OPPENHEIMER & CO. INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2015
(UNAUDITED)

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Oppenheimer & Co. Inc. and Subsidiaries
Consolidated Statement of Financial Condition
As of June 30, 2015

(Expressed in thousands, except per share amounts)	June 30, 2015
ASSETS	
Cash and cash equivalents	$ 17,984
Deposits with clearing organizations (includes securities with a fair value of $28,190)	50,859
Receivable from brokers, dealers and clearing organizations	357,170
Receivable from customers, net of allowance for credit losses of $2,491	904,980
Securities purchased under agreements to resell	104,301
Securities owned, including amounts pledged of $704,168, at fair value	990,643
Notes receivable, net of accumulated amortization and allowance for uncollectibles of $48,169 and $9,135, respectively	34,575
Office facilities, net of accumulated depreciation of $93,508	7,301
Deferred income tax, net	41,344
Other assets	98,251
Total assets	$ 2,607,408
LIABILITIES AND STOCKHOLDER'S EQUITY	
Liabilities	
Drafts payable	$ 4,054
Bank call loans	177,500
Payable to brokers, dealers and clearing organizations	238,007
Payable to customers	654,245
Securities sold under agreements to repurchase	623,852
Securities sold, but not yet purchased, at fair value	220,667
Income taxes payable	41,977
Accrued compensation	115,440
Accounts payable and other liabilities	133,659
Subordinated borrowings	112,558
Total liabilities	2,321,959
Commitments and contingencies (Note 10)	
Stockholder's equity	
Common stock, par value $100 per share - 1,000 shares authorized; 760 shares issued and outstanding	76
Additional paid-in capital	295,220
Accumulated deficit	(8,533)
Accumulated other comprehensive income	44
Less 369 shares of treasury stock, at cost	(1,358)
Total stockholder's equity	285,449
Total liabilities and stockholder's equity	$ 2,607,408

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

1. Organization and nature of business

Oppenheimer & Co. Inc. (the "Company" and "Oppenheimer") is a wholly owned subsidiary whose ultimate parent is Oppenheimer Holdings Inc. (the "Parent"), a Delaware public corporation. The Company is a New York-based company and is a registered broker-dealer in securities under the Securities Exchange Act of 1934 ("the Act"). The Company is also a member of various exchanges, including the New York Stock Exchange, Inc.

The Company engages in a broad range of activities in the securities industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), underwritings, research, market-making, and investment advisory and asset management services.

The Company provides its services from offices located throughout the United States. In addition, the Company conducts business in Israel and Latin America.

2. Summary of significant accounting policies

Basis of Presentation

The consolidated statement of financial condition of the Company includes the accounts of the Company's wholly owned subsidiaries: Freedom Investments, Inc. ("Freedom"), a registered broker-dealer in securities, which provides discount brokerage services; Oppenheimer Israel (OPCO) Ltd., which is engaged in offering investment services in the State of Israel; Pace Securities, Inc. ("Pace"), Prime Charter Ltd., Old Michigan Corp. and Subsidiaries (inactive), and Reich & Co., Inc. (in liquidation).

The consolidated statement of financial condition has been prepared in conformity with accounting principles generally accepted in the United States of America.

Intercompany transactions and balances have been eliminated in the preparation of the consolidated statement of financial condition.

Use of Estimates

The preparation of the consolidated statement of financial condition in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated statement of financial condition.

In presenting the consolidated statement of financial condition, management makes estimates regarding valuations of financial instruments, loans and allowances for credit losses, the outcome of legal and regulatory matters, goodwill, stock-based compensation plans, and income taxes. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could be materially different from these estimates. A discussion of certain areas in which estimates are a significant component of the amounts reported in the consolidated statement of financial condition follows:

New Accounting Pronouncements

Recently Adopted

In April 2014, the FASB issued ASU No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." Under this ASU, a discontinued operation is defined as a disposal of a component or group of components that is disposed of and represents a strategic shift that has or will have a major effect on an entity's operation. The ASU also modified related disclosure requirements. The ASU became effective for the annual reporting period in the fiscal year that begins after December 15, 2014. The adoption of this accounting guidance did not have a material impact on the Company's consolidated statement of financial condition.

In June 2014, the FASB issued ASU No. 2014-11, "Transfers and Servicing – Repurchase-to-Maturity Transactions, Repurchase Financing, and Disclosures," which makes amendments to the guidance in Accounting Standards Codification 860 on accounting for certain repurchase agreements. The ASU is effective for the annual reporting period in the fiscal year that begins after December 15, 2015, except for the disclosures related to transactions accounted for as secured borrowings, which became effective for the period beginning on or after March 15, 2015. The adoption of this accounting guidance did not have a material impact on the Company's consolidated statement of financial condition. See Note 5, Collateralized transactions, below.

In November 2014, the FASB issued ASU No. 2014-17 "Business Combination - Pushdown Accounting." The ASU gives the acquired entity the option of applying pushdown accounting in its stand-alone financial statements upon a change-in-control event. The ASU became effective upon issuance. The adoption of this accounting guidance did not have a material impact on the Company's consolidated statement of financial condition.

Recently Issued

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." The ASU outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Additionally, the ASU expands the disclosure requirements for revenue recognition. The ASU will be effective for the annual reporting period in the fiscal year that begins after December 15, 2017 and early adoption is permitted as of the original effective date. The Company is currently evaluating the impact, if any, that the ASU will have on its consolidated statement of financial condition.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation." The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based award as performance conditions that affect vesting. The ASU is effective for the annual reporting period in the fiscal year that begins after December 15, 2015 and early adoption is permitted. The Company will not early adopt this ASU. The Company is currently evaluating the impact, if any, that the ASU will have on its consolidated statement of financial condition.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern," which provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. The ASU requires management of an entity to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements and also provide disclosures if there is "substantial doubt about the entity's ability to continue as a going concern." The ASU is effective for the annual reporting period in the fiscal year that begins after December 15, 2016 and early adoption is permitted. The Company will not early adopt this ASU. The Company is currently evaluating the impact on its disclosure.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation - Amendments to the Consolidation Analysis," to eliminate the deferral of the application of the revised consolidation rules and make changes to both the variable interest model and the voting model. Under this ASU, a general partner will not consolidate a partnership or similar entity under the voting model. The ASU is effective for the annual reporting period in the fiscal year that begins after December 15, 2015 and early adoption is permitted. The Company will not early adopt this ASU. The Company is currently evaluating the impact, if any, that the ASU will have on its consolidated statement of financial condition.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share practical expedient and related disclosures. The ASU is effective for the annual reporting periods in the fiscal year that begins after December 15, 2015 and early adoption is permitted. The Company will not early adopt this ASU. The Company is currently evaluating the impact, if any, that the ASU will have on its consolidated statement of financial condition.

