

CAPITAL PROPERTIES INC /RI/

Form SC 13G/A

January 28, 2015

# UNITED STATES SECURITY AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Schedule 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

**Capital Properties, Inc.**

(Name of Issuer)

**Class A Common Stock, Par Value \$0.01 Per Share**

(Title of Class of Securities)

**140430109**

(CUSIP Number)

**December 31, 2014**

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**CUSIP No. 140430109**

**NAMES OF REPORTING PERSONS:**

- 1
- P. Oppenheimer Investment Partnership L.P.
  - Oppenheimer-Close Investment Partnership L.P.
  - Oppenheimer-Close International, Ltd.
  - Oppvest, LLC
  - Oppenheimer & Close, LLC
  - Philip V. Oppenheimer
  - Carl K. Oppenheimer

**CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):**

- 2
- (a)
  - (b)

3 SEC USE ONLY:

**CITIZENSHIP OR PLACE OF ORGANIZATION:**

- 4
- P. Oppenheimer Investment Partnership L.P. - Delaware
  - Oppenheimer-Close Investment Partnership L.P. - Delaware
  - Oppenheimer-Close International, Ltd. - Bermuda
  - Oppvest, LLC - Delaware
  - Oppenheimer & Close, LLC - Delaware
  - Philip V. Oppenheimer - U.S. Citizen
  - Carl K. Oppenheimer - U.S. Citizen

**NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH:**

5 **SOLE VOTING POWER**

- P. Oppenheimer Investment Partnership L.P. - 257,022
- Oppenheimer-Close Investment Partnership L.P. - 5,091
- Oppenheimer-Close International, Ltd. - 18,830
- Oppvest, LLC\* - 262,113
- Oppenheimer & Close, LLC\* - 20,780
- Philip V. Oppenheimer\* - 282,893
- Carl K. Oppenheimer\* - 282,893

\*Oppvest, LLC (“Oppvest”), in its capacity as General Partner of both P. Oppenheimer Investment Partnership L.P. (“P. Oppenheimer”), and Oppenheimer-Close Investment

Partnership L.P. (“Oppenheimer-Close”), may be deemed a beneficial owner of the 262,113 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer and the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, LLC (“Oppenheimer & Close”), in its capacity as investment advisor of individually managed brokerage accounts (“Advisory Client Accounts”) and of Oppenheimer-Close International, Ltd. (“Oppenheimer International”), may be deemed beneficial owner of 20,780 shares of the issuer, which include 1,950 shares held in brokerage accounts owned by Oppenheimer & Close managing members or their immediate family members and the 18,830 shares held by Oppenheimer International. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 282,893 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830 shares held by Oppenheimer International and the 1,950 shares held in brokerage accounts owned by Oppenheimer & Close managing members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the “Act”), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

#### **SHARED VOTING POWER**

6

0

7

#### **SOLE DISPOSITIVE POWER**

- P. Oppenheimer Investment Partnership L.P. - 257,022
- Oppenheimer-Close Investment Partnership L.P. - 5,091
- Oppenheimer-Close International, Ltd. - 18,830
- Oppvest, LLC\* - 262,113
- Oppenheimer & Close, LLC\* - 21,380
- Philip V. Oppenheimer\* - 283,493
- Carl K. Oppenheimer\* - 283,493

\*Oppvest, in its capacity as General Partner of both P. Oppenheimer and Oppenheimer-Close, may be deemed a beneficial owner of the 262,113 shares of the Issuer, which include the 257,022 shares held by P. Oppenheimer and the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, in its capacity as investment advisor of Advisory Client Accounts and of Oppenheimer International, may be deemed beneficial owner of 21,380 shares of the issuer, which include 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members and the 18,830 shares held by Oppenheimer International. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 283,493 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830

**SHARED DISPOSITIVE POWER**

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- Oppenheimer & Close, LLC\* - 45,902

- Philip V. Oppenheimer\* - 45,902

**SOLE VOTING POWER**

- Carl K. Oppenheimer\* - 45,902

8 \*Oppenheimer & Close, in its capacity as investment advisor, may be deemed beneficial owner of 45,902 shares of the issuer held in Advisory Client Accounts.

8 • Oppenheimer-Close Investment Partnership L.P. - 5,091

8 • Oppenheimer-Close International, Ltd. - 18,830

8 Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of Oppvest, LLC\* - 262,113

8 Oppenheimer & Close, may be deemed beneficial owners of 45,902 shares of the issuer held in Advisory Client Accounts. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppenheimer & Close, Oppvest, LLC ("Oppvest"), in its capacity as General Partner of both P. Oppenheimer Investment Partnership L.P. ("P. Oppenheimer"), and Oppenheimer-Close Investment Partnership L.P. ("Oppenheimer-Close"), may be deemed a beneficial owner of the 262,113 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer and the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, LLC ("Oppenheimer & Close"), in its capacity as investment advisor of individually managed brokerage accounts ("Advisory Client Accounts") and of

5 Oppenheimer-Close International, Ltd. ("Oppenheimer International"), may be deemed beneficial owner of 20,780 shares of the issuer, which include 1,950 shares held in brokerage accounts owned by Oppenheimer & Close managing members or their immediate family members and the 18,830 shares held by Oppenheimer International. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 282,893 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830 shares held by Oppenheimer International and the 1,950 shares held in brokerage accounts owned by Oppenheimer & Close managing members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

**NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:**

**9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:**

- P. Oppenheimer Investment Partnership L.P. - 257,022
- Oppenheimer-Close Investment Partnership L.P. - 5,091
- Oppenheimer-Close International, Ltd. - 18,830
- Oppvest, LLC\* - 262,113
- Oppenheimer & Close, LLC\* - 67,282
- Philip V. Oppenheimer\* - 329,395
- Carl K. Oppenheimer\* - 329,395

\*Oppvest, in its capacity as General Partner of both P. Oppenheimer and Oppenheimer-Close, may be deemed a beneficial owner of the 262,113 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer and the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, in its capacity as investment advisor of Advisory Client Accounts and of Oppenheimer International, may be deemed

beneficial owner of 67,282 shares of the issuer, which include 45,902 shares held in Advisory Client Accounts, the 18,830 shares held by Oppenheimer International and 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 329,395 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830 shares held by Oppenheimer International, 45,902 shares held in Advisory Client Accounts, and 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

**CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):**

10

[ ]

**PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):**

- P. Oppenheimer Investment Partnership L.P. - 3.89%
- Oppenheimer-Close Investment Partnership L.P. - 0.08%
- Oppenheimer-Close International, Ltd. - 0.29%
- Oppvest, LLC\* - 3.97%
- Oppenheimer & Close, LLC\* - 1.02%
- Philip V. Oppenheimer\* - 4.99%
- Carl K. Oppenheimer\* - 4.99%

