OPPENHEIMER & CO. INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2018
(UNAUDITED)

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Oppenheimer & Co. Inc. and Subsidiaries
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As of June 30, 2018 (unaudited)

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Consolidated Statement of Financial Condition
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(Expressed in thousands, except number of shares and per share amounts)

ASSETS		
Cash and cash equivalents	$	19,057
Deposits with clearing organizations (includes securities with a fair value of $31,135)		56,494
Receivable from brokers, dealers and clearing organizations		204,527
Receivable from customers, net of allowance for credit losses of $848		835,404
Securities purchased under agreements to resell, at fair value		6,738
Securities owned, including amounts pledged of $692,286, at fair value		1,012,969
Notes receivable, net of accumulated amortization and allowance for uncollectibles of $23,833 and $8,051, respectively		42,174
Furniture, equipment and leasehold improvements, net of accumulated depreciation of $68,976		6,309
Deferred income taxes, net		26,320
Other assets		114,807
Total assets	$	2,324,799
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Drafts payable	$	21,632
Bank call loans		107,500
Payable to brokers, dealers and clearing organizations		282,542
Payable to customers		373,670
Securities sold under agreements to repurchase		599,151
Securities sold but not yet purchased, at fair value		162,042
Income tax payable		66,003
Accrued compensation		123,640
Accounts payable and other liabilities		212,782
Subordinated borrowings		112,558
Total liabilities		2,061,520
Commitments and contingencies (note 10)		
Stockholders' equity		
Common stock, par value $100 per share - 1,000 shares authorized; 760 shares issued and outstanding		76
Additional paid-in capital		305,031
Accumulated deficit		(41,285)
Accumulated other comprehensive income		815
Less 369 shares of treasury stock, at cost		(1,358)
Total stockholders' equity		263,279
Total liabilities and stockholders' equity	$	2,324,799

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 registered broker-dealer in securities under the Securities Exchange Act of 1934 ("the Act") and is a member firm of the Financial Industry Regulatory Authority. The Company is also a registered introducing broker with the Commodities Futures Trading Commission and is a member of the National Futures Association. The Company is also a member of Intercontinental Exchange, Inc., known as ICE Futures U.S., and 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 on-line investing as well as discount brokerage services; Oppenheimer Israel (OPCO) Ltd., which is engaged in offering investment services in the State of Israel; and Old Michigan Corp. and Subsidiaries (inactive).

This 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.

New Accounting Pronouncements

Recently Issued

In February 2016, the FASB issued ASU 2016-02, "Leases." The ASU requires the recognition of a right-of use asset and lease liability on the balance sheet by lessees for those leases classified as operating leases under previous guidance. The ASU is effective for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of adopting this ASU which it expects will have a significant impact on its consolidated statement of financial condition. Since the Company has operating leases in over 100 locations, the Company expects to recognize a significant right-of use asset and lease liability on its consolidated statement of financial condition upon adoption of this ASU. The Company has elected the modified retrospective method and will include any cumulative-effect adjustment as of the date of adoption.

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which amends the FASB's guidance on the impairment of financial instruments. The ASU adds to U.S. GAAP an impairment model ("current expected credit loss model"). Under this new guidance, an entity recognizes as an allowance its estimate of expected credit losses. The ASU is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact, if any, that the ASU will have on the Company; the adoption of the ASU is not currently expected to have a material impact on its consolidated statement of financial condition.

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other, Simplifying the Test for Goodwill Impairment," which simplifies the subsequent measurement of goodwill. The Company is no longer required to perform its Step 2 goodwill impairment test; instead, the Company should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The ASU is effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Company will not early adopt this ASU. The Company is currently evaluating the impact, if any, of the ASU on the Company; the adoption of the ASU is not currently expected to have a material impact on its consolidated statement of financial condition.

In August 2017, the FASB issued ASU 2017-12, "Targeted Improvements to Accounting for Hedging Activities," which amends the hedge accounting recognition and presentation requirements. The ASU improves the transparency and understandability of information conveyed to financial statement users by better aligning companies' hedging relationship to their existing risk management strategies, simplifies the application of hedge accounting and increases transparency regarding the scope and results of the hedging program. The ASU is effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Company will not early adopt this ASU. The Company is currently evaluating the impact, if any, of the ASU on the Company; the adoption of the ASU is not currently expected to have a material impact 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, 2018
Receivable from brokers, dealers and clearing organizations consists of:	
Securities borrowed	$ 122,238
Receivable from brokers	31,962
Securities failed to deliver	24,227
Clearing organizations	23,459
Other	2,641
Total	$ 204,527
Payable to brokers, dealers and clearing organizations consists of:	
Securities loaned	$ 199,598
Payable to brokers	18,984
Securities failed to receive	16,894
Other	47,066
Total	$ 282,542

4. Fair value measurements

Securities owned, 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.

