		
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	

	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			Stockholders' Equity	Noncontrolling Interest		
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	

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)**

**Six Months Ended  
June 30,**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 7,734,000	\$ 5,943,000
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income tax expense	832,000	599,000
Depreciation and amortization	591,000	451,000
Earnings of equity method investment in related party	—	(111,000)
Share-based compensation	184,000	—
Impairment of investments	—	1,035,000
Interest related to contract termination liability payment	31,000	—
Changes in		
Receivables from customers	(2,052,000)	(9,030,000)
Receivables from non-customers	(214,000)	(46,000)
Receivables from and deposits with broker-dealers and clearing organizations	(4,251,000)	2,658,000
Securities borrowed	140,928,000	(353,199,000)
Securities owned, at fair value	1,270,000	(14,577,000)
Prepaid expenses and other assets	(1,666,000)	(1,578,000)
Payables to customers	(55,904,000)	(40,178,000)
Payables to non-customers	(527,000)	(10,155,000)
Drafts payable	(199,000)	(634,000)
Payables to broker-dealers and clearing organizations	4,534,000	3,056,000
Accounts payable and accrued liabilities	464,000	402,000
Securities loaned	(146,918,000)	366,229,000
Net lease liabilities	(2,000)	(46,000)
Taxes payable	(732,000)	602,000
Deferred contract incentive	(425,000)	(425,000)
Trading platform implementation	—	(557,000)
Contract termination liability payment	(1,000,000)	—
Net cash used in operating activities	(57,322,000)	(49,561,000)
<b>Cash Flows From Investing Activities</b>		
Purchase of office facilities and equipment	(1,052,000)	(112,000)
Purchase of software	(1,667,000)	(202,000)
Additions to property, office facilities, and equipment	(98,000)	(840,000)
Transaction with J2 Financial	(35,000)	—
Net cash used in investing activities	(2,852,000)	(1,154,000)
<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	(43,000)	(2,694,000)
Net cash (used in) / provided by financing activities	(43,000)	13,080,000
Net change in cash and cash equivalents, and cash and securities segregated for regulatory purposes	(60,217,000)	(37,635,000)
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	<u>\$ 219,835,000</u>	<u>\$ 262,203,000</u>
<b>Reconciliation of cash, cash equivalents, and cash and securities segregated for regulatory purposes</b>		
Cash and cash equivalents - end of period	\$ 5,200,000	\$ 7,628,000
Cash and securities segregated for regulatory purposes - end of period	<u>214,635,000</u>	<u>254,575,000</u>
Cash and cash equivalents, and cash and securities segregated for regulatory purposes - end of period	<u>\$ 219,835,000</u>	<u>\$ 262,203,000</u>
<b>Supplemental cash flow information</b>		
Cash paid during the period for income taxes	\$ 3,137,000	\$ 904,000
Cash paid during the period for interest	\$ 80,000	\$ 182,000
<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)	\$ 201,000	\$ —

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

(1) Refer to Note 5 – Kakaopay Transaction for further detail.

(2) Refer to Note 9 – Software, net for further detail.

(3) Refer to Note 19 – Employee Benefit Plans for further detail.

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.
- 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, and STXD collectively, unless the context otherwise requires.

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 six months ended June 30, 2024 and 2023 were derived from its operations in the U.S.

As of June 30, 2024, the Company is comprised of a single operating 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.

#### **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 six months ended June 30, 2023 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 for the periods presented.

#### **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 is 68% as of both June 30, 2024 and December 31, 2023. Refer to Note 4 – RISE for more information.

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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. During the three and six months ended June 30, 2024, there were no significant changes made to the Company's significant accounting policies.

#### **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. 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 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.

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

The Company did not adopt any new accounting standards during the three and six months ended June 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 June 30, 2024.

#### **3. 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 June 30, 2024 and 2023, the Company recognized \$ 0 and \$73,000, respectively, for its equity method investment in Tigress. During the six months ended June 30, 2024 and 2023, the Company recognized \$0 and \$111,000, respectively, for its equity method investment in Tigress. As of both June 30, 2024 and December 31, 2023, the Company had no interest in Tigress.

#### **4. RISE**

As of both June 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 June 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.

