

OPPENHEIMER HOLDINGS INC  
Form S-4  
August 07, 2017  
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As filed with the Securities and Exchange Commission on August 7, 2017.

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER  
THE SECURITIES ACT OF 1933**

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**OPPENHEIMER HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**6211**  
(Primary Standard Industrial  
Classification Code Number)

**98-0080034**  
(I.R.S. Employer  
Identification Number)

**85 Broad Street**  
**New York, New York 10004**  
**(212) 668-8000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Dennis P. McNamara, Esq.**  
**Executive Vice President and General Counsel**  
**85 Broad Street**  
**New York, New York 10004**  
**(212) 668-8000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Copies to:**

**Michael J. Schwartz, Esq.**  
Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
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**Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a  
smaller reporting company)

Smaller reporting company   
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit(1)	Proposed maximum aggregate offering price(1)	Amount of registration fee
6.75% Senior Secured Notes due 2022	\$200,000,000	100%	\$200,000,000	\$23,180
Guarantees of 6.75% Senior Secured Notes due 2022	N/A	N/A	N/A	(2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act of 1933, as amended.

(2) No separate registration fee is due for the guarantees pursuant to Rule 457(n) under the Securities Act.

**The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**TABLE OF ADDITIONAL REGISTRANTS**

<b>Exact Name of Additional Registrant as Specified in its Charter*</b>	<b>State or other Jurisdiction of Incorporation or Organization</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>I.R.S. Employer Identification Number</b>
E.A. Viner International Co.	Delaware	6211	76-0148280
Viner Finance Inc.	Delaware	6211	98-0100459

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\* Each Additional Registrant is a direct or indirect subsidiary of Oppenheimer Holdings Inc. The address and telephone number of the principal executive offices of each of the Additional Registrants is 85 Broad Street, New York, New York 10004 and the telephone number is (212) 668-8000.

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The information in this prospectus is not complete and may be changed. We may not sell these securities or accept an offer to buy these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell and it is not soliciting an offers to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED AUGUST 7, 2017**

**PROSPECTUS**

**\$200,000,000**

**OPPENHEIMER HOLDINGS INC.**

**EXCHANGE OFFER FOR  
6.75% SENIOR SECURED NOTES DUE 2022**

**Offer to exchange \$200.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2022 (which we refer to as the old notes) for \$200.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2022 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended (the Securities Act ).**

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2017, unless we extend the exchange offer in our sole and absolute discretion.

Terms of the exchange offer:

- We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.

- You may withdraw tenders of old notes at any time prior to the expiration or termination of the exchange offer.
- The terms of the new notes are substantially identical to those of the outstanding old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
- The exchange of old notes for new notes will not be a taxable transaction for U.S. federal income tax purposes. You should see the discussion under the caption "U.S. Federal Income Tax Considerations" for more information.
- We will not receive any proceeds from the exchange offer.
- We issued the old notes in a transaction not requiring registration under the Securities Act, and as a result, their transfer is restricted. We are making the exchange offer to satisfy your registration rights, as a holder of the old notes.

There is no established trading market for the new notes or the old notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period ending on the earlier of (i) 90 days from the date on which this registration statement is declared effective and (ii) the date on which a broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

**See "Risk Factors" beginning on page 21 for a discussion of risks you should consider prior to tendering your outstanding old notes for exchange.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2017.



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**CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS**

The statements contained in or incorporated by reference in this prospectus include certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements contained in this prospectus or incorporated by reference that are not historical facts are identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Securities and Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended (the Securities Act). Forward-looking statements are subject to uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. These forward-looking statements are based on estimates, projections, beliefs, and assumptions that we believe are reasonable but are not guarantees of future events and results. Actual future events and our results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

Factors that could cause actual results to differ materially from those contemplated in our forward-looking statements include, among others:

- transaction volume in the securities markets;
- the volatility of the securities markets;
- fluctuations in interest rates;
- changes in regulatory requirements which could affect the cost and method of doing business and reduce returns;
- fluctuations in currency rates;
- general economic conditions, both domestic and international, including fluctuating oil prices;
- changes in the rate of inflation and the related impact on the securities markets;
- competition from existing financial institutions and other participants in the securities markets;