3. Receivable from and payable to brokers, dealers and clearing organizations

(Expressed in thousands)

	As of June 30, 2015
Receivable from brokers, dealers and clearing organizations consist of:	
Securities borrowed	$ 279,695
Receivable from brokers	19,867
Securities failed to deliver	16,723
Clearing organizations	23,265
Other	17,620
Total	$ 357,170
Payable to brokers, dealers and clearing organizations consist of:	
Securities loaned	$ 209,226
Payable to brokers	6,454
Securities failed to receive	20,491
Other	1,836
Total	$ 238,007

4. Fair value measurements

Securities owned and securities sold but not yet purchased, investments and derivative contracts are carried at fair value with changes in fair value recognized in earnings each period. The Company's other financial instruments are generally short-term in nature or have variable interest rates and as such their carrying values approximate fair value.

Securities Owned and Securities Sold, But Not Yet Purchased at Fair Value

(Expressed in thousands)

	As of June 30, 2015	
	Owned	Sold
U.S. Government, agency and sovereign obligations	$ 693,077	$ 159,594
Corporate debt and other obligations	22,845	6,045
Mortgage and other asset-backed securities	4,718	—
Municipal obligations	63,732	49
Convertible bonds	61,711	8,194
Corporate equities	43,434	46,785
Money markets	742	—
Auction rate securities	100,384	—
Total	$ 990,643	$ 220,667

Securities owned and securities sold, but not yet purchased, consist of trading and investment securities at fair values. Included in securities owned at June 30, 2015 are corporate equities with estimated fair values of approximately $14.3 million, which are related to deferred compensation liabilities to certain employees included in accrued compensation on the consolidated statement of financial condition.

Valuation Techniques

A description of the valuation techniques applied and inputs used in measuring the fair value of the Company's financial instruments is as follows:

U.S. Government Obligations

U.S. Treasury securities are valued using quoted market prices obtained from active market makers and inter-dealer brokers and, accordingly, are categorized in Level 1 of the fair value hierarchy.

U.S. Agency Obligations

U.S. agency securities consist of agency issued debt securities and mortgage pass-through securities. Non-callable agency issued debt securities are generally valued using quoted market prices. Callable agency issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of mortgage pass-through securities are model driven with respect to spreads of the comparable To-be-announced ("TBA") security. Actively traded non-callable agency-issued debt securities are categorized in Level 1 of the fair value hierarchy. Callable agency-issued debt securities and mortgage pass-through securities are generally categorized in Level 2 of the fair value hierarchy.

Sovereign Obligations

The fair value of sovereign obligations is determined based on quoted market prices when available or a valuation model that generally utilizes interest rate yield curves and credit spreads as inputs. Sovereign obligations are categorized in Level 1 or 2 of the fair value hierarchy.

Corporate Debt and Other Obligations

The fair value of corporate bonds is estimated using recent transactions, broker quotations and bond spread information. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Mortgage and Other Asset-Backed Securities

The Company holds non-agency securities collateralized by home equity and various other types of collateral which are valued based on external pricing and spread data provided by independent pricing services and are generally categorized in Level 2 of the fair value hierarchy. When specific external pricing is not observable, the valuation is based on yields and spreads for comparable bonds and, consequently, the positions are categorized in Level 3 of the fair value hierarchy.

Municipal Obligations

The fair value of municipal obligations is estimated using recently executed transactions, broker quotations, and bond spread information. These obligations are generally categorized in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Convertible Bonds

The fair value of convertible bonds is estimated using recently executed transactions and dollar-neutral price quotations, where observable. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves and bond spreads as key inputs. Convertible bonds are generally categorized in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Corporate Equities

Equity securities and options are generally valued based on quoted prices from the exchange or market where traded and categorized as Level 1 of the fair value hierarchy. To the extent quoted prices are not available, fair values are generally derived using bid/ask spreads, and these securities are generally categorized in Level 2 of the fair value hierarchy.

Auction Rate Securities ("ARS")

In February 2010, Oppenheimer finalized settlements with each of the New York Attorney General's office ("NYAG") and the Massachusetts Securities Division ("MSD" and, together with the NYAG, the "Regulators") concluding investigations and administrative proceedings by the Regulators concerning Oppenheimer's marketing and sale of ARS. Pursuant to the settlements with the Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions more fully described below. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. Pursuant to completed Purchase Offers (as defined) under the settlements with the Regulators and client related legal settlements and awards to purchase ARS, as of June 30, 2015, the Company purchased and holds (net of redemptions) approximately $107.6 million in ARS from its clients. In addition, the Company is committed to purchase another $16.7 million in ARS from clients through 2017 under legal settlements and awards.

The ARS positions that the Company owns and is committed to purchase primarily represent auction rate preferred securities issued by closed-end funds and, to a lesser extent, municipal auction rate securities which are municipal bonds wrapped by municipal bond insurance and student loan auction rate securities which are asset-backed securities backed by student loans.

Interest rates on ARS typically reset through periodic auctions. Due to the auction mechanism and generally liquid markets, ARS have historically been categorized as Level 1 of the fair value hierarchy. Beginning in February 2008, uncertainties in the credit markets resulted in substantially all of the ARS market experiencing failed auctions. Once the auctions failed, the ARS could no longer be valued using observable prices set in the auctions. The Company has used less observable determinants of the fair value of ARS, including the strength in the underlying credits, announced issuer redemptions, completed issuer redemptions, and announcements from issuers regarding their intentions with respect to their outstanding ARS. The Company has also developed an internal methodology to discount for the lack of liquidity and non-performance risk of the failed auctions. Due to liquidity problems associated with the ARS market, ARS that lack liquidity are setting their interest rates according to a maximum rate formula. For example, an auction rate preferred security maximum rate may be set at 200% of a short-term index such as LIBOR or U.S. Treasury yield. For fair value purposes, the Company has determined that the maximum spread would be an adequate risk premium to account for illiquidity in the market. Accordingly, the Company applies a spread to the short-term index for each asset class to derive the discount rate. The Company uses short-term U.S. Treasury yields as its benchmark short-term index. The risk of non-performance is typically reflected in the prices of ARS positions where the fair value is derived from recent trades in the secondary market.

