

DORMAN TRADING, LLC
(A Wholly Owned Subsidiary of Miami International Holdings, Inc.)

**STATEMENT OF FINANCIAL CONDITION
AND SUPPLEMENTARY SCHEDULES**
PURSUANT TO REGULATION 1.10 UNDER
THE COMMODITY EXCHANGE ACT

(With Report of Independent Registered Public Accounting Firm Thereon)

December 31, 2023
AVAILABLE FOR PUBLIC INSPECTION

CFTC FORM 1-FR-FCM

0005

Name of Company: Dorman Trading LLC	0010	Employer ID No: 363993338	0020	NFA ID No: 0002569	0030
Address of Principal Place of Business: 141 W. Jackson Blvd Suite 1900 Chicago IL 60604	0050	Person to Contact Concerning This Report: Robert W. Sheeren			
		Telephone No:	312-341-7892	0060	
		E-Mail Address:	rs@dormantrading.com	0065	

1. Report for the period beginning 01/01/2023 0070 and ending 12/31/2023 0080
2. Type of report 0090 ☒ Certified ☐ Regular quarterly/semiannual ☐ Monthly 1.12(b)
☐ Special call by: ☐ Other -- Identify:
3. Check whether 0095 ☒ Initial filing ☐ Amended filing
4. Name of FCM's Designated Self-Regulatory Organization: CME 0100
5. Name(s) of consolidated subsidiaries and affiliated companies:

Name	Percentage Ownership	Line of Business
	0.00	
	0.00	
	0.00	
	0.00	
	0.00	

The futures commission merchant, or applicant for registration therefor, submitting this Form and its attachments and the person whose signature appears below represent that, to the best of their knowledge, all information contained therein is true, correct and complete. It is understood that all required items, statements and schedules are integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted. It is further understood that any intentional misstatements or omissions of facts constitute Federal Criminal Violations (see 18 U.S.C. 1001).

Signed on 02/23/2024
Manual signature Robert Sheeren
Type or print name Robert Sheeren

☐ Chief Executive Officer ☒ Chief Financial Officer Corporate Title _____
☐ General Partner ☐ Sole Proprietor

AUTHORITY: Sections 4c, 4d, 4f, 4g, 5a, 8a, and 17 of the Commodity Exchange Act (7 U.S.C. 6c, 6d, 6f 6g, 7a, 12a and 21)

DORMAN TRADING, LLC

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

Report of Independent Registered Public Accounting Firm

To the Member and Board of Directors
Dorman Trading, LLC:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Dorman Trading, LLC (the Company) as of December 31, 2023, and the related notes (collectively, the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Accompanying Supplemental Information

The supplemental information contained in Schedules 1,2,3,4,5,6,7, and 8, has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statement. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity



with 17 C.F.R. § 1.10. In our opinion, the supplemental information contained in Schedules 1,2,3,4,5,6,7, and 8 is fairly stated, in all material respects, in relation to the financial statement as a whole.

KPMG LLP

We have served as the Company's auditor since 2022.

New York, New York
February 23, 2024

DORMAN TRADING, LLC**Statement of Financial Condition****December 31, 2023****Assets**

Cash and cash equivalents	\$	3,942,534
Cash and securities segregated under federal and other regulations		15,191,006
Securities owned, at fair value		9,266,400
Receivables from:		
Broker-dealers, futures commission merchants, and clearing organizations		128,897,292
Customers		13,465
Right of use asset		377,180
Exchange memberships and stock, at cost (fair value \$ 3,818,978)		2,948,339
Dividends and interest receivable and other assets		394,311
		<hr/>
Total assets	\$	161,030,527

Liabilities and Member's Equity

Liabilities:

Payables to:

Customers	\$	130,138,952
Noncustomers		36,174
Clearing organizations		749,137
Parent		798,641
Deferred tax liability		2,188,306
Lease liability		462,786
Accounts payable and accrued expenses		5,395,930
		<hr/>
Total liabilities		139,769,926

Liabilities subordinated to claims of general creditors

—

Member's equity		21,260,601
		<hr/>
Total liabilities and member's equity	\$	161,030,527