\*Oppvest, in its capacity as General Partner of both P. Oppenheimer and Oppenheimer-Close, may be deemed a beneficial owner of the 3.97% of the issuer's Class A Common Stock, which include the 3.89% owned by P. Oppenheimer and the 0.08% owned by Oppenheimer-Close. Oppenheimer & Close, in its capacity as investment advisor of Advisory Client Accounts and of Oppenheimer International, may be deemed beneficial owner of 1.02% of the issuer's Class A Common Stock, which include 0.7% owned in Advisory Client Accounts, the 0.29% owned by Oppenheimer International and 0.04% owned by Oppenheimer & Close LLC members or their immediate family members. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 4.99% of the issuer's Class A Common Stock, which include the 3.89% owned by P. Oppenheimer, the 0.08% owned by Oppenheimer-Close, the 0.29% owned by Oppenheimer International, 0.7% owned in Advisory Client Accounts, and 0.04% owned by Oppenheimer & Close LLC members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

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**12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)**

- P. Oppenheimer Investment Partnership L.P. - PN
- Oppenheimer-Close Investment Partnership L.P. - PN
- Oppenheimer-Close International, Ltd. - FI
- Oppvest, LLC - OO (Limited Liability Company)
- Oppenheimer & Close, LLC - OO (Limited Liability Company)
- Philip V. Oppenheimer - IN
- Carl K. Oppenheimer - IN

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## **SCHEDULE 13G**

### **Item 1(a)**

#### **Name of Issuer.**

Capital Properties, Inc.

### **Item 1(b)**

#### **Address of Issuer's Principal Executive Offices.**

100 Dexter Road

East Providence, Rhode Island 02914

### **Item 2(a)**

#### **Name of Person Filing.**

- P. Oppenheimer Investment Partnership L.P.
- Oppenheimer-Close Investment Partnership L.P.
- Oppenheimer-Close International, Ltd.
- Oppvest, LLC
- Oppenheimer & Close, LLC
- Philip V. Oppenheimer
- Carl K. Oppenheimer

### **Item 2(b)**

#### **Address of Principal Business Office or, if none, Residence.**

119 West 57th Street, Suite 1515

New York, NY 10019

### **Item 2(c)**

#### **Citizenship.**

- P. Oppenheimer Investment Partnership L.P., Oppenheimer-Close Investment Partnership L.P., Oppvest, LLC and Oppenheimer & Close, LLC are all organized under Delaware law.
- Oppenheimer-Close International, Ltd. is organized under Bermuda law.
- Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer are both U.S. citizens.

### **Item 2(d)**

#### **Title of Class of Securities.**

Class A Common Stock, Par Value \$0.01 Per Share

### **Item 2(e)**

#### **CUSIP Number.**

140430109

**Item 3**

**This statement is not filed pursuant to Rules 13d-1(b), 13d-2(b) or 13d-2(c).**

**Item 4**

(a)

**Ownership.**

- P. Oppenheimer Investment Partnership L.P. - 257,022
- Oppenheimer-Close Investment Partnership L.P. - 5,091
- Oppenheimer-Close International, Ltd. - 18,830
- Oppvest, LLC\* - 262,113
- Oppenheimer & Close, LLC\* - 67,282
- Philip V. Oppenheimer\* - 329,395
- Carl K. Oppenheimer\* - 329,395

\*Oppvest, in its capacity as General Partner of both P. Oppenheimer and Oppenheimer-Close, may be deemed a beneficial owner of the 262,113 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer and the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, in its capacity as investment advisor of Advisory Client Accounts and of Oppenheimer International, may be deemed beneficial owner of 67,282 shares of the issuer, which include 45,902 shares held in Advisory Client Accounts, the 18,830 shares held by Oppenheimer International and 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 329,395 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830 shares held by Oppenheimer International, 45,902 shares held in Advisory Client Accounts, and 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

(b)

**Percent of Class:**

- P. Oppenheimer Investment Partnership L.P. - 3.89%
- Oppenheimer-Close Investment Partnership L.P. - 0.08%
- Oppenheimer-Close International, Ltd. - 0.29%
- Oppvest, LLC\* - 3.97%
- Oppenheimer & Close, LLC\* - 1.02%
- Philip V. Oppenheimer\* - 4.99%
- Carl K. Oppenheimer\* - 4.99%

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Oppenheimer International, 0.7% owned in Advisory Client Accounts, and 0.04% owned by Oppenheimer & Close LLC members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

(c)

**Number of Shares as to which the person has:**

(i) Sole power to vote or to direct the vote:

- P. Oppenheimer Investment Partnership L.P. - 257,022
- Oppenheimer-Close Investment Partnership L.P. - 5,091
- Oppenheimer-Close International, Ltd. - 18,830
- Oppvest, LLC\* - 262,113
- Oppenheimer & Close, LLC\* - 20,780
- Philip V. Oppenheimer\* - 282,893
- Carl K. Oppenheimer\* - 282,893

\*Oppvest, in its capacity as General Partner of both P. Oppenheimer and Oppenheimer-Close, may be deemed a beneficial owner of the 262,113 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer and the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, in its capacity as investment advisor of Advisory Client Accounts and of Oppenheimer International, may be deemed beneficial owner of 20,780 shares of the issuer, which include 1,950 shares held in brokerage accounts owned by Oppenheimer & Close managing members or their immediate family members and the 18,830 shares held by Oppenheimer International. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 282,893 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830 shares held by Oppenheimer International and the 1,950 shares held in brokerage accounts owned by Oppenheimer & Close managing members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

(ii) Shared power to vote or to direct the vote: 0

(iii) Sole power to dispose or to direct the disposition of:

- P. Oppenheimer Investment Partnership L.P. - 257,022
- Oppenheimer-Close Investment Partnership L.P. - 5,091
- Oppenheimer-Close International, Ltd. - 18,830
- Oppvest, LLC\* - 262,113
- Oppenheimer & Close, LLC\* - 21,380
- Philip V. Oppenheimer\* - 283,493
- Carl K. Oppenheimer\* - 283,493

\*Oppvest, in its capacity as General Partner of both P. Oppenheimer and Oppenheimer-Close, may be deemed a beneficial owner of the 262,113 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer and



the 5,091 shares held by Oppenheimer-Close. Oppenheimer & Close, in its capacity as investment advisor of Advisory Client Accounts and of Oppenheimer International, may be deemed beneficial owner of 21,380 shares of the issuer, which include 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members and the 18,830 shares held by Oppenheimer International. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members of both Oppvest and Oppenheimer & Close, may be deemed beneficial owners of 283,493 shares of the issuer, which include the 257,022 shares held by P. Oppenheimer, the 5,091 shares held by Oppenheimer-Close, the 18,830 shares held by Oppenheimer International and the 2,550 shares held in brokerage accounts owned by Oppenheimer & Close LLC members or their immediate family members. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppvest, Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