#### **5. 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.

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#### **6. 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:

	As of June 30, 2024	As of December 31, 2023
Receivables from and deposits with broker-dealers and clearing organizations		
DTCC / OCC / NSCC (1)	\$ 12,529,000	\$ 9,332,000
Goldman Sachs & Co. LLC ("GSCO")	43,000	38,000
National Financial Services, LLC ("NFS")	2,402,000	2,212,000
Securities fail-to-deliver	928,000	119,000
Globalshares	97,000	47,000
Total Receivables from and deposits with broker-dealers and clearing organizations	<u><u>\$ 15,999,000</u></u>	<u><u>\$ 11,748,000</u></u>
Payables to broker-dealers and clearing organizations		
Securities fail-to-receive	\$ 3,847,000	\$ 399,000
Payables to broker-dealers	1,168,000	82,000
Total Payables to broker-dealers and clearing organizations	<u><u>\$ 5,015,000</u></u>	<u><u>\$ 481,000</u></u>

(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 June 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 \$ 1.1 million and \$1.0 million in its brokerage account at MSCO as of June 30, 2024 and December 31, 2023, respectively. The resulting asset of RISE and liability of MSCO is eliminated in consolidation.

#### **7. 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.

#### 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 June 30, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and securities segregated for regulatory purposes				
U.S. government securities	\$ 86,554,000	\$ —	\$ —	\$ 86,554,000
Securities owned, at fair value				
U.S. government securities	\$ 14,947,000	\$ —	\$ —	\$ 14,947,000
Certificates of deposit	—	113,000	—	113,000
Municipal securities	—	222,000	—	222,000
Corporate bonds	—	59,000	—	59,000
Equity securities	96,000	1,331,000	—	1,427,000
Total Securities owned, at fair value	<u>\$ 15,043,000</u>	<u>\$ 1,725,000</u>	<u>\$ —</u>	<u>\$ 16,768,000</u>
<b>Liabilities</b>				
Securities sold, not yet purchased, at fair value				
Equity securities	\$ —	\$ 2,000	\$ —	\$ 2,000
Total Securities sold, not yet purchased, at fair value	<u>\$ —</u>	<u>\$ 2,000</u>	<u>\$ —</u>	<u>\$ 2,000</u>

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	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
Total Securities owned, at fair value	<u>\$ 17,784,000</u>	<u>\$ 254,000</u>	<u>\$ —</u>	<u>\$ 18,038,000</u>
<b>Liabilities</b>				
Securities sold, not yet purchased, at fair value				
Equity securities	\$ 2,000	\$ —	\$ —	\$ 2,000
Total Securities sold, not yet purchased, at fair value	<u>\$ 2,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,000</u>

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 June 30, 2024
Maturing in 2024	\$ 92,483,000
Maturing in 2025	3,958,000
Maturing in 2026	5,010,000
Maturing in 2027	58,000
Maturing after 2027	332,000
Accrued interest	53,000
<b>Total Market value</b>	<b>\$ 101,894,000</b>

	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
<b>Total Market value</b>	<b>\$ 133,268,000</b>

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## 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 June 30, 2024 and December 31, 2023 are not carried at fair value in the statements of financial condition:

	As of June 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	\$ 5,200,000	\$ 5,200,000	\$ 5,200,000	\$ —	\$ —
Cash – segregated for regulatory purposes	128,081,000	128,081,000	128,081,000	—	—
Securities borrowed	253,781,000	253,781,000	—	253,781,000	—
Receivables from customers	74,875,000	74,875,000	—	74,875,000	—
Receivables from non-customers	455,000	455,000	—	455,000	—
Receivables from broker-dealers and clearing organizations	8,720,000	8,720,000	—	8,720,000	—
Other receivables	4,097,000	4,097,000	—	4,097,000	—
Deposits with broker-dealers and clearing organizations	7,279,000	7,279,000	—	7,279,000	—
<b>Total financial assets, not measured at fair value</b>	<b>\$ 482,488,000</b>	<b>\$ 482,488,000</b>	<b>\$ 133,281,000</b>	<b>\$ 349,207,000</b>	<b>\$ —</b>
<b>Financial liabilities, not measured at fair value</b>					
Securities loaned	\$ 272,515,000	\$ 272,515,000	\$ —	\$ 272,515,000	\$ —
Payables to customers	233,873,000	233,873,000	—	233,873,000	—
Payables to non-customers	186,000	186,000	—	186,000	—
Drafts payable	1,527,000	1,527,000	—	1,527,000	—
Payables to broker-dealers and clearing organizations	5,015,000	5,015,000	—	5,015,000	—
Deferred contract incentive	821,000	821,000	—	821,000	—
Long-term debt	4,270,000	4,270,000	—	4,270,000	—
Contract termination liability	3,493,000	3,493,000	—	3,493,000	—
<b>Total financial liabilities, not measured at fair value</b>	<b>\$ 521,700,000</b>	<b>\$ 521,700,000</b>	<b>\$ —</b>	<b>\$ 521,700,000</b>	<b>\$ —</b>
	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>