See accompanying notes to the statement of financial condition

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

1. Organization and Nature of Business

Dorman Trading, LLC (the “Company”) is a limited liability company that was formed January 11, 1995. On October 19, 2022, Miami International Holdings, Inc. (the “Parent” or “MIH”) completed the purchase of all outstanding shares of Dorman Trading, LLC and is the sole member. The Company is registered as a Futures Commission Merchant (“FCM”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association. The Company is a clearing member of the Chicago Board of Trade, the Chicago Mercantile Exchange, the New York Mercantile Exchange, the Commodity Exchange, Inc., ICE Clear U.S. and ICE Futures U.S. In February 2023, the Company became a member of the Minneapolis Grain Exchange (MGEX), an affiliate of the Parent. The Company provides execution and clearing services for professional traders, institutional clients, and individual investors.

Dorman Trading is a trading member of Coinbase Derivatives exchange with such trades cleared on Nodal Clear, LLC through Wedbush Securities Inc. Dorman Trading is a member of the Eurex Exchange (Germany) with such transactions cleared on Eurex Clearing A.G. through ADMIS International Ltd. Dorman Trading also offers access to certain exchanges through ADM Investor Services U.S., for the (i) Cboe Futures exchange, with trades cleared on the OCC, (ii) ICE Europe exchange, with trades cleared on ICE Clear Europe; (iii) MGEX exchange with trades cleared on MGEX Clearing, and (iv) Euronext exchange with trades cleared on Euronext Clearing

Effective June 1, 1995 the Company succeeded substantially all of the assets and liabilities of Dorman Trading Company, which had been a futures commission merchant and a Chicago Board of Trade clearing member since 1980.f

2. Significant Accounting Policies

a. Basis of Presentation

The statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

b. Use of Estimates

The preparation of the statement of financial condition in conformity with GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the statement of financial condition. Estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from estimates and could have a material adverse effect on the Company’s statement of financial condition. The Company reviews all estimates on a recurring basis and records any necessary adjustments in the appropriate reporting period.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

2. Significant Accounting Policies, continued

c. Income Taxes

On October 19, 2022, MIH completed the purchase of all outstanding shares of Dorman Trading, LLC. As of this date, the Company is a separately taxable entity for federal income tax purposes. Federal taxable income or loss is included in MIH's consolidated federal income tax return.

The Company has entered into a Tax Share Agreement with Parent as of October 19, 2022. For each consolidated return year and quarterly periods within the return year, the Company shall compute and record the amount, which would have been its income tax liability (for both current and deferred taxes) for these periods as though the Company filed a separate income tax return for such taxable year on a separate-entity basis. Any difference between tax liability computed on a consolidated return basis and the amount calculated on a separate return basis shall be borne by Parent. Tax accounts will be settled periodically with the Parent.

Deferred income taxes are recorded to reflect the future tax consequences of differences between the carrying value of assets and liabilities for income tax and financial reporting purposes, and for the benefits of tax credit and loss carryforwards. The amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be fully realized.

The Company recognizes 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 upon the technical merits of the position. The tax benefit recognized in the statement of financial condition from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

On a yearly basis, the Company reviews its tax positions taken. As of December 31, 2023, the Company has not recorded a liability for uncertain tax positions.

d. Securities Valuation

Securities are recorded at fair value in accordance with ASC 820, Fair Value Measurements and Disclosure (see Note 10).

e. Exchange Memberships and Stock, at Cost

The Company is required to hold certain exchange and clearing organization memberships for clearing purposes in order to provide the right to process trades directly with the respective venues.

Exchange memberships that represent an ownership interest which must be held by the Company to conduct business in the respective venues are accounted for at cost with appropriate consideration for other-than-temporary impairment. Fair value is determined using quoted market prices and recent transactions. As of and for the year ended December 31, 2023, no impairment was recognized.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

2. Significant Accounting Policies, continued

Alternatively, exchange memberships, or seats, that only represent the right to conduct business on an exchange, but not an ownership interest in the exchange, are accounted for as intangible assets at cost with potential impairment determined under FASB ASC 350, Intangibles - Goodwill and Other. As of and during the year ended December 31, 2023, there were no indicators that would suggest that the carrying values of exchange memberships that do not represent an ownership interest are impaired.

f. Foreign Currency Remeasurement

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars at year-end exchange rates.

