

NATIONAL FINANCIAL SERVICES LLC

(SEC I.D. No. 8-26740)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2017
AND
REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

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File pursuant to Rule 17a-5(e)(3)
under the Securities Exchange Act of 1934
as a PUBLIC DOCUMENT



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Member of National Financial Services LLC:

Opinion on the Financial Statement - Statement of Financial Condition

We have audited the accompanying statement of financial condition of National Financial Services LLC (the "Company") as of December 31, 2017, including the related notes (collectively referred to as 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, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 of this financial statement in accordance with the standards of the PCAOB. 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.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

February 16, 2018

We have served as the Company's auditor since 2011.

NATIONAL FINANCIAL SERVICES LLC
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2017
(Dollars in millions)

ASSETS	
Cash	\$ 751
Cash and securities segregated under federal regulations (includes securities owned with a fair value of \$3,960)	45,493
Securities borrowed	10,131
Resale agreements	567
Securities received as collateral from affiliate	7
Receivables:	
Brokers, dealers and other organizations	1,131
Customers, net of allowance for doubtful accounts	20,118
Total receivables	<u>21,249</u>
Securities owned - at fair value (\$771 pledged as collateral)	1,792
Other assets	355
Total Assets	<u>\$ 80,345</u>
LIABILITIES	
Securities loaned	\$ 3,139
Repurchase agreements	180
Obligation to return securities received as collateral from affiliate	7
Payables:	
Brokers, dealers and other organizations	1,648
Customers	69,652
Drafts	582
Affiliates	207
Total payables	<u>72,089</u>
Securities sold, but not yet purchased - at fair value	19
Accrued expenses and other liabilities	222
Total Liabilities	<u>75,656</u>
COMMITMENTS AND CONTINGENCIES	
MEMBER'S EQUITY	
Member's equity	4,689
Total Liabilities and Member's Equity	<u>\$ 80,345</u>

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

NATIONAL FINANCIAL SERVICES LLC
NOTES TO STATEMENT OF FINANCIAL CONDITION
(Dollars in millions)

11. Transactions with Affiliated Companies, continued:

The Company participates in FMR's Retiree Health Reimbursement Plan ("RHRP"), a defined benefit health reimbursement arrangement covering eligible employees. FMR has established the Fidelity Welfare Benefit Plans VEBA Trust to provide a funding vehicle for certain benefits related to FMR's benefit plans, including the RHRP. In 2017, FMR accrued a benefit to participants under the RHRP based on an award of three thousand dollars for each eligible full-time employee and one thousand five hundred dollars for each eligible part-time employee, subject to ten year cliff vesting with consideration given for prior service. Future awards under the RHRP are at the discretion of FMR.

The Company participates in various share-based compensatory plans sponsored by FMR and is allocated a compensation charge from FMR that is amortized over the period in which it is earned by participants. The various share-based compensation arrangements are accounted for as share appreciation rights by FMR. These share-based compensation arrangements are solely compensatory for U.S. federal income tax purposes, and generally provide holders with compensation based on participation in changes in FMR's Net Asset Value per share (as defined) ("NAV") over their respective terms. All plans are settled in cash or senior notes at the end of their defined term or when plan participants are no longer employees.

12. Concentration of Credit Risk:

The Company provides brokerage, clearance, financing and related services to a customer base primarily in the United States, including institutional and individual investors and brokers and dealers (including affiliates). The Company's exposure to credit risk associated with these transactions is measured on an individual customer or counterparty basis. To reduce the potential for risk concentration, credit limits are established and continually monitored in light of changing customer and market conditions. In the normal course of providing such services, the Company requires collateral on a basis consistent with industry practice or regulatory requirements. The type and amount of collateral is continually monitored and counterparties are required to provide additional collateral as necessary.

13. Subsequent Events:

The Company has performed an evaluation of events that have occurred subsequent to December 31, 2017, and through February 16, 2018 (the date of this report). There have been no material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the statement of financial condition as of December 31, 2017.