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.

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.

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.

Corporate Debt and Other Obligations

The fair value of corporate bonds is estimated using recent transactions, broker quotations and bond spread information.

Mortgage and Other Asset-Backed Securities

The Company values non-agency securities collateralized by home equity and various other types of collateral based on external pricing and spread data provided by independent pricing services. When specific external pricing is not observable, the valuation is based on yields and spreads for comparable bonds.

Municipal Obligations

The fair value of municipal obligations is estimated using recently executed transactions, broker quotations, and bond spread information.

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.

Corporate Equities

Equity securities and options are generally valued based on quoted prices from the exchange or market where traded. To the extent quoted prices are not available, fair values are generally derived using bid/ask spreads.

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. As of June 30, 2018, the Company had $5.0 million in outstanding ARS purchase commitments related to the settlements with the Regulators. 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, 2018, the Company purchased and holds (net of redemptions) approximately $92.3 million in ARS from its clients. In addition, the Company is committed to purchase another $7.2 million in ARS from clients through 2020 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 that are municipal bonds wrapped by municipal bond insurance and student loan auction rate securities that 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 classified 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 asset or 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 ARS used is as follows:

(Expressed in thousands)

Quantitative Information about ARS Level 3 Fair Value Measurements as of June 30, 2018

Product	Principal	Valuation Adjustment	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
Auction Rate Securities Owned (1)							
Auction Rate Preferred Securities	$ 73,275	$ 941	$ 72,334	Discounted Cash Flow	Discount Rate (2)	2.83% to 3.86%	3.22%
					Duration	2.5 Years	2.5 Years
					Current Yield (3)	2.36% to 3.21%	2.68%
Auction Rate Preferred Securities	18,725	1,123	17,602	Tender Offer (4)	N/A	N/A	N/A
Municipal Auction Rate Securities	25	—	25	Par	N/A	N/A	N/A
Student Loan Auction Rate Securities	275	13	262	Discounted Cash Flow	Discount Rate (5)	3.96%	3.96%
					Duration	5.5 Years	5.5 Years
					Current Yield (3)	2.95%	2.95%
	$ 92,300	$ 2,077	$ 90,223				
Auction Rate Securities Commitments to Purchase (6)							
Auction Rate Preferred Securities	$ 10,620	$ 130	$ 10,490	Discounted Cash Flow	Discount Rate (2)	2.83% to 3.86%	3.22%
					Duration	2.5 Years	2.5 Years
					Current Yield (3)	2.36% to 3.21%	2.68%
Auction Rate Preferred Securities	1,515	91	1,424	Tender Offer (4)	N/A	N/A	N/A
Municipal Auction Rate Securities	2	—	2	Par	N/A	N/A	N/A
Student Loan Auction Rate Securities	25	1	24	Discounted Cash Flow	Discount Rate (5)	3.96%	3.96%
					Duration	5.5 Years	5.5 Years
					Current Yield (3)	2.95%	2.95%
	$ 12,162	$ 222	$ 11,940				
Total	$ 104,462	$ 2,299	$ 102,163				

(1) Principal amount represents the par value of the ARS and is included in securities owned on the consolidated statement of financial condition as of June 30, 2018. The valuation adjustment amount is included as a reduction to securities owned on the consolidated statement of financial condition as of June 30, 2018.
(2) Derived by applying a multiple to a spread between 110% to 150% to the U.S. Treasury rate of 2.58%.
(3) Based on current yields for ARS positions owned.
(4) ARS issuer announced tender offer at 94% of par. Included in Level 2 of the fair value hierarchy.
(5) Derived by applying the sum of the spread of 1.20% to the U.S. Treasury rate of 2.76%.
(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 as of June 30, 2018.

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, 2018 would result in a decrease in the fair value of $493,000 (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, 2018 would result in a decrease in the fair value of $982,000 (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, ARS are primarily categorized in Level 3 of the fair value hierarchy. As of June 30, 2018, the Company had a valuation adjustment (unrealized loss) of $2.1 million for ARS owned which is included as a reduction to securities owned on the consolidated statement of financial condition. As of June 30, 2018, the Company also had a valuation adjustment of $222,000 on ARS purchase commitments from settlements with the Regulators and legal settlements and awards, which is included in accounts payable and other liabilities on the consolidated statement of financial condition. The total valuation adjustment was $2.3 million as of June 30, 2018. 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, through its subsidiaries, 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.