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

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

	As of June 30, 2024	As of December 31, 2023
Property	\$ 6,815,000	\$ 6,815,000
Office facilities	3,557,000	2,475,000
Equipment	794,000	726,000
<b>Total Property, office facilities, and equipment</b>	<b>11,166,000</b>	<b>10,016,000</b>
Less accumulated depreciation	(971,000)	(612,000)
<b>Total Property, office facilities, and equipment, net</b>	<b>\$ 10,195,000</b>	<b>\$ 9,404,000</b>

Total depreciation expense for property, office facilities, and equipment was \$ 213,000 and \$156,000 for the three months ended June 30, 2024 and 2023, respectively. Total depreciation expense for property, office facilities, and equipment was \$ 359,000 and \$237,000 for the six months ended June 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 \$145,000 and \$809,000 in the three and six months ended June 30, 2024 to build out the New York office space.

The Company has completed the construction of the office lease in Omaha, Nebraska, investing \$ 75,000 and \$175,000 during the three and six months ended June 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 \$40,000 and \$275,000 in the three months ended June 30, 2024 and 2023, respectively, to build out the Miami office building. The Company invested \$98,000 and \$840,000 in the six months ended June 30, 2024 and 2023, respectively, to build out the Miami office building.

#### 9. Software, Net

Software consisted of the following as of the periods indicated:

	As of June 30, 2024	As of December 31, 2023
Software	\$ 1,585,000	\$ 1,081,000
Retail Platform	2,646,000	635,000
Total Software	4,231,000	1,716,000
Less accumulated amortization – Software	(777,000)	(284,000)
Less accumulated amortization – Retail Platform	—	—
Total Software, net	<u>\$ 3,454,000</u>	<u>\$ 1,432,000</u>

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 \$2,646,000 as of June 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 fourth quarter of 2024.

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Total amortization of software was \$123,000 and \$105,000 for the three months ended June 30, 2024 and 2023, respectively. Total amortization of software was \$232,000 and \$214,000 for the six months ended June 30, 2024 and 2023, respectively.

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

Year	Amount
2024	\$ 437,000
2025	1,257,000
2026	1,078,000
2027	682,000
Total	<u>\$ 3,454,000</u>

#### 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.

#### 10. Leases

As of June 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.

Lease Term and Discount Rate	As of June 30, 2024	As of December 31, 2023
Weighted average remaining lease term – operating leases (in years)	3.6	3.9
Weighted average discount rate – operating leases	7.1%	6.9%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease cost	\$ 251,000	\$ 304,000	\$ 534,000	\$ 609,000
Short-term lease cost	61,000	136,000	221,000	279,000
Variable lease cost	66,000	51,000	120,000	81,000
Total Rent and occupancy	<u>\$ 378,000</u>	<u>\$ 491,000</u>	<u>\$ 875,000</u>	<u>\$ 969,000</u>
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 267,000	\$ 328,000	\$ 536,000	\$ 654,000

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## Lease Commitments

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

Year	Amount
2024	\$ 402,000
2025	861,000
2026	694,000
2027	520,000
2028	443,000
Remaining balance of lease payments	2,920,000
Less: difference between undiscounted cash flows and discounted cash flows	375,000
Lease liabilities	<u>\$ 2,545,000</u>

## 11. Goodwill

As of both June 30, 2024 and December 31, 2023, the Company's carrying amount of goodwill was \$ 1,989,000, all of which came from the Company's acquisition of RISE. As of 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 six months ended June 30, 2024 and 2023. Refer to Note 2 – Summary of Significant Accounting Policies in the Company's 2023 Form 10-K for further information.

## 12. 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 June 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 June 30, 2024 were as follows:

	Amount
2024	\$ 43,000
2025	88,000
2026	91,000
2027	95,000
2028	98,000
Thereafter	3,855,000
Total	<u>\$ 4,270,000</u>

The interest expense related to this mortgage was \$ 38,000 and \$40,000 for the three months ended June 30, 2024, and 2023, respectively. The interest expense related to this mortgage was \$77,000 and \$79,000 for the six months ended June 30, 2024, and 2023, respectively. As of June 30, 2024, the interest rate for this mortgage was 3.6%.

## 13. 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.

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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 June 30, 2024 and 2023. For both the six months ended June 30, 2024 and 2023, the Company recognized \$425,000 in contra expense. As of June 30, 2024 and December 31, 2023, the balance of the deferred contract incentive was \$0.8 million and \$1.2 million, respectively.