(iv) Shared power to dispose or to direct the disposition of:

- Oppenheimer & Close, LLC\* - 45,902
- Philip V. Oppenheimer\* - 45,902
- Carl K. Oppenheimer\* - 45,902

\*Oppenheimer & Close, in its capacity as investment advisor, may be deemed beneficial owner of 45,902 shares of the issuer held in Advisory Client Accounts. Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer, as managing members Oppenheimer & Close, may be deemed beneficial owners of 45,902 shares of the issuer held in Advisory Client Accounts. Pursuant to Rule 13d-4 of the Securities Exchange Act of 1934, as amended (the "Act"), Oppenheimer & Close, Mr. Philip V. Oppenheimer and Mr. Carl K. Oppenheimer hereby declare that the filing of this Schedule 13G shall not be construed as an admission that Oppenheimer & Close, Mr. Philip V. Oppenheimer or Mr. Carl K. Oppenheimer is, for the purposes of Sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this Schedule 13G.

## **Item 5**

### **Ownership of Five Percent or Less of a Class.**

This statement is being filed to report the fact that as of the date hereof the reporting persons have ceased to be the beneficial owners of more than 5 percent of the class of securities.

## **Item 6**

### **Ownership of More Than Five Percent on Behalf of Another Person.**

Not applicable.

## **Item 7**

### **Identification and Classification of the Subsidiary Which Acquired the Security Being Reported On By the Parent Holding Company or Control Person.**

Not applicable.

## **Item 8**

### **Identification and Classification of Members of the Group.**

Not applicable.

## **Item 9**

### **Notice of Dissolution of Group.**

Not applicable.

## **Item 10**

### **Certification.**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having

that purpose or effect.

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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

**P. OPPENHEIMER INVESTMENT PARTNERSHIP L.P.**

Date: January 28, 2015

By: Carl K. Oppenheimer, Managing Member of Oppvest, LLC, the General Partner

By:

/s/ Carl K. Oppenheimer

Name: Carl K. Oppenheimer

Oppvest, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

**OPPENHEIMER-CLOSE INVESTMENT PARTNERSHIP L.P.**

Date: January 28, 2015

By: Carl K. Oppenheimer, Managing Member of Oppvest, LLC, the General Partner

By:

/s/ Carl K. Oppenheimer

Name: Carl K. Oppenheimer

Oppvest, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

**OPPENHEIMER-CLOSE INTERNATIONAL, LTD.**

Date: January 28, 2015

By: Carl K. Oppenheimer, Managing Member of Oppenheimer & Close, LLC, the Investment Advisor

By:

/s/ Carl K. Oppenheimer

Name: Carl K. Oppenheimer

Oppenheimer & Close, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

**OPPVEST, LLC**

Date: January 28, 2015

By: Carl K. Oppenheimer, Managing Member

By:

/s/ Carl K. Oppenheimer

Name: Carl K. Oppenheimer

Oppvest, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

SIGNATURE

**OPPENHEIMER & CLOSE, LLC**

Date: January 28, 2015

By: Carl K. Oppenheimer, Managing Member

By:

/s/ Carl K. Oppenheimer

Name: Carl K. Oppenheimer

Oppenheimer & Close, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

**PHILIP V. OPPENHEIMER**

Date: January 28, 2015

By: Philip V. Oppenheimer

By:

/s/ Philip V. Oppenheimer

Name: Philip V. Oppenheimer

Oppvest, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

**CARL K. OPPENHEIMER**

Date: January 28, 2015

By: Carl K. Oppenheimer

By:

/s/ Carl K. Oppenheimer

Name: Carl K. Oppenheimer

Oppvest, LLC

119 West 57th Street, Suite 1515

New York, NY 10019

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#auto;height:12.00pt;padding:0pt;">

liabilities

to loss

SIGNATURE

LIHTC investments (1)

\$

112

\$

88

\$

112

\$

104

\$

84

\$

104

Other CRA investments (2)

SIGNATURE

57

-

65

57

-

66

Total

\$

169

SIGNATURE

\$

88

\$

177

\$

161

\$

84

\$

170

(1) LIHTC investments are recorded using the proportional amortization method.

(2) Other CRA investments are recorded using either the cost method or the equity method. Aggregate assets are included in either other assets or bank loans – net on the condensed consolidated balance sheets.

The Company's maximum exposure to loss would result from the loss of the investments, including any committed amounts. During the three months ended March 31, 2016 and 2015, the Company did not provide or intend to provide financial or other support to the VIEs that it was not contractually required to provide.

SIGNATURE

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## THE CHARLES SCHWAB CORPORATION

## Notes to Condensed Consolidated Financial Statements

(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)

(Unaudited)

## 6. Bank Deposits

Bank deposits consist of interest-bearing and non-interest-bearing deposits as follows:

	March 31, 2016	December 31, 2015
Interest-bearing deposits:		
Deposits swept from brokerage accounts	\$ 113,898	\$ 108,137
Checking	13,201	12,822
Savings and other	7,980	7,896
Total interest-bearing deposits	135,079	128,855
Non-interest-bearing deposits	610	647
Total bank deposits	\$ 135,689	\$ 129,502

## 7. Borrowings

Long-term debt, including unamortized debt discounts and premiums, and debt issuance costs, where applicable, consists of the following:

	March 31, 2016	December 31, 2015
Senior Notes (1)	\$ 2,554	\$ 2,553
Senior Medium-Term Notes, Series A (1)	249	249
Finance lease obligation	74	75

SIGNATURE





THE CHARLES SCHWAB CORPORATION

Notes to Condensed Consolidated Financial Statements

(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)

(Unaudited)

Commercial Paper Notes outstanding as of March 31, 2016. There were no borrowings of Commercial Paper Notes outstanding at December 31, 2015. Amounts outstanding are included in short-term borrowings on the condensed consolidated balance sheets.

## 8. Commitments and Contingencies

Guarantees and indemnifications: The Company has clients that sell (i.e., write) listed option contracts that are cleared by the Options Clearing Corporation – a clearing house that establishes margin requirements on these transactions. The Company partially satisfies the margin requirements by arranging unsecured standby LOCs, in favor of the Options Clearing Corporation, which are issued by several banks. At March 31, 2016, the aggregate face amount of these LOCs totaled \$295 million. There were no funds drawn under any of these LOCs at March 31, 2016. In connection with its securities lending activities, the Company is required to provide collateral to certain brokerage clients. The Company satisfies the collateral requirements by providing cash as collateral.