The following table provides information about the Company's investments in Company-sponsored funds as of June 30, 2018:

(Expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds [(1)]	$ 717	$ —	Quarterly - Annually	30 - 120 Days
Private equity funds [(2)]	12	1	N/A	N/A
	$ 729	$ 1		

(1) Includes investments in hedge funds and hedge fund of funds that pursue long/short, event-driven, and activist strategies. Each hedge fund has various restrictions regarding redemption; no investment is locked-up for a period greater than one year.

(2) Includes private equity funds and private equity fund of funds with a focus on diversified portfolios, real estate and global natural resources. Due to the illiquid nature of these funds, investors are not permitted to make withdrawals without the consent of the general partner. The lock-up period of the private equity funds can extend to 10 years.

Valuation Process

The Company's 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 with 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, 2018, have been categorized based upon the above fair value hierarchy as follows:

(Expressed in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 10,500	$ —	$ —	$ 10,500
Deposits with clearing organizations	31,135	—	—	31,135
Securities owned:				
U.S. Treasury securities	684,677	—	—	684,677
U.S. Agency securities	8,541	7,885	—	16,426
Sovereign obligations	—	204	—	204
Corporate debt and other obligations	—	23,968	—	23,968
Mortgage and other asset-backed securities	—	6,870	—	6,870
Municipal obligations	—	116,518	—	116,518
Convertible bonds	—	41,135	—	41,135
Corporate equities	32,948	—	—	32,948
Auction rate securities	—	17,602	72,621	90,223
Securities owned, at fair value	726,166	214,182	72,621	1,012,969
Investments (1)	—	—	164	164
Derivative contracts:				
TBAs	—	2,815	—	2,815
Total	$ 767,801	$ 216,997	$ 72,785	$ 1,057,583
Liabilities				
Securities sold but not yet purchased:				
U.S. Treasury securities	$ 115,465	$ —	$ —	$ 115,465
U.S. Agency securities	—	6	—	6
Corporate debt and other obligations	—	5,289	—	5,289
Mortgage and other asset-backed securities	—	6,808	—	6,808
Convertible bonds	—	7,496	—	7,496
Corporate equities	26,978	—	—	26,978
Securities sold but not yet purchased, at fair value	142,443	19,599	—	162,042
Derivative contracts:				
Futures	942	—	—	942
Foreign exchange forward contracts	5	—	—	5
TBAs	—	2,715	—	2,715
ARS purchase commitments	—	91	131	222
Derivative contracts, total	947	2,806	131	3,884
Total	$ 143,390	$ 22,405	$ 131	$ 165,926

(1) Included in other assets on the consolidated statement of financial condition.

Financial Instruments Not Measured at Fair Value

The table below presents the carrying value, fair value and fair value hierarchy category of certain financial instruments that are not measured at fair value on the consolidated statement of financial condition as of June 30, 2018. The table below excludes non-financial assets and liabilities (e.g., furniture, equipment and leasehold improvements 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 term nature of the underlying assets.

(Expressed in thousands)		Fair Value Measurement: Assets			
	Carrying Value	Level 1	Level 2	Level 3	Total
Cash	$ 8,557	$ 8,557	$ —	$ —	$ 8,557
Deposits with clearing organization	25,359	25,359	—	—	25,359
Receivable from brokers, dealers and clearing organizations:					
Securities borrowed	122,238	—	122,238	—	122,238
Receivables from brokers	31,962	—	31,962	—	31,962
Securities failed to deliver	24,227	—	24,227	—	24,227
Clearing organizations	23,459	—	23,459	—	23,459
Other	1,603	—	1,603	—	1,603
	203,489	—	203,489	—	203,489
Receivable from customers	835,404	—	835,404	—	835,404
Securities purchased under agreements to resell	6,738	—	6,738	—	6,738
Notes receivable, net	42,174	—	42,174	—	42,174
Investments (1)	65,601	—	65,601	—	65,601

(1) Included in other assets on the consolidated statement of financial condition.