g. Cash and Cash Equivalents

Cash and cash equivalents include unrestricted cash held at banks and not deposited with or pledged to broker-dealers, clearing organizations, and counterparties, or segregated under federal regulations; and other highly liquid investments with original maturities of 90 days or less.

h. Cash and Securities Segregated under Federal and Other Regulations

Pursuant to requirements of the Commodity Exchange Act and Commission Regulation 1.20 ("Section 1.20") and Regulation 30.7 ("Section 30.7"), funds deposited by customers relating to futures and options on futures contracts in regulated commodities must be carried in separate accounts, which are designated as segregated customer accounts. The deposits in segregated customer accounts are maintained for the exclusive benefit of customers and are not commingled with the exception of residual interest (see schedules 4 and 6).

The outstanding balances of cash, securities and other assets segregated under federal regulations as of December 31, 2023 are disclosed in Note 3 (see additional fair value disclosures in Note 10).

i. Receivables from and Payables to Broker-Dealers, Futures Commission Merchants and Clearing Organizations

Receivable from broker-dealers, futures commission merchants and clearing organizations represent margin deposits, in the form of cash and securities, held at clearing organizations as well as amounts deposited with and receivable from broker-dealers and futures commission merchants, less any payables where any right of offset exists. Where amounts are owed to broker-dealers, futures commission merchants and clearing organizations, and there is no right of offset, the amount due is presented within payable to clearing organizations on the statement of financial condition.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

2. Significant Accounting Policies, continued

Deposits held at clearing organizations pertain primarily to cash deposits made to satisfy clearing organization margin requirements on customer open futures and options on futures positions, as well as to satisfy the requirements set by clearing exchanges for clearing membership. In addition to margin, deposits with clearing organizations include guaranty deposits, which are held by clearing organizations for use in potential default situations by one or more members of the clearing organizations. The guaranty deposits may be applied to the Company's obligations to the clearing organization or to the clearing organization's obligations to unrelated parties.

Deposits with clearing organizations also include securities deposited with, or pledged to, clearing organizations. These securities are primarily U.S. Treasury obligations that were either pledged to the Company by its customers or represent investments of customer funds. These securities are carried at fair value with any change in fair value reflected in payables to customers for those pledged by customers, or to 'interest income' for those securities that represent an investment of customers funds.

j. Receivables from and Payables to Customers

Receivables from customers, net includes the total of net deficits in individual exchange-traded futures and option on futures and amounts due from other services provided to the Company's customers. Customer deficits arise from realized and unrealized trading losses on futures, options on futures and amounts due on cash and margin transactions. Payables to customers consists of funds received, accrued interest payable on those funds, and the net market value of open option contracts with customers.

Customer deficit accounts are reported gross of customer accounts that contain net credit or positive balances, except where a right of setoff exists. Net deficits in individual trading accounts include both secured and unsecured deficit balances due from customers.

k. Leases

The Company determines whether a contract is or contains a lease at contract inception. The Company recognizes right of use ("ROU") operating lease assets and operating lease liabilities at the lease's commencement date based on the present value of remaining fixed lease payments over the lease term. As the rate implicit in the lease is not readily determinable in the Company's leases, the Company estimates its risk-free discount rate based on zero-coupon US Treasury rate with a term that is equal to the leases' expected term at the commencement date.

The operating lease asset includes any fixed lease payments made, net of lease incentives, and incurred initial direct costs. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments are expensed as incurred and may include payments for common area maintenance, property taxes and other non-fixed payments for services provided by the lessor. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company's leases do not contain any material residual guarantees or material restrictive covenants.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

2. Significant Accounting Policies, continued

I. Recent Accounting Pronouncements

Recent Accounting Pronouncements - Adopted

In June 2016, the FASB issued ASU No. 2016-13 (amended by ASU 2019-10), "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", regarding the measurement of credit losses for certain financial instruments which replaces the incurred loss model with a current expected credit loss ("CECL") model. The CECL model is based on historical experience, adjusted for current conditions and reasonable and supportable forecasts. The Company is required to adopt the new guidance on January 1, 2023. The adoption of this standard did not have a material impact on the Company's statement of financial condition.

