

REPORT PURSUANT TO SEC RULE 17a-5

For the year ended December 31, 2020

FIRST SOVEREIGN SECURITIES CORP.

FINANCIAL STATEMENTS AND ACCOMPANYING
SUPPLEMENTAL INFORMATION

FIRST SOVEREIGN SECURITIES CORP.
DECEMBER 31, 2020

Table of Contents

	Page
SEC Form X-17A-5 Part III	1 - 2
Report of Independent Registered Public Accounting Firm	3
Statement of Financial Condition	4
Statement of Income (Loss)	5
Statement of Changes in Stockholder's Equity	6
Statement of Changes in Financial Condition	7
Notes to Financial Statement	8 - 9
Supplementary Information	
Schedule of Net Capital	10
Determination of Reserve Requirements	11
Information Relating to Possession or Control	11
Assertions Regarding Exemption Provisions	12
Report of Independent Registered Public Accounting Firm on Exemption Report	13

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2023
Estimated average burden hours per response..... 12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-48579

FACING PAGE

**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: **First Sovereign Securities Corp**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

707 Skokie Boulevard, Suite 520

(No. and Street)

Northbrook

IL

60062

(City)

(State)

(Zip Code)

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

Gary Hokin (224) 269-0009

(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michael Coglianese CPA PC

(Name – if individual, state last, first, middle name)

125 E. Lake Street, Suite 303

Bloomington

IL

60108

(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)

OATH OR AFFIRMATION

I, Gary Hokin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Sovereign Securities Corp, as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Gary Hokin
Signature

President

Title

Corinne C. Heggie

Notary Public



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of First Sovereign Securities

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of First Sovereign Securities as of December 31, 2020, the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of First Sovereign Securities as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of First Sovereign Securities' management. Our responsibility is to express an opinion on First Sovereign Securities' financial statements 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 First Sovereign Securities 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 statements are 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 statements, 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 statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The supplemental information listed in the accompanying table of contents has been subjected to audit procedures performed in conjunction with the audit of First Sovereign Securities' financial statements. The supplemental information is the responsibility of First Sovereign Securities' management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as First Sovereign Securities' auditor since 2017.

Michael Coglianese CPA, P.C.

Bloomington, IL

February 26, 2021

FIRST SOVEREIGN SECURITIES CORP.

**Statement of Financial Condition
December 31, 2020**

ASSETS

Cash	\$ 17,217
Accounts Receivable	222,450
Due from Intuitus	<u>2,990</u>
Total Assets	<u><u>\$242,657</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable	\$212,465
Accrued Replacement Tax	<u>340</u>
Total Current Liabilities	<u>212,805</u>

Stockholders' Equity

Common stock - no par value, 100 shares authorized, 100 shares issued and outstanding	100
Paid in Capital	85,584
Retained earnings	(73,627)
Net Income(Loss)	<u>17,795</u>
Total Stockholders' Equity	<u>29,852</u>

Total Liabilities and Stockholders' Equity	<u><u>\$242,657</u></u>
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FIRST SOVEREIGN SECURITIES CORP.

**Statement of Income(Loss)
December 31, 2020**

REVENUE

Commission & Concession	\$ 1,279
Sale of Securities	<u>399,330</u>
Total Revenue	<u><u>\$ 400,609</u></u>

OPERATING EXPENSES

Consulting Fees	\$ 277,120
Commisions	85,150
Professional Fees	15,210
Office Expense	451
Penalties	50
Licenses & Permits	4,021
Insurance	<u>472</u>
Total Operating Expenses	<u>\$ 382,474</u>

NET INCOME(LOSS) BEFORE TAXES	\$ 18,135
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Less:	
State Income Tax	<u>340</u>

NET INCOME	<u><u>\$ 17,795</u></u>
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FIRST SOVEREIGN SECURITIES CORP.

**Statement of Changes in Stockholders' Equity
December 31, 2020**

		Capital Stock		Paid in Capital		Retained Earnings		Total Stockholders' Equity
Beginning balance January 1, 2020	\$	100	\$	81,384	\$	(73,627)	\$	7,857
Net Income(Loss)						17,795		17,795
Contribution - Paid In Capital						4,200		4,200
Ending Balance December 31, 2020	\$	100	\$	81,384	\$	(51,632)	\$	29,852

FIRST SOVEREIGN SECURITIES CORP.

**Statement of Changes in Financial Condition
December 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 17,795
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Adjustments to reconcile net income to net cash
(used) by operating activities:

(Increase) decrease in:	
Accounts Receivable	\$ (225,284)
Increase (decrease) in:	
Accounts Payable	\$ 209,805

Total adjustments	<u>(15,479)</u>
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Net cash (used in) operating activities	<u>2,316</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Contribution - Paid In Capital	<u>4,200</u>
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Net cash (used in) financing activities	<u>4,200</u>
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Decrease in cash	6,516
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Cash - beginning of year	<u>10,701</u>
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Cash - end of period	<u><u>\$ 17,217</u></u>
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Cash paid during the year for interest	<u><u>\$ -</u></u>
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Income tax payments	<u><u>\$ -</u></u>
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FIRST SOVEREIGN SECURITIES CORP.
Notes to Financial Statements
December 31, 2020

Note 1: Summary of Accounting Policies

Accounting principles followed by First Sovereign Securities Corp. ("Company") and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:

Organization

The Company was incorporated in the State of Illinois effective June 23, 1995. The Company has adopted a calendar year. Effective December 22, 2017, FINRA approved the transfer of ownership of the Company pending final execution by both parties. Name changed on November 31, 2018 from Nikoh Securities Corporation to First Sovereign Securities Corp.

