BROADPOINT GLEACHER SECURITIES GROUP, INC.
Form 10-Q
November 16, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2009**

- or -

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to**

Commission file number 014140
BROADPOINT GLEACHER SECURITIES GROUP, I N C.

(Exact name of registrant as specified in its charter)

New York	**22-2655804**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12 East 49th Street, New York, New York	**10017**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code (212) 273-7100

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes o No o

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 and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer o	Accelerated Filer o	Non-accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: 123,053,603 shares of Common Stock were outstanding as of the close of business on November 2, 2009

BROADPOINT GLEACHER SECURITIES GROUP, INC. AND SUBSIDIARIES
FORM 10-Q
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BROADPOINT GLEACHER SECURITIES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Part I Financial Information

Item 1. Financial Statements

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands, except for per share amounts and shares outstanding)	2009	2008	2009	2008
Revenues:				
Principal transactions	$ 66,369	$ 24,294	$ 183,674	$ 59,099
Commissions	5,570	731	15,165	1,982
Investment banking	9,088	1,852	21,547	5,676
Investment banking revenue from related party	3,345	2,170	9,112	8,300
Investment gains/(losses), net	2,698	(647)	3,680	(410)
Interest	12,432	5,936	34,584	13,787
Fees and other	1,610	655	4,779	1,807
Total revenues	101,112	34,991	272,541	90,241
Interest expense	3,788	2,671	11,912	6,499
Net revenues	97,324	32,320	260,629	83,742
Expenses (excluding interest):				
Compensation and benefits	66,149	28,275	182,093	71,554
Clearing, settlement and brokerage	1,318	821	3,299	1,875
Communications and data processing	2,738	3,343	7,678	7,279
Occupancy and depreciation	2,328	1,794	6,055	4,864
Selling	1,737	1,018	4,531	3,106
Restructuring		2,252		4,315
Other	3,987	2,738	9,555	7,399
Total expenses (excluding interest)	78,257	40,241	213,211	100,392
Income (loss) from continuing operations before income taxes	19,067	(7,921)	47,418	(16,650)
Income tax (benefit)/expense	(4,892)	870	2,345	2,405
Income (loss) from continuing operations	23,959	(8,791)	45,073	(19,055)
Income (loss) from discontinued operations (net of taxes) (see Discontinued Operations note)		(47)	28	(121)
Net income (loss)	$ 23,959	$ (8,838)	$ 45,101	$ (19,176)
Per share data:				
Basic earnings:				
Continuing operations	$ 0.22	$ (0.13)	$ 0.50	$ (0.28)

Discontinued operations				
Net income (loss) per share	$ 0.22	$ (0.13)	$ 0.50	$ (0.28)
Diluted earnings:				
Continuing operations	$ 0.20	$ (0.13)	$ 0.47	$ (0.28)
Discontinued operations				
Net income (loss) per share	$ 0.20	$ (0.13)	$ 0.47	$ (0.28)
Weighted average common and common equivalent shares outstanding:				
Basic	110,321,762	70,139,716	89,425,596	67,526,046
Diluted	118,828,534	70,139,716	96,673,549	67,526,046

The accompanying notes are an integral part
of these condensed consolidated financial statements.

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BROADPOINT GLEACHER SECURITIES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

(In thousands, except for per share amounts and shares outstanding) As of	September 30 2009	December 31 2008
Assets		
Cash and cash equivalents	$ 19,543	$ 7,377
Cash and securities segregated for regulatory purposes	100	470
Receivables from:		
Brokers, dealers and clearing agencies	20,174	3,465
Customers, net of allowance for doubtful accounts of $48 and $48 at September 30, 2009 and December 31, 2008, respectively	17	
Related party	3,967	232
Others	8,767	4,490
Securities owned, at fair value (includes assets pledged of $888,385 and $602,454 at September 30, 2009 and December 31, 2008, respectively)	958,436	618,822
Investments	19,306	15,398
Office equipment and leasehold improvements, net	1,622	1,691
Goodwill	105,029	23,283
Intangible assets	20,639	8,239
Other assets	10,447	10,486
Deferred taxes, net	8,906	318
Total Assets	$1,176,953	$ 694,271
Liabilities and Shareholders Equity		
Liabilities		
Payables to:		
Brokers, dealers and clearing agencies	$ 678,695	$ 511,827
Related party	14,138	1,365
Others	1,210	1,423
Securities sold, but not yet purchased, at fair value	69,473	15,228
Accounts payable	1,900	2,172
Accrued compensation	65,273	31,939
Accrued expenses	5,194	6,178
Taxes payable	1,351	
Mandatory redeemable preferred stock	24,361	24,187
Total Liabilities	861,595	594,319
Commitments and Contingencies		
Subordinated Debt	1,197	1,662
Shareholders Equity		
Preferred stock; $1.00 par value; authorized 1,500,000 shares; issued 1,000,000 (Mandatory Redeemable) shares		
	1,251	815

Common stock; $.01 par value; authorized 200,000,000 and 100,000,000 shares, respectively; issued 125,056,247 and 81,556,246 shares, respectively; and outstanding 123,073,654 and 79,829,492 shares, respectively		
Additional paid-in capital	405,963	236,824
Deferred compensation	534	954
Accumulated deficit	(92,961)	(138,062)
Treasury stock, at cost (1,982,593 shares and 1,726,754 shares, respectively)	(626)	(2,241)
Total Shareholders Equity	314,161	98,290
Total Liabilities and Shareholders Equity	$1,176,953	$ 694,271

The accompanying notes are an integral part
of these condensed consolidated financial statements.

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BROADPOINT GLEACHER SECURITIES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended September 30 2009	2008
Cash flows from operating activities:		
Net income (loss)	$ 45,101	$ (19,176)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	679	1,111
Deferred taxes, net	(8,588)	(318)
Amortization of debt issuance costs	126	42
Amortization of intangible assets	2,520	
Amortization of discount of mandatory redeemable preferred stock	174	58
Amortization of stock compensation	8,067	6,419
Unrealized investment losses/(gains), net	(3,829)	1,235
Realized losses/(gains) on investments	149	(825)
Disposal of office equipment and leasehold improvements	15	1,246
Changes in operating assets and liabilities:		
Cash and securities segregated for regulatory purposes	370	1,180
Net receivables from customers	(17)	3,216
Net payables to related party	(3,965)	(451)
Securities owned, at fair value	(339,614)	(220,156)
Other assets	(2,256)	(3,669)
Net payable to brokers, dealers and clearing agencies	150,159	158,505
Net receivable from others	(4,398)	(813)
Securities sold, but not yet purchased, at fair value	54,245	4,954
Accounts payable and accrued expenses	24,599	12,974
Net (decrease) increase in drafts payable	(106)	18
Taxes payable, net	(1,499)	
Net cash used in operating activities	(78,068)	(54,450)
Cash flows from investing activities:		
Purchases of office equipment and leasehold improvements	(480)	(842)
Payment for purchase of Debt Capital Markets Group		(809)
Payment for purchase of Gleacher Partners Inc., net of cash acquired	(6,560)	
Payment to sellers of American Technology Holdings, Inc.	(410)	
Capital contributions investments	(306)	
Proceeds from sale of investments	78	
Net cash used in investing activities	(7,678)	(1,651)
Cash flows from financing activities:		
Proceeds from issuance of mandatory redeemable preferred stock and warrant		25,000

Payment of expenses for issuance of mandatory redeemable preferred stock		(671)
Excess tax benefits related to stock based compensation	5,115	
Repayment of subordinated debt	(465)	(1,300)
Proceeds from issuance of common stock	94,501	19,670
Payment of expenses for issuance of common stock	(1,239)	(268)
Net cash provided by financing activities	97,912	42,431
Increase (decrease) in cash	12,166	(13,670)
Cash at beginning of the period	7,377	31,747
Cash at the end of the period	$ 19,543	$ 18,077

Non-Cash Investing and Financing Activities

During the nine months ended September 30, 2009, Goodwill increased by $79.4 million and Intangible assets increased by $14.9 million before amortization as a result of the acquisition of Gleacher Partners Inc. Goodwill also increased by $2.3 million associated with earn-out payments related to the acquisition of American Technology Research Holdings, Inc.

During the nine months ended September 30, 2009 and 2008, the Company distributed $0.4 million and $0.6 million, respectively, of the Company s stock from the employee stock trust to satisfy deferred compensation liabilities payable to employees (see Shareholders Equity note).

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BROADPOINT GLEACHER SECURITIES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

During the nine months ended September 30, 2009, the Company issued 23 million shares of common stock in consideration for the acquisition of Gleacher Partners, Inc.

Refer to Stock-Based Compensation Plans note for non-cash financing activities related to restricted stock.

Refer to Investments note for non-cash investing activities related to the Employee Investment Fund.

The accompanying notes are an integral part
of these condensed consolidated financial statements.

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BROADPOINT GLEACHER SECURITIES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal, recurring adjustments necessary for a fair statement of results for such periods. The results for any interim period are not necessarily indicative of those for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2008.

Broadpoint Gleacher Securities Group, Inc., formerly Broadpoint Securities Group, Inc. (and including its subsidiaries, the Company), is an independent investment bank that provides corporations and institutional investors with strategic, research-based investment opportunities, capital raising, and financial advisory services, including merger and acquisition, restructuring, recapitalization and strategic alternative analysis services. The Company offers a diverse range of products through the Debt Capital Markets, Investment Banking and Broadpoint Descap divisions of Broadpoint Capital, Inc., its new Investment Banking financial advisory subsidiary, Gleacher Partners LLC, its Equity Capital Markets subsidiary, Broadpoint AmTech and its venture capital subsidiary, FA Technology Ventures Inc. The Company is a New York corporation, incorporated in 1985, and is traded on The NASDAQ Global Market (NASDAQ) under the symbol BPSG.

Reclassification

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation. Certain 2008 amounts on the condensed consolidated statements of cash flows have been reclassified to conform to account for deferred taxes, net. These deferred taxes, net were previously accounted for as Other assets, and are now recorded as Deferred taxes, net. These revisions decreased Other assets $0.3 million, and increased Deferred taxes, net by $0.3 million. In addition, the Deferred taxes, net amount of $0.3 million, as of December 31, 2008, has been reclassified from Other assets to its own separate line item on the condensed consolidated statement of financial condition. The Company does not believe these revisions are material to any of the previously issued financial statements.

Recent Accounting Developments

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 141 (revised 2007), Business Combinations, now codified in the Business Combination Topic 805 of the FASB Accounting Standards Codification (ASC). An entity is required by the Business Combinations Topic of the FASB ASC to recognize the assets acquired, liabilities assumed, contractual contingencies and contingent consideration measured at their fair value at the acquisition date for any business combination consummated after the effective date. It further requires that acquisition-related costs are to be recognized separately from the acquisition and expensed as incurred. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. Accordingly, the Company applied the provisions of this statement to business combinations occurring after January 1, 2009. The adoption of this statement resulted in approximately $0.44 million of certain acquisition related costs that were not otherwise capitalized in 2009, but were recognized separately and expensed as incurred.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB 51, now codified in the Consolidation Topic 810 of the FASB ASC. An entity is required by the Consolidation Topic of the FASB ASC to clearly identify and present ownership interests in subsidiaries held by parties other than the entity in the consolidated financial statements within the equity section but separate from the entity s equity. It also requires that: (i) the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of earnings; (ii) changes in ownership interest be accounted for similarly, as equity transactions; and (iii) when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. This statement is effective for financial statements issued

for fiscal years beginning after December 15, 2008 and

BROADPOINT GLEACHER SECURITIES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

shall be applied prospectively, except for the presentation and disclosure requirements, which shall be applied retrospectively for all periods. The adoption of this statement did not have a material effect on the Company s condensed consolidated financial statements.