The ARS purchase commitment, or derivative liability, arises from both the settlements with the Regulators and legal settlements and awards. The ARS purchase commitment represents the difference between the principal value and the fair value of the ARS the Company is committed to purchase. The Company utilizes the same valuation methodology for the ARS purchase commitment as it does for the ARS it owns. Additionally, the present value of the future principal value of ARS purchase commitments under legal settlements and awards is used in the discounted valuation model to reflect the time value of money over the period of time that the commitments are outstanding. The amount of the ARS purchase commitment only becomes determinable once the Company has met with its primary regulator and the NYAG and agreed upon a buyback amount, commenced the ARS buyback offer to clients, and received notice from its clients which ARS they are tendering. As a result, it is not possible to observe the current yields actually paid on the ARS until all of these events have happened which is typically very close to the time that the Company actually purchases the ARS. For ARS purchase commitments pursuant to legal settlements and awards, the criteria for purchasing ARS from clients is based on the nature of the settlement or award which will stipulate a time period and amount for each repurchase. The Company will not know which ARS will be tendered by the client until the stipulated time for repurchase is reached. Therefore, the Company uses the current yields of ARS owned in its discounted valuation model to determine a fair value of ARS purchase commitments. The Company also uses these current yields by asset class (i.e., auction rate preferred securities, municipal auction rate securities, and student loan auction rate securities) in its discounted valuation model to determine the fair value of ARS purchase commitments. In addition, the Company uses the discount rate and duration of ARS owned, by asset class, as a proxy for the duration of ARS purchase commitments.

Additional information regarding the valuation technique and inputs for Level 3 financial instruments used is as follows:

(Expressed in thousands)

Quantitative Information about Level 3 Fair Value Measurements at June 30, 2015

Product	Principal	Valuation Adjustment	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
Auction Rate Securities Owned [(1)]							
Auction Rate Preferred Securities	$ 85,175	$ 4,546	$ 80,629	Discounted Cash Flow	Discount Rate [(2)]	1.44% to 1.96%	1.69%
					Duration	4.0 years	4.0 years
					Current Yield [(3)]	0.14% to 0.47%	0.30%
Municipal Auction Rate Securities	12,350	1,218	11,132	Discounted Cash Flow	Discount Rate [(4)]	2.57%	2.57%
					Duration	4.5 years	4.5 years
					Current Yield [(3)]	0.22%	0.22%
	5,975	598	5,377	Secondary Market Trading Activity	Observable trades in inactive market for in portfolio securities	90.00% of par	90.00% of par
Student Loan Auction Rate Securities	450	62	388	Discounted Cash Flow	Discount Rate [(5)]	3.26%	3.26%
					Duration	7.0 years	7.0 years
					Current Yield [(3)]	1.02%	1.02%
Other [(7)]	3,625	767	2,858	Secondary Market Trading Activity	Observable trades in inactive market for in portfolio securities	78.83% of par	78.83% of par
	$ 107,575	$ 7,191	$ 100,384				
Auction Rate Securities Commitments to Purchase [(6)]							
Auction Rate Preferred Securities	$ 13,048	$ 676	$ 12,372	Discounted Cash Flow	Discount Rate [(2)]	1.44% to 1.96%	1.69%
					Duration	4.0 years	4.0 years
					Current Yield [(3)]	0.14% to 0.47%	0.30%
Municipal Auction Rate Securities	3,562	351	3,211	Discounted Cash Flow	Discount Rate [(4)]	2.57%	2.57%
					Duration	4.5 years	4.5 years
					Current Yield [(3)]	0.22%	0.22%
Student Loan Auction Rate Securities	50	7	43	Discounted Cash Flow	Discount Rate [(5)]	3.26%	3.26%
					Duration	7.0 years	7.0 years
					Current Yield [(3)]	1.02%	1.02%
	$ 16,660	$ 1,034	$ 15,626				
Total	$ 124,235	$ 8,225	$ 116,010				

(1) Principal amount represents the par value of the ARS and is included in securities owned in the consolidated statement of financial condition at June 30, 2015. The valuation adjustment amount is included as a reduction to securities owned in the consolidated statement of financial condition at June 30, 2015.
(2) Derived by applying a multiple to the spread between 110% to 150% to the U.S. Treasury rate of 1.31%.
(3) Based on current auctions in comparable securities that have not failed.
(4) Derived by applying a multiple to the spread of 175% to the U.S. Treasury rate of 1.47%.
(5) Derived by applying the sum of the spread of 1.20% to the U.S. Treasury rate of 2.06%.

(6) Principal amount represents the present value of the ARS par value that the Company is committed to purchase at a future date. This principal amount is presented as an off-balance sheet item. The valuation adjustment amount is included in accounts payable and other liabilities on the consolidated statement of financial condition at June 30, 2015.

(7) Represents ARS issued by a credit default obligation structure that the Company has purchased and is committed to purchase as a result of a legal settlement.

The fair value of ARS and ARS purchase commitments is particularly sensitive to movements in interest rates. Increases in short-term interest rates would increase the discount rate input used in the ARS valuation and thus reduce the fair value of the ARS (increase the valuation adjustment). Conversely, decreases in short-term interest rates would decrease the discount rate and thus increase the fair value of ARS (decrease the valuation adjustment). However, an increase (decrease) in the discount rate input would be partially mitigated by an increase (decrease) in the current yield earned on the underlying ARS asset increasing the cash flows and thus the fair value. Furthermore, movements in short term interest rates would likely impact the ARS duration (i.e., sensitivity of the price to a change in interest rates), which would also have a mitigating effect on interest rate movements. For example, as interest rates increase, issuers of ARS have an incentive to redeem outstanding securities as servicing the interest payments gets prohibitively expensive which would lower the duration assumption thereby increasing the ARS fair value. Alternatively, ARS issuers are less likely to redeem ARS in a lower interest rate environment as it is a relatively inexpensive source of financing which would increase the duration assumption thereby decreasing the ARS fair value. For example, see the following sensitivities:

- The impact of a 25 basis point increase in the discount rate at June 30, 2015 would result in a decrease in the fair value of $1.1 million (does not consider a corresponding reduction in duration as discussed above).

- The impact of a 50 basis point increase in the discount rate at June 30, 2015 would result in a decrease in the fair value of $2.1 million (does not consider a corresponding reduction in duration as discussed above).

These sensitivities are hypothetical and are based on scenarios where they are "stressed" and should be used with caution. These estimates do not include all of the interplay among assumptions and are estimated as a portfolio rather than as individual assets.

Due to the less observable nature of these inputs, the Company categorizes ARS in Level 3 of the fair value hierarchy. As of June 30, 2015, the Company had a valuation adjustment (unrealized loss) of $7.2 million for ARS owned which is included as a reduction to securities owned on the consolidated statement of financial condition. As of June 30, 2015, the Company also had a valuation adjustment of $1.0 million on ARS purchase commitments from settlements with the Regulators and legal settlements and awards which is included in other liabilities on the consolidated statement of financial condition. The total valuation adjustment was $8.2 million as of June 30, 2015. The valuation adjustment represents the difference between the principal value and the fair value of the ARS owned and ARS purchase commitments.

Investments

In its role as general partner in certain hedge funds and private equity funds, the Company holds direct investments in such funds. The Company uses the net asset value of the underlying fund as a basis for estimating the fair value of its investment. Due to the illiquid nature of these investments and difficulties in obtaining observable inputs, these investments are included in Level 3 of the fair value hierarchy.