- legal developments affecting the litigation experience of the securities industry and us, including developments arising from the failure of the Auction Rate Securities markets, the trading of low-priced securities, stepped up enforcement efforts by the SEC, Financial Crimes Enforcement Network, Financial Industry Regulatory Authority ( FINRA ) and other regulators and the results of pending litigation and regulatory proceedings involving us;
- changes in foreign, federal and state tax laws which could affect the popularity of products sold by us or impose taxes on securities transactions;
- applications and enforcement of the U.S. Department of Labor ( DOL ) retirement rules and regulations;
- the effectiveness of efforts to reduce costs and eliminate overlap;
- war and nuclear confrontation as well as political unrest and regime changes, health epidemics and economic crisis in foreign countries;
- our ability to achieve our business plan;
- corporate governance issues;

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- the impact of the credit crisis and tight credit markets on business operations;
  
- the effect of bailout, financial reform and related legislation, including, without limitation, the Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), the Volcker Rule (as defined herein) and the rules and regulations thereunder and the new DOL rule (*see* Management's Discussion and Analysis of Financial Condition and Results of Operations Regulatory and Legal Environment in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 (our Second Quarter 10-Q ));
  
- the consolidation of the banking and financial services industry;
  
- the effects of the economy on our ability to find and maintain financing options and liquidity;
  
- credit, operations, legal and regulatory risks;
  
- risks related to foreign operations, including those in the United Kingdom which may be affected by Britain's June 23, 2016 referendum to exit the EU ( Brexit );
  
- risks related to the downgrade of U.S. long-term sovereign debt obligations and the sovereign debt of European nations;
  
- risks related to the manipulation of the London Interbank Offered Rate ( LIBOR ) and concerns over high speed trading;
  
- potential cyber security threats;
  
- the effect of technological innovation on our industry and business;

- risks related to the lowering by S&P Global Ratings ( S&P ) or Moody s Investors Service, Inc. ( Moody s ) of its rating on us and our long-term debt;
- risks related to elections results, Congressional gridlock, government shutdowns and investigations, changes in or uncertainty surrounding regulations and threats of default by the federal government; and
- the factors set forth under Risk Factors in this prospectus and other factors described in our filings with the Securities and Exchange Commission (the SEC ), including under the section Management s Discussion and Analysis of Financial Condition and Results of Operations in our Second Quarter 10-Q.

We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

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**SUMMARY**

*This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus. This summary may not contain all of the information that you should consider before buying any of the notes. You should read the following summary together with the more detailed information and consolidated financial statements and the notes to those statements incorporated into this prospectus by reference.*

In this prospectus, except as otherwise indicated or as the content otherwise requires, the terms *Company*, *we*, *us*, and *our* refer to *Oppenheimer Holdings Inc. and its consolidated subsidiaries*. We refer to the directly and indirectly owned subsidiaries of *Oppenheimer Holdings Inc.* collectively as the *Operating Subsidiaries*.

**Our Company**

**Company Overview**

We, through our Operating Subsidiaries, are a leading middle-market investment bank and full service broker-dealer. With roots tracing back to 1881, we are engaged in a broad range of activities in the financial services industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), research, market-making, trust services and investment advisory and asset management services. We own, directly or through our subsidiaries, Oppenheimer & Co. Inc. ( *Oppenheimer* ), a New York-based securities broker-dealer, Oppenheimer Asset Management Inc. ( *OAM* ), a New York-based investment adviser, Freedom Investments, Inc. ( *Freedom* ), a discount securities broker-dealer based in New Jersey, and Oppenheimer Trust Company ( *Oppenheimer Trust* ), a Delaware limited purpose bank. Our international businesses are carried on through Oppenheimer Europe Ltd. (United Kingdom), Oppenheimer Investments Asia Limited (Hong Kong), and Oppenheimer Israel (OPCO) Ltd. (Israel) ( *OIL* ).

For the six months ended June 30, 2017, our revenues were \$429 million compared with revenues of \$427 million for the six months ended June 30, 2016. For the fiscal year 2016, our revenues were approximately \$858 million compared with revenues of \$898 million for the fiscal year 2015.

For the twelve months ended June 30, 2017, our Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin were \$18.0 million and 2.1%, respectively, compared with Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin of \$19.2 million and 2.1%, respectively, for the twelve months ended June 30, 2016. For the fiscal year 2016, our Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin were \$18.7 million and 2.1%, respectively, compared with Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin of \$30.8 million and 3.3%, respectively, for the fiscal year 2015.