The Company also provides guarantees to securities clearing houses and exchanges under standard membership agreements, which require members to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearing houses and exchanges, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these guarantees.

Legal contingencies: The Company is subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions and other litigation, some of which include claims for substantial or unspecified damages. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies.

The Company believes it has strong defenses in all significant matters currently pending and is contesting liability and any damages claimed. Nevertheless, some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and the Company may also determine to settle a matter because of the uncertainty and risks of litigation. Described below are certain matters in which there is a reasonable possibility that a material loss could be incurred or where the matter may otherwise be of significant interest to stockholders. Unless otherwise noted, the Company is unable to provide a reasonable estimate of any potential liability given the stage of proceedings in the matter.

With respect to all other pending matters, based on current information and consultation with counsel, it does not appear reasonably possible that the outcome of any such matter would be material to the financial condition, operating results or cash flows of the Company. However, predicting the outcome of a litigation or regulatory matter is inherently difficult, requiring significant judgment and evaluation of various factors, including the procedural status of the matter and any recent developments; prior experience and the experience of others in similar cases; available defenses, including potential opportunities to dispose of a case on the merits or procedural grounds before trial (e.g., motions to dismiss or for summary judgment); the progress of fact discovery; the opinions of counsel and experts regarding potential damages; potential opportunities for settlement and the status of any settlement discussions; and potential insurance coverage and indemnification. It may not be possible to reasonably estimate potential liability, if any, or a range of potential liability until the matter is closer to resolution – pending, for example, further proceedings, the outcome of key motions or appeals, or discussions among the parties. Numerous issues may have to be developed, such as discovery of important factual matters and determination of threshold legal issues, which may include novel or unsettled questions of law. Reserves are established or adjusted or further disclosure and estimates of potential loss are provided as the matter progresses and more information becomes available.

Total Bond Market Fund Litigation: On August 28, 2008, a class action lawsuit was filed in the U.S. District Court for the Northern District of California on behalf of investors in the Schwab Total Bond Market Fund™. The lawsuit, which alleged violations of state law and federal securities law in connection with the fund's investment policy, named CSIM, Schwab Investments (registrant and issuer of the fund's shares) and certain current and former fund trustees as defendants. Allegations include that the fund improperly deviated from its stated investment objectives by investing in collateralized mortgage obligations (CMOs) and investing more than 25% of fund assets in CMOs and mortgage-backed securities without obtaining a shareholder vote. Plaintiff seeks unspecified compensatory and rescission damages, unspecified equitable and

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injunctive relief, costs and attorneys' fees. Plaintiff's federal securities law claim and certain of plaintiff's state law claims were dismissed. On August 8, 2011, the court dismissed plaintiff's remaining claims with prejudice. Plaintiff appealed to the Ninth Circuit, which issued a ruling on March 9, 2015 reversing the district court's dismissal of the case and remanding the case for further proceedings. Plaintiff filed a fourth amended complaint on June 25, 2015, and in decisions issued October 6, 2015 and February 23, 2016, the court dismissed all claims with prejudice. Plaintiff has appealed to the Ninth Circuit, where the case is again pending.

Regulatory Matters: On April 16, 2012, optionsXpress, Inc. was charged by the SEC in an administrative proceeding alleging violations of the firm's close-out obligations under Regulation SHO (short sale delivery rules) in connection with certain customer trading activity. Following trial, in a decision issued June 7, 2013, the judge held that the firm had violated Regulation SHO and aided and abetted fraudulent trading activity by its customer, and ordered the firm and the customer to pay disgorgement and penalties in an amount that would not be material. The Company continues to dispute the allegations and is appealing the decision.

## 9. Offsetting Assets and Liabilities

Resale and repurchase agreements: Schwab enters into collateralized resale agreements principally with other broker-dealers, which could result in losses in the event the counterparty fails to purchase the securities held as collateral for the cash advanced and the fair value of the securities declines. To mitigate this risk, Schwab requires that the counterparty deliver securities to a custodian, to be held as collateral, with a fair value in excess of the resale price. Schwab also sets standards for the credit quality of the counterparty, monitors the fair value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. At March 31, 2016 and December 31, 2015, the fair value of collateral received in connection with resale agreements that are available to be repledged or sold was \$8.4 billion and \$8.2 billion, respectively. Schwab utilizes the collateral provided under these resale agreements to meet obligations under broker-dealer client protection rules, which place limitations on its ability to access such segregated securities. For Schwab to repledge or sell this collateral, it would be required to deposit cash and/or securities of an equal amount into its segregated reserve bank accounts in order to meet its segregated cash and investment requirement. The Company's resale agreements are not subject to master netting arrangements.

Securities lending: The Company loans client securities temporarily to other brokers in connection with its securities lending activities and receives cash as collateral for the securities loaned. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities or provide additional cash collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its client obligations. The Company mitigates this risk by requiring credit approvals for counterparties, monitoring the fair value of securities loaned, and requiring additional cash as collateral when necessary. The fair value of client securities pledged in securities lending transactions to other broker-dealers was \$1.8 billion at March 31, 2016 and \$1.9 billion at December 31, 2015. The Company has also pledged a portion of its securities owned in connection with securities lending transactions to other broker-dealers. Additionally, the Company borrows securities from other broker-dealers to fulfill short sales by clients and delivers cash to the lender in exchange for the securities. The fair value of these borrowed securities was \$514 million at March 31, 2016 and \$72 million at December 31, 2015. All of the Company's securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers. However, the Company does not net securities lending transactions and therefore, the Company's securities loaned and securities borrowed are presented gross in the condensed consolidated balance sheets.

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The following table presents information about the Company's resale agreements and securities lending activity to enable the users of the Company's financial statements to evaluate the potential effect of rights of setoff between these recognized assets and recognized liabilities at March 31, 2016 and December 31, 2015.

	Gross Assets/ Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets Counterparty Offsetting Collateral		Net Amount
March 31, 2016						
Assets:						
Resale agreements (1)	\$ 8,263	\$ -	\$ 8,263	\$ -	\$ (8,263)(2)	\$ -
Securities borrowed (3)	745	-	745	(510)	(235)	-
Total	\$ 9,008	\$ -	\$ 9,008	\$ (510)	\$ (8,498)	\$ -
Liabilities:						
Securities loaned (4,5)	\$ 2,211	\$ -	\$ 2,211	\$ (510)	\$ (1,568)	\$ 133
Total	\$ 2,211	\$ -	\$ 2,211	\$ (510)	\$ (1,568)	\$ 133
December 31, 2015						
Assets:						
Resale agreements (1)	\$ 8,088	\$ -	\$ 8,088	\$ -	\$ (8,088)(2)	\$ -
Securities borrowed (3)	198	-	198	(70)	(127)	1
Total	\$ 8,286	\$ -	\$ 8,286	\$ (70)	\$ (8,215)	\$ 1
Liabilities:						
Securities loaned (4,5)	\$ 2,233	\$ -	\$ 2,233	\$ (70)	\$ (1,990)	\$ 173
Total	\$ 2,233	\$ -	\$ 2,233	\$ (70)	\$ (1,990)	\$ 173

- (1) Included in cash and investments segregated and on deposit for regulatory purposes in the Company's condensed consolidated balance sheets.
- (2) Actual collateral was greater than or equal to 102% of the related assets.
- (3) Included in receivables from brokers, dealers, and clearing organizations in the Company's condensed consolidated balance sheets.
- (4) Included in payables to brokers, dealers, and clearing organizations in the Company's condensed consolidated balance sheets.
- (5) Securities loaned are predominantly comprised of equity securities with overnight and continuous remaining contractual maturities.