In March 2008, the FASB issued SFAS 161, Disclosures about Derivative Instruments and Hedging Activities, now codified in the Derivatives and Hedging Topic 815 of the FASB ASC. This statement as required by the Derivatives and Hedging Topic amends and expands the disclosure requirements of SFAS 133, Accounting for Derivative Instruments and Hedging Activities, now codified in the Derivatives and Hedging Topic 815 of the FASB ASC, requiring qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair values and amounts of gains and losses on derivative contracts and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for the fiscal years and interim periods beginning after November 15, 2008. The adoption of this statement did not have a material impact on the Company s condensed consolidated financial statements.

In April of 2008, the FASB issued FASB Staff Position (FSP) 142-3, Determination of the Useful Life of Intangible Assets, now codified in the Intangibles Goodwill and Other Topic 350 of the FASB ASC. This statement is intended to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. The effective date for this statement is for fiscal years beginning after December 15, 2008. The adoption of this statement did not impact the Company s condensed consolidated financial statements.

In June 2008, FASB issued Emerging Issues Task Force (EITF) 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, now codified in the Earnings Per Share Topic 320 of the FASB ASC, which applies to the calculation of earnings per share under SFAS 128, Earnings Per Share which has been codified in the Earnings Per Share Topic 320 of the FASB ASC, for share-based payment awards with rights to dividends or dividend equivalents. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as required by the Earnings Per Share Topic are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The effective date for this statement is for fiscal years beginning after December 15, 2008. This statement was not applicable to the Company for the period ended September 30, 2009.

On October 10, 2008, the FASB issued FSP Financial Accounting Standard (FAS) 157-3, Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active, now codified in the Fair Value Measurements and Disclosures Topic 820 of the FASB ASC. This statement clarifies how SFAS 157, Fair Value Measurements, which has been codified in the Fair Value Measurement and Disclosure Topic of the FASB ASC, should be applied when valuing securities in markets that are not active. The adoption of this statement, effective September 30, 2008, did not have a material impact on the Company s condensed consolidated financial statements.

In December 2008, the FASB issued FSP FAS 140-4 and FASB Interpretation (FIN) 46(R)-8, Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities, now codified in the Consolidation Topic 810 and Transfers and Servicing Topic 860, requiring public entities to provide additional disclosures about transfers of financial assets and require public enterprises to provide additional disclosures about their involvement with variable interest entities. These statements were adopted for the Company s year end consolidated financial statements as of December 31, 2008 and did not affect the Company s condensed consolidated financial statement as they require only additional disclosures.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments, now codified in the Investments Debt and Equity Securities Topic 320 of the FASB ASC. These statements require only the portion of an other-than-temporary impairment on a debt security related to credit loss is recognized in current period earnings, with the remainder recognized in other comprehensive income, if the holder does not intend to sell the security and it is more likely than not that the holder will not be required to sell the security prior to recovery. Currently, the entire other-than-temporary impairment is recognized in

current period earnings. These statements are effective for periods ending after June 15, 2009. The adoption of these statements did not have a material impact on the Company s condensed consolidated financial statements.

BROADPOINT GLEACHER SECURITIES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, now codified in the Financial Instruments Topic 825 of the FASB ASC, which requires that the fair value disclosures prescribed by SFAS 107, Disclosures about Fair Value of Financial Instruments, which has been codified in the Financial Instruments Topic 825, be included in financial statements prepared for interim periods. These statements are effective for periods ending after June 15, 2009. The adoption of the interim disclosure about fair value of financial instruments did not have a material affect on the Company s condensed consolidated financial statements.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, now codified in the Fair Value Measurements and Disclosures Topic 820 of the FASB ASC which provides guidance for estimating fair value when the volume and level of activity for an asset or liability have decreased significantly. Specifically, this statement lists factors which should be evaluated to determine whether a transaction is orderly, clarifies that adjustments to transactions or quoted prices may be necessary when the volume and level of activity for an asset or liability have decreased significantly, and provides guidance for determining the concurrent weighting of the transaction price relative to fair value indications from other valuation techniques when estimating fair value. The adoption of this statement did not have a material impact on the Company s condensed consolidated financial statements.

In May 2009, the FASB issued SFAS 165, Subsequent Events, now codified in the Subsequent Events Topic 855 of the FASB ASC, which establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement, which includes a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending June 15, 2009.

In June 2009, the FASB issued SFAS 166, Accounting for Transfers of Financial Assets , an amendment of FASB 140 (SFAS 166), which has not yet been codified within the FASB ASC. SFAS 166 improves financial reporting by eliminating the exceptions for qualifying special-purpose entities from the consolidation guidance and the exception that permitted sale accounting for certain mortgage securitizations when a transferor has not surrender control over the transferred financial assets. SFAS 166 modifies the financial-components approach used in SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. SFAS 166 also requires that a transferor recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. SFAS 166 is effective as of the beginning of each reporting entity s first annual reporting period that begins after November 15, 2009, for interim periods within the first annual reporting period, and for interim and annual reporting periods thereafter. The Company is currently assessing the impact of SFAS 167 on the Company s condensed consolidated financial statements.

In June 2009, The FASB issued SFAS 167, Amendments to FASB Interpretation No. 46(R), Consolidation of Variable Interest Entities (SFAS 167), which has not yet been codified within the FASB ASC. SFAS 167 amends FIN 46(R) to require an enterprise to perform an analysis to determine whether the enterprise variable interest or interest give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and either the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, SFAS 167 amends FIN 46(R) to require ongoing reassessments of whether an enterprise is the primarily beneficiary of a variable interest entity. SFAS 167 also amends certain guidance in FIN 46(R) for determining whether an entity is a variable interest entity and to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and

circumstances occur such that the holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity s economic performance. Finally, SFAS 167 amends FIN 46(R) to require enhanced disclosures and more

BROADPOINT GLEACHER SECURITIES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

transparent information about an enterprise s involvement in a variable interest entity. SFAS 167 is effective as of the beginning of each reporting entity s first annual reporting period that begins after November 15, 2009, for interim periods within the first annual reporting period, and for interim and annual reporting periods thereafter. The Company is currently assessing the impact of SFAS 167 on its condensed consolidated financial statements.

In June 2009, the FASB issued SFAS 168, The FASB Accounting Standards Codification (Codification) and the Hierarchy of Generally Accepted Accounting Principles, a replacement of SFAS 162, now codified in the Generally Acceptable Accounting Principles Topic 105 of the FASB ASC. The Codification will become the source of authoritative United States generally accepted accounting principles (GAAP) recognized by the FASB to be applied to nongovernment entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification will supersede all then-existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature included in the Codification will become nonauthoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codification statement did not impact the Company s condensed consolidated financial statements.

In September 2009 the FASB issued an Accounting Standard Update (ASU) 2009-05, Measuring Liabilities at Fair Value, which supplements and amends the guidance in ASC 820, Fair Value Measurements and Disclosures, that provides additional guidance on how companies should measure liabilities at fair value and confirmed practices that have evolved when measuring fair value such as the use of quoted prices for a liability when traded as an asset. Under the new guidance, the fair value of a liability is not adjusted to reflect the impact of contractual restrictions that prevent its transfer. A quoted price, if available, in an active market for an identical liability must be used. If such information is not available, an entity may use either the quoted price of the identical liability when traded as an asset; quoted prices for similar liabilities; similar liabilities traded as assets or another technique such as the income approach or a market approach. The effective date of this ASU is the first reporting period after August 26, 2009. The adoption of this ASU, effective September 30, 2009, did not have a material impact on the Company s condensed consolidated financial statements.

In September 2009, the FASB issued ASU 2009-12, Investments in Certain Entities That Calculate Net Asset Value Per Share (or its Equivalent). ASU 2009-12 amends ASC 820, Fair Value Measurements and Disclosures, of the FASB ASC by providing additional guidance on measuring the fair value of certain alternative investments. This statement permits entities, as a practical expedient, to estimate the fair value of investments within its scope using the net asset value per share of the investment (or its equivalent, such as member units or an ownership interest in partner s capital) without adjustment, as long as of the entity s measurement date in a manner consistent with the measurement principles (i.e., fair value) of ASC Topic 946, Financial Services Investment Companies, as of the reporting entities measurement dates. This statement also requires additional disclosures to better enable users of the financial statements to understand the nature and risks of the reporting entity s alternative investments. This statement is effective for first reporting period, including interim periods, ending after December 15, 2009. The Company is currently assessing the impact of this accounting standard update on its condensed consolidated financial statements.

Resale and Repurchase Agreements

Transactions involving purchases of securities under agreements to resell or sales of securities under agreements to repurchase are accounted for as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts plus accrued interest. It is the policy of the Company to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under resale agreements. Collateral is valued daily, and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate. The Company had no outstanding resale or repurchase agreements as of September 30, 2009 and December 31, 2008.

BROADPOINT GLEACHER SECURITIES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2. Earnings Per Common Share

The Company calculates its basic and diluted earnings per share in accordance with SFAS 128, Earnings Per Share, now codified in the Earnings Per Share Topic 320 of the FASB ASC. Basic earnings per share is computed based upon weighted-average shares outstanding during the period. Dilutive earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. The Company uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards, warrants, and unexercised options.

The weighted-average shares outstanding as calculated are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Weighted average shares for basic earnings per share	110,321,762	70,139,716	89,425,596	67,526,046
Effect of dilutive common equivalent shares	8,506,772		7,247,953	
Weighted average shares and dilutive common stock equivalents for diluted earnings per share	118,828,534	70,139,716	96,673,549	67,526,046

For the three and nine months ended September 30, 2008, the Company excluded approximately 3.1 million and 2.9 million restricted stock units, respectively, in its computation of diluted earnings per share because they were anti-dilutive. Also, for the three and nine months ended September 30, 2008, the Company excluded approximately 2.1 million and 2.3 million of options, respectively, in its computation of dilutive earnings per share because they were anti-dilutive. In addition, at September 30, 2009 and September 30, 2008, approximately 8.6 million and 6.2 million shares of restricted stock awards (see Stock-Based Compensation Plans note), respectively, were outstanding but excluded from weighted average shares outstanding in computing the basic earnings per share because they were not vested as of September 30, 2009 and September 30, 2008, respectively.

3. Receivables from and Payables to Brokers, Dealers and Clearing Agencies

Amounts receivable from and payable to brokers, dealers and clearing agencies consist of the following:

(In thousands)	September 30 2009	December 31 2008
Receivable from clearing organizations	$ 17,857	$ 1,809
Syndicate and commissions receivable	1,566	535
Good faith deposits	751	1,121
Total Receivables from brokers, dealers and clearing agencies	$ 20,174	$ 3,465
Payable to clearing organizations	$ 678,532	$ 511,777
Other	163	50
Total Payables to brokers, dealers and clearing agencies	$ 678,695	$ 511,827

Securities transactions are recorded on a trade date basis. The related amounts receivable and payable for unsettled securities transactions are recorded on a net basis in Receivables from or Payables to brokers, dealers and clearing agencies on the unaudited condensed consolidated statements of financial condition.

The customers of the Company s subsidiaries agency and principal securities transactions are cleared through third party clearing agreements on a fully disclosed basis. Under these agreements, the clearing agents settle these transactions on a fully disclosed basis, collect margin receivables related to these transactions, monitor the credit standing and required margin levels related to these customers and, pursuant to margin guidelines, require the customer to deposit additional collateral with them or to reduce positions, if necessary.