3. Segregated Assets

At December 31, 2023, assets segregated or held in separate accounts under Federal regulations are as follows:

Segregated for customers trading on U.S. futures exchanges (Schedule 3):

Cash and securities segregated under federal and other regulations	\$ 13,982,402
Receivables from broker-dealers, futures commission merchants and clearing organizations ⁽¹⁾	123,254,154
Payable to clearing organizations	(674,017)
	<u>\$ 136,562,539</u>

⁽¹⁾Includes U.S. Treasury bills amounting to \$3,000,000, which is not reflected in the statement of financial condition as the Company does not take economic ownership of those securities.

Held in separate accounts for foreign futures and foreign options customers (Schedule 6):

Cash	\$ 1,208,604
Receivables from broker-dealers and futures commission merchants	1,733,476
	<u>\$ 2,942,080</u>

Customers' funds, regulated under the Commodity Exchange Act, as amended (the "CEAct"), are required to be segregated from the funds of the Company and its employees. Customers' segregated funds and equities in customers' regulated trading accounts, as shown in the statement of financial condition, do not reflect the market value of options positions owned by customers and securities owned by customers and held by the Company as collateral or as margin.

At December 31, 2023, the market value of net customers' options positions totaled (\$67,936). The market value of securities owned by customers and held by the Company totaled \$173,535,000, the amounts are in U.S. Treasury securities and are not recorded in the statement of financial condition. Interest on customer owned securities accrues to the benefit of the customers.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

4. Receivable from Broker-Dealers, Futures Commission Merchants and Clearing Organizations

Receivable from and payable to broker-dealers, futures commission merchants and clearing organizations at December 31, 2023 included the following:

Total Assets	
Receivable from broker-dealers and futures commission merchants	\$ 9,000,966
Receivable from clearing organizations	
Cash margin	113,161,326
Cash guarantee deposits	<u>6,735,000</u>
Total receivable from broker-dealers, futures commission merchants and clearing organizations	<u>\$ 128,897,292</u>
 Total Liabilities	
Payable to clearing organizations	<u>\$ 749,137</u>
Total payable to clearing organizations	<u>\$ 749,137</u>

5. Related party transactions

During the year ended December 31, 2023, MIH paid certain expenses for \$798,461 on behalf of the Company, which is included in the payable to parent in the statement of financial condition.

6. Guarantees

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in underlying (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

6. Guarantees, continued

Derivative Contracts

Certain derivatives contracts that the Company has entered into meet the accounting definition of a guarantee under ASC 460. Derivatives that meet the ASC 460 definition of guarantees include futures contracts and written options. The maximum potential payout for these derivatives contract cannot be estimated as increases in interest rates, foreign exchange rates, securities prices, commodities prices and indices in the future could possibly be unlimited.

The Company records all derivative contracts at fair value. For this reason, the Company does not monitor its risk exposure to derivatives contracts based on derivative notional amounts; rather the Company manages its risk exposure on a fair value basis. The Company believes that the notional amounts of the derivative contracts generally overstate its exposure. Aggregate market risk limits have been established, and market risk measures are routinely monitored against these limits. The Company believes that market risk is substantially diminished when all financial instruments are aggregated.

Exchange Member Guarantees

The Company is a member of various exchanges that trade and clear futures contracts. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligation to the exchange. Although the rules governing different exchange memberships vary, in general the Company's guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the exchange. Any potential contingent liability under these membership agreements cannot be estimated. The Company has not recorded any contingent liability in the statement of financial condition for these agreements. The Company believes that any potential requirement to make payments under these agreements is remote.

7. Concentrations of Credit Risk

The Company is engaged in futures clearing activities in which counterparties primarily include clearing organizations, broker-dealers, other futures commission merchants and other brokers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

At December 31, 2023, a significant credit concentration consisted of cash deposited in two banks. The balances exceeded federally insured limits by approximately \$17,200,000. Management believes that the Company is not exposed to any significant credit risk on cash or receivables from futures commission merchants.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

8. Leases

The Company has one operating lease related to its office space with a lease term of 5 years with an option to renew or extend the lease for an additional 5 years. The optional period has not been considered in the determination of the right of use assets or lease liabilities associated with the lease as the Company did not consider it reasonably certain it would exercise the options. The weighted average remaining lease term is 2.1 years.