The following table provides information about the Company's investments in Company-sponsored funds at June 30, 2015:

(Expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds [(1)]	$ 760	$ —	Quarterly - Annually	120 Days
Private equity funds [(2)]	27	2	N/A	N/A
	$ 787	$ 2		

(1) Includes investments in a hedge fund that pursues activist strategies. The hedge fund has various restrictions regarding redemption; no investment is locked-up for a period greater than one year.

(2) Includes private equity funds with a focus on real estate. Due to the illiquid nature of these funds, investors are not permitted to make withdrawals without consent of the general partner.

Valuation Process

The Finance & Accounting ("F&A") group is responsible for the Company's fair value policies, processes and procedures. F&A is independent from the business units and trading desks and is headed by the Company's Chief Financial Officer ("CFO"), who has final authority over the valuation of the Company's financial instruments. The Finance Control Group ("FCG") within F&A is responsible for daily profit and loss reporting, front-end trading system position reconciliations, monthly profit and loss reporting, and independent price verification procedures.

For financial instruments categorized in Levels 1 and 2 of the fair value hierarchy, the FCG performs a monthly independent price verification to determine the reasonableness of the prices provided by the Company's independent pricing vendor. The FCG uses its third-party pricing vendor, executed transactions, and broker-dealer quotes for validating the fair values of financial instruments.

For financial instruments categorized in Level 3 of the fair value hierarchy measured on a recurring basis, primarily for ARS, a group comprised of the CFO, the Controller, and an Operations Director are responsible for the ARS valuation model and resulting fair valuations. Procedures performed include aggregating all ARS owned by type from firm inventory accounts and ARS purchase commitments from regulatory and legal settlements and awards provided by the Legal Department. Observable and unobservable inputs are aggregated from various sources and entered into the ARS valuation model. For unobservable inputs, the group reviews the appropriateness of the inputs to ensure consistency with how a market participant would arrive at the unobservable input. For example, for the duration assumption, the group would consider recent policy statements regarding short-term interest rates by the Federal Reserve and recent ARS issuer redemptions and announcements for future redemptions. The model output is reviewed for reasonableness and consistency. Where available, comparisons are performed between ARS owned or committed to purchase to ARS that are trading in the secondary market.

Assets and Liabilities Measured at Fair Value

The Company's assets and liabilities, recorded at fair value on a recurring basis as of June 30, 2015, have been categorized based upon the above fair value hierarchy as follows:

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2015

(Expressed in thousands)

	Fair Value Measurements at June 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 328	$ —	$ —	$ 328
Deposits with clearing organizations	28,190	—	—	28,190
Securities owned:				
U.S. Treasury securities	669,893	—	—	669,893
U.S. Agency securities	751	21,837	—	22,588
Sovereign obligations	—	596	—	596
Corporate debt and other obligations	—	22,845	—	22,845
Mortgage and other asset-backed securities	—	4,718	—	4,718
Municipal obligations	—	63,670	62	63,732
Convertible bonds	—	61,711	—	61,711
Corporate equities	43,434	—	—	43,434
Money markets	742	—	—	742
Auction rate securities	—	—	100,384	100,384
Securities owned, at fair value	714,820	175,377	100,446	990,643
Investments [(1)]	—	54,810	1,002	55,812
Securities purchased under agreements to resell [(2)]	—	104,301	—	104,301
TBAs	—	4,452	—	4,452
Total	$ 743,338	$ 338,940	$ 101,448	$ 1,183,726
Liabilities				
Securities sold, but not yet purchased:				
U.S. Treasury securities	$ 159,576	$ —	$ —	$ 159,576
U.S. Agency securities	—	18	—	18
Corporate debt and other obligations	—	6,045	—	6,045
Municipal obligations	—	49	—	49
Convertible bonds	—	8,194	—	8,194
Corporate equities	46,785	—	—	46,785
Securities sold, but not yet purchased, at fair value	206,361	14,306	—	220,667
Derivative contracts:				
Futures	698	—	—	698
Foreign currency forward contracts	28	—	—	28
TBAs	—	2,672	—	2,672
ARS purchase commitments	—	—	1,034	1,034
Derivative contracts, total	726	2,672	1,034	4,432
Total	$ 207,087	$ 16,978	$ 1,034	$ 225,099

(1) Included in other assets on the consolidated statement of financial condition.
(2) Included in securities purchased under agreements to resell where the Company has elected fair value option treatment.

Financial Instruments Not Measured at Fair Value

The tables below present the carrying value, fair value and fair value hierarchy category of certain financial instruments that are not measured at fair value in the consolidated statement of financial condition. The tables below exclude non-financial assets and liabilities (e.g., office facilities and accrued compensation).

The carrying value of financial instruments not measured at fair value categorized in the fair value hierarchy as Level 1 or Level 2 (e.g., cash and receivables from customers) approximates fair value because of the relatively short period of time between their origination and expected maturity.

Assets and liabilities not measured at fair value on a recurring basis as of June 30, 2015

(Expressed in thousands)

			Fair Value Measurement: Assets			
	As of June 30, 2015		As of June 30, 2015			
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Cash	$ 17,656	$ 17,656	$ 17,656	$ —	$ —	$ 17,656
Deposits with clearing organization	22,669	22,669	22,669	—	—	22,669
Receivable from brokers, dealers and clearing organizations:						
Securities borrowed	279,695	279,695	—	279,695	—	279,695
Receivables from brokers	19,867	19,867	—	19,867	—	19,867
Securities failed to deliver	16,723	16,723	—	16,723	—	16,723
Clearing organizations	23,265	23,265	—	23,265	—	23,265
Other	17,620	17,620	—	17,620	—	17,620
	357,170	357,170	—	357,170	—	357,170
Receivable from customers	904,980	904,980	—	904,980	—	904,980

(Expressed in thousands)

			Fair Value Measurement: Liabilities			
	As of June 30, 2015		As of June 30, 2015			
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Drafts payable	$ 4,054	$ 4,054	$ 4,054	$ —	$ —	$ 4,054
Bank call loans	177,500	177,500	—	177,500	—	177,500
Payables to brokers, dealers and clearing organizations:						
Securities loaned	209,226	209,226	—	209,226	—	209,226
Payable to brokers	6,454	6,454	—	6,454	—	6,454
Securities failed to receive	20,491	20,491	—	20,491	—	20,491
Other	1,836	1,836	—	1,836	—	1,836
	238,007	238,007	—	238,007	—	238,007
Payables to customers	654,245	654,245	—	654,245	—	654,245
Securities sold under agreements to repurchase	623,852	623,852	—	623,852	—	623,852

Fair Value Option

The Company elected the fair value option for repurchase agreements and reverse repurchase agreements that do not settle overnight or have an open settlement date. The Company has elected the fair value option for these instruments to more accurately reflect market and economic events in its earnings and to mitigate a potential mismatch in earnings caused by using different measurement attributes (i.e. fair value versus carrying value) for certain assets and liabilities. At June 30, 2015, the fair value of the reverse repurchase agreements for which the fair value option was elected was $104.3 million.

