DORMAN TRADING, LLC

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

STATEMENT OF FINANCIAL CONDITION
AND SUPPLEMENTARY SCHEDULES

PURSUANT TO REGULATION 1.10 UNDER
THE COMMODITY EXCHANGE ACT

(With Report of Independent Registered Public Accounting Firm Thereon)

December 31, 2022

AVAILABLE FOR PUBLIC INSPECTION

CFTC FORM 1-FR-FCM [0005]

OMB NO. 3038-0024

NAME OF COMPANY	EMPLOYER ID NO:	NFA ID NO:
DORMAN TRADING, LLC	36-3993338	0002569
ADDRESS OF PRINCIPAL PLACE OF BUSINESS:	PERSON TO CONTACT CONCERNING THIS REPORT:	
141 W. Jackson Blvd. Suite 1900 Chicago, IL 60604 [0050]	Robert Sheeren [0040] TELEPHONE NO: (312) 341-7070 [0060]	

1. Report for the period beginning 01/01/2022 [0070] and ending 12/31/2022 [0080]

2. Type of report [0090] [X] Certified [ ] Regular quarterly/semiannual [ ] Monthly 1.12 (b)

   [ ] Special call by: ______ [ ] Other - Identify: ______

3. Check whether [0095] [X] Initial filing [ ] Amended filing

4. Name of FCM's Designated Self-Regulatory Organization: CME Group Inc. [0100]

5. Name(s) of consolidated subsidiaries and affiliated companies:

Name	Percentage Ownership	Line of Business
[0110]	[0120]	[0130]
[0140]	[0150]	[0160]
[0170]	[0180]	[0190]
[0200]	[0210]	[0220]
[0230]	[0240]	[0250]

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

Signed this 23rd day of February, 2023

Manual signature: Robert Sheeren

Type or print name Robert Sheeren

[ ] Chief Executive Officer [X] Chief Financial Officer Corporate Title ______

[ ] General Partner [ ] Sole Proprietor

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

DORMAN TRADING, LLC

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

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Dorman Trading, LLC (the Company) as of December 31, 2022, and the related notes (collectively, the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Accompanying Supplemental Information

The supplemental information contained in Schedules 1,2,3,4,5,6,7, and 8, has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statement. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 1.10. In our opinion, the supplemental information contained in Schedules 1,2,3,4,5,6,7, and 8 is fairly stated, in all material respects, in relation to the financial statement as a whole.

KPMG LLP

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

New York, New York
February 28, 2023

DORMAN TRADING, LLC

Statement of Financial Condition

December 31, 2022

Assets

Cash and cash equivalents	$	3,849,783
Cash and securities segregated under federal and other regulations		19,527,906
Securities owned, at fair value		7,399,040
Receivables from:		
Broker-dealers, futures commission merchants, and clearing organizations (including $9,935,375 at fair value)		97,461,496
Customers		28,667
Right of use asset		708,028
Exchange memberships and stock, at cost (fair value $3,723,648)		2,949,339
Dividends and interest receivable and other assets		620,549
Total assets	$	132,544,808

Liabilities and Members' Equity

Liabilities:		
Payables to:		
Customers	$	105,256,440
Noncustomers		312,913
Clearing organizations		869,393
Deferred tax liability		1,845,795
Lease liability		867,349
Accounts payable and accrued expenses		4,380,575
Total liabilities		113,532,465
Liabilities subordinated to claims of general creditors		—
Members' equity		19,012,343
Total liabilities and members' equity	$	132,544,808

See accompanying notes to the statement of financial condition

1. Organization and Nature of Business

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

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

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

2. Significant Accounting Policies

a. Basis of Presentation

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

b. Use of Estimates

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

2. Significant Accounting Policies, continued

c. Income Taxes

On October 19, 2022, MIH completed the purchase of all outstanding shares of Dorman Trading, LLC. As of this date, the Company is not a separately taxable entity for federal income tax purposes. Federal taxable income or loss is included in MIH's consolidated federal income tax return.