As of December 31, 2023, the maturities of the Company's operating lease liabilities were as follows:

2024	\$	437,180
2025		<u>34,947</u>
Total lease payments		472,127
Less:		
Imputed interest		<u>9,341</u>
Total lease liabilities	\$	<u><u>462,786</u></u>

Supplemental disclosure for the statement of financial condition related to the Company's operating lease are as follows:

Right of use assets	\$	377,180
Lease liabilities, current	\$	427,839
Lease liabilities, non-current		<u>34,947</u>
Total lease liabilities	\$	<u><u>462,786</u></u>

9. Minimum Capital Requirements

The Company is a futures commission merchant subject to Commodity Futures Trading Commission minimum capital requirements (Regulation 1.17). In addition, the Company is subject to minimum capital requirements of the CME Group, Inc. The Company is required to maintain "net capital" equivalent to the greater of \$1,000,000 or the sum of 8% of the customer risk maintenance margin requirement plus 8% of the non-customer risk maintenance margin requirement, as these terms are defined.

At December 31, 2023, the Company had adjusted net capital of \$17,963,410. Under Regulation 1.17, the Company had net capital requirements of \$2,909,567. Additionally, the Company is required to maintain a net capital of \$5,000,000 as per the capital requirements of the CME Group, Inc. The net capital rule may effectively restrict member withdrawals and the repayment of subordinated loans.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

10. Fair Value Measurements

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, the type of investment, the liquidity of the markets, and other characteristics particular to the investment. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy wherein the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The following table summarizes the Company's financial instruments at fair value, within the fair value hierarchy levels, as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Securities owned, at fair value				
Equity securities	9,266,400	-	-	9,266,400
Total assets	\$ 9,266,400	\$ -	\$ -	\$ 9,266,400

Other financial assets and liabilities reflected on the Company's statement of financial condition are recorded at their contractual amounts which approximate their fair value.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

11. Financial Instruments

FASB ASC 815, Derivatives and Hedging, requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit risk related to contingent features in derivative agreements. The disclosure requirements of ASC 815 distinguish between derivatives, which are accounted for as “hedges” and those that do not qualify for such accounting. Although the Company may sometimes use derivatives, the Company reflects derivatives at fair value and recognizes changes in fair value through the statement of operations, and as such do not qualify for ASC 815 hedge accounting treatment.

The Company executes customer transactions in the purchase and sale of commodity futures contracts (including options on futures contracts), substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur.

In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell futures contracts at prevailing market prices in order to fulfill the customer's obligations. The Company controls this risk by monitoring margin collateral levels on a daily basis for compliance with regulatory and internal guidelines and requires additional collateral when necessary. The Company requires a customer to deposit additional margin collateral, or reduce positions, if it is determined that the customer's activities may be subject to above normal market risks.

Futures contracts provide for the delayed delivery/receipt of securities or money market instruments with the seller/buyer agreeing to make/take delivery at a specified date, at a specified price. Fair value of futures contracts is included in receivable from broker dealers. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk. Futures contracts are executed on an exchange, and cash settlement is made on a daily basis for market movements. Accordingly, futures contracts generally do not have credit risk.

Options contracts grant the purchaser, for the payment of a premium, the right to either purchase from or sell to the writer a specified financial instrument under agreed terms. As a writer of options contracts, the Company receives a premium in exchange for bearing the risk of unfavorable changes in the price of the financial instruments underlying the options.

12. 401 (k) Plan

The Company has established a salary reduction (401 (k)) plan for qualified employees. This is a "Safe Harbor" plan and requires the Company to contribute at least 3% of the eligible regular earnings of qualified employees up to a defined maximum, and make further discretionary contributions to the plan, subject to certain limitations as set forth in the plan agreement.