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## 10.Fair Values of Assets and Liabilities

### Assets and liabilities measured at fair value on a recurring basis

The Company's assets and liabilities measured at fair value on a recurring basis include certain cash equivalents, certain investments segregated and on deposit for regulatory purposes, other securities owned, and securities available for sale. The Company uses the market approach to determine the fair value of assets and liabilities. When available, the Company uses quoted prices in active markets to measure the fair value of assets and liabilities. When utilizing market data and bid-ask spread, the Company uses the price within the bid-ask spread that best represents fair value. When quoted prices do not exist, the Company uses prices obtained from independent third-party pricing services to measure the fair value of investment assets. The Company generally obtains prices from at least three independent pricing sources for assets recorded at fair value.

The Company's primary independent pricing service provides prices based on observable trades and discounted cash flows that incorporate observable information such as yields for similar types of securities (a benchmark interest rate plus observable spreads) and weighted-average maturity for the same or similar "to-be-issued" securities. The Company compares the prices obtained from its primary independent pricing service to the prices obtained from the additional independent pricing services to determine if the price obtained from the primary independent pricing service is reasonable. The Company

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does not adjust the prices received from independent third-party pricing services unless such prices are inconsistent with the definition of fair value and result in a material difference in the recorded amounts.

Fair value of other financial instruments

Descriptions of the valuation methodologies and assumptions used to estimate the fair value of other financial instruments are described below. The Company's financial instruments not recorded at fair value but for which fair value can be approximated and disclosed include:

- Cash and cash equivalents are short-term in nature and accordingly are recorded at amounts that approximate fair value.
- Cash and investments segregated and on deposit for regulatory purposes include cash and securities purchased under resale agreements. Securities purchased under resale agreements are short-term in nature and are backed by collateral that both exceeds the carrying value of the resale agreement and is highly liquid in nature. Accordingly, the carrying values of these financial instruments approximate their fair values.
- Receivables from/payables to brokers, dealers, and clearing organizations are short-term in nature, recorded at contractual amounts and historically have been settled at those values. Accordingly, the carrying values of these financial instruments approximate their fair values.
- Receivables from/payables to brokerage clients — net are short-term in nature, recorded at contractual amounts and historically have been settled at those values. Accordingly, the carrying values of these financial instruments approximate their fair values.
- Securities held to maturity – The fair values of securities held to maturity are obtained using an independent third-party pricing service similar to investment assets recorded at fair value as discussed above.
- Bank loans – The fair values of the Company's First Mortgages and HELOCs are estimated based on prices of mortgage-backed securities collateralized by similar types of loans. PALs are non-purpose revolving lines of credit



secured by eligible assets; accordingly, the carrying values of these loans approximate their fair values.

- Financial instruments included in other assets primarily consist of LIHTC investments, cost method investments and Federal Home Loan Bank (FHLB) stock, whose carrying values approximate their fair values. FHLB stock is recorded at par, which approximates fair value.
- Bank deposits have no stated maturity and are recorded at the amount payable on demand as of the balance sheet date. The Company considers the carrying values of these deposits to approximate their fair values.
- Financial instruments included in accrued expenses and other liabilities consist of drafts payable and certain amounts due under contractual obligations, including unfunded LIHTC commitments. These instruments are short-term in nature and accordingly are recorded at amounts that approximate fair value.
- Short-term borrowings consist of commercial paper and funds drawn on Schwab Bank's secured credit facility with the Federal Home Loan Bank of San Francisco. Due to the short-term nature of these borrowings, carrying value approximates fair value.
- Long-term debt – Except for the finance lease obligation, the fair values of long-term debt are estimated using indicative, non-binding quotes from independent brokers. The Company validates indicative prices for its debt through comparison to other independent non-binding quotes. The finance lease obligation is recorded at carrying value, which approximates fair value.

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- Firm commitments to extend credit – The Company extends credit to banking clients through HELOCs and PALs. The Company considers the fair value of these unused commitments to not be material because the interest rates earned on these balances are based on floating interest rates that reset monthly.

For a description of the fair value hierarchy, see “Notes – 2. Summary of Significant Accounting Policies” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. There were no significant changes in these policies and methodologies during the first three months of 2016. The Company did not transfer any assets or liabilities between Level 1, Level 2, or Level 3 during the three months ended March 31, 2016, or the year ended December 31, 2015. In addition, the Company did not adjust prices received from the primary independent third-party pricing service at March 31, 2016 or December 31, 2015.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for assets measured at fair value on a recurring basis. Liabilities recorded at fair value were not material, and therefore are not included in the following tables:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
March 31, 2016				
Cash equivalents:				
Money market funds	\$ 1,400	\$ -	\$ -	\$ 1,400
Commercial paper	-	388	-	388
Total cash equivalents	1,400	388	-	1,788
Investments segregated and on deposit for regulatory purposes:				
Certificates of deposit	-	3,201	-	3,201
U.S. Government securities	-	4,807	-	4,807
Total investments segregated and on deposit for regulatory purposes	-	8,008	-	8,008

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Other securities owned:				
Schwab Funds® money market funds	205	-	-	205
Equity and bond mutual funds	209	-	-	209
State and municipal debt obligations	-	41	-	41
Equity, U.S. Government and corporate debt, and other securities	1	29	-	30
Total other securities owned	415	70	-	485
Securities available for sale:				
U.S. agency mortgage-backed securities	-	27,240	-	27,240
Asset-backed securities	-	21,554	-	21,554
Corporate debt securities	-	10,785	-	10,785
U.S. Treasury securities	-	5,746	-	5,746
U.S. agency notes	-	3,376	-	3,376
Certificates of deposit	-	2,080	-	2,080
U.S. state and municipal securities	-	454	-	454
Non-agency commercial mortgage-backed securities	-	277	-	277
Other securities	-	4	-	4
Total securities available for sale	-	71,516	-	71,516
Total	\$ 1,815	\$ 79,982	\$ -	\$ 81,797