At June 30, 2017, our client assets under administration and assets under management were \$81.2 billion and \$26.1 billion, respectively, compared with client assets under administration and assets under management of \$78.7 billion and \$24.3 billion, respectively, at June 30, 2016. At December 31, 2016, our client assets under administration and assets under management were \$77.2 billion and \$24.8 billion, respectively,

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compared with client assets under administration and assets under management of \$78.7 billion and \$24.1 billion, respectively, at December 31, 2015.

At June 30, 2017, we employed 3,047 employees (2,969 full-time and 78 part-time), of whom approximately 1,132 were financial advisers. We are headquartered in New York, New York and incorporated under the laws of the state of Delaware.

### *Private Client*

Through our Private Client division, we provide a comprehensive array of financial services. As of June 30, 2017, we provided our services from 94 offices in 24 states. Clients include high-net-worth individuals and families,

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corporate executives, trusts and foundations and small and mid-sized businesses. Clients may choose a variety of ways to establish a relationship and conduct business including brokerage accounts with transaction-based pricing and/or investment advisory accounts with asset-based fee pricing. We provide the following private client services: Full-Service Brokerage, Wealth Planning and Margin Lending. The Private Client division generated revenues of \$277.6 million and \$504.2 million for the six months ended June 30, 2017 and the fiscal year 2016, respectively. Client assets under administration were \$81.2 billion at June 30, 2017 compared with \$77.2 billion at December 31, 2016.

***Asset Management***

Through OAM, our investment advisory affiliate, we manage our advisory programs and alternative investments business. The business includes discretionary and non-discretionary fee-based programs sponsored by Oppenheimer, OAM, Oppenheimer Investment Advisers ( OIA ) and Oppenheimer Investment Management LLC ( OIM ), as well as alternative investments sponsored through Advantage Advisers Multi Manager LLC and Oppenheimer Alternative Investment Management LLC.

OAM offers a wide range of tailored investment management solutions and services to high net worth private clients, institutions and investment advisers. These include, but are not limited to, portfolio management, manager research and due diligence, asset allocation advice and financial planning. Proprietary and third party investment management capabilities are offered through separately managed accounts, alternative investments and discretionary and non-discretionary portfolio management programs. Platform support functions include sales and marketing along with administrative services such as trade execution, client services, records management and client reporting. Clients investing in the OAM advisory program are charged fees based on the value of assets under management. Prior to January 1, 2017, advisory fees were allocated 22.5% to the Asset Management and 77.5% to the Private Client segments. Starting January 1, 2017, the Company determined it was appropriate to change the allocation to 10.0% to the Asset Management and 90.0% to the Private Client segments due to changes in the mix of the business over time and related costs.

Our asset management services include: Separate Managed Accounts, Mutual Fund Managed Accounts, Discretionary Advisory Accounts, Non-Discretionary Advisory Accounts, Alternative Investments, Portfolio Enhancement Program, Oppenheimer Investment Advisers and Oppenheimer Investment Management LLC. The Asset Management division generated revenues of \$37.9 million and \$92.9 million for the six months ended June 30, 2017 and the fiscal year 2016, respectively. At June 30, 2017, we had \$26.1 billion of client assets under fee-based management programs compared to \$24.8 billion at December 31, 2016.

***Capital Markets***

Our Capital Markets division generated revenues of \$109.6 million and \$254.9 million for the six months ended June 30, 2017 and the fiscal year 2016, respectively.

***Investment Banking***

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Our investment banking group employs approximately 100 investment banking professionals throughout the United States as well as investment bankers in Europe and Israel. Our investment banking division provides strategic advisory services and capital markets products to emerging growth and middle market businesses as well as financial sponsors. The investment banking industry coverage groups focus on certain sectors including consumer and business services, energy, financial institutions and real estate, healthcare, industrial growth and services, and technology, media and communications. In our Mergers and Acquisitions division, we advise buyers and sellers on sales, divestitures, mergers, acquisitions, tender offers, privatizations, restructurings, spin-offs and joint ventures. In our Equities division, we provide capital raising solutions for corporate clients through initial public offerings, follow-on offerings, equity-linked offerings, private investments in public entities, and private placements. Our Leveraged Finance and Fixed Income group offers a full range of debt financing for emerging growth and middle market companies and financial sponsors as well as sovereign and corporate issuers in emerging market countries.