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4. Receivables from and Payables to Customers

At September 30, 2009, Receivables from customers represented principal due from institutional clients relating to factor changes on mortgage backed securities and aged fails to deliver related to the Company s legacy self-clearing business executed with institutional clients which has been fully reserved. Receivables from customers at September 30, 2009 and December 31, 2008 were $0.02 million and $0.0 million, net of allowance for doubtful accounts of $0.05 million and $0.05 million, respectively. There were no payables to customers at September 30, 2009 or December 31, 2008.

The Company s broker-dealer subsidiaries are parties to clearing agreements with clearing agents in connection with their securities trading activities. If the clearing agent incurs a loss, it has the right to pass the loss through to such subsidiaries which, as a result, exposes the Company to off-balance-sheet risk. The subsidiaries have retained the right to pursue collection or performance from customers who do not perform under their contractual obligations and monitors customer balances on a daily basis along with the credit standing of the clearing agent. As the potential amount of losses during the term of this contract has no maximum, the Company believes there is no maximum amount assignable to this indemnification.

Prior to the end of the second quarter of 2008, Broadpoint Capital, Inc. (Broadpoint Capital), one of the Company s broker-dealer subsidiaries, was self-clearing for certain transactions executed with institutional customers. Broadpoint Capital s non-institutional customer securities transactions, including those of officers, directors, employees and related individuals, were cleared through a third party under a clearing agreement. Under this agreement, the clearing agent executed and settled customer securities transactions, collected margin receivables related to these transactions, monitored the credit standing and required margin levels related to these customers and, pursuant to margin guidelines, required the customer to deposit additional collateral with them or to reduce positions, if necessary. In the event the customer was unable to fulfill its contractual obligations, the clearing agent had the option of either purchasing or selling the financial instrument underlying the contract, and as a result might have incurred a loss for which the clearing agent could have sought indemnification from Broadpoint Capital in the manner described in the prior paragraph.

5. Financial Instruments

Substantially all of the Company s financial assets and liabilities are carried at fair value or contractual amounts approximating fair value. Financial instruments recorded at contractual amounts approximating fair value consist largely of receivables from and payables to brokers, dealers and clearing organizations, customers, related party and others. Securities owned and securities sold, but not yet purchased are recorded at fair value. Investments are recorded at fair value. Mandatory redeemable preferred stock is recorded at an amount approximating fair value and the financial instrument is valued in conjunction with the underlying warrant at the date of issuance recorded at a discount, which is being amortized over the duration of the debt (see Mandatory Redeemable Preferred Stock note). Management believes the carrying amount approximates fair value, as the yield on a similar instrument issued as of the balance sheet date would be approximate the same as the yield on the original date of issuance. The carrying amount of liabilities subordinated to claims of general creditors associated with the Company s deferred compensation plan for key employees has a fair market value of approximately $0.9 million.

The Company adopted the provisions of SFAS 157 Fair Value Measurements (SFAS 157) effective January 1, 2008, which has been codified in the Fair Value Measurement and Disclosure Topic 820 of the FASB ASC. Under this standard, fair value is defined as the price that would be received upon the sale of an asset or paid upon the transfer of a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

The Fair Value Measurement and Disclosure Topic of the FASB ASC establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company s assumptions about the assumptions

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market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1: Quoted prices in active markets that the Company has the ability to access at the reporting date, for identical assets or liabilities. Prices are not adjusted for the effects, if any, of the Company holding a large block relative to the overall trading volume (referred to as a blockage factor).

Level 2: Directly or indirectly observable prices in active markets for similar assets or liabilities; quoted prices for identical or similar items in markets that are not active; inputs other than quoted prices (e.g., interest rates, yield curves, credit risks, volatilities); or market corroborated inputs.

Level 3: Unobservable inputs that reflect management s own assumptions about the assumptions market participants would make.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. 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 management in determining fair value is greatest for instruments categorized in Level 3. In certain cases, 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 within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

FSP FAS 157-3, which has been codified in the Fair Value Measurement and Disclosure Topic 820 of the FAS ASC, is consistent with the joint press release the FASB issued with the SEC on September 30, 2008, which provides general clarification guidance on determining fair value under FASB 157 when markets are inactive. This statement specifically addresses the use of judgment in determining whether a transaction in a dislocated market represents fair value, the inclusion of market participant risk adjustments when an entity significantly adjusts observable market data based on unobservable inputs, and the degree of reliance to be placed on broker quotes or pricing services. This statement is effective October 10, 2008. The adoption of this statement did not have a material effect on the Company s condensed consolidated financial statements.

FSP FAS 157-4, which has been codified in the Fair Value Measurement and Disclosure Topic 820 of the FASB ASC, provides additional guidance for estimating fair value in accordance with SFAS 157 when the volume and level of activity for the asset or liability have significantly declined. This statement also includes guidance on identifying circumstances that indicate a transaction is not orderly. This statement is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted. The adoption of this statement did not have an impact on the Company s condensed consolidated financial statements.

Fair Valuation Methodology

Cash Instruments These financial assets represent cash in banks or cash invested in liquid money market funds. These investments are valued at par, which represent fair value, and are reported as Level 1.

Securities Owned/Securities Sold But Not Yet Purchased These financial assets represent investments in fixed income and equity securities.

Fixed income securities which are traded in active markets include on-the-run treasuries, investment grade debt, asset and mortgage backed securities including TBAs and corporate debt. The on-the-run treasuries and TBAs are generally traded in active, quoted and highly liquid markets. These assets are generally classified as Level 1. TBAs which are not issued within the next earliest date for issuance are treated as derivatives and are generally classified as Level 1. As there is no quoted market for investment grade debt, asset and mortgage backed securities, and corporate debt, the Company utilizes observable market factors in determining fair value. These financial instruments are reported as Level 2. In certain circumstances, the Company may utilize unobservable inputs that reflect management s own assumptions about the assumptions market participants would make. These financial assets are reported as Level 3.

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In determining fair value for Level 2 financial instruments, management utilizes benchmark yields, reported trades for comparable trade sizes, issuer spreads, two sided markets, benchmark securities, bids and offers. These inputs relate either directly to the financial asset being evaluated or indirectly to a similar security (for example, another bond of the same issuer or a bond of a different issuer in the same industry with similar maturity, terms and conditions). Additionally for certain mortgage backed securities, management also considers various characteristics such as issuer, underlying collateral, prepayment speeds, cash flows and credit ratings.

In determining fair value for Level 3 financial instruments, management maximizes the use of market observable inputs when available. Management utilizes factors such as bids that were received, spreads to the yield curve on similar offered financial assets, or comparing spreads to similar financial assets that traded and had been priced through an independent pricing source. Management considers these pricing methodologies consistent with assumptions in how other market participants value certain financial assets. These pricing methodologies involve management judgment and as a result, lead to a Level 3 classification.

Management then evaluates the fair value against other factors and valuation models it deems relevant. These factors may be a recent purchase or sale of the financial asset at a price that differs from the fair value based upon observable inputs or economic events that impact the value of the asset such as liquidity in the market, political events or observations of equity curves related to the issuer. These same factors are utilized to value Level 3 financial assets where no observable inputs are available.

Equity securities are valued at quoted market prices. These financial assets are reported as Level 1 when traded in active markets. When quoted prices are not available, valuation models are applied to these financial assets. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments complexity. Accordingly, these financial assets are recorded as Level 3.

Derivatives In connection with mortgage-backed securities trading, the Company economically hedges certain exposure through the use of TBAs. These TBAs, which are not due to settle within the next earliest date for settlement, are accounted for as derivatives. These derivatives are traded in an active quoted market and therefore generally classified as Level 1. (See Derivative Financial Instruments note for further information regarding the use by the Company of Derivative instruments).

Investments These financial assets represent investments in partnerships.

Valuation models are applied to the underlying investments of the partnership which are important inputs into the valuation of the partnership interests. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments complexity. Accordingly, these investments in partnerships are recorded as Level 3.

Transfers Assets transfer in and out of Level 3 based upon widening or tightening of spreads due to increased or decreased volumes and liquidity.

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The following table summarizes the categorization of the financial instruments within the fair value hierarchy at September 30, 2009:

	Assets at Fair Value			
(In thousands)	Level 1	Level 2	Level 3	Total
Cash Instruments (1)	$19,643	$	$	$ 19,643
Securities Owned (2)				
Equity securities		517	60	577
Debt securities issued by U.S. Government and federal agency obligations	5,148	868,745	3,654	877,547
Corporate Debt Securities		11,922	1	11,923
Residential mortgage-backed securities		19	4,987	5,006
Commercial mortgage-backed securities		3,700	29,759	33,459
Collateralized debt obligations			3,610	3,610
Other debt obligations		347	22,339	22,686
Derivatives (2)	3,628			3,628
Investments			19,306	19,306
Total Financial Assets At Fair Value	$28,419	$885,250	$83,716	$997,385

	Liabilities at Fair Value			
(In thousands)	Level 1	Level 2	Level 3	Total
Securities Sold But Not Yet Purchased (2)				
U.S. Government and federal agency obligations	$68,599	$	$	$ 68,599
Corporate Debt Securities		153		153
Derivatives (2)	721			721
Total Financial Liabilities At Fair Value	$69,320	$ 153	$	$ 69,473

(1) Cash instruments include Cash and cash equivalents of $19.5 million and Cash segregated for regulatory purposes of $0.1 million in the condensed consolidated

statements of financial condition.

(2) Unrealized gains/(losses) relating to Derivatives are reported in Securities owned and Securities sold, but not yet purchased, at fair value in the condensed consolidated statements of financial condition.

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The following table summarizes the categorization of the financial instruments within the fair value hierarchy at December 31, 2008:

	Assets at Fair Value			
(In thousands)	Level 1	Level 2	Level 3	Total
Cash Instruments (1)	$ 7,847	$	$	$ 7,847
Securities Owned (2)	13,070	581,360	24,381	618,811
Derivatives (2)	11			11
Investments			15,398	15,398
Total Financial Assets At Fair Value	$20,928	$581,360	$39,779	$642,067

	Liabilities at Fair Value			
(In thousands)	Level 1	Level 2	Level 3	Total
Securities Sold But Not Yet Purchased (2)	$14,476	$	$ 1	$ 14,477
Derivatives (2)	751			751
Total Financial Liabilities At Fair Value	$15,227	$	$ 1	$ 15,228

(1) Cash instruments include Cash and cash equivalents of $7.4 million and Cash segregated for regulatory purposes of $0.5 million in the condensed consolidated statements of financial condition.

(2) Unrealized gains/(losses) relating to Derivatives are reported in Securities owned and

Securities sold, but not yet purchased, at fair value in the condensed consolidated statements of financial condition.

The following tables summarize the changes in the Company s Level 3 financial instruments for the three month period ended September 30, 2009:

(In thousands)	Other Debt Obligations	Commercial Mortgage-backed Securities	Residential Mortgage-backed Securities	Collateralized Debt Obligations	Debt Securities issued by U.S. Government And Federal Agency Obligations	Corporate Debt Securities	Equity Securities	Investments	Total
Balance at June 30, 2009	$ 2,870	$13,593	$ 9,138	$	$	$	$	$16,687	$42,288
Realized gains/(losses) (1)	172	3,045	728					(62)	3,883
Unrealized gains/(losses) (1)	(4)		175					2,759	2,930
Purchases, sales and settlements	18,897	14,784	(5,028)	3,610				(78)	32,185
Transfers in and/or out of Level 3 (2)	404	(1,663)	(26)		3,654	1	60		2,430
Balance at September 30, 2009	$22,339	$29,759	$ 4,987	$3,610	$3,654	$1	$60	$19,306	$83,716
Change in unrealized gains/(losses) on Level 3 assets still held at September 30, 2009 (1)	$ (252)	$ (510)	$ (24)	$ (105)	$ (31)	$	$	$ 2,759	$ 1,837

(1) Realized and unrealized gains/(losses) are reported in Principal transactions in the condensed consolidated statements of operations.

