

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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REPORT

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/20 AND ENDING 12/31/20  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

TCG Capital Markets L.L.C.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1 Vanderbilt Avenue, suite 3400  
(No. and Street)

New York NY 10017  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Rafael Beck (212) 897-1690  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young LLP  
(Name - if individual, state last, first, middle name)

5 Times Square New York NY 10036  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

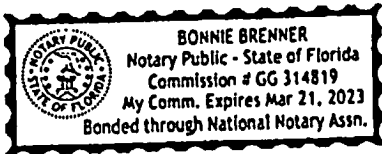
\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2). SEC 1410 (3-91)

**AFFIRMATION**

**I, Rafael Beck, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to TCG Capital Markets L.L.C. for the year ended December 31, 2020, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.**

Rafael Beck  
Signature

Chief Financial Officer  
Title



Bonnie Brenner  
Notary Public

# TCG Capital Markets L.L.C.

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- Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
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- A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
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- A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).
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- Rule 15c3-3 Exemption Report

**\*\*** *For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

**TCG Capital Markets L.L.C.**  
**Statement of Financial Condition**  
**December 31, 2020**



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working world

## Report of Independent Registered Public Accounting Firm

To the Member of TCG Capital Markets L.L.C.

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of TCG Capital Markets L.L.C. (the Company) as of December 31, 2020 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2020, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

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

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

*Ernst & Young LLP*

We have served as the Company's auditor since 2018.  
February 26, 2021

# TCG Capital Markets L.L.C.

## Statement of Financial Condition December 31, 2020

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<b>Assets</b>	
Cash	\$ 6,405,295
Fees receivable	163,807
Prepaid expense	102,152
Other asset	9,947
Total assets	<u>\$ 6,681,201</u>
<b>Liabilities and Member's Equity</b>	
<b>Liabilities</b>	
Accrued expenses and other	\$ 6,071
Total liabilities	<u>6,071</u>
Member's equity	<u>6,675,130</u>
Total liabilities and member's equity	<u>\$ 6,681,201</u>

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

# TCG Capital Markets L.L.C.

## Notes to Statement of Financial Condition December 31, 2020

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### 1. Organization and Business

TCG Capital Markets L.L.C. (the “Company”), a wholly owned subsidiary of Carlyle Investment Management, L.L.C. (the “Parent”, or the “Member”), is a limited liability company formed under the laws of the State of Delaware. The Company is a broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company acts as an agent with respect to the offer and sale of interests in debt, collateralized loan obligations, equity securities and loans of corporate issuers and special purpose vehicles in transactions in securities and other instruments that are exempt from registration under the Securities Act of 1933. The primary focus of the Company is to originate and syndicate loans and underwrite securities of both third parties and affiliated portfolio companies.

The liability of the Member is limited to the capital held by the Company.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Revenue from contracts with customers may include commission income and fees from origination, syndication, distribution and underwriting services. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company’s progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

*Distribution fees.* The Company may enter into arrangements with managed accounts or other pooled investment vehicles (funds) to distribute shares to investors. The Company may receive

# TCG Capital Markets L.L.C.

## Notes to Statement of Financial Condition December 31, 2020

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distribution fees paid by the fund up front, over time, upon the investor's exit from the fund (that is, a contingent deferred sales charge), or as a combination thereof. The Company believes that its performance obligation is the sale of securities to investors and as such this is fulfilled on the trade date. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which usually occurs on a monthly or quarterly basis. Distribution fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods. The Company typically does not charge any fees to the extent that it distributes shares of funds that are managed by affiliates.

*Underwriting fees.* The Company underwrites securities for entities that want to raise funds through a sale of securities. Revenues are earned from fees arising from securities offerings in which the Company acts as an underwriter. Revenue is recognized on the trade date (the date on which the Company sells the securities to customers) for the portion the Company has sold to customers. The Company has determined that the trade date is the appropriate point in time to recognize revenue for securities underwriting transactions as there are no significant actions which the Company needs to take subsequent to this date and the purchaser obtains the control and benefit of the capital markets offering at that point. Underwriting costs that are deferred are recognized in expense at the time the related revenues are recorded. In the event that transactions are not completed, and the securities are not issued, the Company immediately expenses those costs.

### **Fees Receivable**

Fees receivable represent amounts due from the lead underwriter for an underwriting transaction, and are recorded net of related estimated underwriting expenses. The outstanding receivable balance is not with entities that are under common control.