Derivative Instruments and Hedging Activities

The Company transacts, on a limited basis, in exchange traded and over-the-counter derivatives for both asset and liability management as well as for trading and investment purposes. Risks managed using derivative instruments include interest rate risk and, to a lesser extent, foreign exchange risk. All derivative instruments are measured at fair value and are recognized as either assets or liabilities on the consolidated statement of financial condition.

Foreign exchange hedges

From time to time, the Company also utilizes forward and options contracts to hedge the foreign currency risk associated with compensation obligations to Oppenheimer Israel (OPCO) Ltd. employees denominated in New Israeli Shekels. Such hedges have not been designated as accounting hedges.

Derivatives used for trading and investment purposes

Futures contracts represent commitments to purchase or sell securities or other commodities at a future date and at a specified price. Market risk exists with respect to these instruments. Notional or contractual amounts are used to express the volume of these transactions and do not represent the amounts potentially subject to market risk. The futures contracts the Company uses including U.S. Treasury notes, Federal funds, General collateral futures and Eurodollar contracts are used primarily as an economic hedge of interest rate risk associated with government trading activities.

TBA Securities

The Company transacts in pass-through mortgage-backed securities eligible to be sold in the TBA market as economic hedges against mortgage-backed securities that it owns or has sold but not yet purchased. TBAs provide for the forward or delayed delivery of the underlying instrument with settlement up to 180 days. The contractual or notional amounts related to these financial instruments reflect the volume of activity and do not reflect the amounts at risk. Unrealized gains and losses on TBAs are recorded in the consolidated statement of financial condition in receivable from brokers, dealers and clearing organizations and payable to brokers, dealers and clearing organizations.

The Company also enters into TBA purchase contracts with its affiliate, Oppenheimer Multifamily Housing and Healthcare Finance, Inc. (“OMHHF”). OMHHF is engaged in the business of originating and servicing Federal Housing Administration ("FHA") insured multifamily and healthcare facility loans and securitizing these loans into Ginnie Mae mortgage backed securities. OMHHF provides its clients with commitments to fund FHA-insured loans. Upon providing these commitments to fund, the Company enters into TBA purchase contracts with OMHHF, then enters into TBA sale contracts with third parties to offset its exposures related to these TBA purchase contracts.

The notional amounts and fair values of the Company's derivatives at June 30, 2015 by product were as follows:

(Expressed in thousands)

	Fair Value of Derivative Instruments at June 30, 2015		
	Description	Notional	Fair Value
Assets			
Derivatives not designated as hedging instruments [1]			
Other contracts	TBAs	$ 55,725	$ 183
	TBA sale contracts	346,446	4,269
		$ 402,171	$ 4,452
Liabilities			
Derivatives not designated as hedging instruments [1]			
Commodity contracts [2]	Futures	$ 3,403,000	$ 698
Other contracts	Forward currency forward contracts	400	28
	TBAs	51,275	171
	TBA purchase contracts	346,446	2,501
	ARS purchase commitments	16,660	1,034
		$ 3,817,781	$ 4,432

(1) See "Derivative Instruments and Hedging Activities" above for description of derivative financial instruments. Such derivative instruments are not subject to master netting agreements, thus the related amounts are not offset.
(2) Included in payable to brokers, dealers and clearing organizations on the consolidated statement of financial condition.

5. Collateralized transactions

The Company enters into collateralized borrowing and lending transactions in order to meet customers' needs and earn residual interest rate spreads, obtain securities for settlement and finance trading inventory positions. Under these transactions, the Company either receives or provides collateral, including U.S. government and agency, asset-backed, corporate debt, equity, and non-U.S. government and agency securities.

The Company obtains short-term borrowings primarily through bank call loans. Bank call loans are generally payable on demand and bear interest at various rates but not exceeding the broker call rate. At June 30, 2015, bank call loans were $177.5 million. At June 30, 2015, such loans, collateralized by firm and customer securities with market values of approximately $198.2 million and $246.0 million, respectively, were with commercial banks.

At June 30, 2015, the Company had approximately $1.3 billion of customer securities under customer margin loans that are available to be pledged, of which the Company has re-pledged approximately $156.4 million under securities loan agreements.

At June 30, 2015, the Company had deposited $483.7 million of customer securities directly with the Options Clearing Corporation to secure obligations and margin requirements under option contracts written by customers.

At June 30, 2015, the Company had no outstanding letters of credit.

The Company enters into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions to, among other things, acquire securities to cover short positions and settle other securities obligations, to accommodate customers' needs and to finance the Company's inventory positions. Except as described below, repurchase and reverse repurchase agreements, principally involving government and agency securities, are carried at amounts at which the securities subsequently will be resold or reacquired as specified in the respective agreements and include accrued interest. Repurchase and reverse repurchase agreements are presented on a net-by-counterparty basis, when the repurchase and reverse repurchase agreements are executed with the same counterparty, have the same explicit settlement date, are executed in accordance with a master netting arrangement, the securities underlying the repurchase and reverse repurchase agreements exist in "book entry" form and certain other requirements are met.

The following table presents a disaggregation of the gross obligation by the class of collateral pledged and the remaining contractual maturity of the repurchase agreements and securities loaned transactions as of June 30, 2015:

(Expressed in thousands)

	Overnight and Open	Up to 30 Days	Total
Repurchase agreements:			
U.S. Treasury and agency securities	$ 833,609	$ 156,625	$ 990,234
Securities loaned:			
Equity securities	209,226	—	209,226
Gross amount of recognized liabilities for repurchase agreements and securities loaned	$ 1,042,835	$ 156,625	$ 1,199,460

The following tables present the gross amounts and the offsetting amounts of reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions as of June 30, 2015 and December 31, 2014:

As of June 30, 2015

(Expressed in thousands)

				Gross Amounts Not Offset on the Statement of Financial Condition		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Assets Presented on the Statement of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Reverse repurchase agreements	$ 470,683	$ (366,382)	$ 104,301	$ (104,125)	$ —	$ 176
Securities borrowed [(1)]	279,695	—	279,695	(273,885)	—	5,810
Total	$ 750,378	$ (366,382)	$ 383,996	$ (378,010)	$ —	$ 5,986

(1) Included in receivable from brokers, dealers and clearing organizations on the consolidated statement of financial condition.

				Gross Amounts Not Offset on the Statement of Financial Condition		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented on the Statement of Financial Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 990,234	$ (366,382)	$ 623,852	$ (621,303)	$ —	$ 2,549
Securities loaned [(2)]	209,226	—	209,226	(203,221)	—	6,005
Total	$ 1,199,460	$ (366,382)	$ 833,078	$ (824,524)	$ —	$ 8,554

(2) Included in payable to brokers, dealers and clearing organizations on the consolidated statement of financial condition.