(2) The Company reviews the

classification assigned to financial instruments on a quarterly basis. As the observability and strength of valuation attributes changes, reclassifications of certain financial assets or liabilities may occur among levels. The reporting of these reclassifications results in a transfer in/out

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of Level 3 at fair value in the quarter of the change. During the three month period ended September 30, 2009, there was a net transfer in of approximately $2.4 million to Level 3 based upon assumptions used on prepayment speeds and defaults. These transfers were primarily investment grade performing mortgage and asset backed securities.

The following tables summarize the changes in the Company s Level 3 financial instruments for the three month period ended September 30, 2008:

(In thousands)	Securities owned	Investments	Total
Balance at June 30, 2008	$ 46,238	$ 17,150	$ 63,388
Realized gains/(losses) (1)	(430)	981	551
Unrealized gains/(losses) (1)	(1,056)	(1,628)	(2,684)
Purchases, issuances and settlements	(19,863)		(19,863)
Transfers in and/or out of Level 3 (2)	(13,006)		(13,006)
Balance at September 30, 2008	$ 11,883	$ 16,503	$ 28,386
Unrealized gains/(losses) on Level 3 assets still held at the reporting date (1)	$ (409)	$ (1,628)	$ (2,037)

(1) Realized and unrealized gains/(losses) are reported in Principal transactions in the condensed consolidated statements of operations.

(2) The Company reviews the classification assigned to financial instruments on a quarterly basis. As the observability and strength of valuation attributes changes, reclassifications of certain financial assets or liabilities may occur among levels. The reporting of these reclassifications results in a transfer in/out of Level 3 at fair value in the quarter of the change. During the three month period ended September 30, 2008, there was a net transfer out of approximately $13.0 million from Level 3. These transfers were primarily

investment grade performing mortgage and asset backed securities.

The following tables summarize the changes in the Company s Level 3 financial instruments for the nine month period ended September 30, 2009:

(In thousands)	Other Debt Obligations	Commercial Mortgage-backed Securities	Residential Mortgage-backed Securities	Collateralized Debt Obligations	Debt Securities issued by U.S. Government And Federal Agency Obligations	Corporate Debt Securities	Equity Securities	Investments	Total
Balance at December 31, 2008	$ 2,348	$ 1,165	$ 20,868	$	$	$	$	$15,398	$39,779
Realized gains/(losses) (1)	(108)	3,080	(360)					(149)	2,463
Unrealized gains/(losses) (1)	3	2	(1,401)					3,829	2,433
Purchases, sales and settlements	19,658	26,802	(12,668)	3,610				228	37,630
Transfers in and/or out of Level 3 (2)	438	(1,290)	(1,452)		3,654	1	60		1,411
Balance at September 30, 2009	$22,339	$29,759	$ 4,987	$3,610	$3,654	$1	$60	$19,306	$83,716
Change in unrealized gains/(losses) on Level 3 assets still held at September 30, 2009 (1)	$ (269)	$ (454)	$ (1,340)	$ (105)	$ (239)	$	$	$ 3,835	$ 1,428

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(1) Realized and unrealized gains/(losses) are reported in Principal transactions in the condensed consolidated statements of operations.

(2) The Company reviews the classification assigned to financial instruments on a quarterly basis. As the observability and strength of valuation attributes changes, reclassifications of certain financial assets or liabilities may occur among levels. The reporting of these reclassifications results in a transfer in/out of Level 3 at fair value in the quarter of the change. During the nine month period ended September 30, 2009, there was a net transfer in of

approximately $1.4 million to Level 3. These transfers were primarily investment grade performing mortgage and asset backed securities.

The following tables summarize the changes in the Company s Level 3 financial instruments for the nine month period ended September 30, 2008:

(In thousands)	Securities owned	Investments	Total
Balance at December 31, 2007	$ 64,822	$ 16,913	$ 81,735
Realized gains/(losses) (1)	(992)	981	(11)
Unrealized gains/(losses) (1)	(2,078)	(1,399)	(3,477)
Purchases, issuances and settlements	(34,658)	8	(34,650)
Transfers in and/or out of Level 3 (2)	(15,211)		(15,211)
Balance at September 30, 2008	$ 11,883	$ 16,503	$ 28,386
Unrealized gains/(losses) on Level 3 assets still held at the reporting date (1)	$ (322)	$ (1,399)	$ (1,721)

(1) Realized and unrealized gains/(losses) are reported in Principal transactions in the condensed consolidated statements of operations.

(2) The Company reviews the classification assigned to financial instruments on a quarterly basis. As the observability and strength of

valuation attributes changes, reclassifications of certain financial assets or liabilities may occur among levels. The reporting of these reclassifications results in a transfer in/out of Level 3 at fair value in the quarter of the change. During the nine month period ended September 30, 2008, there was a net transfer out of approximately $15.2 million from Level 3. These transfers were primarily investment grade performing mortgage and asset backed securities.

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6. Securities owned and sold, but not yet purchased

Securities owned and sold, but not yet purchased consist of the following:

	September 30, 2009		December 31, 2008	
(In thousands)	Owned	Sold, but not yet purchased	Owned	Sold, but not yet purchased
Marketable Securities				
U.S. Government and federal agency obligations	$877,547	$ 68,599	$546,436	$ 14,476
State and municipal bonds	6		5	
Corporate obligations	76,677		71,581	
Corporate stocks	517	153	739	1
Derivatives	3,628	721	11	751
Not Readily Marketable Securities				
Investment securities with no publicly quoted market	61		50	
Total	$958,436	$ 69,473	$618,822	$ 15,228

Securities not readily marketable include investment securities (a) for which there is no market on a securities exchange or no independent publicly quoted market, (b) that cannot be publicly offered or sold unless registration has been effected under the Securities Act of 1933, or (c) that cannot be offered or sold because of other arrangements, restrictions or conditions applicable to the securities or to the Company.

7. Goodwill and Intangible Assets

Goodwill

(In thousands)	Broadpoint Descap Segment Broadpoint Securities, Inc.	Equities Segment American Technology Research	Investment Banking Segment Gleacher Partners	Total
Goodwill				
Balance at December 31, 2008	$ 17,364	$ 5,919	$	$ 23,283
Goodwill acquired during year			72,212	72,212
Contingent consideration		2,353		2,353
Deferred tax liability			5,389	5,389
Payable to former owners			1,801	1,801
Other		(9)		(9)
Balance at September 30, 2009	$ 17,364	$ 8,263	$ 79,402	$105,029

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Intangible Assets

(In thousands)	September 30 2009	December 31 2008
Intangible Assets (amortizable):		
Broadpoint Securities, Inc. Acquisition		
Gross carrying amount	$ 641	$ 641
Accumulated amortization	(289)	(249)
Net carrying amount	352	392
Broadpoint Debt Capital Markets Customer Relationship		
Gross carrying amount	795	795
Accumulated amortization	(253)	(134)
Net carrying amount	542	661
American Technology Research Customer Relationship		
Gross carrying amount	6,960	6,960
Accumulated amortization	(605)	(151)
Net carrying amount	6,355	6,809
American Technology Research Covenant not to Compete		
Gross carrying amount	330	330
Accumulated amortization	(110)	(28)
Net carrying amount	220	302
American Technology Research Trademarks		
Gross carrying amount	100	100
Accumulated amortization	(100)	(25)
Net carrying amount		75
Gleacher Partners Trade Name		
Gross carrying amount	7,300	
Accumulated amortization	(117)	
Net carrying amount	7,183	
Gleacher Partners Backlog		
Gross carrying amount	420	
Accumulated amortization	(230)	

Net carrying amount	190	
Gleacher Partners Non Compete Agreement		
Gross carrying amount	700	
Accumulated amortization	(75)	
Net carrying amount	625	
Gleacher Partners Customer Relationships		
Gross carrying amount	6,500	
Accumulated amortization	(1,328)	
Net carrying amount	5,172	
Total Intangible Assets	$ 20,639	$ 8,239

Customer related intangible assets are being amortized from 3 to 12 years. Covenant not to compete assets are being amortized over 3 years, trademark assets are being amortized from 1 to 20 years, and backlog investment banking projects are being amortized over 0.6 years.

Future amortization expense is estimated as follows:

(In thousands)	
2009 (remaining)	$ 1,376
2010	3,698
2011	3,047
2012	1,928
2013	1,050
2014	1,024
Thereafter	8,516
Total	$20,639

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8. Investments

The Company s investment portfolio includes interests in privately held companies. Information regarding these investments has been aggregated and is presented below.

(In thousands)	September 30 2009	December 31 2008
Carrying Value		
Private	$ 18,319	$ 14,321
Employee Investment Funds, net of Company s ownership interest	987	1,077
Total carrying value	$ 19,306	$ 15,398

Investment gains were comprised of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2009	2008	2009	2008
Private (net realized and unrealized gains/(losses))	$2,698	$(647)	$3,680	$(410)

Investments in privately held companies include an investment of $18.3 million in FA Technology Ventures L.P. (the Partnership). The Company is also committed to invest an additional $1.0 million in the Partnership. The Partnership s primary purpose is to provide investment returns consistent with the risk of investing in venture capital. At September 30, 2009 and September 30, 2008, total Partnership capital for all investors in the Partnership equaled $71.1 million and $57.9 million, respectively. The Partnership is considered a variable interest entity. The Company is not the primary beneficiary, due to other investors level of investment in the Partnership. Accordingly, the Company has not consolidated the Partnership in these financial statements, but has only recorded the fair value of its investments. FA Technology Ventures Corporation (FATV), a wholly-owned subsidiary, is the investment advisor to the Partnership. Revenues derived from the management of this investment and the Employee Investment Funds (as defined below) for the nine-month periods ended September 30, 2009 and 2008 were $0.6 million and $0.6 million in consolidation, respectively. (See Commitments and Contingencies note for further information regarding FATV).
The Company has recorded the employees portion of the fair value and related unrealized gains/(losses) associated with its Employee Investment Funds (EIF) on its condensed consolidated financial statements. The EIF are limited liability companies, established by the Company for the purpose of having select employees invest in private equity securities. The EIF is managed by Broadpoint Management Corp., a wholly-owned subsidiary, which has contracted with FATV to act as an investment advisor with respect to funds invested in parallel with the Partnership. The Company s carrying value of the EIF at September 30, 2009 and December 31, 2008 was $0.1 million and $0.1 million, respectively. The Company recorded $0.1 million unrealized loss and $0.1 million unrealized loss on the EIF for the nine months and three months ended September 30, 2009, respectively, in Investment Gains on the condensed consolidated statement of operations. The offset $0.1 million unrealized gain and $0.1 million unrealized gain in minority interest in EIF was recorded in Other income on the condensed consolidated statement of operations for the nine months and three months ended September 30, 2009, respectively. The Company has outstanding loans of $0.3 million from the EIF and is also committed to loan an additional $0.2 million to the EIF. The effect of recording the EIF on the Company s condensed consolidated statement of financial condition at September 30, 2009 was to

increase Investments by $1.0 million, decrease Receivable from others by $0.3 million and increase Payable to others by $0.7 million. The amounts in Payable to others relates to the value of the EIF owned by employees. (See Commitments and Contingencies note for further information regarding EIF).