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*Equities Division*

Our Institutional Equity Sales and Trading group provides execution services and access to all major U.S. equity exchanges and alternative execution venues, in addition to capital markets/origination, various arbitrage strategies, portfolio and electronic trading. Our Equity Research analysts cover 500 equity securities worldwide and provide regular research reports, notes and earnings updates and also sponsors numerous research conferences where the management of covered companies can meet with investors in a group format as well as in one-on-one meetings. Our Equity and Derivatives and Index Options groups offer extensive equity and index options strategies for investors seeking to manage risk and optimize returns within the equities market. We offer expertise in the sales, trading and analysis of U.S. domestic convertible bonds, convertible preferred shares and warrants, with a focus on minimizing transaction costs and maximizing liquidity in our Convertible Bonds group. We have a dedicated Event Driven Sales and Trading team focused on providing specialized advice and trade execution expertise to institutional clients with an interest in investment strategies such as: risk/merger arbitrage, Dutch tender offers, splits and spin-offs, recapitalizations, corporate reorganizations, and other event-driven trading strategies.

*Debt Capital Markets*

Our Fixed Income team offers trading and a high degree of sales support in highly rated corporate bonds, mortgage-backed securities, government and agency bonds and the sovereign and corporate debt of industrialized and emerging market countries, which may be denominated in currencies other than U.S. dollars. We also originate and underwrite securities for smaller corporations in the U.S. as well as sovereign and corporate issuers in emerging markets. In our Fixed Income Research group, our analysts and professionals focus on high yield corporate bond research in an effort to identify debt issues that provide a combination of high yield plus capital appreciation over the short to medium term. Our Public Finance department advises and raises capital for state and local governments, public agencies, private developers and other borrowers. We also have regionally based municipal bond trading desks serving retail financial advisers and clients within their regions in our Municipal Trading group, and we also maintain a dedicated institutional municipal bond sales and trading effort focused on serving mid-tier and national institutional accounts.

*Proprietary Trading*

In the regular course of our business, we take securities positions as a market maker and/or principal to facilitate customer transactions and for investment purposes. In making markets and when trading for our own account, we expose our own capital to the risk of fluctuations in market value. In 2010, Congress enacted the Dodd-Frank Act that proposes to prohibit proprietary trading by certain financial institutions (the Volcker Rule ) except where facilitating customer trades. The Volcker Rule went into effect in July 2015 and does not impact our business or operations as it applies to banks and other subsidiaries of bank holding companies only.

*Securities Lending*

In connection with both our trading and brokerage activities, we borrow securities to cover short sales and to complete transactions in which customers have failed to deliver securities by the required settlement date and lend securities to other brokers and dealers for similar purposes. We earn interest on our cash collateral provided and pay interest on the cash collateral received less a rebate earned for lending securities.

*Consolidated Subsidiaries*

*Oppenheimer & Co. Inc.* Oppenheimer is a registered broker-dealer in securities under the Exchange Act and transacts business both on and off various exchanges. Oppenheimer 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. Oppenheimer provides its services from offices located throughout the United States.

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*Oppenheimer Asset Management Inc.* OAM is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the Advisers Act ). OAM provides investment advice to clients through separate accounts and wrap fee programs.

*Oppenheimer Trust Company of Delaware Inc.* Oppenheimer Trust offers a wide variety of trust services to clients of our Private Client division. This includes custody services, advisory services and specialized servicing options for clients. At December 31, 2016, Oppenheimer Trust held custodial assets of approximately \$662.2 million. See Business Other Requirements in our Annual Report on Form 10-K for the year ended December 31, 2016 (our Form 10-K ).

***Interest Rates***

Over the last several years, interest rates have been historically low. However, the Federal Reserve raised the target for federal funds rates by 25 basis points in each of December 2015, December 2016, March 2017, and June 2017. We offer several products which are sensitive to interest rate fluctuations, including cash sweep balances, margin lending, spread lending and firm investments. As of June 30, 2017, our FDIC-insured Bank Deposit program had a balance of \$7.0 billion and customer margin debits were \$847.5 million. We believe that rising interest rates will have a positive impact on our interest and fee revenues as shown in the chart below.

