

THEMIS TRADING LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2020

FILED PURSUANT TO RULE 17A-5(e)(3) OF THE  
SECURITIES ACT OF 1934 AS A PUBLIC DOCUMENT

**PUBLIC**

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

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

SEC FILE NUMBER
8-65260

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 01/01/2020 AND ENDING 12/31/2020  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **THEMIS TRADING, LLC**

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

**10 TOWN SQUARE, SUITE # 100**

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

**CHATHAM**

**NJ**

**07928**

(City)

(State)

(Zip Code)

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

PAUL ZAJAC

(973) 665-9600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**SOBEL & CO., LLC**

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

**293 EISENHOWER PARKWAY LIVINGSTON**

**NJ**

**07039**

(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, PAUL S. ZAJAC, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THEMIS TRADING, LLC, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature

MANAGING MEMBER

Title

Notary Public

JOSHUA J. DARSAN I

NOTARY PUBLIC OF NEW JERSEY

COMMISSION EXPIRES 8/25/2025

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).*



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**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

To the Members  
Themis Trading LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Themis Trading LLC as of December 31, 2020, and the related notes (collectively, referred to as the “financial statements”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of Themis Trading LLC as of December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of Themis Trading LLC’s management. Our responsibility is to express an opinion on Themis Trading LLC’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 Themis Trading LLC 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 this financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Certified Public Accountants

We have served as Themis Trading LLC’s auditors since 2015.

Livingston, New Jersey  
February 24, 2021





THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## ASSETS

Cash	\$ 329,217
Deposit with clearing broker	500,000
Commissions receivable	301,611
Fixed assets at cost, net of accumulated depreciation of \$167,736	3,507
Right of use asset	62,983
Other assets	<u>26,135</u>
 TOTAL ASSETS	 <u>\$ 1,223,453</u>

## LIABILITIES AND MEMBERS' CAPITAL

LIABILITIES	
Accrued expenses and other liabilities	\$ 290,405
Lease liability	<u>62,983</u>
	353,388
 COMMITMENTS AND LIABILITIES	
MEMBERS' CAPITAL	<u>870,065</u>
 TOTAL LIABILITIES AND MEMBERS' CAPITAL	 <u>\$ 1,223,453</u>

The accompanying notes are integral part of these financial statements.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## 1. ORGANIZATION AND NATURE OF BUSINESS

Themis Trading LLC (the "Company") was organized in the State of Delaware on February 19, 2002. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC"), Financial Industry Regulatory Authority, Inc. ("FINRA"), Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Investors' Exchange LLC, and 22 states. In this capacity it executes agency transactions for institutional customers and conducts soft dollar transactions. The Company operates on a fully disclosed basis through its clearing broker, Cowen and Company LLC ("Cowen").

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failure of the other party to the transaction to perform (credit risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker-dealer, clearing organization, customer and/or other counterparty with which it conducts business.

The Company introduces its customer transactions on a fully disclosed basis to Cowen for correspondent clearing services in accordance with the terms of a clearing agreement. In connection with the agreement Cowen has agreed to perform clearing and depository operations, and the Company has agreed to indemnify Cowen for losses that it may sustain related to the Company's customers. At December 31, 2020, the deposit with clearing broker reflected on the statement of financial condition was substantially in cash, held by Cowen.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Security transactions with Cowen are classified as operating activities on the statement of cash flows since this is the Company's principal business activity.

The Company maintains its books and records on an accrual basis in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is charged to operations over the estimated useful lives of the assets on a straight-line basis.

The company recognizes revenue in accordance with Accounting Standards Update (ASU) No. 2014-09. The Company records commission income, other income and interest income on a trade date basis as transactions occur.

The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon, and the risks and rewards of ownership of the securities have been transferred to/from the customer.

The Company recognizes leases in accordance with FASB ASU 2016-02, Leases (topic 842) (see footnote 7).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures 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 these estimates.