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9. Receivables from and Payables to Others

Amounts receivable from and payable to others consist of the following:

(In thousands)	September 30 2009	December 31 2008
Interest	$ 4,950	$ 3,025
Advisory fees	3,084	840
Sublease rental income	99	104
Loans and advances from employees	59	115
Management fees	183	27
Others	392	379
Total Receivables from others	$ 8,767	$ 4,490
Net Payable to Employees for the Employee Investment Funds (see Investments note)	$ 707	$ 797
Drafts payable	214	327
Dividends payable	212	212
Others	77	87
Total Payables to others	$ 1,210	$ 1,423

The Company maintains a group of zero balance bank accounts which are included in payable to others on the Statement of Financial Condition. Drafts payable represent the balance in these accounts related to outstanding checks that have not yet been presented for payment at the bank. The Company has sufficient funds on deposit to clear these checks, and these funds will be transferred to the zero-balance accounts upon presentment.

10. Commitments and Contingencies

Commitments:

FA Technology Ventures

As of September 30, 2009, the Company had a commitment to invest up to an additional $1.0 million in the Partnership. The investment period expired in July 2006; however, the general partner of the Partnership, FATV GP LLC (the General Partner), may continue to make capital calls up through July 2011 for additional investments in portfolio companies and for the payment of management fees. The Company intends to fund this commitment from operating cash flow. The Partnership s primary purpose is to provide investment returns consistent with risks of investing in venture capital. The majority of the limited partners of the Partnership are non-affiliates of the Company. The General Partner is responsible for the management of the Partnership, including among other things, making investments for the Partnership. The members of the General Partner are George McNamee, a former Director of the Company, Broadpoint Enterprise Funding, Inc., a wholly-owned subsidiary of the Company, and certain other employees of FATV. Subject to the terms of the partnership agreement, under certain conditions, the General Partner is entitled to share in the gains received by the Partnership in respect of its investment in a portfolio company.

As of September 30, 2009, the Company had an additional commitment to invest up to $0.2 million in EIF. The investment period expired in July 2006, but the General Partner may continue to make capital calls up through July 2011 for additional investments in portfolio companies and for the payment of management fees. The Company

anticipates that this will be funded by the Company through operating cash flow.

On April 30, 2008, the Company entered into a Transition Agreement (the Transition Agreement) with FATV, FA Technology Holding, LLC and certain other employees of FATV, to effect a restructuring of the investment management arrangements relating to the Partnership and the formation of FA Technology Ventures III, L.P., a new venture capital fund (Fund III). Pursuant to the Transition Agreement, among other things, the Company was to make a capital commitment of $10 million to Fund III, and FATV was to cease advising the Partnership. The Transition Agreement provided that if the initial closing of Fund III did not occur on or before

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March 31, 2009, the Transition Agreement would automatically terminate. The initial closing of Fund III did not occur on or before March 31, 2009, and the Transition Agreement terminated in accordance with its terms.

Mandatory Redeemable Preferred Stock

On June 27, 2008, the Company entered into a Preferred Stock Purchase Agreement (the Preferred Stock Purchase Agreement) with Mast Credit Opportunities I Master Fund Limited, a Cayman Islands corporation (Mast), for the issuance and sale of (i) 1,000,000 newly-issued unregistered shares of Series B Mandatory Redeemable Preferred Stock, par value $1.00 per share (the Series B Preferred Stock), and (ii) a warrant to purchase 1,000,000 shares of the Company s common stock, at an exercise price of $3.00 per share, for an aggregate cash purchase price of $25 million. Cash dividends of 10 percent per annum must be paid quarterly on the Series B Preferred Stock, while an additional dividend of 4 percent per annum accrues and is cumulative, if not otherwise paid quarterly at the option of the Company. The Series B Preferred Stock must be redeemed on or before June 27, 2012 (see Mandatory Redeemable Preferred Stock note).

Gleacher Partners

On June 5, 2009, the Company acquired Gleacher Partners, Inc. (Gleacher Partners), a financial advisory boutique best known for advising major corporation in mergers and acquisitions (the Gleacher Transaction). Pursuant to the related merger agreement (the Merger Agreement), the Company paid $10 million in cash and issued 23 million shares of Company common stock as merger consideration for all the outstanding shares of Gleacher Partners. Of these shares, 14,542,035 shares were issued to Eric J. Gleacher, the founder and Chairman of Gleacher Partners. All of the shares issued as merger consideration are subject to resale restrictions. The Company is obligated to pay the shareholders an additional $10 million in cash after five years, subject to acceleration under certain circumstances (see Acquisitions note).

Contingent Consideration:

On October 2, 2008, the Company acquired 100 percent of the outstanding common shares of American Technology Research Holdings, Inc. (Broadpoint AmTech). The purchase price consisted of (i) $10 million in cash, (ii) 2,676,437 shares of common stock of the Company subject to transfer restrictions lapsing ratably over the three years following the closing, and (iii) 323,563 shares of restricted stock to be issued pursuant to the Company s 2007 Incentive Compensation Plan (the Purchase Price Plan Shares). The stock purchase agreement provides that, in the event that Purchase Price Plan Shares are forfeited pursuant to the Company s 2007 Incentive Compensation Plan (the Incentive Plan), shares will be reissued to certain other sellers subject to transfer restrictions as above and not as shares issued under the 2007 Incentive Compensation Plan. In addition, the stock purchase agreement provides that the sellers have the right to receive earnout payments consisting of approximately 100 percent of the profits earned by Broadpoint AmTech in the fourth quarter of fiscal year 2008 and all of fiscal years 2009, 2010 and 2011, up to an aggregate of $15 million in such profits, and 50 percent of such profits in excess of $15 million. All such earn-out payments will be paid 50 percent in cash and, depending on the recipient thereof, either 50 percent in Company common stock, which will be subject to transfer restrictions lapsing ratably over the three years following issuance, or 50 percent in restricted stock from the Incentive Plan, subject to vesting based on continued employment with Broadpoint AmTech. Based on the profits earned by Broadpoint AmTech in the first nine months of fiscal year 2009, $2.7 million of contingent consideration has been accrued at September 30, 2009, $2.4 million of which has been recorded as additional purchase price and recorded as Goodwill in the condensed consolidated statements of financial condition.

Leases:

The Company s headquarters and sales offices, and certain office and communication equipment, are leased under non-cancelable operating leases, certain of which contain renewal options and escalation clauses, and which expire at various times through 2025. To the extent the Company is provided tenant improvement allowances funded by the lessor, they are amortized over the initial lease period and serve to reduce rent expense. To the extent the Company is provided free rent periods, the Company recognizes the rent expense over the entire lease term on a straightline basis.

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On September 30, 2009, the Company entered into a lease agreement (the Lease) pursuant to which it has leased for a 15-year term (subject to extension) approximately 75,000 rentable square feet of space at 1290 Avenue of the Americas, New York, New York (the Premises). The Company expects to occupy these facilities by May 2010, assuming the necessary build-out construction is completed by then. The lease term commences on April 1, 2010 and expires on April 30, 2025. The Company has an option to extend the lease term once, for a five-year period, subject to certain limitations and restrictions. The lessors are: HWA 1290 III LLC; HWA 1290 IV LLC; and HWA 1290 V LLC, each of which is a limited liability company organized in Delaware (the Lessors). The Company is obligated to pay base rents, at rates that adjust over the lease term, plus a percentage of increases in operating expenses and real estate taxes.

The Lessors are obligated to fund specified construction and related activities at the premises. The Company also has a right of first offer to lease additional premises in the building should they become available and certain other rights to lease additional space in years 4-6 and 8-12. The Company may assign the lease or sublet the premises, subject to the Lessors consent and other requirements. The Company has posted a letter of credit in the amount of $2,100,000 with respect to the One Penn Plaza Lease. On or prior to May 1, 2010, the Company is required to either deliver an amended letter of credit, or a new letter of credit, for the benefit of the Lessors in the amount of $3,700,000 (the Security Amount) to secure the Company s performance of its obligations under the Lease. The Company shall have the right to reduce the Security Amount over time, subject to certain conditions.

In connection with the Lease, the Company also entered into a Subordination Agreement and Estoppel, Non-Disturbance and Attornment Agreement (the Subordination Agreement) with the Lessors and Bank of America, National Association (the Lender). Under the Subordination Agreement, the Company acknowledged that the Lessors are indebted to the Lender under a promissory note which is secured by, among other things, a mortgage on the Premises (the Mortgage). Pursuant to the terms of the Subordination Agreement, the Company agreed that the Mortgage is and will remain a lien on the Premises that is superior to the Company s Lease. In addition, the Lender agreed that if at the time of any foreclosure of the Mortgage the Company is not in breach or default under the Lease, the Lease would not be terminated by reason of the foreclosure and would continue in full force and effect.

On September 30, 2009, the Company entered into an Assignment of Lease and Consent (the Assignment Agreement) with One Penn Plaza LLC and the Lessors in connection with the execution of the Lease. Under the assignment agreement, the Company assigned its rights and interests in that certain lease agreement, dated March 21, 1996, as amended (the One Penn Plaza Lease), between the Company and One Penn Plaza LLC with respect to the premises located at One Penn Plaza, New York, New York, and the Lessors have agreed to assume the Company s obligations under the One Penn Plaza Lease. The assignment will become effective on the later of (i) May 30, 2010 and (ii) the thirtieth (30th) day following the date on which the Lessors have substantially completed the build-out construction detailed in the Lease.

Future minimum annual lease payments, and sublease rental income, are as follows:

(In thousands)	Future Minimum Lease Payments	Sublease Rental Income	Net Lease Payments
2009 (remaining)	$ 2,455	$ 494	$ 1,961
2010	8,858	1,676	7,182
2011	8,169	1,491	6,678
2012	8,083	1,491	6,592
2013	7,993	1,433	6,560
Thereafter	62,098	1,243	60,855

Total	$ 97,656	$ 7,828	$ 89,828

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Litigation:

On September 1, 2009, the United States Bankruptcy Court for the Northern District of New York (the Bankruptcy Court) approved a settlement agreement whereby the Company finally concluded litigation begun in 1998. In 1998, the Company was named in lawsuits by Lawrence Group, Inc. and certain related entities (the Lawrence Parties) in connection with a private sale of Mechanical Technology Inc. stock from the Lawrence Parties that was approved by the Bankruptcy Court. The Company acted as placement agent in that sale, and a number of persons who were employees and officers of the Company at that time, who have also been named as defendants, purchased shares in the sale. The complaints alleged that the defendants did not disclose certain information to the sellers and that the price approved by the court was therefore not proper. The cases were initially filed in the Bankruptcy Court and the United States District Court for the Northern District of New York (the District Court), and were subsequently consolidated in the District Court. The District Court dismissed the cases, and that decision was subsequently vacated by the United States Court of Appeals for the Second Circuit, which remanded the cases for consideration of the plaintiffs claims as motions to modify the Bankruptcy Court sale order. The plaintiffs claims were referred back to the Bankruptcy Court for such consideration. In February 2009, the Bankruptcy Court dismissed the motions in their entirety (the 2009 Decision). On September 1, 2009, the Bankruptcy Court approved a settlement agreement among all the parties whereby the Company paid the Lawrence Parties $100,000 and the 2009 Decision became a non-appealable, final judgment, and any appeals of the Decision were withdrawn with prejudice.