(Expressed in thousands)		Fair Value Measurement: Liabilities			
	Carrying Value	Level 1	Level 2	Level 3	Total
Drafts payable	$ 21,632	$ 21,632	$ —	$ —	$ 21,632
Bank call loans	107,500	—	107,500	—	107,500
Payables to brokers, dealers and clearing organizations:					
Securities loaned	199,598	—	199,598	—	199,598
Payable to brokers	18,984	—	18,984	—	18,984
Securities failed to receive	16,894	—	16,894	—	16,894
Other	45,186	—	45,186	—	45,186
	280,662	—	280,662	—	280,662
Payables to customers	373,670	—	373,670	—	373,670
Securities sold under agreements to repurchase	599,151	—	599,151	—	599,151
Subordinated borrowings	112,558	—	112,558	—	112,558

Fair Value Option

The Company elected the fair value option for securities sold under agreements to repurchase ("repurchase agreements") and securities purchased under agreements to resell ("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 reflect more accurately 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. As of June 30, 2018, the Company did not have any repurchase agreements and reverse repurchase agreements that do not settle overnight or have an open settlement date.

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 Shekel ("NIS"). Such hedges have not been designated as accounting hedges. Unrealized gains and losses on foreign exchange forward contracts are recorded in other assets on the consolidated statement of financial condition.

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 Company uses futures contracts, including U.S. Treasury notes, Federal Funds, General Collateral futures and Eurodollar contracts primarily as an economic hedge of interest rate risk associated with government trading activities. Unrealized gains and losses on futures contracts are recorded on the consolidated statement of financial condition in payable to brokers, dealers and clearing organizations.

To-be-announced securities

The Company also 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. Net unrealized gains and losses on TBAs are recorded on the consolidated statement of financial condition in receivable from brokers, dealers and clearing organizations or payable to brokers, dealers and clearing organizations.

The notional amounts and fair values of the Company's derivatives as of June 30, 2018 were as follows:

(Expressed in thousands)

	Description	Notional	Fair Value
Assets:			
Derivatives not designated as hedging instruments [(1)]			
Other contracts	TBAs	$ 821,000	$ 1,777
	Other TBAs [(2)]	31,366	1,038
		$ 852,366	$ 2,815
Liabilities:			
Derivatives not designated as hedging instruments [(1)]			
Commodity contracts	Futures	$ 4,981,000	$ 942
Other contracts	Foreign exchange forward contracts	400	5
	TBAs	821,000	1,749
	Other TBAs [(2)]	31,366	966
	ARS purchase commitments	12,162	222
		$ 5,845,928	$ 3,884

(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) Represents TBA purchase and sale contracts related to the legacy Oppenheimer Multifamily Housing and Healthcare Finance, Inc. business.

5. Collateralized transactions

The Company enters into collateralized borrowing and lending transactions in order to meet customers' needs and earn 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. As of June 30, 2018, bank call loans were $107.5 million. As of June 30, 2018, such loans were collateralized by firm and customer securities with market values of approximately $93.2 million and $442.6 million, respectively, with commercial banks.

As of June 30, 2018, the Company had approximately $1.1 billion of customer securities under customer margin loans that are available to be pledged, of which the Company has re-pledged approximately $161.2 million under securities loan agreements.

As of June 30, 2018, the Company had pledged $364.7 million of customer securities directly with the Options Clearing Corporation to secure obligations and margin requirements under option contracts written by customers.

As of June 30, 2018, 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 U.S. 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 agreements and reverse repurchase agreements are presented on a net-by-counterparty basis, when the repurchase agreements 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 agreements 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, 2018:

(Expressed in thousands)

	Overnight and Open
Repurchase agreements:	
U.S. Government and Agency securities	$ 694,162
Securities loaned:	
Equity securities	199,598
Gross amount of recognized liabilities for repurchase agreements and securities loaned	$ 893,760

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, 2018:

(Expressed in thousands)

				Gross Amounts Not Offset on the Consolidated Statement of Financial Condition		
	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Consolidated Statement of Financial Condition	Net Amounts of Assets Presented on the Consolidated Statement of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Reverse repurchase agreements	$ 101,749	$ (95,011)	$ 6,738	$ (6,431)	$ —	$ 307
Securities borrowed (1)	122,238	—	122,238	(117,374)	—	4,864
Total	$ 223,987	$ (95,011)	$ 128,976	$ (123,805)	$ —	$ 5,171

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

				Gross Amounts Not Offset on the Consolidated Statement of Financial Condition		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Consolidated Statement of Financial Condition	Net Amounts of Liabilities Presented on the Consolidated Statement of Financial Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 694,162	$ (95,011)	$ 599,151	$ (597,168)	$ —	$ 1,983
Securities loaned (2)	199,598	—	199,598	(188,954)	—	10,644
Total	$ 893,760	$ (95,011)	$ 798,749	$ (786,122)	$ —	$ 12,627

(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. As of June 30, 2018, the Company did not have any repurchase agreements and reverse repurchase agreements that do not settle overnight or have an open settlement date.