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## Notes to Condensed Consolidated Financial Statements

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December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
Cash equivalents:				
Money market funds	\$ 1,968	\$ -	\$ -	\$ 1,968
Commercial paper	-	360	-	360
Total cash equivalents	1,968	360	-	2,328
Investments segregated and on deposit for regulatory purposes:				
Certificates of deposit	-	3,430	-	3,430
U.S. Government securities	-	4,517	-	4,517
Total investments segregated and on deposit for regulatory purposes	-	7,947	-	7,947
Other securities owned:				
Schwab Funds® money market funds	261	-	-	261
Equity and bond mutual funds	205	-	-	205
State and municipal debt obligations	-	50	-	50
Equity, U.S. Government and corporate debt, and other securities	1	16	-	17
Total other securities owned	467	66	-	533
Securities available for sale:				
U.S. agency mortgage-backed securities	-	22,149	-	22,149
Asset-backed securities	-	21,485	-	21,485
Corporate debt securities	-	10,747	-	10,747
U.S. Treasury securities	-	5,704	-	5,704
U.S. agency notes	-	3,150	-	3,150
Certificates of deposit	-	1,683	-	1,683
U.S. state and municipal securities	-	424	-	424
Non-agency commercial mortgage-backed securities	-	299	-	299
Other securities	-	5	-	5
Total securities available for sale	-	65,646	-	65,646
Total	\$ 2,435	\$ 74,019	\$ -	\$ 76,454



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## Fair Value of Other Financial Instruments

The following tables present the fair value hierarchy for other financial instruments:

	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
March 31, 2016					
Assets:					
Cash and cash equivalents	\$ 8,669	\$ -	\$ 8,669	\$ -	\$ 8,669
Cash and investments segregated and on deposit for regulatory purposes	12,246	-	12,246	-	12,246
Receivables from brokers, dealers, and clearing organizations	1,105	-	1,105	-	1,105
Receivables from brokerage clients – net	15,958	-	15,958	-	15,958
Securities held to maturity:					
U.S. agency mortgage-backed securities	51,833	-	53,104	-	53,104
Non-agency commercial mortgage-backed securities	998	-	1,024	-	1,024
U.S. Treasury securities	223	-	230	-	230
Total securities held to maturity	53,054	-	54,358	-	54,358
Bank loans: (1)					
Residential real estate mortgages	8,404	-	8,512	-	8,512
Home equity loans and lines of credit	2,653	-	2,788	-	2,788
Pledged asset lines	3,321	-	3,321	-	3,321
Other	72	-	72	-	72
Total bank loans	14,450	-	14,693	-	14,693
Other assets	189	-	189	-	189
Total	\$ 105,671	\$ -	\$ 107,218	\$ -	\$ 107,218
Liabilities:					
Bank deposits	\$ 135,689	\$ -	\$ 135,689	\$ -	\$ 135,689

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Payables to brokers, dealers, and clearing organizations	2,848	-	2,848	-	2,848
Payables to brokerage clients	32,282	-	32,282	-	32,282
Accrued expenses and other liabilities	945	-	945	-	945
Short-term borrowings	800	-	800	-	800
Long-term debt	2,877	-	3,008	-	3,008
Total	\$ 175,441	\$ -	\$ 175,572	\$ -	\$ 175,572

(1) The carrying value of bank loans excludes the allowance for loan losses of \$33 million at March 31, 2016.

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December 31, 2015	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
<b>Assets:</b>					
Cash and cash equivalents	\$ 9,650	\$ -	\$ 9,650	\$ -	\$ 9,650
Cash and investments segregated and on deposit for regulatory purposes	11,647	-	11,647	-	11,647
Receivables from brokers, dealers, and clearing organizations	582	-	582	-	582
Receivables from brokerage clients – net	17,310	-	17,310	-	17,310
<b>Securities held to maturity:</b>					
U.S. agency mortgage-backed securities	48,785	-	48,883	-	48,883
Non-agency commercial mortgage-backed securities	999	-	985	-	985
U.S. Treasury securities	223	-	220	-	220
Total securities held to maturity	50,007	-	50,088	-	50,088
<b>Bank loans: (1)</b>					
Residential real estate mortgages	8,334	-	8,347	-	8,347
Home equity loans and lines of credit	2,735	-	2,857	-	2,857
Pledged asset lines	3,232	-	3,232	-	3,232
Other	64	-	64	-	64
Total bank loans	14,365	-	14,500	-	14,500
Other assets	184	-	184	-	184
Total	\$ 103,745	\$ -	\$ 103,961	\$ -	\$ 103,961
<b>Liabilities:</b>					
Bank deposits	\$ 129,502	\$ -	\$ 129,502	\$ -	\$ 129,502
Payables to brokers, dealers, and clearing organizations	2,588	-	2,588	-	2,588
Payables to brokerage clients	33,185	-	33,185	-	33,185
Accrued expenses and other liabilities	1,115	-	1,115	-	1,115
Long-term debt (2)	2,877	-	2,967	-	2,967
Total	\$ 169,267	\$ -	\$ 169,357	\$ -	\$ 169,357

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- (1) The carrying value of bank loans excludes the allowance for loan losses of \$31 million at December 31, 2015.
- (2) The amounts as of December 31, 2015 have been recast as a result of the adoption of ASU 2015-03, to present debt issuance costs of \$13 million as a direct deduction from the carrying amount of the associated debt liability, consistent with the recording of debt discounts.

## 11. Stockholders' Equity

There have been no significant changes to the Company's stockholders' equity with the exception of the issuance disclosed below. The Company did not issue any shares of common stock during the three months ended March 31, 2016, or the year ended December 31, 2015.

On March 7, 2016, the Company issued and sold 30 million depositary shares, each representing a 1/40th ownership interest in a share of 5.95% non-cumulative perpetual preferred stock, Series D, \$0.01 par value, with a liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share). The Series D Preferred Stock has a fixed dividend rate of 5.95%.