DORMAN TRADING, LLC

Notes to Statement of Financial Condition

Year Ended December 31, 2023

13. Income Taxes

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the year ended December 31, 2023 is as follows:

U.S. federal statutory income tax rate	21.0%
State taxes, net of federal benefit	8.7%
Return to provision adjustments	(0.1)%
Other	(0.9)%
Effective income tax rate	28.7%

The components of deferred tax assets and liabilities as of December 31, 2023 are as follows:

Federal and state net operating losses	\$ 111,550
Accrued expenses	253,695
Deferred tax assets	365,245
Valuation allowance	-
Deferred tax assets	365,245
Unrealized gain	(2,553,551)
Deferred tax liabilities	(2,553,551)
Deferred tax liability	<u>\$ (2,188,306)</u>

At December 31, 2023, the Company had state net operating loss carryforwards of \$1,486,343. State net operating losses in the amount of \$1,486,343 can be carried forward for 20 years and will begin expiring in 2038. Although realization is not assured for the above deferred tax assets, management believes it is more likely than not that it will be realized through future taxable earnings and, accordingly, has not recorded a valuation allowance as of December 31, 2023.

The Company has determined that there is no liability required for uncertain tax positions. The tax years for 2020, 2021 and 2022 are subject to examination by the U.S. and Illinois tax authorities.

14. Subsequent Events

Management has evaluated events and transactions through February 23, 2024, the date the statement of financial condition were available to be issued and noted no material events requiring disclosure in the Company's statement of financial condition.

Reconciliation of Statement of Financial Condition to the Statement of the Computation of the Minimum Capital Requirements

Year Ended December 31, 2023

Total assets per Statement of Financial Condition		\$ 161,030,527
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Add:

Securities owned by customers	\$ 173,535,000	
Securities owned by customers CME	3,000,000	
Warehouse receipts owned by customers	10,801,050	
Securities owned by members - collateral for secured demand notes	—	
Value of net customer options positions	(67,937)	187,268,113

Deduct: Noncurrent assets (as defined)

Receivables from customers, net	\$ 13,465	
Exchange memberships and stock	2,948,339	
Other	—	
Employees and associated persons	—	(2,961,804)

Current Assets (as defined)		<u>\$ 345,336,836</u>
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Total liabilities per Statement of Financial Condition		\$ 139,769,926
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Add:

Securities owned by customers	\$ 173,535,000	
Securities owned by customers CME	3,000,000	
Warehouse receipts owned by customers	10,801,050	
Securities owned by members - collateral for secured demand notes	—	
Value of net customer options positions	(67,937)	
Subordinated borrowings	—	187,268,113

Adjusted Total Liabilities		<u>\$ 327,038,039</u>
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See accompanying report of independent registered public accounting firm.

Statement of the Computation of the Minimum Capital Requirements

Year Ended December 31, 2023

Current assets, as defined (see reconciliation on Schedule 1)			\$345,336,836
Increase (decrease) to U.S. clearing organization stock to reflect margin value			<u>—</u>
Net current assets			345,336,836
Total liabilities (see reconciliation on Schedule 1)		\$327,038,039	
Deductions from total liabilities			
Certain deferred income tax liability	\$ 2,188,306		
Liabilities subject to satisfactory subordination agreements	<u>—</u>		
Total deductions		<u>\$(2,188,306)</u>	
Adjusted liabilities			<u>324,849,733</u>
Net capital			20,487,103
		<u>Charge</u>	
Charges against net capital:			
Twenty percent of market value of uncovered inventories		\$ —	
Charges as specified in section 240.15c3-1(c)(2)(vi) and (vii) against securities owned by firm, including securities representing investments of domestic and foreign customers' funds			
	<u>—</u>		
U.S. and Canadian Government Obligation	<u>—</u>	<u>—</u>	
Stocks	9,266,400	2,473,359	
Other securities	32,251	645	
Five percent of all unsecured receivables from foreign brokers		49,689	
Uncovered futures contracts in proprietary accounts		<u>—</u>	<u>2,523,693</u>
Adjusted net capital			17,963,410

Statement of the Computation of the Minimum Capital Requirements, continued

Year Ended December 31, 2023

Net capital required using risk-based requirement:		
Amount of customer risk maintenance margin	36,369,585	
8% of customer risk-based requirement		\$2,909,567
Amount of noncustomer risk maintenance margin	—	
8% of non-customer risk-based requirement		—
		<hr/>
Total risk based requirement		2,909,567
Minimum dollar amount requirement		1,000,000
Amount required		<hr/>
		2,909,567
Excess net capital		<hr/>
		\$ 15,053,843
		<hr/>
<u>Computation of Early Warning Level</u>		
Enter 110% of risk-based amount required		<hr/>
		\$ 3,200,524
		<hr/>
<u>Guaranteed Introducing Brokers</u>		
List all IBs with which guarantee agreements entered into by the FCM, currently in effect		See Schedule 7.
There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filed on January 22, 2024.		