Due to the nature of the Company s business, the Company and its subsidiaries are exposed to risks associated with a variety of legal proceedings. These include litigations, arbitrations and other proceedings initiated by private parties and arising from underwriting, financial advisory or other transactional activities, client account activities and employment matters. Third parties who assert claims may do so for monetary damages that are substantial, particularly relative to the Company s financial position. In addition, the securities industry is highly regulated. The Company and its subsidiaries are subject to both routine and unscheduled regulatory examinations of their respective businesses and investigations of securities industry practices by governmental agencies and self-regulatory organizations. In recent years securities firms have been subject to increased scrutiny and regulatory enforcement activity. Regulatory investigations can result in substantial fines being imposed on the Company and/or its subsidiaries. Periodically the Company and its subsidiaries receive inquiries and subpoenas from the SEC, state securities regulators and self-regulatory organizations. The Company does not always know the purpose behind these communications or the status or target of any related investigation. The responses to these communications have in the past resulted in the Company and/or its subsidiaries being cited for regulatory deficiencies, although to date these communications have not had a material adverse effect on the Company s business.

From time to time the Company may take reserves in its financial statements with respect to legal proceedings to the extent it believes appropriate. However, accurately predicting the timing and outcome of legal proceedings, including the amounts of any settlements, judgments or fines, is inherently difficult insofar as it depends on obtaining all of the relevant facts (which is sometimes not feasible) and applying to them often-complex legal principles. Based on currently available information, the Company does not believe that any litigation, proceeding or other matter to which it is a party or otherwise involved will have a material adverse effect on its financial position, results of operations and cash flows, although an adverse development, or an increase in associated legal fees, could be material in a particular period, depending in part on the Company s operating results in that period.

Other:

The Company, in the normal course of business, provides guarantees with respect to the obligations of its subsidiaries. The Company s subsidiaries utilize various economic hedging strategies to actively manage their market and liquidity exposures. They also may purchase and sell securities on a when-issued basis. At September 30, 2009, the Company s subsidiaries had no outstanding underwriting commitments, had not purchased or sold any securities on a when-issued basis, had entered into purchase agreements on TBAs in the notional amount of $17.0 million, and had entered into sale agreements on TBAs in the notional amount of $167.6 million.

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11. Mandatory Redeemable Preferred Stock

On June 27, 2008, the Company entered into the Preferred Stock Purchase Agreement with Mast for the issuance and sale of (i) 1,000,000 newly-issued unregistered shares of Series B Preferred Stock, and (ii) a warrant to purchase 1,000,000 shares of the Company s common stock, at an exercise price of $3.00 per share, for an aggregate cash purchase price of $25 million. The Series B Preferred Stock is recorded as a liability per SFAS 150, Accounting For Certain Financial Instruments with Characteristics of Both Liabilities and Equity, now codified in the Distinguishing Liability from Equity Topic 480 of the FASB ASC. The warrant has been recorded as an equity instrument and initially valued using a Black-Scholes option pricing model.

The Preferred Stock Purchase Agreement and the Series B Preferred Stock include, among other things, certain negative covenants and other rights with respect to the operations, actions and financial condition of the Company and its subsidiaries so long as the Series B Preferred Stock remains outstanding. Cash dividends of 10 percent per annum must be paid on the Series B Preferred Stock quarterly, while an additional dividend of 4 percent per annum accrues and is cumulative, if not otherwise paid quarterly at the option of the Company. The Series B Preferred Stock must be redeemed on or before June 27, 2012.

The redemption prices are as follows:

Date	Premium Call Factor
Prior to and including June 26, 2009	1.07
From June 27, 2009 to December 27, 2009	1.06
From December 28, 2009 to June 27, 2010	1.05
From June 28, 2010 to December 27, 2011	1.04
From December 28, 2011 to June 2012	1.00

The Warrant is subject to customary anti-dilution provisions and expires June 27, 2012. Concurrently with the execution of the Preferred Stock Purchase Agreement, the Company and Mast entered into a Registration Rights Agreement, dated as of June 27, 2008 (the Warrant Registration Rights Agreement), with respect to the shares of Common Stock that are issuable to Mast pursuant to the Warrant (the Warrant Shares). Pursuant to the Warrant Registration Rights Agreement, Mast has the right to request registration of the Warrant Shares if at any time the Company proposes to register common stock for its own account or for another, subject to certain exceptions for underwriting requirements. In addition, under certain circumstances Mast may demand a registration of no less than 300,000 Warrant Shares. The Company must register such Warrant Shares as soon as practicable and in any event within forty-five (45) days after the demand. The Company will bear all of the costs of all such registrations other than underwriting discounts and commissions and certain other expenses.

Concurrently with the execution of the Preferred Stock Purchase Agreement, the Company and Mast entered into a Preemptive Rights Agreement (the Preemptive Rights Agreement). The Preemptive Rights Agreement provides that in the event that the Company proposes to offer or sell any equity securities of the Company below the current market price, the Company shall first offer such securities to Mast to purchase; provided, however, that in the case of equity securities being offered to MatlinPatterson FA Acquisition LLC (including its affiliated persons or entities, other than the Company, MatlinPatterson), Mast shall only have the right to purchase its pro rata share of such securities (based upon common stock ownership on a fully diluted basis). If Mast exercises such right to purchase the offered securities, Mast must purchase all (but not a portion) of such securities for the price, terms and conditions so proposed. The preemptive rights do not extend to (i) common stock issued to employees or directors pursuant to a plan or agreement approved by the Board of Directors, (ii) issuance of securities pursuant to a conversion of convertible securities, (iii) stock splits or stock dividends, or (iv) issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise.

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12. Subordinated Debt

A select group of management and highly compensated employees are eligible to participate in the Broadpoint Gleacher Securities Group, Inc. Deferred Compensation Plan for Key Employees (the Key Employees Plan). The employees enter into subordinated loans with Broadpoint Capital to provide for the deferral of compensation and employer allocations under the Key Employees Plan. The New York Stock Exchange approved Broadpoint Capital s subordinated debt agreements related to the Key Employees Plan. Pursuant to these approvals, these amounts are allowable in Broadpoint Capital s computation of net capital. The accounts of the participants of the Key Employees Plan are credited with earnings and/or losses based on the performance of various investment benchmarks selected by the participants. Maturities of the subordinated debt are based on the distribution election made by each participant, which may be deferred to a later date by the participant. As of February 28, 2007, the Company no longer permits any new amounts to be deferred under the Key Employees Plan.

Principal debt repayment requirements, which occur on or about April 15th of each year, as of September 30, 2009, are as follows:

(In thousands)	
2009 (remaining)	$
2010	287
2011	108
2012	208
2013	185
2014 to 2016	409
Total	$ 1,197

13. Shareholders Equity

Deferred Compensation and Employee Stock Trust

The Company has adopted or may hereafter adopt various nonqualified deferred compensation plans (the Plans) for the benefit of a select group of highly compensated employees who contribute significantly to the continued growth and development and future business success of the Company. Participants may elect under the Plans to have the value of their Plans Accounts track the performance of one or more investment benchmarks available under the Plans, including Broadpoint Gleacher Securities Group Common Stock Investment Benchmark, which tracks the performance of Broadpoint Gleacher Securities Group, Inc. common stock (Company Stock). With respect to the Broadpoint Gleacher Securities Group Common Stock Investment Benchmark, the Company contributes Company Stock to a rabbi trust (the Trust) it has established in connection with meeting its related liability under the Plans. As of February 28, 2007, the Company no longer permits any new amounts to be deferred under its current Plans.

Assets of the Trust have been consolidated with those of the Company. The value of the Company s stock at the time contributed to the Trust has been classified in shareholders equity and generally accounted for in a manner similar to treasury stock.

The deferred compensation arrangement requires the related liability to be settled by delivery of a fixed number of shares of Company stock. Accordingly, the related liability is classified in equity under deferred compensation and changes in the fair market value of the amount owed to the participant in the Plan is not recognized.

Gleacher Transaction

On June 5, 2009, the Company completed the Gleacher Transaction. Pursuant to the related Merger Agreement, the Company paid $10 million in cash and issued 23 million shares of Company common stock as merger consideration for all the outstanding shares of Gleacher Partners. Of these shares, 14,542,035 shares were issued to Eric J. Gleacher,

the founder and Chairman of Gleacher Partners. All of the shares issued as merger

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consideration are subject to resale restrictions. The Company is obligated to pay the shareholders an additional $10 million in cash after five years, subject to acceleration under certain circumstances (see Acquisitions note).

Registration Rights Agreement

On June 5, 2009, upon the closing of the Gleacher Transaction, the Company and Eric J. Gleacher entered into a registration rights Agreement (the Registration Rights Agreement). The Registration Rights Agreement entitles Mr. Gleacher, subject to limited exceptions, to have his shares included in any registration statement filed by the Company in connection with a public offering solely for cash, a right often referred to as a piggyback registration right. Mr. Gleacher also has the right to require the Company to prepare and file a shelf registration statement to permit the sale to the public from time to time of the shares of Company common stock that Mr. Gleacher received on the closing of the Gleacher Transaction. However, the Company is not required to file the shelf registration statement prior to the third anniversary of the closing of the Gleacher Transaction. The Company has agreed to pay all expenses in connection with any registration effected pursuant to the Registration Rights Agreement. The Registration Rights Agreement may be amended with the consent of the Company and the written consent of the holders representing a majority of Company common stock that is registrable pursuant thereto.

Common Stock Offering

On August 3, 2009, the Company completed an underwritten public offering of its common stock, consisting of 16,000,000 shares issued and sold by the Company and 11,025,000 shares sold by certain of the Company s existing shareholders. The proceeds to the Company from the offering, net of underwriting discounts and commissions, and after deducting payment of expenses related to the underwriting were approximately $93.3 million. The Company did not receive any of the proceeds from the sale of shares by the selling shareholders.

14. Income Taxes

The Company records its income tax provision using the asset and liability method in accordance with SFAS 109, Accounting for Income Taxes, now codified under the Income Taxes Topic 740 of the FASB ASC. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between amounts reported for income tax purposes and financial statement purposes, reflected at tax rates expected to be applicable when these temporary differences reverse. Valuation allowances are established if management anticipates that it is more likely than not that some or all of a deferred tax asset will not be realized. Significant management judgment is required in determining the valuation allowance recorded against net deferred tax assets.

The Company reported a tax benefit of approximately $4.9 million and a tax expense of approximately $0.9 million for the quarters ended September 30, 2009 and September 30, 2008, respectively. The Company reported a tax expense of approximately $2.3 million and $2.4 million for the nine months ended of September 30, 2009 and September 30, 2008, respectively.

The effective tax rate for the three month period ended September 30, 2009 was negative 25.7 percent. The Company s effective tax rate differs from the statutory rate primarily due to state and local taxes, recognition of tax benefits from net operating losses utilized in the current year for which a valuation allowance was historically recorded and non-deductible dividends from the Mandatory Redeemable Preferred Stock dividends. In addition, the tax rate is further reduced by the release of the valuation allowance in the amount of $8.0 million recorded against the Company s net deferred tax asset, which was treated as a discrete item in the quarter. Excluding the discrete item, the effective tax rate for the three months ended September 30, 2009 would have been 16.2 percent.