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Including the Series D issuance discussed above, the Company's preferred stock issued and outstanding is as follows:

	March 31, 2016				December 31, 2015			
	Shares Issued and Outstanding (In thousands)	Liquidation Preference (Per Share)	Liquidation Preference	Carrying Value	Shares Issued and Outstanding (In thousands)	Liquidation Preference (Per Share)	Liquidation Preference	Carrying Value
Series A	400	\$ 1,000	\$ 400	\$ 397	400	\$ 1,000	\$ 400	\$ 396
Series B	485	1,000	485	481	485	1,000	485	480
Series C	600	1,000	600	583	600	1,000	600	583
Series D	750	1,000	750	725	-	-	-	-
Total Preferred Stock	2,235		\$ 2,235	\$ 2,186	1,485		\$ 1,485	\$ 1,459

## 12. Accumulated Other Comprehensive Income

Accumulated other comprehensive income represents cumulative gains and losses that are not reflected in earnings. The components of other comprehensive income are as follows:

Three Months Ended March 31,	2016			2015		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Change in net unrealized gain on securities available for sale:						
Net unrealized gain (loss)	\$ 21	\$ (8)	\$ 13	\$ 107	\$ (41)	\$ 66
Other	1	-	1	-	-	-

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Other comprehensive income (loss)    \$ 22    \$ (8)    \$ 14    \$ 107    \$ (41)    \$ 66

Accumulated other comprehensive income balances are as follows:

	Total Accumulated Other Comprehensive Income
Balance at December 31, 2014	\$ 165
Net unrealized gain on securities available for sale	66
Balance at March 31, 2015	\$ 231
Balance at December 31, 2015	\$ (134)
Net unrealized gain on securities available for sale	13
Other	1
Balance at March 31, 2016	\$ (120)

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## 13.Earnings Per Common Share

EPS is computed using the two-class method. Preferred stock dividends, and undistributed earnings and dividends allocated to participating securities are subtracted from net income in determining net income available to common stockholders. Basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if dilutive potential common shares had been issued. Dilutive potential common shares include, if dilutive, the effect of outstanding stock options and non-vested restricted stock awards and units. EPS under the basic and diluted computations is as follows:

	Three Months Ended March 31,	
	2016	2015
Net income	\$ 412	\$ 302
Preferred stock dividends and other (1)	(20)	(11)
Net income available to common stockholders	\$ 392	\$ 291
Weighted-average common shares outstanding — basic	1,321	1,312
Common stock equivalent shares related to stock incentive plans	9	11
Weighted-average common shares outstanding — diluted (2)	1,330	1,323
Basic EPS	\$ .30	\$ .22
Diluted EPS	\$ .29	\$ .22

(1) Includes preferred stock dividends and undistributed earnings and dividends allocated to non-vested restricted stock units.

(2) Antidilutive stock options and restricted stock awards excluded from the calculation of diluted EPS totaled 21 million and 17 million shares for the first quarters of 2016 and 2015, respectively.

#### 14.Regulatory Requirements

CSC is a savings and loan holding company and Schwab Bank, CSC's depository institution subsidiary, is a federal savings bank. CSC is subject to examination, supervision, and regulation by the Federal Reserve. Schwab Bank is subject to examination, supervision, and regulation by the OCC, as its primary regulator, the FDIC, as its deposit insurer, and the CFPB, as its conduct regulator. CSC is required to serve as a source of strength for Schwab Bank. On January 1, 2015, CSC became subject to regulatory capital requirements adopted by the Federal Reserve.

Schwab Bank is subject to various requirements and restrictions under federal and state laws, including regulatory capital requirements and requirements that restrict and govern the terms of affiliate transactions, such as extensions of credit to, or asset purchases from CSC or its other subsidiaries by Schwab Bank. In addition, Schwab Bank is required to provide notice to and may be required to obtain approval of the OCC and the Federal Reserve to declare dividends to CSC. The federal banking agencies have broad powers to enforce these regulations, including the power to terminate deposit insurance, impose substantial fines and other civil and criminal penalties, and appoint a conservator or receiver. Under the Federal Deposit Insurance Act, Schwab Bank could be subject to restrictive actions if it were to fall within one of the lowest three of five capital categories. CSC and Schwab Bank are required to maintain minimum capital levels as specified in federal banking regulations. Failure to meet the minimum levels could result in certain mandatory, and possibly additional discretionary actions by the regulators that, if undertaken, could have a direct material effect on CSC and Schwab Bank. At March 31, 2016, both CSC and Schwab Bank met all of their respective capital requirements. Certain events, such as growth in bank deposits and regulatory discretion, could adversely affect CSC's or Schwab Bank's ability to meet future capital requirements.

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The regulatory capital and ratios for CSC and Schwab Bank are as follows:

	Actual		Minimum to be Well Capitalized		Minimum Capital Requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
March 31, 2016						
CSC						
Common Equity Tier 1 Risk-Based Capital	\$ 11,204	18.3 %	N/A		\$ 2,761	4.5 %
Tier 1 Risk-Based Capital	13,390	21.8 %	N/A		3,682	6.0 %
Total Risk-Based Capital	13,424	21.9 %	N/A		4,909	8.0 %
Tier 1 Leverage	13,390	7.3 %	N/A		7,347	4.0 %
Schwab Bank						
Common Equity Tier 1 Risk-Based Capital	\$ 10,026	18.6 %	\$ 3,498	6.5 %	\$ 2,421	4.5 %
Tier 1 Risk-Based Capital	10,026	18.6 %	4,305	8.0 %	3,229	6.0 %
Total Risk-Based Capital	10,059	18.7 %	5,381	10.0 %	4,305	8.0 %
Tier 1 Leverage	10,026	7.1 %	7,108	5.0 %	5,687	4.0 %
December 31, 2015						
CSC						
Common Equity Tier 1 Risk-Based Capital	\$ 10,851	18.2 %	N/A		\$ 2,681	4.5 %
Tier 1 Risk-Based Capital	12,310	20.7 %	N/A		3,575	6.0 %
Total Risk-Based Capital	12,342	20.7 %	N/A		4,766	8.0 %
Tier 1 Leverage	12,310	7.1 %	N/A		6,912	4.0 %
Schwab Bank						
Common Equity Tier 1 Risk-Based Capital	\$ 9,314	18.1 %	\$ 3,349	6.5 %	\$ 2,318	4.5 %
Tier 1 Risk-Based Capital	9,314	18.1 %	4,121	8.0 %	3,091	6.0 %
Total Risk-Based Capital	9,345	18.1 %	5,152	10.0 %	4,121	8.0 %
Tier 1 Leverage	9,314	7.1 %	6,594	5.0 %	5,275	4.0 %

N/A Not applicable.

Based on its regulatory capital ratios at March 31, 2016, Schwab Bank is considered well capitalized (the highest category) under their respective regulatory capital rules. There are no conditions or events since March 31, 2016 that management believes have changed Schwab Bank's capital category.

Beginning on January 1, 2016, CSC and Schwab Bank became subject to a new capital conservation buffer requirement of .625% of risk-weighted assets, increasing each year by .625% until fully implemented at 2.5% of risk-weighted assets in January 2019. Failure to maintain the capital conservation buffer would limit an entity's ability to make capital distributions and discretionary bonus payments to executive officers. At March 31, 2016, both CSC and Schwab Bank exceeded the fully implemented capital conservation buffer requirement.