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

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

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based upon the technical merits of the position. The tax benefit recognized in the statement of financial condition from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

On a yearly basis, the Company reviews its tax positions taken. As of December 31, 2022, the Company has not recorded a liability for uncertain tax positions.

d. Securities Valuation

Securities are recorded at fair value in accordance with ASC 820, Fair Value Measurements and Disclosure (see Note 11).

e. Exchange Memberships and Stock, at Cost

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

Exchange memberships that represent an ownership interest which must be held by the Company to conduct business in the respective venues are accounted for at cost with appropriate consideration for other-than-temporary impairment. Fair value is determined using quoted market prices and recent transactions. As of and for the year ended December 31, 2022, no impairment was recognized.

2. Significant Accounting Policies, continued

Alternatively, exchange memberships, or seats, that only represent the right to conduct business on an exchange, but not an ownership interest in the exchange, are accounted for as intangible assets at cost with potential impairment determined under FASB ASC 350, Intangibles - Goodwill and Other. As of and during the year ended December 31, 2022, there were no indicators that would suggest that the carrying values of exchange memberships that do not represent an ownership interest are impaired.

f. Foreign Currency Remeasurement

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

g. Cash and Cash Equivalents

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

h. Cash and Securities Segregated under Federal and Other Regulations

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

The outstanding balances of cash, securities and other assets segregated under federal regulations as of December 31, 2022 are disclosed in Note 3 (see additional fair value disclosures in Note 11).

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

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

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

2. Significant Accounting Policies, continued

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

j. Receivables from and Payables to Customers

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

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

k. Leases

The Company determines whether a contract is or contains a lease at contract inception. Beginning January 1, 2022, the Company recognized right of use ("ROU") operating lease assets and operating lease liabilities at the lease’s commencement date based on the present value of remaining fixed lease payments over the lease term. As the rate implicit in the lease is not readily determinable in the Company’s leases, the Company estimates its risk-free discount rate based on zero-coupon US Treasury rate with a term that is equal to the leases’ expected term at the commencement date.

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

2. Significant Accounting Policies, continued

l. Recent Accounting Pronouncements

Recent Accounting Pronouncements - Adopted

On January 1, 2022, the Company adopted ASU 2016-02, Leases (Topic 842). The Company applied the modified retrospective method of adoption and therefore, results for reporting periods beginning January 1, 2022, are presented under the new guidance while prior periods have not been adjusted. As part of the adoption, the Company elected the package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases. The Company has not applied hindsight in the determination of its lease terms and any impairment of right of use assets. The Company elected the additional practical expedient related to land easements and did not assess whether any existing and expired land easement contracts are or contain leases at adoption.

The adoption of this guidance resulted in the recognition of right of use assets and lease liabilities representing the present value of future lease payments of all leases with terms in excess of one year. Leases with an initial term of 12 months or less are not recorded on the statement of financial condition. The Company recognizes lease expense for these short-term leases on a straight-line basis over the term of the lease.

On January 1, 2022, the Company recorded an ROU asset for operating leases of $1,023,246 and a lease liability for operating leases of $1,246,641 by adjusting its remaining deferred rent liabilities and prepaid rent assets at that time. The operating lease arrangements included in the measurement of lease liabilities do not reflect the options to renew, as the Company does not consider the exercise of these options to be reasonably certain. There was no cumulative effect adjustment to the beginning retained earnings as a result of adopting the new lease standard.

Recent Accounting Pronouncements - Not yet adopted

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

3. Segregated Assets

At December 31, 2022, assets segregated or held in separate accounts under Federal regulations are as follows:

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

Cash and securities segregated under federal and other regulations	$	16,833,593
Receivables from broker-dealers, futures commission merchants and clearing organizations[1]		160,402,724
Payable to clearing organizations		(869,393)
	$	176,366,924

[1]Includes U.S. Treasury bills amounting to $70,000,000 which is not reflected in the statement of financial condition as the Company does not take economic ownership of those securities.