See accompanying report of independent registered public accounting firm.

Reconciliation of Statement of Financial Condition to Segregation Statement (U.S. Exchanges)**Year Ended December 31, 2023**

Customers' Segregated Funds per Statement of Financial Condition (Note 3)	\$ 136,562,539
Add:	
U.S. Treasury securities owned by customers	173,535,000
Warehouse receipts owned by customers	10,801,050
Value of customers' open long futures options contracts	3,602,098
Deduct:	
Value of customers' open short futures options contracts	<u>(3,670,035)</u>
Total Amount in Segregation	<u>\$ 320,830,652</u>

See accompanying report of independent registered public accounting firm.

Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges Pursuant to Section 4d(2) under the Commodity Exchange Act

Year Ended December 31, 2023

Segregation requirement:

Net ledger balance:

Cash \$ 123,015,834

Securities 187,336,050

Net unrealized gain (loss) in open futures contracts traded on a contract market 5,320,110

Exchange traded options:

Market value of open options contracts purchased on a contract market 3,602,098

Market value of open options contracts sold on a contract market (3,670,035)

Net equity 315,604,057

Accounts liquidating to a deficit and accounts with debit balances - gross amount

13,465

Amount required to be segregated

315,617,522

Funds on deposit in segregation:

Deposited in segregated funds bank accounts:

Cash 13,982,402

Securities representing investments of customers' funds, at fair value 0

Securities held for particular customers in lieu of cash 173,535,000

Margins on deposit with clearing organizations of contract markets:

Cash 113,061,326

Securities representing investments of customers' funds, at market 0

Securities held for particular customers in lieu of cash margins, at market 3,000,000

Net settlement from clearing organizations of contract markets (674,017)

Exchange traded options:

Value of open long option contracts 3,602,098

Value of open short option contracts (3,670,035)

Net equities with other futures commission merchants:

Net liquidating equity 7,192,828

Segregated Funds on Hand 10,801,050

Total amount in segregation 320,830,652

Excess funds in segregation \$ 5,213,130

Management target amount excess funds in segregation 2,000,000

Excess funds in segregation over management target \$ 3,213,130

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filed on January 22, 2024.

See accompanying report of independent registered public accounting firm.

Segregation Requirement and Funds in Segregation - Customers' Dealer Options

Year Ended December 31, 2023

The Company does not carry customers' dealer option accounts as defined by Commodity Exchange Act Regulation 32.6. Therefore, the Company is exempt from the provisions of Regulation 32.6.

See accompanying report of independent registered public accounting firm.

Statement of Secured Amounts and Funds Held in Separate Accounts Pursuant to Commission Regulation 30.7

Year Ended December 31, 2023

Amount required to be set aside in separate section 30.7 accounts		\$ 1,789,544
Funds on deposit in separate section 30.7 accounts:		
Cash in bank		
Bank located in the United States	\$ 1,208,604	1,208,604
Equities with registered futures commission merchants		
Cash	616,086	
Unrealized loss on open futures contracts	0	616,086
Equities with foreign board of trade, as follows:		
Cash	1,118,433	
Unrealized loss on open futures contracts	\$ (1,043)	1,117,390
Total amount in separate section 30.7 accounts		2,942,080
Excess funds in separate section 30.7 accounts		\$ 1,152,536
Management target amount excess funds in separate 30.7 accounts		200,000
Excess funds in separate 30.7 accounts over management target		\$ 952,536

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filed as on January 22, 2024.

See accompanying report of independent registered public accounting firm.

Listing of Guaranteed Introducing Brokers

Year Ended December 31, 2023

Ziemba Capital Management LLC - Chicago, IL

See accompanying report of independent registered public accounting firm.

Statement of Cleared Swaps Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4d(f) of the Commodity Exchange Act**Year Ended December 31, 2023**

The Company does not carry customers' cleared swaps accounts as defined by Commodity Exchange Act Regulation 4D(F). Therefore, the Company is exempt from the provisions of Regulation 4D(F).

See accompanying report of independent registered public accounting firm.