Certain of the Company's repurchase agreements and reverse repurchase agreements are carried at fair value as a result of the Company's fair value option election. The Company elected the fair value option for those repurchase agreements and reverse repurchase agreements that do not settle overnight or have an open settlement date. The Company has elected the fair value option for these instruments to more accurately reflect market and economic events in its earnings and to mitigate a potential imbalance in earnings caused by using different measurement attributes (i.e. fair value versus carrying value) for certain assets and liabilities. At June 30, 2015, the fair value of the reverse repurchase agreements for which the fair value option was elected was $104.3 million.

The Company receives collateral in connection with securities borrowed and reverse repurchase agreement transactions and customer margin loans. Under many agreements, the Company is permitted to sell or re-pledge the securities received (e.g., use the securities to enter into securities lending transactions, or deliver to counterparties to cover short positions). At June 30, 2015, the fair value of securities received as collateral under securities borrowed transactions and reverse repurchase agreements was $272.9 million and $365.1 million, respectively, of which the Company has sold and re-pledged approximately $43.1 million under securities loaned transactions and $365.7 million under repurchase agreements.

The Company pledges certain of its securities owned for securities lending and repurchase agreements and to collateralize bank call loan transactions. The carrying value of pledged securities owned that can be sold or re-pledged by the counterparty was $704.2 million, as presented on the face of the consolidated statement of financial condition at June 30, 2015. The carrying value of securities owned by the Company that have been loaned or pledged to counterparties where those counterparties do not have the right to sell or re-pledge the collateral was $197.9 million at June 30, 2015.

The Company manages credit exposure arising from repurchase and reverse repurchase agreements by, in appropriate circumstances, entering into master netting agreements and collateral arrangements with counterparties that provide the Company, in the event of a customer default, the right to liquidate and the right to offset a counterparty's rights and obligations. The Company manages market risk of repurchase agreements and securities loaned by monitoring the market value of collateral held and the market value of securities receivable from others. It is the Company's policy to request and obtain additional collateral when exposure to loss exists. In the event the counterparty is unable to meet its contractual obligation to return the securities, the Company may be exposed to off-balance sheet risk of acquiring securities at prevailing market prices.

Credit Concentrations

Credit concentrations may arise from trading, investing, underwriting and financing activities and may be impacted by changes in economic, industry or political factors. In the normal course of business, the Company may be exposed to risk in the event customers, counterparties including other brokers and dealers, issuers, banks, depositories or clearing organizations are unable to fulfill their contractual obligations. The Company seeks to mitigate these risks by actively monitoring exposures and obtaining collateral as deemed appropriate. Included in receivable from brokers, dealers and clearing organizations as of June 30, 2015 are receivables from two major U.S. broker-dealers totaling approximately $124.1 million.

The Company is obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligations to the Company. Clients are required to complete their transactions on the settlement date, generally one to three business days after the trade date. If clients do not fulfill their contractual obligations, the Company may incur losses. The Company has clearing/participating arrangements with the National Securities Clearing Corporation ("NSCC"), the Fixed Income Clearing Corporation ("FICC"), R.J. O'Brien & Associates (commodities transactions), Mortgage-Backed Securities and Clearing Corporation and others. With respect to its business in reverse repurchase and repurchase agreements, substantially all open contracts at June 30, 2015 are with the FICC. In addition, the Company began clearing its non-U.S. international equities business through BNP Paribas Securities Services. The clearing organizations have the right to charge the Company for losses that result from a client's failure to fulfill its contractual obligations. Accordingly, the Company has credit exposures with these clearing brokers. The clearing brokers can re-hypothecate the securities held on behalf of the Company. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing brokers, the Company believes there is no maximum amount assignable to this right. At June 30, 2015, the Company had recorded no liabilities with regard to this right. The Company's policy is to monitor the credit standing of the clearing brokers and banks with which it conducts business.

6. Variable interest entities ("VIEs")

The Company's policy is to consolidate any VIEs where the Company is deemed to be the primary beneficiary, when it has the power to make the decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb significant losses or the right to receive benefits that could potentially be significant to the VIE.

For funds that the Company has concluded are not VIEs, the Company then evaluates whether the fund is a partnership or similar entity. If the fund is a partnership or similar entity, the Company evaluates the fund under the partnership consolidation guidance. Pursuant to that guidance, the Company consolidates funds in which it is the general partner, unless presumption of control by the Company can be overcome. This presumption is overcome only when unrelated investors in the fund have the substantive ability to liquidate the fund or otherwise remove the Company as the general partner without cause, based on a simple majority vote of unaffiliated investors, or have other substantive participating rights. If the presumption of control can be overcome, the Company accounts for its interest in the fund pursuant to the equity method of accounting.

The Company serves as general partner of hedge funds and private equity funds that were established for the purpose of providing investment alternatives to both its institutional and qualified retail clients. The Company holds variable interests in these funds as a result of its right to receive management and incentive fees. The Company's investment in and additional capital commitments to these hedge funds and private equity funds are also considered variable interests. The Company's additional capital commitments are subject to call at a later date and are limited in amount.

The Company assesses whether it is the primary beneficiary of the hedge funds and private equity funds in which it holds a variable interest in the form of general partner interests. In each instance, the Company has determined that it is not the primary beneficiary and therefore need not consolidate the hedge funds or private equity funds. The Company's general partnership interests, additional capital commitments, and management fees receivable represent its maximum exposure to loss. The Company's general partnership interests and management fees receivable are included in other assets on the consolidated statement of financial condition.

The following tables set forth the total VIE assets, the carrying value of the Company's variable interests, and the Company's maximum exposure to loss in Company-sponsored non-consolidated VIEs in which the Company holds variable interests and other non-consolidated VIEs in which the Company holds variable interests at June 30, 2015:

(Expressed in thousands)

	At June 30, 2015				
	Total VIE Assets [1]	Carrying Value of the Company's Variable Interest: Assets [2]	Carrying Value of the Company's Variable Interest: Liabilities	Capital Commitments	Maximum Exposure to Loss in Non-consolidated VIEs
Hedge funds	$ 64,900	$ 760	$ —	$ —	$ 760
Private equity funds	75,400	27	—	2	29
Total	$ 140,300	$ 787	$ —	$ 2	$ 789

(1) Represents the total assets of the VIEs and does not represent the Company's interests in the VIEs.
(2) Represents the Company's interests in the VIEs and is included in other assets on the consolidated statement of financial condition.