#### 14. 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 7 – Fair Value Measurements for additional detail.

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

	Three Months Ended June 30, 2024		
	2024	2023	Increase (Decrease)
<b>Principal transactions and proprietary trading</b>			
Realized and unrealized gain on primarily riskless principal transactions	\$ 3,480,000	\$ 2,186,000	\$ 1,294,000
Realized and unrealized gain on portfolio of U.S. government securities	94,000	468,000	(374,000)
<b>Total Principal transactions and proprietary trading</b>	<b>\$ 3,574,000</b>	<b>\$ 2,654,000</b>	<b>\$ 920,000</b>
<b>Six Months Ended June 30, 2024</b>			
Realized and unrealized gain on primarily riskless principal transactions	\$ 6,923,000	\$ 3,985,000	\$ 2,938,000
Realized and unrealized gain on portfolio of U.S. government securities	157,000	1,469,000	(1,312,000)
<b>Total Principal transactions and proprietary trading</b>	<b>\$ 7,080,000</b>	<b>\$ 5,454,000</b>	<b>\$ 1,626,000</b>

##### Stock Borrow / Stock Loan

For the three months ended June 30, 2024 and 2023, stock borrow / stock loan revenue was \$ 4,696,000 (\$10,482,000 gross revenue less \$5,786,000 expenses) and \$4,513,000 (\$11,524,000 gross revenue less \$7,011,000 expenses), respectively. For the six months ended June 30, 2024 and 2023, stock borrow / stock loan revenue was \$8,794,000 (\$21,372,000 gross revenue less \$12,578,000 expenses) and \$7,955,000 (\$21,300,000 gross revenue less \$13,345,000 expenses), respectively.

##### Interest, Marketing and Distribution Fees

For the three months ended June 30, 2024 and 2023, interest, marketing and distribution fees was \$ 7,835,000 (\$7,910,000 gross revenue less \$75,000 expenses) and \$7,416,000 (\$7,522,000 gross revenue less \$106,000 expenses), respectively. For the six months ended June 30, 2024 and 2023, interest, marketing and distribution fees was \$16,598,000 (\$16,758,000 gross revenue less \$160,000 expenses) and \$14,389,000 (\$14,651,000 gross revenue less \$262,000 expenses), respectively.

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#### 15. 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 June 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 six months ended June 30, 2024, the Company recorded an income tax provision of \$ 1,532,000 and \$2,947,000 on pre-tax book income of \$5,579,000 and \$10,681,000, respectively. The effective tax rate for the three and six months ended June 30, 2024 was 27.5% and 27.6% 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.

For the three and six months ended June 30, 2023, the Company recorded an income tax provision of \$ 969,000 and \$2,105,000 on pre-tax book income of \$3,697,000 and \$8,048,000, respectively. The effective tax rate for both the three and six months ended June 30, 2023 was 26.2%. The effective tax rate differs from the federal statutory rate of 21% primarily related to certain permanent tax differences and state and local taxes.

As of both June 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.

#### 16. Capital Requirements

## 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 June 30, 2024, MSCO's net capital was \$60.9 million, which was approximately \$59.2 million in excess of its required net capital of \$ 1.7 million, and its percentage of aggregate debit balances to net capital was 70.70%.

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 June 30, 2024, MSCO had cash and securities deposits of \$213.4 million (cash of \$126.8 million, securities with a fair value of \$86.6 million) in the special reserve accounts which was \$27.2 million in excess of the deposit requirement of \$ 186.2 million. After adjustments for deposit(s) and / or withdrawal(s) made on July 1, 2024, MSCO had \$3.2 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 June 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 June 30, 2024, the Company had \$1.3 million in the special reserve account which was approximately \$0.2 million in excess of the deposit requirement of approximately \$ 1.1 million. The Company made no subsequent deposits or withdrawals on July 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.

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As of June 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.

## 17. 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 June 30, 2024, the Company had margin loans extended to its customers of approximately \$ 373.6 million, of which \$74.9 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 six months ended June 30, 2024 and 2023.

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.

As of June 30, 2024					
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Consolidated Statements of Financial Condition <sup>1</sup>	Net Amounts Presented in the Consolidated Statements of Financial Condition	Collateral Received or Pledged <sup>2</sup>	Net Amount <sup>3</sup>
<b>Assets</b>					
Securities borrowed	\$ 253,781,000	—	\$ 253,781,000	\$ 242,713,000	\$ 11,068,000
<b>Liabilities</b>					
Securities loaned	\$ 272,515,000	—	\$ 272,515,000	\$ 260,842,000	\$ 11,673,000

As of December 31, 2023					
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Consolidated Statements of Financial Condition <sup>1</sup>	Net Amounts Presented in the Consolidated Statements of Financial Condition	Collateral Received or Pledged <sup>2</sup>	Net Amount <sup>3</sup>
<b>Assets</b>					
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

- 1) Amounts represent recognized assets and liabilities that are subject to enforceable master agreements with rights of setoff.
- 2) Represents the fair value of collateral the Company had received or pledged under enforceable master agreements.
- 3) Represents the amount for which, in the case of net recognized assets, the Company had not received collateral, and in the case of net recognized liabilities, the Company had not pledged collateral.