**Interest and Fee Revenues (\$mm)**

**Our Strengths**

*Diversified and Synergistic Business Model*

We generate revenue across three differentiated business segments. Our Private Client division earns revenues based on transaction volumes and client assets under administration and interest earning assets related to clients, our Asset Management division earns revenue based on assets under management and our Capital Markets division earns revenues based on transaction and trading volumes. The different drivers of revenues for the three divisions provides us with a diversified revenue stream. In addition, we benefit from significant synergies between our three business segments. The Capital Markets division benefits from the leads, distribution capabilities and brand recognition of our Private Client division, while providing a strong research team and additional client opportunities for the Private Client division. The Asset Management division provides opportunities for us to monetize further fee streams from our Private Client division while providing more stable non-transactional revenues. Oppenheimer serves clients from 94 offices located in major cities and local communities in the United States, which limits our reliance on any one regional economy and provides clients with local high quality service with the benefits of a national full service business.

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**Last Twelve Months June 30, 2017 Revenue (\$859.9 million)**

***Increasing Shift toward More Predictable and Recurring Fee-based Revenues***

Revenues from our Asset Management division consist of investment advisory and transactional fees for advisory services as well as from revenue sharing arrangements with registered and private alternative investment vehicles. Investment advisory fees are earned on all assets held in discretionary and non-discretionary asset-based programs. These fees are typically billed quarterly, in advance, and are calculated as a percent of assets under management at the end of the prior quarter. Management and incentive fees from revenue sharing arrangements in alternative investments are calculated on a pre-determined basis with registered and private investment companies. The investment advisory fees on products offered by our Asset Management division provide us with a recurring and predictable revenue stream. We have built a solid platform of support functions within our Asset Management division, such as sales and marketing and trade execution, to assist our financial advisers in providing financial wealth planning services. As a result, advisory fees have become an increasingly larger portion of our overall revenues in our Private Client and Asset Management divisions. For the twelve month period ended June 30, 2017, advisory fees from our managed product business as a percentage of our advisory fees plus commissions from our transaction-based business was 56.8%.

**Advisory Fees as a Percentage of Wealth Management Advisory Fees and Commissions**

*Primarily an Agency Business Model*

Our business strategy is built on an agency model, which means we derive our revenues mainly by charging our clients commissions and fees on transactions we execute and assets we manage on their behalf. We take little principal risk, and when we do so, it is generally in order to facilitate our client facing business.

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***Strong Strategic Position***

Our business model combines the full service capabilities of our larger competitors while maintaining the flexibility and independence of a boutique investment firm. We are one of the few full service firms that continues to consistently service middle market companies across the United States and internationally. We have a long-standing history in the private client business dating back to 1881 and have a focus on the attractive segment of high net worth clients. We have a strong reputation in equity research and have an attractive niche position in middle-market banking and financial sponsor sectors. Oppenheimer is a leading market maker, making markets in over 800 stocks, with access to all international trading markets. Our full service boutique model positions us to compete for a broad range of business in both the retail and capital markets. Our independent and entrepreneurial culture is an advantage in recruiting financial advisors and other financial professionals. Our size allows us to adapt quickly in the changing market place and seek an attractive risk-adjusted return on capital, while being able to provide a full service offering. The loss of corporate independence by some of our competitors has improved our competitive position within middle market financial services and benefits our platforms for experienced financial advisors. In addition, because several of our products and services, such as margin lending and cash-based products, are significantly impacted by interest rates, any expected increases in interest rates would have a significant positive impact on fees earned.

***Streamlined Operations to Quickly Respond to Changing Business Environment***

While certain recent market environment and industry trends, including new regulatory standards and the move from active to passive as well as automated investments strategies, have created challenges for some of our businesses, we have undertaken several initiatives to streamline and leverage our human capital and other resources to best address the business opportunities that currently exist in each of our major operating divisions. For example, we have recently introduced a new technology platform to service our fee-based business and introduced portable technology to enable clients to access their portfolio information from all portable devices. We have also introduced significant new technology to better control and surveil our business to meet changing regulatory requirements. As a result, we are able to respond quickly to changes in the business and regulatory landscape and are well positioned to take advantage of strategic opportunities that the changing business environment may create.