The effective tax rate for the nine month period ended September 30, 2009 is 4.9 percent. The effective tax rate differs from the statutory rate primarily due to state and local taxes, recognition of tax benefits from net operating losses utilized in the current year for which a valuation allowance was historically recorded and non-

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deductible dividends from the Mandatory Redeemable Preferred Stock dividends. In addition, the rate is further reduced by 1) a $6 million reduction of the valuation allowance in connection with the purchase accounting for the Gleacher Partner acquisition in the second quarter and 2) the release of the remaining valuation allowance of $8.0 million in the third quarter, both of which were recorded as discrete items in their respective quarters. Excluding the discrete items, the effective tax rate for the nine months ended September 30, 2009 would have been 34.4 percent. The valuation allowance reduction in the second quarter related specifically to deferred tax liabilities recorded in purchase accounting in connection with the Gleacher transaction, predominantly from the excess of Gleacher Partners book basis over tax basis in the intangible assets (trade name, back log, non-compete agreements, customer relationships). These liabilities supported the realization of an equal amount of the Company s net deferred tax assets. As a result, in the second quarter the valuation allowance was reduced and recorded as a benefit to the tax provision pursuant to U.S. GAAP.

The Company maintained a full valuation allowance at June 30, 2009. The valuation allowance was released in the third quarter of 2009 because of, among other factors, the continued trend of improved profitability, the success of the Company s recent secondary offering, the completion of management s restructuring plan and the successful integration of AmTech and Gleacher Partners.

As a result of the closing of the MatlinPatterson investment transaction on September 21, 2007, the Company underwent a change in ownership within the meaning of Section 382 of the Internal Revenue Code (IRC Section 382). In general, IRC Section 382 places an annual limitation on the use of certain tax attributes such as net operating losses and tax credit carryovers in existence at the ownership change date. The Company previously estimated the limitation on the use of its net operating loss carryforwards to be approximately $1.1 million per year. Based on the most current information available the Company does not expect the actual limitation, as determined by the Company s final study, to materially differ from the original estimate.

Included in the first nine months of the 2009 tax provision is approximately $0.06 million in the gross amount of unrecognized tax benefits related to the current year that, if recognized in the future, would impact the effective tax rate.

During the quarter, the Company received a Notice of Proposed Tax Adjustments from the New York City Department of Finance for underpayment by Gleacher Partners of tax for periods prior to the acquisition by the Company. The Company believes that it has an off-setting claim against Gleacher Partners shareholders which is collateralized by shares of its common stock held in an escrow fund that was established at the closing of the Company s acquisition of Gleacher Partners to satisfy any indemnification obligations. The Company does not believe, in any event, that this or other pre-acquisition tax matters will have a material adverse effect on its financial position or results of operations. The Company recorded an overall $2.5 million liability in purchase accounting relating to Gleacher Partners pre-acquisition tax liabilities. To the extent the amount finally determined differs from the amount recorded this will affect the Company s effective tax rate with a offsetting impact to operating income related to the revaluation of the indemnity receivable.

As of September 30, 2009 and December 31, 2008, the Company had accrued approximately $0.83 million and $0.2 million, respectively, of interest and penalties included as a component of the unrecognized tax benefit.

The Company is subject to U.S. federal income tax as well as state and local income tax, primarily relating to New York State and New York City. As of September 30, 2009 and December 31, 2008, with few exceptions, the Company is no longer subject to U.S. federal tax or state and local income tax assessments for years before 2005. The Company presently has an ongoing audit with the State of New York.

15. Stock-Based Compensation Plans

The Company has established equity incentive plans pursuant to which employees and non-employee directors of the Company have been awarded stock options, restricted stock and/or restricted stock units, which expire at various times through July 2, 2015. The following is a recap of all plans as of September 30, 2009:

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Shares authorized for issuance	48,443,413
Share awards used:	
Stock options granted and outstanding	4,627,311
Restricted stock awards granted and unvested	8,563,318
Restricted stock units granted and unvested	6,184,896
Restricted stock units granted and vested	3,708,560
Restricted stock units committed not yet granted	375,000
Total share awards used	23,459,085
Shares available for future awards	24,984,328

For the three month periods ended September 30, 2009 and September 30, 2008, total compensation expense for share based payment arrangements was $3.4 million and $3.3 million, and the recognized tax benefit related thereto was $1.4 million and $0.0 million, respectively. For the nine month periods ended September 30, 2009 and September 30, 2008, total compensation expense for share based payment arrangements was $8.1 million and $6.5 million, and the recognized tax benefit related thereto was $3.3 million and $0.0 million, respectively. At September 30, 2009, the total compensation expense related to non-vested awards (which are expected to vest) not yet recognized was $43.3 million, which is expected to be recognized over the remaining weighted average vesting period of 3.2 years. At September 30, 2008, the total compensation expense related to non-vested awards not yet recognized was $22.6 million.

The Incentive Plan allows awards in the form of incentive stock options (within the meaning of Section 422 of the Internal Revenue Code), nonqualified stock options, performance awards, or other stock based awards. The Incentive Plan imposes a limit on the number of shares of the Company s common stock that may be subject to awards. On February 6, 2008, the Company s Board of Directors authorized, and on June 5, 2008, the Company s shareholders approved, an additional 10.675 million shares for issuance pursuant to the Incentive Plan. On April 16, 2009, in connection with amending and restating the Incentive Plan, the Company s Board of Directors authorized and on June 16, 2009, the Company s shareholders approved an additional 5 million shares for issuance pursuant to the Incentive Plan. An award relating to shares may be granted if the aggregate number of shares subject to then-outstanding awards, under the plan and under the pre-existing plans, plus the number of shares subject to the award being granted do not exceed the sum of (A) 25 percent of the number of shares of common stock issued and outstanding immediately prior to the grant plus (B) 15.675 million shares.

The 2003 Non-Employee Directors Stock Plan (the 2003 Director Plan) allows awards in the form of stock options and restricted shares. The 2003 Director Plan imposes a limit on the number of shares of the Company s common stock that may be subject to awards. On April 16, 2009, in connection with amending and restating the 2003 Plan, the Company s Board of Directors authorized and on June 16, 2009, the Company s shareholders approved, increasing the number of shares available for issuance from 100,000 to 2,000,000 shares.

The restricted stock units committed, but not yet granted, are based on employment agreements with the Chief Executive Officer and the President and Chief Operating Officer. The employment agreements set forth a vesting schedule for such restricted stock units, and, with respect to certain of such restricted stock units, performance targets as determined by the Board of Directors in consultation with such officer.

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Options: Options granted under the plans established by the Company have been granted at not less than fair market value, vest over a maximum of five years, and expire five to ten years after grant date. Unvested options are typically forfeited upon termination. Option transactions for the nine-month period ended September 30, 2009, under the plans were as follows:

	Shares Subject to Option	Weighted Average Exercise Price
Balance at December 31, 2008	7,390,996	$ 2.51
Options granted	256,702	4.52
Options exercised	(2,539,999)	1.88
Options forfeited	(480,388)	4.04
Balance at September 30, 2009	4,627,311	$ 3.29

At September 30, 2009, 75,609 stock options were exercisable and had a remaining average contractual term of 2.9 years and had an intrinsic value of $205,493.

The following table summarizes information about stock options outstanding under the plans at September 30, 2009:

	Outstanding			Exercisable	
Exercise Price	Shares	Average Life (years)	Average Exercise Price	Shares	Average Exercise Price
$2.31	1,250,000	3.3	$2.31		$
$3.00	1,450,000	5.2	3.00		
$4.00	1,750,000	5.2	4.00		
$4.61-$7.35	177,311	4.5	5.47	75,609	5.62
	4,627,311	4.7	$3.29	75,609	$5.62

The Black-Scholes option pricing model is used to determine the fair value of options granted. For the nine months ended September 30, 2009, and the twelve months ended December 31, 2008, significant assumptions used to estimate the fair value of share based compensation awards include the following:

	September 30, 2009	December 31, 2008
Expected term	6.00	6.00
Expected volatility	57.8%	54.0%
Expected dividends		
Risk-free interest rate	3.0%	2.1%

Restricted Stock Awards/Restricted Stock Units: Restricted stock awards under the plans have been valued at the market value of the Company s common stock as of the grant date and are amortized over the period in which the restrictions are outstanding, which is typically 3 to 5 years. The Incentive Plan also allows for grants of restricted stock units. Restricted stock units give a participant the right to receive fully vested shares at the end of a specified deferral period. Restricted stock units are generally subject to forfeiture conditions similar to those of the Company s restricted stock awards granted under its other stock incentive plans historically. One advantage of restricted stock units, as compared to restricted stock, is that the period during which the award is deferred as to settlement can be extended past the date the award becomes non-forfeitable, allowing a participant to hold an interest tied to common stock on a tax deferred basis. Prior to settlement, restricted stock units carry no voting or dividend rights associated with the stock ownership.

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Restricted stock awards/Restricted stock units for the period ended September 30, 2009, under the plans were as follows:

	Unvested Restricted Stock Awards	Weighted Average Grant-Date Restricted Stock	Unvested Restricted Stock Units	Weighted Average Grant Date Fair Value Restricted Stock Unit
Balance at December 31, 2008	7,337,546	$ 1.90	6,303,214	$ 1.83
Granted	2,826,543	5.55	2,897,745	4.38
Vested	(1,443,209)	1.91	(2,416,062)	1.69
Forfeited	(157,562)	2.12	(600,001)	2.43
Balance at September 30, 2009	8,563,318	$ 3.10	6,184,896	$ 3.02

The total fair value of awards vested, based on the fair market value of the stock on the vest date, during the nine-month periods ending September 30, 2009 and 2008 was $19.4 million and $4.4 million, respectively.

16. Net Capital Requirements

Broadpoint Capital is subject to the net capital requirements of Rule 15c3-1 of the Securities and Exchange Act of 1934 as amended (the Net Capital Rule), which requires the maintenance of a minimum net capital. Broadpoint Capital has elected to use the alternative method permitted by the rule, which requires it to maintain a minimum net capital amount of 2 percent of aggregate debit balances arising from customer transactions as defined or $0.25 million, whichever is greater. As of September 30, 2009, Broadpoint Capital had net capital, as defined, of $58.2 million, which was $57.95 million in excess of the $0.25 million required minimum net capital.

Broadpoint AmTech is also subject to the net capital rule which requires the maintenance of minimum net capital of $0.10 million or 6 2/3 percent of aggregate indebtedness, whichever is greater. Aggregate indebtedness to net capital must also not exceed 15:1. At September 30, 2009, Broadpoint AmTech had net capital, as defined, of $1.8 million, which was $1.5 million in excess of its required minimum net capital of $0.3 million. Broadpoint AmTech ratio of aggregate indebtedness to net capital was 2.62:1.

Gleacher Partners LLC is also subject to the net capital rule which requires the maintenance of minimum net capital. Gleacher Partners LLC has elected to use the alternative method permitted by the rule, which requires it to maintain a minimum net capital amount of 2 percent of aggregate debit balances arising from customer transactions as defined or $0.25 million, whichever is greater. As of September 30, 2009, Gleacher Partners LLC had net capital, as defined, of $0.99 million which was $0.74 million in excess of the $0.25 million required minimum net capital.

17. Derivative Financial Instruments

Market Risk

Derivative financial instruments involve varying degrees of off-balance sheet market risk, whereby changes in the level or volatility of interest rates, or market values of the underlying financial instruments may result in changes in the value of a particular financial instrument in excess of the amounts currently reflected in the condensed consolidated statements of financial condition as Securities owned and Securities sold but not yet purchased at fair value, with realized and unrealized gains and losses recognized in Principal transactions in the condensed consolidated statements of operations on a trade date basis.