## 18. 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 June 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.

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### Overnight Financing

As of both June 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 \$1,000 and \$0 in interest expense for this line of credit for the three months ended June 30, 2024 and 2023, respectively. There was \$3,000 and \$0 in interest expense for this line of credit for the six months ended June 30, 2024 and 2023, respectively. There were no fees related to this line of credit for the three or six months ended June 30, 2024 and 2023.

### 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, 2024	\$ 4,500,000
Prior to August 1, 2025	\$ 3,250,000

For the three and six months ended June 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 June 30, 2024, the Company incurred costs of approximately \$1.8 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 six months ended June 30, 2024.

The Company is self-insured with respect to employee health claims. As part of this plan, the Company recognized expenses of \$ 332,000 and \$266,000 for the three months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, the Company recognized expenses of \$726,000 and \$446,000, respectively.

The Company had an accrual of \$123,000 as of June 30, 2024, which represents the estimate of future expense to be recognized for claims incurred during the period.

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.

## 19. 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 \$28,000 and \$109,000 of expense for the three months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, the Company incurred \$163,000 and \$109,000 of expenses, respectively.

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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 2,384,000 and 2,704,000 and shares remained as of June 30, 2024 and December 31, 2023, respectively.

On February 22, 2024, the Company granted 150,000 shares of restricted common stock at a price per share valuation of \$ 1.65 to consultants of the Company, which are vested over the vesting period subject to certain conditions. The Company recognized equity stock compensation expense of \$56,000, which was fully capitalized and included within the line item "Software, net" on the statements of financial condition for both the three and six months ended June 30, 2024, respectively. As of June 30, 2024, there was approximately \$191,000 of unrecognized compensation costs related to restricted common stock that will be recognized over the remaining period of 1.6 years.

On May 1, 2024, the Company granted 50,000 shares of restricted common stock at a price per share valuation of \$ 1.97 to a consultant of the Company. These shares were fully vested upon grant date and the Company recognized equity stock compensation expense of \$99,000 in the line item "Employee compensation and benefits" on the statements of operations for both the three and six months ended June 30, 2024, respectively.

On May 28, 2024, the Company granted 70,000 shares of restricted common stock at a price per share valuation of \$ 2.07 to a consultant of the Company. These shares were fully vested upon grant date and the Company recognized equity stock compensation expense of \$145,000, which was fully capitalized and included within the line item "Software, net" on the statements of financial condition for both the three and six months ended June 30, 2024, respectively.

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

## **20. 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. This agreement has been terminated as of January 1, 2024. The Company incurred \$0 and \$15,000 of expenses related to these services for the three months ended June 30, 2024 and 2023, respectively. The Company incurred \$0 and \$30,000 of expenses related to these services for the six months ended June 30, 2024 and 2023, respectively.

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 June 30, 2024 and 2023. For both the six months ended June 30, 2024 and 2023, KCA passed through to the Company its cost of \$30,000.

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 six months ended June 30, 2024 and 2023.

### **PW**

PW brokers the insurance policies for related parties. Revenue for PW from related parties was \$ 45,000 and \$69,000 for the three months ended June 30, 2024 and 2023, respectively. Revenue for PW from related parties was \$49,000 and \$91,000 for the six months ended June 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 \$746,000 and \$606,000 for the three months ended June 30, 2024 and 2023, respectively. The compensation for the sons of Gloria E. Gebbia and John J. Gebbia was in aggregate \$1,539,000 and \$1,130,000 for the six months ended June 30, 2024 and 2023, respectively. Part of their compensation includes payments related to key revenue streams.

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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 5 - 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 June 30, 2024 and 2023, rent expense was \$15,000 for this branch office. For both the six months ended June 30, 2024 and 2023, rent expense was \$30,000 for this branch office.

The Company has completed construction of its branch office in Omaha, Nebraska. Refer to Note 8 – Property, Office Facilities, and Equipment, net for further detail.

### **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 5 – 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 3 – 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 \$ 1.1 million and \$1.0 million in its brokerage account at MSCO as of June 30, 2024 and December 31, 2023, respectively. The resulting asset of RISE and liability of MSCO is eliminated in consolidation.

## 21. Subsequent Events

The Company has evaluated events that have occurred subsequent to June 30, 2024 and through August 14, 2024, the date of the filing of this Report.