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

Cash	$	2,694,314
Receivables from broker-dealers and futures commission merchants		2,678,773
	$	5,373,087

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

At December 31, 2022, the market value of net customers’ options positions totaled ($2,430,851). The market value of securities owned by customers and held by the Company totaled $112,070,000, the amounts are in U.S. Treasury securities and are not recorded in the statement of financial condition. Interest on customer owned securities accrues to the benefit of the customers.

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

Receivable from and payable to broker-dealers, futures commission merchants and clearing organizations at December 31, 2022 included the following:

Total Assets		
Receivable from broker-dealers and futures commission merchants	$	5,842,541
Receivable from clearing organizations		
Cash margin		77,403,580
U.S government securities		9,935,375
Cash guarantee deposits		4,280,000
Total receivable from broker-dealers, futures commission merchants and clearing organizations	$	97,461,496
Total Liabilities		
Payable to clearing organizations	$	869,393
Total payables to clearing organizations	$	869,393

5. Liabilities Subordinated to Claims of General Creditors

At January 1, 2022, the Company had outstanding borrowings under subordination agreements consisting of two non-interest bearing secured demand notes amounting to $215,000 and a subordinated note with 9% interest amounting to $42,500. The Company repaid all outstanding borrowings on August 12, 2022. There were no borrowings under subordination agreements as of December 31, 2022.

6. Related party transactions

In June 2022, the Company purchased certain exchange memberships which were previously owned by related parties at an aggregate fair market value of $1,059,800. As of December 31, 2022, all exchange memberships are owned by the Company.

As disclosed in Note 5, the Company repaid secured demand notes and subordinated note amounting to $215,000 and $42,500, respectively. Those borrowings were with related parties.

On October 19, 2022, MIH completed its purchase of all outstanding equity of the Company. As part of such acquisition, the Parent committed $25,000,000 in additional funding to the Company to expand its operations. As of December 31, 2022, the Parent contributed $2,500,000 to the Company. In February 2023, the Company became a member of MGEX, which is an affiliate of the Parent. The Company does not have any other material related party transactions.

7. Guarantees

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

Derivative Contracts

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

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

Exchange Member Guarantees

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

8. Concentrations of Credit Risk

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

At December 31, 2022, a significant credit concentration consisted of cash deposited in two banks. The balances exceeded federally insured limits by approximately $16,400,000. Management believes that the Company is not exposed to any significant credit risk on cash or receivables from futures commission merchants.

9. Leases

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

As of December 31, 2022, the maturities of the Company's operating lease liabilities were as follows:

2023	$	428,962
2024		437,181
2025		36,488
Total lease payments		902,631
Less:		
Imputed interest		35,282
Total lease liabilities	$	867,349

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

Right of use assets	$	708,028
Lease liabilities, current	$	403,021
Lease liabilities, non-current		464,328
Total lease liabilities	$	867,349

10. Minimum Capital Requirements

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

At December 31, 2022, the Company had adjusted net capital of $15,886,164. Under Regulation 1.17, the Company had net capital requirements of $1,981,973. Additionally, the Company is required to maintain a net capital of $5,000,000 as per the capital requirements of the CME Group, Inc. The net capital rule may effectively restrict member withdrawals and the repayment of subordinated loans.

11. Fair Value Measurements

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

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.

- Level 3 Unobservable inputs for the asset or liability

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

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

11. Fair Value Measurements, continued

The following table summarizes the Company's financial instruments at fair value, within the fair value hierarchy levels, as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Receivables from broker-dealers, futures commission merchants and clearing organizations	$ 9,935,375	$ -	$ -	$ 9,935,375
Securities owned, at fair value				
Equity securities	7,399,040	-	-	7,399,040
Total assets	$ 17,334,415	$ -	$ -	$ 17,334,415

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

12. Financial Instruments

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

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

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

12. Financial Instruments, continued

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

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

13. 401 (k) Plan

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

14. Income Taxes

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the year ended December 31, 2022 is as follows:

U.S. federal statutory income tax rate	21.0%
State taxes, net of federal benefit	14.6%
Return to provision adjustments	2.5%
Other	0.9%
Effective income tax rate	39.0%

The components of deferred tax assets and liabilities as of December 31, 2022 are as follows:

Federal and state net operating losses	$	175,464
Deferred tax assets		175,464
Valuation allowance		-
Deferred tax assets		175,464
Unrealized gain		(2,021,260)
Deferred tax liabilities		(2,021,260)
Deferred tax liability	$	(1,845,796)

14. Income Taxes, continued

At December 31, 2022, the Company had state net operating loss carryforwards of $2,337,965. State net operating losses in the amount of $2,337,965 can be carried forward for 20 years and will begin expiring in 2038. Although realization is not assured for the above deferred tax assets, management believes it is more likely than not that it will be realized through future taxable earnings and, accordingly, has not recorded a valuation allowance as of December 31, 2022.

The Company has determined that that there is no liability required for uncertain tax positions. There were no open tax exams as of December 31, 2022.

15. Subsequent Events

Management has evaluated events and transactions through February 28, 2023, the date the statement of financial condition was available to be issued and noted no material events requiring disclosure in the Company’s statement of financial condition.

DORMAN TRADING, LLC **Schedule 1**

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

Year Ended December 31, 2022

Total assets per Statement of Financial Condition			$ 132,544,808
Add:			
	Securities owned by customers	$ 112,070,000	
	Securities owned by customers CME	70,000,000	
	Warehouse receipts owned by customers	—	
	Securities owned by members - collateral for secured demand notes	—	
	Value of net customer options positions	(2,430,850)	179,639,150
Deduct:	Noncurrent assets (as defined)		
	Receivables from customers, net	$ 25,453	
	Exchange memberships and stock	2,949,339	
	Other	—	
	Employees and associated persons	—	(2,974,792)
Current Assets (as defined)			$ 309,209,166

Total liabilities per Statement of Financial Condition			$ 113,532,465
Add:			
	Securities owned by customers	$ 112,070,000	
	Securities owned by customers CME	70,000,000	
	Warehouse receipts owned by customers	—	
	Securities owned by members - collateral for secured demand notes	—	
	Value of net customer options positions	(2,430,850)	
	Subordinated borrowings	—	179,639,150
Adjusted Total Liabilities			$ 293,171,615

See accompanying report of independent registered public accounting firm.

DORMAN TRADING, LLC — Schedule 2

Statement of the Computation of the Minimum Capital Requirements

Year Ended December 31, 2022

Current assets, as defined (see reconciliation on Schedule 1)			$309,209,166
Increase (decrease) to U.S. clearing organization stock to reflect margin value			—
Net current assets			309,209,166
Total liabilities (see reconciliation on Schedule 1)		$293,171,615	
Deductions from total liabilities			
Certain deferred income tax liability	$ 1,845,795		
Liabilities subject to satisfactory subordination agreements	—		
Total deductions		$(1,845,795)	
Adjusted liabilities			291,325,820
Net capital			17,883,346
		Charge	
Charges against net capital:			
Twenty percent of market value of uncovered inventories		$ —	
Charges as specified in section 240.15c3-1(c)(2)(vi) and (vii) against securities owned by firm, including securities representing investments of domestic and foreign customers' funds			
U.S. and Canadian Government Obligation	14,823,233	—	
Stocks	7,399,040	1,953,587	
Other securities	151,987	3,040	
Five percent of all unsecured receivables from foreign brokers		40,555	
Uncovered futures contracts in proprietary accounts		—	1,997,182
Adjusted net capital			15,886,164

Statement of the Computation of the Minimum Capital Requirements, continued

Year Ended December 31, 2022

Net capital required using risk-based requirement:			
Amount of customer risk maintenance margin	24,774,667		
8% of customer risk-based requirement		$1,981,973	
Amount of noncustomer risk maintenance margin	—		
8% of non-customer risk-based requirement		—	
Total risk based requirement		1,981,973	
Minimum dollar amount requirement		1,000,000	
Amount required			1,981,973
Excess net capital			$ 13,904,191

<u>Computation of Early Warning Level</u>

Enter 110% of risk-based amount required	$ 2,180,170

<u>Guaranteed Introducing Brokers</u>

List all IBs with which guarantee agreements entered into by the FCM, currently in effect	See attached.