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). As of June 30, 2018, the fair value of securities received as collateral under securities borrowed transactions and reverse repurchase agreements was $118.2 million and $95.1 million, respectively, of which the Company has sold and re-pledged approximately $26.6 million under securities loaned transactions and $95.1 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 $692.3 million, as presented on the face of the consolidated statement of financial condition as of June 30, 2018. 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 $92.8 million as of June 30, 2018.

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 securities 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 credit 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, 2018 are receivables from four major U.S. broker-dealers totaling approximately $77.2 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 two 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, the Fixed Income Clearing Corporation ("FICC"), R.J. O'Brien & Associates (commodities transactions), Mortgage-Backed Securities Division (a division of FICC) and others. With respect to its business in reverse repurchase and repurchase agreements, substantially all open contracts as of June 30, 2018 are with the FICC**.** 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. As of June 30, 2018, 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 all subsidiaries in which it has a controlling financial interest, as well as 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 to the amount committed.

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 subsidiaries' general partnership interests, additional capital commitments, and management fees receivable represent its maximum exposure to loss. The subsidiaries' 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 subsidiaries' 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 as of June 30, 2018:

(Expressed in thousands)

	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	$ 41,221	$ 717	$ —	$ —	$ 717
Private equity funds	9,108	12	—	1	13
Total	$ 50,329	$ 729	$ —	$ 1	$ 730

(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. Furniture, equipment and leasehold improvements

The components of furniture, equipment and leasehold improvements as of June 30, 2018 are as follows:

(Expressed in thousands)		
Furniture, fixtures and equipment	$	51,574
Leasehold improvements		23,712
Total		75,286
Less accumulated depreciation		(68,977)
Total	$	6,309

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, 2019, $3.8 million, November 29, 2019 and $7.1 million, December 31, 2019 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 6.75% due and payable on July 1, 2022.

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 files state and local income tax returns on a separate company basis or as part of the affiliated group's unitary combined state filing, depending on the specific requirements of each state and local jurisdiction.

On December 22, 2017, the Federal government enacted Public Law 115-97, commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). The TCJA makes broad and complex changes to the U.S. tax code, including, but not limited to: (1) reducing the U.S. Federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) a new provision designed to tax global intangible low-taxed income ("GILTI"), which allows for the possibility of using foreign tax credits ("FTCs") and a deduction of up to 50 percent to offset the income tax liability (subject to some limitations); (5) limitations on the use of FTCs to reduce the U.S. income tax liability; (6) eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; (7) creating the base erosion anti-abuse tax, a new minimum tax; (8) limitations on the deductibility of certain executive compensation; (9) creating a new limitation on deductible interest expense; (10) eliminating the deductibility of entertainment expenses; and (11) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

On December 22, 2017, the SEC staff issued SAB 118 which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. The Company has not completed its accounting for the income tax effects of certain elements of the TCJA. However, the Company was able to make reasonable estimates of the effects of certain elements and recorded a provisional estimate in the consolidated statement of financial condition. The estimated enactment net discrete after-tax benefit incorporates assumptions made based upon the Company's current interpretations of the TCJA, and may change as it receives additional clarification and implementation guidance and as the interpretation of the TCJA evolves over time. The Company is expected to complete its analysis within the measurement period in accordance with SAB 118.

U.S. income and foreign withholding taxes have not been recognized on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that is indefinitely reinvested outside the United States. This amount becomes taxable upon a repatriation of assets from the subsidiary or a sale or liquidation of the subsidiary. The amount of such taxable temporary differences totaled $11.0 million as of June 30, 2018. The unrecognized deferred tax liability associated with earnings of foreign subsidiary, net of associated U.S. foreign tax credits, is $2.9 million for the subsidiary with respect to which the Company would be subject to residual U.S. tax on cumulative earnings through June 2018 were those earnings to be repatriated.

As of June 30, 2018, the Company has net deferred tax assets of $26.3 million. Included in deferred tax assets on a tax effected basis are timing differences arising with respect to compensation and other expenses not currently deductible for tax purposes and a net operating loss carryforward related to Oppenheimer Israel (OPCO) Ltd. (valued at $2.7 million on a tax-effected basis).

The Company believes that realization of deferred tax assets arising from temporary differences in the U.S. taxing jurisdictions is more likely than not based on past income trends and expectations of future taxable income.