On August 13, 2024, the Company entered into a Membership Interest Purchase Agreement by and among Siebert Financial Corp., Gebbia Entertainment, LLC, a Florida limited liability company ("Gebbia Entertainment"), the Members of Gebbia Entertainment, LLC and, solely for the purposes of Section 5.1 and Article 7 John J. Gebbia and Gloria E. Gebbia (the "Gebbia Entertainment Purchase Agreement"), pursuant to which the Company acquired all of the outstanding equity of Gebbia Entertainment from the John J. and Gloria E. Gebbia Family Trust (99%) and David Gebbia (1%) for a purchase price of \$1,250,000. Section 5.1 of the Gebbia Entertainment Purchase Agreement imposes certain restrictions on the sellers ability to compete with the Company for a period of two years, and Article 7 provides for certain indemnification obligations of the sellers. David Gebbia is the son of John J. and Gloria E. Gebbia.

Based on the Company's assessment, other than the events described above, there have been no material subsequent events that occurred during such period that would require disclosure in this Report or would be required to be recognized in the financial statements as of June 30, 2024.

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## 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 \$20.9 million and operating income before taxes was \$5.6 million, compared to net revenues of \$17.6 million and operating income before taxes of \$4.7 million in the prior-year quarter.

Financial highlights for the current quarter (compared to the prior-year quarter):

- Retail customer net worth increased by 14% to \$17.4 billion.
- Total retail customer accounts increased by 24% to 157,116.
- Commissions and fees increased by 40% to \$2.6 million, driven primarily by higher customer trading volumes.
- Total equity as of June 30, 2024 was \$79.2 million.

### 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 subsidiaries, 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.

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#### 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.

### Technology Initiatives

At the end of 2023, we reassessed our technology needs and strategic direction and 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 this 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

	As of	
	June 30, 2024	December 31, 2023
Retail customer net worth (in billions)	\$ 17.4	\$ 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	157,116	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 June 30, 2024 and 2023

##### Revenue

Commissions and fees for the three months ended June 30, 2024 were \$2,603,000 and increased by \$745,000 from the corresponding period in the prior year, primarily due to an increase in market volatility leading to increased trading volumes.

Interest, marketing and distribution fees for the three months ended June 30, 2024 were \$7,835,000 and increased by \$419,000 from the corresponding period in the prior year primarily due to an increase in interest income received on U.S. government securities and cash deposits.

Principal transactions and proprietary trading for the three months ended June 30, 2024 were \$3,574,000 and increased by \$920,000 from the corresponding period in the prior year, primarily due to the factors discussed below.

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The increase in realized and unrealized gain on primarily riskless principal transactions was primarily due to market volatility. 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.

	Three Months Ended June 30, 2024		
	2024	2023	Increase (Decrease)
Principal transactions and proprietary trading			
Realized and unrealized gain on primarily riskless principal transactions	\$ 3,480,000	\$ 2,186,000	\$ 1,294,000
Realized and unrealized gain on portfolio of U.S. government securities	94,000	468,000	(374,000)
Total Principal transactions and proprietary trading	\$ 3,574,000	\$ 2,654,000	\$ 920,000

Market making for the three months ended June 30, 2024 was \$437,000 and increased by \$169,000 from the corresponding period in the prior year, primarily due to an increase in market volatility.

Stock borrow / stock loan for the three months ended June 30, 2024 was \$4,696,000 and increased by \$183,000 from the corresponding period in the prior year.

Advisory fees for the three months ended June 30, 2024 were \$551,000 and increased by \$80,000 from the corresponding period in the prior year, primarily due to growth in platform assets.

Other income for the three months ended June 30, 2024 was \$1,167,000 and increased by \$755,000 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 June 30, 2024 were \$10,307,000 and increased by \$2,227,000 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 June 30, 2024 were \$238,000 and decreased by \$91,000 from the corresponding period in the prior year, primarily due to a reduction in volume.

Technology and communications expenses for the three months ended June 30, 2024 were \$880,000 and increased by \$87,000 from the corresponding period in the prior year, primarily due to an increase in costs related to a technology partner.

Other general and administrative expenses for the three months ended June 30, 2024 were \$1,070,000 and decreased by \$49,000 from the corresponding period in the prior year, primarily due to a decrease in office expenses.

Data processing expenses for the three months ended June 30, 2024 were \$732,000 and decreased by \$9,000 from the corresponding period in the prior year.

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Rent and occupancy expenses for the three months ended June 30, 2024 were \$378,000 and decreased by \$113,000 from the corresponding period in the prior year, primarily due to a discontinued rent expense in the second quarter of 2023 related to the Miami office.