Description of Business

The Company, located in Northbrook, Illinois is a broker and dealer in securities registered with the Securities and Exchanges Commission ("SEC") and is a member of FINRA. As per the membership agreement with FINRA, the Company operates under the Non-Covered Firm exemptive provision of SEC Rule 15c3-3.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Accounts Receivable - Recognition of Bad Debt

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition and Concentrations

The Company recognized commission revenue from 401k Custodians and recordkeeper when earned, in accordance with applicable agreements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FIRST SOVEREIGN SECURITIES CORP.
Notes to Financial Statements
December 31, 2020

Note 2: Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. Further, the provisions require that the ratio of aggregate indebtedness, as defined, to net capital should not exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2019 the company had net capital and net capital requirements of approximately \$7,701 and \$5,000 respectively which was \$2,701 excess net capital. The Company's aggregate indebtedness to net capital was 38.96%.

There was no material inadequacies in the amount reported as Net Capital in the audited Computation of Net Capital and the broker-dealers' corresponding in audited Part IIA of the FOCUS report required under Rule 15c3-1.

Note 3: Income Taxes

The Company, with the consent of its stockholders, has elected to be taxed as a Subchapter S corporation for Federal and State income tax purposes. Therefore, all income or loss "flows through" to the stockholder's individual income tax returns. However, accruals are made for the State of Illinois income tax liability and is reflected in these financial statements. As the tax obligations are passed through to its shareholders, any audit or review considerations related to Internal Revenue Service assessments and statute of limitations thereof are borne by the Company's shareholders. Under section 6501(1) of the Internal Revenue Code (Tax Code) and section 301.6501(a)-1(a) of the Income Tax Regulations (Tax Regulations), for tax years 2016, 2017, 2018 and 2019 the IRS is required to assess tax within 3 years after the tax return was filed with the IRS.

Note 4: Other Commitments and Contingencies

As of the audit date, there are no contingencies or guarantees of debt.

Note 5: Subsequent Events

These financial statements were approved by management and available for issuance on February 26, 2021. Subsequent events have been evaluated through this date.

FIRST SOVEREIGN SECURITIES CORP.

**Schedule of Net Capital
December 31, 2020**

	<u>Focus 12/31/20</u>	<u>Audit 12/31/20</u>	<u>Change</u>
Stockholder's equity, December 31, 2019	\$ 29,852	\$ 29,852	-
Subtract - Non allowable assets:			
Other asset	-	-	-
Tentative net capital	\$ 29,852	\$ 29,852	-
Haircuts:	-	-	-
 NET CAPITAL	 \$ 29,852	 \$ 29,852	 -
 Minimum net capital	 (5,000)	 (5,000)	 -
Excess Net Capital	\$ 24,852	\$ 24,852	-
 Aggregate indebtedness	 \$ 212,805	 \$ 212,805	 -
Ratio of aggregate indebtedness to net capital	712.87%	712.87%	

Note:

There was no difference noted relating to net capital between the Focus and the Financial Statements.

FIRST SOVEREIGN SECURITIES CORP.
December 31, 2020

Schedule of
Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

The Company is exempt from the Reserve Requirement of computation according to the provision of Rule 15c3-3

Schedule of
Information Relating to Possession or Control
Requirements Under Rule 15c3-3

The Company is exempt from Rule 15c3-3 as it relates to Possession and Control.

First Sovereign Securities Corp.

707 Skokie Boulevard, Suite 520

Northbrook, IL 60062

(224) 330-2177

December 31, 2020

Rule 15c3-3 Exemption Report

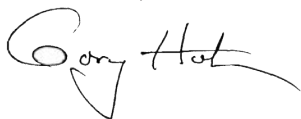
This is to certify that, to the best of my knowledge and belief:

First Sovereign Securities Corp (FSSC), is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. section 240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R Section 240.17a-S(d)(I) and (4). To the best of its knowledge and belief FSSC states the following:

FSSC claimed an exemption as a Non-Covered Firm for its direct subscription-way sale of mutual funds and variable annuities and will be participating in the raising of capital for SPACs and other private placement offerings. FSSC (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3).

FSSC met the identified provision throughout the most recent fiscal year without exceptions.

Thank You,

A handwritten signature in black ink, appearing to read "Gary Hokin", with a stylized flourish at the end.

Gary Hokin
President



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of First Sovereign Securities

We have reviewed management's statements, included in the accompanying Exemption Report of Brokers and Dealers, in which (1) First Sovereign Securities, identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Broker-Dealer, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: the Non-Covered Firm Provision, and (2) First Sovereign Securities stated that Broker-Dealer, Inc. met the identified exemption provisions throughout the most recent fiscal year ended December 31, 2020, without exception. First Sovereign Securities Corp.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and accordingly, included inquiries and other required procedures to obtain evidence about First Sovereign Securities' compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth the Non-Covered Firm Provision.

Michael Coglianese CPA, P.C.

Bloomington, IL
February 26, 2021