### **Cash**

Cash includes cash held at banks. The Company considers investments in money market mutual funds to be cash equivalents. As of December 31, 2020, the Company did not hold any cash equivalents.

### **Prepaid Expense and Other Asset**

The Company prepaid some of its FINRA renewal fees for 2021 and the amount is reported as a prepaid expense on the statement of financial condition. A deposit with Central Registration Depository ("CRD") is included in other asset on the statement of financial condition. FINRA operates the CRD and uses the funds deposited to process registrations and other regulatory assessments of the Company.

### **Income Taxes**

Since the Company is a single member limited liability company, it is disregarded for income tax purposes and, therefore, no federal, state, or local income taxes are provided or considered for the purpose of the financial statements.

# **TCG Capital Markets L.L.C.**

## **Notes to Statement of Financial Condition December 31, 2020**

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As of December 31, 2020, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination is subject to ongoing evaluation as facts and circumstances may require.

### **New Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, Accounting for Financial Instruments – Credit Losses (Topic 326). ASU 2016-13 requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Previously, GAAP required an “incurred loss” methodology that delays recognition until it is probable a loss has been incurred. Under the new standard, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected. The income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This provision of the guidance requires a modified retrospective transition method with a cumulative-effect adjustment in retained earnings upon adoption. This guidance is effective for the Company on January 1, 2020, and the Company adopted this guidance on that date. The Company applied the modified retrospective method of adoption which resulted in no adjustment to amortized cost or retained earnings as of the effective date.

### **3. Transactions with Related Parties**

The Company maintains an administrative services agreement with the Parent. Pursuant to the agreement, the Parent provides accounting, administration, information technology, compliance services, office space, employee services and other services. The Parent provides these services at no cost to the Company. Management has determined that the value of services provided to the Company for the year ended December 31, 2020 was approximately \$11.4 million.

The Company maintains a letter agreement with TCG Senior Funding L.L.C, an affiliate (or “TCGSF”). In accordance with the letter agreement, the Company and TCGSF agreed that TCGSF alone shall bear, in full, any and all facility fees payable to Mizuho Bank, Ltd. (“Mizuho”) under a revolving credit facility agreement entered into by the Company, TCGSF and Mizuho (see Note 5). During the year ended December 31, 2020, TCGSF incurred \$0.8 million of facility fees due to Mizuho.

All transactions with related parties are settled in the normal course of business. The terms of any of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

### **4. Regulatory Requirements**

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934 and has elected to compute its net capital requirements in accordance with the Alternative Net Capital Method. Under the alternative method, net capital, as defined, shall not be less than \$250,000. As of December 31, 2020, the Company had net capital of approximately \$6,399,000 which exceeded the required net capital by approximately \$6,149,000.

The Company does not hold customers’ cash or securities, and therefore, has no obligations under SEC Rule 15c3-3 under the Securities Exchange Act of 1934.

# TCG Capital Markets L.L.C.

## Notes to Statement of Financial Condition December 31, 2020

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### 5. Revolving Credit Facility

The Company and TCGSF established a \$250 million revolving line of credit in December of 2018, primarily intended to support certain lending activities within the Global Credit segment at the Parent. The credit facility includes a \$125 million line of credit with a one-year term, and a \$125 million line of credit with a three-year term. Both tranches of this facility were extended for an additional year through an amendment executed in December of 2020. Principal amounts outstanding under the facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus applicable margin not to exceed 1.00%, or (b) at the Eurocurrency rate plus an applicable margin not to exceed 2.00% (as of December 31, 2020, the interest rate was 4.25%). During the year ended December 31, 2020, the Company did not draw on the credit facility, but TCGSF drew a total of \$44.1 million on the credit facility, all of which has been repaid prior to the end of the year. Under the terms of the credit facility, the Company is not liable on the amount drawn by TCGSF.

### 6. Commitments

In the normal course of business, the Company enters into underwriting commitments. There were no such underwriting commitments that were open at December 31, 2020.

### 7. Legal Matters

The Company may be party to litigation in the ordinary course of business. The Member does not believe that the outcome of current matters, if any, will materially affect the Company or the financial statements.

### 8. Concentrations

As of December 31, 2020, all cash deposits are held by one financial institution and therefore is subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

### 9. Economic Risks

Our business is materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of our control. For example, the COVID-19 pandemic has resulted in a widespread health crisis that continues to adversely affect general commercial activity and the economies and financial markets of many countries. Such unforeseen and catastrophic events could adversely affect the financial conditions and results of operations of the Company.