The Company believes that realization of the deferred tax asset related to net operating loss carryforwards of its subsidiary, Oppenheimer Israel (OPCO) Ltd., is more likely than not based on past income trends and expectations of future taxable income. The net operating loss carries forward indefinitely and is not subject to expiration, provided that this subsidiary and its underlying businesses continue operating normally (as is anticipated).

The Company and one or more of its subsidiaries is included in the filing of income tax returns in the U.S. federal jurisdiction, and in various states and foreign jurisdictions, either as part of an affiliated filing group or on a stand-alone basis. The Company's open income tax years vary by jurisdiction, but all income tax years are closed through 2008 for all significant jurisdictions. The Company is under examination for certain tax years in federal, various states and overseas jurisdictions in which the Company has significant business operations.

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 of June 30, 2018 are as follows:

(Expressed in thousands)

2018	$	21,975
2019		40,107
2020		30,853
2021		26,453
2022		23,502
2023 and thereafter		85,704
	$	228,594

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.

As of June 30, 2018, 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 and periodic expenses. 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 expenses, adverse judgments, settlements, fines, penalties, injunctions or other relief. The investigations include inquiries from the Securities and Exchange Commission (the "SEC"), the Financial Industry Regulatory Authority ("FINRA") and various state regulators.

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 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 a 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. Counsel may be required to review, analyze and resolve numerous issues, 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 the Company can reasonably estimate a loss or range of loss or additional loss for the 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.

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. As of June 30, 2018, the Company had $5.0 million in outstanding ARS purchase commitments related to the settlements with the Regulators. 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, 2018, the Company purchased and holds (net of redemptions) approximately $92.3 million in ARS from its clients. In addition, the Company is committed to purchase another $7.2 million in ARS from clients through 2020 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 and discuss offer scenarios in terms of which Eligible Investors should receive a Purchase Offer. 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 the settlements provide that the amount of ARS to be purchased during any period shall not risk placing the Company in violation of regulatory requirements.

Eligible Investors for future buybacks continued to hold approximately $21.2 million of ARS principal value as of June 30, 2018. 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 represent 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. As of June 30, 2018, there were no ARS purchase commitments related to legal settlements extending past 2020.

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.

Since August 2014, Oppenheimer has been responding to information requests from the SEC 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. A number of Oppenheimer employees have provided on-the-record testimony in connection with the SEC inquiry. Oppenheimer is continuing to cooperate with the SEC inquiry.

Since September 2016, Oppenheimer has been responding to information requests from FINRA (including from FINRA's Enforcement Department) regarding the supervision of Oppenheimer's sale of unit investment trusts from 2011 to 2015. The inquiry is part of a larger targeted examination or "sweep" examination involving many other brokerage firms. Oppenheimer is continuing to cooperate with the FINRA inquiry.

11. Regulatory requirements

The Company's U.S. broker dealer subsidiaries, Oppenheimer and Freedom, are subject to the uniform net capital requirements of the SEC under Rule 15c3-1 (the "Rule") promulgated under the Securities Exchange Act of 1934. Oppenheimer computes its net capital requirements under the alternative method provided for in the Rule which requires that Oppenheimer maintain net capital equal to two percent of aggregate customer-related debit items, as defined in SEC Rule 15c3-3. As of June 30, 2018, the net capital of Oppenheimer as calculated under the Rule was $161.2 million or 15.77% of Oppenheimer's aggregate debit items. This was $140.8 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 $100,000 or 6-2/3% of aggregate indebtedness, as defined. As of June 30, 2018, Freedom had net capital of $5.4 million, which was $5.3 million in excess of the $100,000 required to be maintained at that date.

12. Related party transactions

As of June 30, 2018, the Company had net amounts payable to affiliates who are consolidated operating subsidiaries of the Parent on the consolidated statement of financial condition. Included in other assets are amounts receivable from affiliates of $3.3 million and included in accounts payable and other liabilities are amounts due to affiliates of $168.9 million.

As of June 30, 2018, the Company had income taxes payable of $66.0 million which are comprised of payables to affiliates related to consolidated income tax liabilities. The Company remits payments for income taxes on behalf of its affiliates. Payments for income taxes are reimbursable by the affiliates.

The amounts payable to affiliates presented above are gross amounts that have not been netted for direct expenses that reside at the affiliate and are unsecured, non-interest bearing and have no fixed terms of payment.

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 available to be issued and determined that there are no events that have occurred that would require recognition or additional disclosure.