7. Office facilities

The components of office facilities at June 30, 2015 are as follows:

(Expressed in thousands)

Furniture, fixtures and equipment	$ 71,928
Leasehold improvements	28,881
Total	100,809
Less accumulated depreciation	(93,508)
Total	$ 7,301

8. Subordinated borrowings

The subordinated loans are payable to the Company's indirect parent, E.A. Viner International Co. ("Viner"). Certain loans bear interest at 11-1/2% per annum. These loans are due: $1.6 million, June 25, 2016; $3.8 million, November 29, 2016 and $7.1 million, December 31, 2016 and are automatically renewed for an additional year unless terminated by either party within seven months of their expiration. The Company also issued a subordinated note to Viner in the amount of $100.0 million at a fixed rate of 8.75% due and payable on April 15, 2018. Interest is due semi-annually on April 15 and October 15.

The subordinated loans are available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. These borrowings may be repaid only if, after giving effect to such repayment, the Company meets the Securities and Exchange Commission's net capital requirements.

9. Income taxes

The Company is included in an affiliated group that files a consolidated Federal income tax return. The Company recognizes its related federal income tax provision on a separate company basis. The Company files state and local income tax returns on a separate company basis or as part of the affiliated group's combined or consolidated state filing, depending on the specific requirements of each state and local jurisdiction.

Deferred tax assets, net, which relate primarily to compensation and other expenses not currently deductible for tax purposes, amount to $41.3 million at June 30, 2015.

10. Commitments and contingencies

Commitments

The Company and its subsidiaries have operating leases for office space, equipment and furniture and fixtures expiring at various dates through 2028. Future minimum rental commitments under such office and equipment leases as at June 30, 2015 are as follows:

(Expressed in thousands)

2015	$	20,308
2016		38,377
2017		34,215
2018		32,086
2019		26,639
2020 and thereafter		130,675
	$	282,300

The above table includes operating leases which have been signed by the Company's immediate parent, Viner Finance Inc., in which the Company is responsible for rent charges associated with its occupancy.

Certain of the leases contain provisions for rent increases based on changes in costs incurred by the lessor.

At June 30, 2015, the Company had no collateralized or uncollateralized letters of credit outstanding.

Contingencies

Many aspects of the Company's business involve substantial risks of liability. In the normal course of business, the Company has been named as defendant or co-defendant in various legal actions, including arbitrations, class actions, and other litigation, creating substantial exposure. Certain of the actual or threatened legal matters include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. These proceedings arise primarily from securities brokerage, asset management and investment banking activities. The Company is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding the Company's business which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The investigations include, among other things, inquiries from the Securities and Exchange Commission (the "SEC"), the Financial Industry Regulatory Authority ("FINRA") and various state regulators. The Company is named as a respondent in a number of arbitrations by its current or former clients as well as lawsuits related to its sale of ARS.

The Company accrues for estimated loss contingencies related to legal and regulatory matters when available information indicates that it is probable a liability had been incurred at the date of the consolidated statement of financial condition and the Company can reasonably estimate the amount of that loss. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is often not possible to reasonably estimate the size of the possible loss or range of loss or possible additional losses or range of additional losses.

For certain legal and regulatory proceedings, the Company cannot reasonably estimate such losses, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial, indeterminate or special damages. Numerous issues may need to be reviewed, analyzed or resolved, including through potentially lengthy discovery and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a loss or range of loss or additional loss can be reasonably estimated for any proceeding. Even after lengthy review and analysis, the Company, in many legal and regulatory proceedings, may not be able to reasonably estimate possible losses or range of loss.

For certain other legal and regulatory proceedings, the Company can estimate possible losses, or, range of loss in excess of amounts accrued, but does not believe, based on current knowledge and after consultation with counsel, that such losses individually, or in the aggregate, will have a material adverse effect on the Company's consolidated statement of financial condition as a whole.

For legal and regulatory proceedings where there is at least a reasonable possibility that a loss or an additional loss may be incurred, the Company estimates a range of aggregate loss in excess of amounts accrued of $0 to approximately $35.0 million. This estimated aggregate range is based upon currently available information for those legal proceedings in which the Company is involved, where an estimate for such losses can be made. For certain cases, the Company does not believe that an estimate can currently be made. The foregoing estimate is based on various factors, including the varying stages of the proceedings (including the fact that many are currently in preliminary stages), the numerous yet-unresolved issues in many of the proceedings and the attendant uncertainty of the various potential outcomes of such proceedings. Accordingly, the Company's estimate will change from time to time, and actual losses may be more than the current estimate.

In February 2010, Oppenheimer finalized settlements with the Regulators concluding investigations and administrative proceedings by the Regulators concerning Oppenheimer's marketing and sale of ARS. Pursuant to the settlements with the Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions more fully described below. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. Pursuant to completed Purchase Offers (as defined) under the settlements with the Regulators and client related legal settlements and awards to purchase ARS, as of June 30, 2015, the Company purchased and holds (net of redemptions) approximately $107.6 million in ARS from its clients. In addition, the Company is committed to purchase another $16.7 million in ARS from clients through 2017 under legal settlements and awards.

The Company's purchases of ARS from its clients holding ARS eligible for repurchase will, subject to the terms and conditions of the settlements with the Regulators, continue on a periodic basis. Pursuant to these terms and conditions, the Company is required to conduct a financial review every six months, until the Company has extended Purchase Offers to all Eligible Investors (as defined), to determine whether it has funds available, after giving effect to the financial and regulatory capital constraints applicable to the Company, to extend additional Purchase Offers. The financial review is based on the Company's operating results, regulatory net capital, liquidity, and other ARS purchase commitments outstanding under legal settlements and awards (described below). There are no predetermined quantitative thresholds or formulas used for determining the final agreed upon amount for the Purchase Offers. Upon completion of the financial review, the Company first meets with its primary regulator, FINRA, and then with representatives of the NYAG and other regulators to present the results of the review and to finalize the amount of the next Purchase Offer. Various offer scenarios are discussed in terms of which Eligible Investors should receive a Purchase Offer. The primary criteria to date in terms of determining which Eligible Investors should receive a Purchase Offer has been the amount of household account equity each Eligible Investor had with the Company in February 2008. Once various Purchase Offer scenarios have been discussed, the regulators, not the Company, make the final determination of which Purchase Offer scenario to implement. The terms of settlements provide that the amount of ARS to be purchased during any period shall not risk placing the Company in violation of regulatory requirements.

As of June 30, 2015, the Company had $5.0 million of outstanding ARS purchase commitments related to the settlements with the Regulators. Eligible Investors for future buybacks continued to hold approximately $85.3 million of principal value of ARS as of June 30, 2015. It is reasonably possible that some ARS Purchase Offers will need to be extended to Eligible Investors holding ARS prior to redemptions (or tender offers) by issuers of the full amount that remains outstanding. The potential additional losses that may result from entering into ARS purchase commitments with Eligible Investors for future buybacks represents the estimated difference between the principal value and the fair value. It is possible that the Company could sustain a loss of all or substantially all of the principal value of ARS still held by Eligible Investors but such an outcome is highly unlikely. The amount of potential additional losses resulting from entering into these commitments cannot be reasonably estimated due to the uncertainties surrounding the amounts and timing of future buybacks that result from the six-month financial review and the amounts, scope, and timing of future issuer redemptions and tender offers of ARS held by Eligible Investors. The range of potential additional losses related to valuation adjustments is between $0 and the amount of the estimated differential between the principal value and the fair value of ARS held by Eligible Investors for future buybacks that were not yet purchased or committed to be purchased by the Company at any point in time. The range of potential additional losses described here is not included in the estimated range of aggregate loss in excess of amounts accrued for legal and regulatory proceedings described above.