Derivatives entered into by the Company s subsidiaries include sale agreements on TBAs. The Company s subsidiaries enter into derivatives contracts to manage the risk arising from the purchase and sale of securities

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for its own account to facilitate client trading activity. The settlement of these transactions is not expected to have a material effect upon the Company s condensed consolidated financial statements.

Derivative Financial Instruments

SFAS 161, Disclosures about Derivative Instruments and Hedging Activities, now codified in the Derivatives and Hedging Topic 815 of the FASB ASC requires recognition of all derivative instruments as either assets or liabilities in the condensed consolidated statement of financial condition and distinguishes derivative instruments designated as fair value hedge, cash flow hedge and hedges of a foreign currency exposure of a net investment in a foreign operation. The Company s subsidiaries utilize various economic hedging strategies to actively manage their market and liquidity exposures. The subsidiaries also may purchase and sell securities on a when-issued basis. At September 30, 2009, the Company s subsidiaries had no outstanding underwriting commitments and had not purchased or sold any securities on a when-issued basis. At September 30, 2009, they had sales agreements on TBAs of $167.6 million with $0.7 million of unrealized losses recorded as Securities sold but not yet purchased at fair value and $0.1 million of unrealized gains recorded as Securities owned on the condensed consolidated statement of financial condition. Also at September 30, 2009, they had purchase agreements on TBAs of $17.0 million, with $0.0 million of unrealized gains recorded as Securities owned and $0.0 million of unrealized losses recorded in Securities sold but not yet purchased at fair value on the condensed consolidated statement of financial condition. The gains and losses on the designated hedge derivatives as well as the offsetting gains and losses on the hedged item attributable to the hedged risk are recognized in current earnings in Principal transactions in the condensed consolidated statement of operations. During the nine-month periods ended September 30, 2009 and September 30, 2008, the Company recorded a loss of $3.2 million and a loss of $1.2 million respectively, related to the TBAs.

18. Segment Analysis

In an effort to reflect the Company s segments in a manner more consistent with the way in which they are managed, the Company commenced reporting five business segments rather than the previously reported three business segments, beginning in the third quarter of 2008. The Equities segment was previously reported as two segments. Equities and Investment Banking and the Fixed Income segment are now reported as two segments, Broadpoint Descap and Debt Capital Markets. Prior period disclosures have been adjusted to conform to this presentation.

The Company provides services and generates revenues through its Broadpoint Descap, Debt Capital Markets, Investment Banking, Equities, and Other segments:

Broadpoint Descap Broadpoint Descap provides sales and trading on a wide range of mortgage and asset-backed securities, U.S. Treasury and government agency securities, structured products such as CLOs (collateralized loan obligations) and CDOs (collateralized debt obligations), whole loans, swaps, and other securities. Broadpoint Descap generates revenues from spreads and fees on trades executed on behalf of clients and from principal transactions executed to facilitate trades for clients. Broadpoint Descap has not incurred losses from exposure to subprime or toxic mortgage-backed securities.

Debt Capital Markets The Company s Debt Capital Markets team provides sales and trading of corporate debt securities, including bank debt, investment grade and high-yield debt, convertibles, distressed debt and preferred stock. A team of 13 desk analyst professionals provides quantitative and market-based analysis on various credit securities to generate trading ideas for the benefit of the teams institutional investor clients. The Debt Capital Markets team also provides execution services for new issue activities and liability management activities including open market repurchases, tender offers and exchange offers. The Company formed the Debt Capital Markets group during the first quarter of 2008.

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Investment Banking With the Company s recently acquired Gleacher Partners LLC subsidiary, it is a corporate advisory firm providing strategic financial advice to corporations globally. The Investment Banking team offers a broad range of financial advisory services in regards to mergers and acquisitions, restructurings and corporate finance related matters. In addition, it raises capital for corporate clients through underwritings and private placements of debt and equity securities. The teams investment banking business includes its restructuring business, comprised of 26 professionals. The Company s acquisition of Gleacher Partners closed on June 5, 2009.

Equities The Company s Equities group, operating through its Broadpoint AmTech broker-dealer subsidiary, provides sales and trading on equity securities and generates revenues through cash commissions on customer trades and hard-dollar fees for research and other services. The groups 19 research professionals develop relationships with corporate management teams of issuers they cover and maintain networks of industry contacts to gain proprietary data points to support investment theses. These professionals communicate their views via published research, in person and hosted meetings, conferences and other investor events.

Other The Company s Other segment includes the results from its venture capital business and costs related to corporate overhead and support including various fees associated with legal and settlement expenses. This segment generates venture capital business revenue through the management and investment of venture capital funds.

The Company s business segments generate two types of revenues. Sales and Trading net revenues consist of revenues derived from commissions, principal transactions, net interest, and other fee related revenues. Investment Banking net revenues consist of revenues derived from a broad range of financial advisory services. Certain expenses not directly associated with specific reportable business segments were not allocated to each reportable business segment s net profits. These expenses are reflected in the Other segment.

Information concerning operations in these segments is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2009	2008	2009	2008
Net revenue (including net interest income)				
Broadpoint Descap				
Sales and Trading	$44,363	$ 13,630	$109,836	$ 34,940
Investment Banking	49		766	85
Total Broadpoint Descap	44,412	13,630	110,602	35,025
Debt Capital Markets				
Sales and Trading	28,576	14,639	92,658	30,054
Investment Banking	3,295	685	7,966	3,050
Total Debt Capital Markets	31,871	15,324	100,624	33,104
Equities				
Sales and Trading	5,763	827	17,628	4,311
Investment Banking	241		241	434

Total Equities	6,004	827	17,869	4,745
Investment Banking	8,432	3,335	21,031	10,436
Other	6,605	(796)	10,503	432
Total Net Revenue	$97,324	$ 32,320	$260,629	$ 83,742
Profit/(loss) before income taxes and discontinued operations				
Broadpoint Descap	$16,700	$ 5,496	$ 44,664	$ 14,499
Debt Capital Markets	5,309	1,612	16,382	3,247
Equities	384	(4,433)	999	(9,179)
Investment Banking	815	195	2,890	665
Other	(4,141)	(10,791)	(17,517)	(25,882)
Profit/(loss) before income taxes and discontinued operations	$19,067	$ (7,921)	$ 47,418	$(16,650)

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The Company s segments financial policies are the same as those described in the Summary of Significant Accounting Policies note in the Company s Annual Report on Form 10-K for the year ended December 31, 2008. Assets are located primarily in the United States of America.

19. Related Party Transactions

From time to time, the Company provides Investment Banking services and brokerage services to MatlinPatterson or its affiliated persons or entities, which services are provided by Broadpoint Capital, Inc. in the ordinary course of its business.

During the quarter, the Company received a Notice of Proposed Tax Adjustments from the New York City Department of Finance for underpayment by Gleacher Partners of the Unincorporated Business Tax. The Company believes that it has an off-setting claim against Gleacher Partner shareholders for any pre-acquisition tax liabilities which is collateralized by shares of its common stock held in an escrow fund that was established at the closing of the Company s acquisition of Gleacher Partners to satisfy any indemnification obligations. The Company does not believe, in any event, that this or other pre-acquisition tax matters will have a material adverse effect on its financial position or results of operations. The Company has recorded this receivable on the condensed consolidated statement of financial condition.

Investment banking revenue from related parties disclosed on the condensed consolidated statement of operations represents $9.1 million and $8.3 million of fees earned for the nine month periods ended September 30, 2009 and 2008, respectively, and $3.3 million and $2.2 million of fees earned for the three month periods ended September 30, 2009 and 2008, respectively, for advisory engagements performed for MatlinPatterson or its affiliated persons or entities.

For the nine month periods ended September 30, 2009 and 2008, MatlinPatterson paid $0.3 million and $0.3 million, respectively, and $0.2 million and $0.0 million for the three month periods ended September 30, 2009 and 2008, respectively, to Broadpoint Capital for brokerage services provided to MatlinPatterson or its affiliated persons or entities. This revenue is included in Principal transactions in the condensed consolidated statements of operations.

The Company has disclosed on the condensed consolidated statement of financial condition, in conjunction with the Company s acquisitions of Gleacher Partners and Broadpoint AmTech, Payables to related parties. (See Commitments and Contingencies note).

Details on the amounts receivable from or payable to these various related parties are below:

(In thousands)	September 30 2009	December 31 2008
Former owners of Gleacher Partners	$ 2,539	$
MatlinPatterson Investment Banking	1,374	232
MatlinPatterson Other	54	
Total Receivables from related parties	$ 3,967	232
Former shareholders of Gleacher Partners	$ 11,903	$
Former shareholders of Broadpoint AmTech	2,235	1,365
Total Payables to related parties	$ 14,138	$ 1,365

20. Discontinued Operations

On September 14, 2007, the Company completed an asset sale agreement with DEPFA BANK plc for the sale of the Municipal Capital Markets Group of the Company s Broadpoint Capital subsidiary in connection with which the Company recognized a pre-tax gain on sale in the amount of $7.9 million. The Company continues to

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report the receipt and settlement of pending contractual obligations, if any, related to this transaction as discontinued operations.

Amounts reflected as Discontinued operations on the condensed consolidated statements of operations are presented in the following table:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2009	2008	2009	2008
Net revenues				
Municipal Capital Markets	$	$ 36	$42	$ 134
Total net revenues		36	42	134
Expenses				
Municipal Capital Markets		20	7	96
Fixed Income Middle Markets		1		6
Convertible Bond Arbitrage		8		8
Private Client Group		54	(3)	145
Taxable Fixed Income			10	
Total expenses		83	14	255
Income (loss) before income taxes		(47)	28	(121)
Income tax expense (benefit)				
Net (Loss)/Income	$	$(47)	$28	$(121)

Municipal Capital Markets

The revenue and expenses for the Municipal Capital Markets division for the three and nine months ended September 30, 2009 and 2008 represents the residual activity of that operation during those time periods. No interest has been allocated to Municipal Capital Markets since this division was closed. Prior to closing this division, interest was allocated primarily based on the level of securities owned attributable to this division.

Fixed Income Middle Markets

The expense of the Fixed Income Middle Markets division for the three and nine months ended September 30, 2009 and 2008 represents the residual activity of the operations during those time periods. No interest has been allocated to Fixed Income Middle Markets since this division was closed. Prior to closing this division, interest was allocated primarily based on the level of securities owned attributable to this division.

Private Client Group

The Private Client Group s activity for the three and nine months ended September 30, 2009 and September 30, 2008, respectively, relates primarily to legal matters which were related to the operations prior to its disposal. For the periods presented, interest was not allocated to the Private Client Group.

Taxable Fixed Income

The expense of the Taxable Fixed Income Corporate Bond division for the three and nine months ended September 30, 2009 and 2008 represents the residual activity of the operations during those time periods. No interest

has been allocated to Taxable Fixed Income since this division was closed. Prior to closing this division, interest was allocated primarily based on the level of securities owned attributable to this division.

21. Restructuring

In 2007, the Company implemented a restructuring plan to properly size the Company s infrastructure with its then current level of activity. As a result, the Company incurred approximately $4.3 million of restructuring costs during the nine-month period ended September 30, 2008 and $2.3 million in restructuring costs during the third

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quarter of 2008. The Company completed its restructuring plan to properly size its infrastructure in the third quarter of 2008.

A summary of restructuring charges incurred as part of this plan are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2009	2008	2009	2008
Severance	$	$ (43)	$	$ 1,056
Real Estate Exit Costs		1,286		2,104
Asset Impairments		1,001		1,146
Other		8		9
Total Restructuring Charges	$	$ 2,252	$	