Professional fees for the three months ended June 30, 2024 were \$1,240,000 and increased by \$233,000 from the corresponding period in the prior year primarily due to a decrease in legal and other consulting fees offset by an increase in accounting services.

Depreciation and amortization expenses for the three months ended June 30, 2024 were \$336,000 and increased by \$75,000 from the corresponding period in the prior year, primarily due to an increase in depreciation related to technology and software.

Interest expense for the three months ended June 30, 2024 was \$60,000 and decreased by \$34,000 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 three months ended June 30, 2024 was \$43,000 and increased by \$25,000 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 three months ended June 30, 2024 was \$0 and decreased by \$73,000 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 investments for the three months ended June 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 technology provider of a trading platform ("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 three months ended June 30, 2024 was \$1,532,000 and increased by \$563,000 from the corresponding period in the prior year. The change from the corresponding period in the prior year is primarily due to an increase in pre-tax earnings in the second quarter of 2024. Refer to Note 15 – 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 June 30, 2024 was \$7,000, and decreased by \$18,000 from the corresponding period in the prior year, due to less activity in RISE in 2024.

#### **Statements of Operations for the Six Months Ended June 30, 2024 and 2023**

##### **Revenue**

Commissions and fees for the six months ended June 30, 2024 were \$4,903,000 and increased by \$1,198,000 from the corresponding period in the prior year, primarily due to an increase in market volatility leading to increased trading volumes.

Interest, marketing and distribution fees for the six months ended June 30, 2024 were \$16,598,000 and increased by \$2,209,000 from the corresponding period in the prior year primarily due to an increase in interest income received on U.S. government securities and cash deposits.

Principal transactions and proprietary trading for the six months ended June 30, 2024 were \$7,080,000 and increased by \$1,626,000 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 market volatility. 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.

	Six Months Ended June 30, 2024		
	2024	2023	Increase (Decrease)
Principal transactions and proprietary trading			
Realized and unrealized gain on primarily riskless principal transactions	\$ 6,923,000	\$ 3,985,000	\$ 2,938,000
Realized and unrealized gain on portfolio of U.S. government securities	157,000	1,469,000	(1,312,000)
Total Principal transactions and proprietary trading	\$ 7,080,000	\$ 5,454,000	\$ 1,626,000

Market making for the six months ended June 30, 2024 was \$1,109,000 and increased by \$496,000 from the corresponding period in the prior year, primarily due to an increase in market volatility.

Stock borrow / stock loan for the six months ended June 30, 2024 was \$8,794,000 and increased by \$839,000 from the corresponding period in the prior year.

Advisory fees for the six months ended June 30, 2024 were \$1,041,000 and increased by \$126,000 from the corresponding period in the prior year, primarily due to growth in platform assets.

Other income for the six months ended June 30, 2024 was \$1,794,000 and increased by \$1,063,000 from the corresponding period in the prior year, primarily due to fees related to administrative services.

#### *Operating Expenses*

Employee compensation and benefits for the six months ended June 30, 2024 were \$20,683,000 and increased by \$5,636,000 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 six months ended June 30, 2024 were \$666,000 and decreased by \$18,000 from the corresponding period in the prior year.

Technology and communications expenses for the six months ended June 30, 2024 were \$1,756,000 and increased by \$174,000 from the corresponding period in the prior year, primarily due to an increase in costs related to a technology partner.

Other general and administrative expenses for the six months ended June 30, 2024 were \$2,099,000 and decreased by \$113,000 from the corresponding period in the prior year, primarily due to a decrease in office expenses.

Data processing expenses for the six months ended June 30, 2024 were \$1,483,000 and decreased by \$109,000 from the corresponding period in the prior year, primarily due to a decrease in service bureau fees.

Rent and occupancy expenses for the six months ended June 30, 2024 were \$875,000 and decreased by \$94,000 from the corresponding period in the prior year, primarily due to a discontinued rent expense in the second quarter of 2023 related to the Miami office.

Professional fees for the six months ended June 30, 2024 were \$2,277,000 and increased by \$196,000 from the corresponding period in the prior year primarily due to a decrease in legal fees offset by an increase in accounting and other consulting services.

Depreciation and amortization expenses for the six months ended June 30, 2024 were \$591,000 and increased by \$140,000 from the corresponding period in the prior year, primarily due to an increase in depreciation related to technology and software.

Interest expense for the six months ended June 30, 2024 was \$111,000 and decreased by \$71,000 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 six months ended June 30, 2024 was \$97,000 and increased by \$107,000 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 six months ended June 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 three months ended June 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 six months ended June 30, 2024 was \$2,947,000 and increased by \$842,000 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 six months ending June 30, 2024. Refer to Note 15 – 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 six months ended June 30, 2024 was \$6,000, and decreased by \$38,000 from the corresponding period in the prior year, due to less

activity in RISE in 2024.