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filed on January 17, 2023.

See accompanying report of independent registered public accounting firm.

Reconciliation of Statement of Financial Condition to Segregation Statement (U.S. Exchanges)

Year Ended December 31, 2022

Customers' Segregated Funds per Statement of Financial Condition (Note 3)	$ 176,366,924
Add:	
U.S. Treasury securities owned by customers	112,070,000
Warehouse receipts owned by customers	—
Value of customers' open long futures options contracts	20,328,203
Deduct:	
Value of customers' open short futures options contracts	(22,759,054)
Total Amount in Segregation	$ 286,006,073

See accompanying report of independent registered public accounting firm.

DORMAN TRADING, LLC **Schedule 4**

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

Year Ended December 31, 2022

Segregation requirement:	
Net ledger balance:	
Cash	$ 97,197,009
Securities	182,070,000
Net unrealized gain (loss) in open futures contracts traded on a contract market	3,520,490
Exchange traded options:	
Market value of open options contracts purchased on a contract market	20,328,203
Market value of open options contracts sold on a contract market	(22,759,054)
Net equity	280,356,648
Accounts liquidating to a deficit and accounts with debit balances - gross amount	25,452
Amount required to be segregated	280,382,100
Funds on deposit in segregation:	
Deposited in segregated funds bank accounts:	
Cash	11,947,422
Securities representing investments of customers' funds, at fair value	4,886,171
Securities held for particular customers in lieu of cash	112,070,000
Margins on deposit with clearing organizations of contract markets:	
Cash	77,303,580
Securities representing investments of customers' funds, at market	9,935,375
Securities held for particular customers in lieu of cash margins, at market	70,000,000
Net settlement from clearing organizations of contract markets	(869,393)
Exchange traded options:	
Value of open long option contracts	20,328,203
Value of open short option contracts	(22,759,054)
Net equities with other futures commission merchants:	
Net liquidating equity	3,163,769
Total amount in segregation	286,006,073
Excess funds in segregation	$ 5,623,973
Management target amount excess funds in segregation	2,000,000
Excess funds in segregation over management target	$ 3,623,973

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filed on January 17, 2023.

See accompanying report of independent registered public accounting firm.

Segregation Requirement and Funds in Segregation - Customers' Dealer Options

Year Ended December 31, 2022

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

See accompanying report of independent registered public accounting firm.

DORMAN TRADING, LLC — Schedule 6

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

Year Ended December 31, 2022

Amount required to be set aside in separate section 30.7 accounts		$ 4,513,488
Funds on deposit in separate section 30.7 accounts:		
Cash in bank		
Bank located in the United States	$ 2,694,314	2,694,314
Equities with registered futures commission merchants		
Cash	1,585,679	
Unrealized loss on open futures contracts	602	1,586,281
Equities with foreign board of trade, as follows:		
Cash	1,102,473	
Unrealized loss on open futures contracts	$ (9,981)	1,092,492
Total amount in separate section 30.7 accounts		5,373,087
Excess funds in separate section 30.7 accounts		$ 859,599
Management target amount excess funds in separate 30.7 accounts		200,000
Excess funds in separate 30.7 accounts over management target		$ 659,599

There are no material differences between the above computation and the Company's corresponding unaudited Form 1FR-FCM filed as on January 17, 2023.

See accompanying report of independent registered public accounting firm.

Listing of Guaranteed Introducing Brokers

Year Ended December 31, 2022

Ziemba Capital Management LLC - Chicago, IL

See accompanying report of independent registered public accounting firm.

Statement of Cleared Swaps Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4d(f) of the Commodity Exchange Act

Year Ended December 31, 2022

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

See accompanying report of independent registered public accounting firm.