CSC's principal broker-dealers are Schwab and optionsXpress, Inc. Schwab and optionsXpress, Inc. are both subject to Rule 15c3-1 under the Securities Exchange Act of 1934 (the Uniform Net Capital Rule). Schwab and optionsXpress, Inc. compute net capital under the alternative method permitted by the Uniform Net Capital Rule. This method requires the maintenance of minimum net capital, as defined, of the greater of 2% of aggregate debit balances arising from client transactions or a minimum dollar requirement (\$250,000), which is based on the type of business conducted by the broker-dealer. Under the alternative method, a broker-dealer may not repay subordinated borrowings, pay cash dividends, or make any unsecured advances or loans to its parent company or employees if such payment would result in a net capital amount of less than 5% of aggregate debit balances or less than 120% of its minimum dollar requirement.

optionsXpress, Inc. is also subject to Commodity Futures Trading Commission Regulation 1.17 (Reg. 1.17) under the Commodity Exchange Act, which also requires the maintenance of minimum net capital. optionsXpress, Inc., as a futures commission merchant, is required to maintain minimum net capital equal to the greater of its net capital requirement under Reg. 1.17 (\$1 million), or the sum of 8% of the total risk margin requirements for all positions carried in client accounts and 8% of the total risk margin requirements for all positions carried in non-client accounts (as defined in Reg. 1.17).

## THE CHARLES SCHWAB CORPORATION

## Notes to Condensed Consolidated Financial Statements

(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)

(Unaudited)

Net capital and net capital requirements for Schwab and optionsXpress, Inc. are as follows:

		Minimum Net Capital	2% of Aggregate Debit Balances	Net Capital in Excess of Required Net Capital
March 31, 2016	Net Capital	Required		
Schwab	\$ 1,884	\$ 0.250	\$ 339	\$ 1,545
optionsXpress, Inc.	258	1	6	252
December 31, 2015				
Schwab	\$ 1,746	\$ 0.250	\$ 358	\$ 1,388
optionsXpress, Inc.	244	1	7	237

## 15. Segment Information

The Company's two reportable segments are Investor Services and Advisor Services. The Company structures its operating segments according to its clients and the services provided to those clients. The Investor Services segment provides retail brokerage and banking services, retirement plan services, and other corporate brokerage services. The Advisor Services segment provides custodial, trading, and support services as well as retirement business services. Revenues and expenses are allocated to the Company's two segments based on which segment services the client.

The Company evaluates the performance of its segments on a pre-tax basis, excluding items such as restructuring and other charges. Segment assets and liabilities are not used for evaluating segment performance or in deciding how to allocate resources to segments. There are no revenues from transactions between the segments.

Financial information for the Company's reportable segments is presented in the following table:



Three Months Ended March 31,	Investor Services		Advisor		Total	
	(1) 2016	2015	Services (1) 2016	2015	2016	2015
Net Revenues:						
Asset management and administration fees	\$ 472	\$ 446	\$ 227	\$ 198	\$ 699	\$ 644
Net interest revenue	613	510	159	78	772	588
Trading revenue	143	148	89	79	232	227
Other	46	44	17	19	63	63
Provision for loan losses	(2)	4	-	-	(2)	4
Total net revenues	1,272	1,152	492	374	1,764	1,526
Expenses Excluding Interest	836	785	273	257	1,109	1,042
Income before taxes on income	\$ 436	\$ 367	\$ 219	\$ 117	\$ 655	\$ 484

(1) The Corporate Brokerage Retirement Services business was transferred from the Investor Services segment to the Advisor Services segment in the fourth quarter of 2015. Prior period information has been recast to reflect these changes.

THE CHARLES SCHWAB CORPORATION

Item 4.Controls and Procedures

Evaluation of disclosure controls and procedures: The management of the Company, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of March 31, 2016. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2016.

Changes in internal control over financial reporting: No change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) was identified during the quarter ended March 31, 2016, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

THE CHARLES SCHWAB CORPORATION

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see “Part I – Financial Information – Item 1 – Notes to Condensed Consolidated Financial Statements (Unaudited) – 8. Commitments and Contingencies.”

Item 1A. Risk Factors

During the first three months of 2016, there have been no material changes to the risk factors in “Part I – Item 1A – Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

At March 31, 2016, approximately \$596 million of future share repurchases are authorized under the Share Repurchase Program. There were no share repurchases during the first quarter of 2016. There were two authorizations under this program by CSC’s Board of Directors, each covering up to \$500 million of common stock that were publicly announced by the Company on April 25, 2007, and March 13, 2008. The remaining authorizations do not have an expiration date.

The following table summarizes purchases made by or on behalf of CSC of its common stock for each calendar month in the first quarter of 2016:

Month	Total Number of Shares Purchased (in thousands)	Average Price Paid per Share
January:		
Employee transactions (1)	7	\$ 31.62
February:		
Employee transactions (1)	6	\$ 24.25
March:		
Employee transactions (1)	235	\$ 26.20
Total:		
Employee transactions (1)	248	\$ 26.30

(1) Includes restricted shares withheld (under the terms of grants under employee stock incentive plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. The Company may receive shares delivered or attested to pay the exercise price and/or to satisfy tax withholding obligations by employees who exercise stock options granted under employee stock incentive plans, which are commonly referred to as stock swap exercises.

THE CHARLES SCHWAB CORPORATION

Item 3.Defaults Upon Senior Securities

None.

Item 4.Mine Safety Disclosures

Not applicable.

Item 5.Other Information

None.

Item 6.Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

Exhibit  
Number Exhibit

3.18

SIGNATURE

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Certificate of Designations of 5.95% Non-Cumulative Perpetual Preferred Stock, Series D, of The Charles Schwab Corporation filed as Exhibit 3.1 to the Registrant's Form 8-K dated March 7, 2016 and incorporated herein by reference.

- 12.1 Computations of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.
- 31.1 Certification Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
- 31.2 Certification Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002. (1)
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002. (1)
- 101.INS XBRL Instance Document (2)
- 101.SCH XBRL Taxonomy Extension Schema (2)
- 101.CAL XBRL Taxonomy Extension Calculation (2)
- 101.DEF XBRL Extension Definition (2)
- 101.LAB XBRL Taxonomy Extension Label (2)
- 101.PRE XBRL Taxonomy Extension Presentation (2)
- (1) Furnished as an exhibit to this Quarterly Report on Form 10-Q.
- (2) Attached as Exhibit 101 to this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 are the following materials formatted in XBRL (Extensible Business Reporting Language) (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE CHARLES SCHWAB CORPORATION  
(Registrant)

Date: May 6, 2016 /s/ Joseph R. Martinetto  
Joseph R. Martinetto  
Senior Executive Vice President and  
Chief Financial Officer

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SIGNATURE