***Well Recognized Brand***

We have an internationally recognized brand name. Our history dates back to 1881, successfully navigating two World Wars and numerous financial crises. We are one of the top independent U.S. full service securities brokerage firms by the number of financial advisors and are able to leverage our name recognition across all our divisions to generate new client business. Our Private Client division supports our middle market banking efforts, while our well-recognized equity research increases awareness across private client, capital markets and asset management clients.

***Experienced & Committed Management Team***

We have a strong and experienced senior management team with extensive securities industry experience and significant tenure of working together. Our top eleven senior managers have, on average, more than 13 years of experience at Oppenheimer and, on average, more than 29 years of overall industry experience.

*Conservative Risk Position and Robust Risk Management Culture*

We believe we maintain a conservative risk position with an average value at risk, or VaR, for the fiscal year 2016 of \$885,000 and a year-end VaR of \$962,000. Our assets consist primarily of cash and assets which can be readily converted into cash, to give us a strong liquidity position if it becomes necessary. We also have significant additional liquidity available through short-term funding sources such as bank loans, stock loans and repurchase agreements. We believe we have a robust risk management culture with a focus on managing market risk, credit risk, liquidity risk and operational risk. We have risk management policies and procedures overseen by our risk management committee, which is made up of many of our most senior officers. Oppenheimer seeks to manage its assets and the maturity profile of its obligations in order to be able to liquidate its assets prior to its



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obligations coming due, even in times of severe market dislocation. We seek to accomplish this by a strict balance sheet and regulatory capital management and staying focused on our core business. Oppenheimer computes its net capital requirements under the alternative method provided for in Rule 15c3-1 of the Exchange Act, which requires that Oppenheimer maintain net capital equal to two percent of aggregate customer-related debit items, as defined in Rule 15c3-3. As of June 30, 2017, Oppenheimer's net capital as calculated under such Rule was \$130.2 million or 11.62% of Oppenheimer's aggregate debit items. This was \$107.8 million in excess of the minimum required net capital at that date.

**Our Strategy**

We have a number of strategic efforts in place to increase revenue and profitability in our Private Client, Asset Management and Capital Markets divisions. We continue to execute on our near-term strategies of new business and product development, streamlining our infrastructure, and investing in our technology. In the longer term, we plan to grow our business both organically and with opportunistic acquisitions within our areas of expertise, including branch acquisitions. We also see significant opportunities to expand our international operations in our Private Client and Capital Markets divisions.

- *Private Client.* We intend to increase average production per financial advisor by leveraging the existing product platform through a greater percentage of our sales force, marketing and cross-selling our product offerings among our branch locations and enhancing our financial advisor technology. We will expand our sales force incrementally through efforts to recruit and retain top talent as well as through opportunistic acquisitions. We have and continue to add junior advisors to existing practices and engage with client family members in order to assure continuity and succession planning as well as to add increased capability and growth. We manage our recruitment costs and retention payments relative to competitors by taking advantage of our distinct culture and our favorable reputation with financial advisors frustrated with the large wire houses. We also intend to develop more products and services which target high net worth clients to attract new clients and leverage our existing relationships to increase our share of customer spending on financial services. We believe our earnings from this segment of our business will improve significantly in a higher interest rate environment.

- *Asset Management.* Our clients have access to a team of specialists with expertise across many disciplines, from hedge funds to mutual funds, from domestic investments to offshore opportunities. We integrate traditional and non-traditional portfolios into a unified solution while offering ready access to the best managers in the investment management universe, both within and outside the firm. We intend to deepen and broaden our product offerings and penetration in asset management. One of our strategic advantages is our diligence process for identifying new asset managers and asset management strategies. Our diligence analysts are directly available for clients, which differentiates us from our competitors when working with high net worth individuals and family offices. We are also looking at additional opportunities to bring successful hedge fund and private equity investments to our clients. In addition, we are expanding our sales and marketing team in asset management in an effort to increase growth in client assets through new clients and increasing share of managed assets from existing clients.

- *Capital Markets.* We intend to utilize our strong brand name to continue to develop our investment banking and research capabilities. Our institutional equities business is looking to grow through expansion of market share with existing clients by efficiently allocating resources across different products to focus on key targeted small to medium capi