Outside of the settlements with the Regulators, the Company has also reached various legal settlements with clients and received unfavorable legal awards requiring it to purchase ARS. The terms and conditions including the ARS amounts committed to be purchased under legal settlements and awards are based on the specific facts and circumstances of each legal proceeding. In most instances, the purchase commitments are in increments and extend over a period of time. At June 30, 2015, no ARS purchase commitments related to legal settlements extended past 2017. To the extent the Company receives an unfavorable award, the Company usually must purchase the ARS provided for by the award within 30 days of the rendering of the award.

The Company has also been named as a respondent in a number of arbitrations by its current or former clients as well as lawsuits related to its sale of ARS. If the ARS market remains frozen, the Company may likely be further subject to claims by its clients. There can be no guarantee that the Company will be successful in defending any or all of the current actions against it or any subsequent actions filed in the future. Any such failure could, and in certain current ARS actions would, have a material adverse effect on the results of operations and financial condition of the Company including its cash position.

The Company has sought, with limited success, financing from a number of sources to try to find a means for all its clients to find liquidity from their ARS holdings and will continue to do so. There can be no assurance that the Company will be successful in finding a liquidity solution for all its clients' ARS.

On January 27, 2015, the SEC approved an Offer of Settlement from Oppenheimer and issued an Order Instituting Administrative and Cease and Desist Proceedings (the "Order") relating to Oppenheimer's failure to report a customer's suspicious activities which occurred through its Oppenheimer account in violation of the Exchange Act; violating the Exchange Act provisions requiring broker-dealers to maintain ledgers accurately reflecting liabilities and expenses; failing to accurately maintain records for each account showing the true beneficial owner as required by Exchange Act rule; and violating the securities registration provisions contained in Section 5 of the Securities Act and failing to prevent and detect such violations of Section 5 of the Securities Act as required by the Exchange Act. Pursuant to the Order, Oppenheimer was ordered to (i) cease and desist from committing or causing any violations of the relevant provisions of the federal securities laws; (ii) be censured; (iii) pay to the SEC $10.0 million comprised of $4.2 million in disgorgement, $753,500 in prejudgment interest and $5.1 million in civil penalties; and (iv) retain an independent consultant to review Oppenheimer's policies and procedures relating to anti-money laundering and Section 5 of the Securities Act. Oppenheimer made a payment of $5.0 million to the SEC on February 17, 2015 and agreed to make a second payment of $5.0 million to the SEC before January 27, 2017. On the same date the Order was issued a division of the United States Department of the Treasury ("FinCEN") issued a Civil Monetary Assessment (the "Assessment") against Oppenheimer relating to potential violations of the Bank Secrecy Act and the regulations promulgated thereunder related primarily to, in the Company's view, the SEC matters discussed immediately above. Pursuant to the terms of the Assessment, Oppenheimer admitted that it violated the Bank Secrecy Act and consented to the payment of a civil money penalty, which, as a result of the payments to the SEC described above, obligates Oppenheimer to make an aggregate payment of $10.0 million to FinCEN. On February 9, 2015, Oppenheimer made a payment of $5.0 million to FinCEN and has agreed to make a second payment of $5.0 million before January 27, 2017. Oppenheimer further agreed to provide FinCEN copies of any reports or other recommendations prepared by the independent compliance consultant retained pursuant to the SEC settlement described above. The Company had fully reserved the $20.0 million related to the aforementioned matters through the period ended June 30, 2014.

As a result of the resolution of the SEC action, Oppenheimer consented to be enjoined, in order to avoid a disqualification that would have negatively impacted the Company's business and its results of operations. The Company sought and on January 27, 2015, received a waiver from the disqualification that would have prohibited the sale of certain privately-placed securities, including third party alternative investments. Oppenheimer believes that any disqualification resulting from the issuance of the Order for which Oppenheimer has not received a waiver or similar relief, is not material to the business of Oppenheimer or its affiliates.

Since early 2014, Oppenheimer has been responding to information requests from FINRA regarding the supervision of one of its former financial advisers who was indicted by the United States Attorney's Office for the District of New Jersey in March 2014 on allegations of insider trading. In August 2014, Oppenheimer received information requests from the SEC regarding supervision of the same financial adviser. A number of Oppenheimer employees have provided on-the-record testimony in connection with the SEC inquiry. Oppenheimer is continuing to cooperate with both the FINRA and SEC inquiries.

In November 2014, Oppenheimer received a Notice of Contemplated Action from the New Mexico Securities Division (the "Division") alleging that certain federal agency bonds purchased by Bernalillo County, New Mexico in 2012 and 2013 were not suitable. Oppenheimer and a former registered representative were both named as respondents. On July 7, 2015, the Division issued a scheduling order stating that discovery in the matter must conclude by August 7, 2015 and set an initial hearing date for August 31, 2015. In addition to assessing a monetary fine at the conclusion of the hearing, the Division could also suspend or revoke Oppenheimer's securities license in New Mexico. The Company believes that it has meritorious defenses to these allegations.

11. Regulatory requirements

The Company and Freedom, are subject to the uniform net capital requirements of the SEC under Rule 15c3-1 (the "Rule") promulgated under the Exchange Act. The Company computes its net capital requirements under the alternative method provided for in the Rule which requires that the Company maintains net capital equal to two percent of aggregate customer-related debit items, as defined in SEC Rule 15c3-3. At June 30, 2015, the net capital of the Company as calculated under the Rule was $145.9 million or 9.96% of the Company's aggregate debit items. This was $116.6 million in excess of the minimum required net capital at that date. Freedom computes its net capital requirement under the basic method provided for in the Rule, which requires that Freedom maintain net capital equal to the greater of $250,000 or 6-2/3% of aggregate indebtedness, as defined. At June 30, 2015, Freedom had net capital of $5.8 million, which was $5.6 million in excess of the $250,000 required to be maintained at that date.

12. Related party transactions

The Company does not make loans to its officers and directors except under normal commercial terms pursuant to client margin account agreements. These loans are fully collateralized by such employee-owned securities.

13. Subsequent events

The Company has performed an evaluation of events that have occurred through the date on which the consolidated statement of financial condition is issued and determined that there are no events that have occurred that would require recognition or additional disclosure in this consolidated statement of financial condition.