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

##### **Assets**

Assets as of June 30, 2024 were \$609,110,000 and decreased by \$192,690,000 from December 31, 2023, primarily due to a decrease in cash and securities segregated for regulatory purposes and securities borrowed.

##### **Liabilities**

Liabilities as of June 30, 2024 were \$592,932,000 and decreased by \$201,159,000 from December 31, 2023, primarily due to a decrease in payables to customers and securities loaned.

#### **Liquidity and Capital Resources**

##### **Overview**

As of June 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.

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#### **Kakaopay**

On April 27, 2023, we entered into the First Tranche Stock Purchase Agreement with Kakaopay pursuant to which we issued to Kakaopay 8,075,607 shares of our common stock at a per share price of Two Dollars Fifteen Cents (\$2.15), which represented at the time of issuance 19.9% of our outstanding equity securities on a fully diluted basis (the "First Tranche"). The First Tranche closed on May 18, 2023. Refer to Note 5 – Kakaopay Transaction in our 2023 Form 10-K for further detail.

The net capital infusion from Kakaopay to Siebert from the First Tranche 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.

#### **Cash and Cash Equivalents**

Our cash and cash equivalents were \$5.2 million and \$5.7 million as of June 30, 2024 and December 31, 2023, respectively.

#### **Debt Agreements**

We have \$4.3 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 June 30, 2024. As of June 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 June 30, 2024.

	Payments Due By Period						
	2024	2025	2026	2027	2028	Thereafter	Total
Operating lease commitments	\$ 402,000	\$ 861,000	\$ 694,000	\$ 520,000	\$ 443,000	\$ —	\$ 2,920,000
Kakaopay fee (1)	1,000,000	2,000,000	1,000,000	—	—	—	4,000,000
Mortgage with East West Bank (2)	43,000	88,000	91,000	95,000	98,000	3,855,000	4,270,000
Technology vendors (3)	1,409,000	144,000	—	—	—	—	1,553,000
<b>Total</b>	<b>\$ 2,854,000</b>	<b>\$ 3,093,000</b>	<b>\$ 1,785,000</b>	<b>\$ 615,000</b>	<b>\$ 541,000</b>	<b>\$ 3,836,000</b>	<b>\$12,743,000</b>

(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 June 30, 2024, we have incurred approximately \$1.8 million out of the \$3.4 million total budget for these vendors.

#### **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

#### **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 six months ended June 30, 2024 and 2023, MSCO and RISE had sufficient net capital to meet their respective liquidity and regulatory capital requirements. Refer to Note 16 – 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.

For the six months ended June 30, 2024, cash used in operating activities increased by \$7.8 million compared to the prior year period, which was primarily driven by the net change in securities borrowed and securities loaned, receivables from and deposits with broker-dealers and clearing organizations, and securities owned, at fair value.

For the six months ended June 30, 2024, cash used in investing activities increased by \$1.7 million compared to the prior year period, which was primarily driven by the build out of the New York office as well as the development of the new Retail Platform in 2024, partially offset by the build out of the Miami office building occurring in 2023.

For the six months ended June 30, 2024, cash flows provided by 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 June 30, 2024, we do not expect to terminate the contract with NFS before the end of the contract term. Refer to Note 13 – Deferred Contract Incentive and Note 18 – 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 six months ended June 30, 2024 and 2023. Refer to Note 17 – 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 June 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 June 30, 2024, there have been no changes to our critical accounting policies or estimates.

## **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 ASU's issued by the FASB.

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## **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 Form 10Q 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 prior to the end of 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

On February 22, 2024, the Company granted 150,000 shares of restricted common stock, subject to vesting over the vesting period, as compensation to consultants of the Company. The common stock was issued pursuant to Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act"). Refer to Note 19 – Employee Benefit Plans for more detail.

On May 1, 2024, the Company granted 50,000 shares of restricted common stock that were fully vested upon grant date as compensation to a consultant of the Company. The common stock was issued pursuant to Section 4(a)(2) of the Securities Act. Refer to Note 19 – Employee Benefit Plans for more detail.

On May 28, 2024, the Company granted 70,000 shares of restricted common stock that were fully vested upon grant date as compensation to a consultant of the Company. The common stock was issued pursuant to Section 4(a)(2) of the Securities Act. Refer to Note 19 – Employee Benefit Plans for more detail.

### 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 six months ended June 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
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  
John J. Gebbia  
Chief Executive Officer  
(Principal executive officer)

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

Dated: August 14, 2024

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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: August 14, 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: August 14, 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 June 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: August 14, 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 June 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: August 14, 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.