The Company maintains cash accounts with several financial institutions. At times the balances maintained in banks and brokerage firms may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits and Securities Investor Protection Corporation ("SIPC") insurance limits, respectively. At year end, amounts over the FDIC insurance limits were approximately \$79,000, and amounts over the SIPC insurance limits were approximately \$250,000.

THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

### 3. INCOME TAXES

The Company has elected to be recognized as an S-corporation by the Internal Revenue Service for tax purposes only. For state income tax purposes, the Company recognizes corporation business tax (CBT) tax at the maximum level of \$1,500. The Company's income or loss is reportable by its shareholders on their individual tax returns.

The Financial Accounting Standards Board provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. As of December 31, 2020 management has determined that there are no material uncertain income tax positions.

### 4. SOFT DOLLAR EXPENSE

The Company's customers are permitted to allocate a portion of their gross commissions to pay for third party research that is consistent with the guidelines set forth in Section 28(e) of the Securities Exchange Act of 1934 ("SEA"). Soft dollar expenses of \$911,386 included in the financial statements represent these commission payments or accruals for future commission payments. At December 31, 2020, \$90,934 is included in other liabilities related to these accrued commission payments.

### 5. PROFIT SHARING PLAN

The Company has a profit-sharing plan covering all qualified employees. Contributions to the plan are determined annually by the Company's members. Profit sharing plan expenses of \$9,455 for the year ended December 31, 2020 was included in the statement of operations represent these contributions. Of this amount, \$6,919 was accrued on the statement of financial condition for the plan as of December 31, 2020.



THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## 6. BUY/SELL AGREEMENT

Under the terms of an agreement between the Company's members and upon the death of a member, the surviving members are required to purchase the deceased member's interest in the Company. The purchase price of a membership interest is based on the value of the related insurance policy, as defined in the agreement. Each of the Company's members maintains insurance policies on the lives of the other members to fund these obligations.

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has obligations as a lessee for office space with initial noncancelable terms in excess of one year. The Company classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. The Company extended the lease for two years to December 31, 2021. The Company's lease does not include a terminations option for either party to the lease or restrictive financial or other covenants. Payments due under the lease contract may include fixed payments and variable payments. The Company's office space lease may require it to make variable payments for the Company's proportionate share of certain expenses like property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The Company has a right of use asset and lease liability of \$62,983 each at December 31, 2020 which is presented on the statement of financial condition based on a discount rate of 4%.

The Company's future minimum lease payments pertaining to this agreement are as follows:

Year Ended December 31, 2021 is \$64,356

The Company had no contingent liabilities and has not been named as a defendant in any lawsuit at December 31, 2020, or during the year then ended.

## 8. RULE 15C3-3

The Company is exempt from the provisions of the SEC customer protection SEA Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for or owe money or securities to customers and executes all financial transactions on behalf of customers on a fully disclosed basis to its clearing firm.



THEMIS TRADING LLC  
NOTES TO FINANCIAL STATEMENTS  
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## 9. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC's net capital rule (SEA Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2020, the Company had net capital of \$840,423, which exceeded the minimum requirement of \$100,000 by \$740,423. The Company's ratio of aggregate indebtedness to net capital at that same date was .35 to 1.

## 10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

As a securities broker-dealer, the Company is engaged in various securities trading and brokerage activities servicing a diverse group of institutional investors. These activities may expose the Company to off balance-sheet credit risk in the event a customer is unable to fulfill its contracted obligation.

## 11. RISKS AND UNCERTAINTIES

The Company is actively monitoring the COVID-19 outbreak and its continued impact on its employees, clients, and operations. While the Company does not expect that the virus will have a material adverse effect on its operations or financial results at this time, the Company is unable to predict the impact that COVID-19 will have due to various uncertainties, including the severity of the disease, the duration of the outbreak, and the actions that may be taken by governmental authorities.

## 12. SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2020, and through February 24, 2021, the date that these financial statements were available to be issued, and has concluded that no further information is required to be disclosed as noted below.

On January 25, 2021 the Company was notified by its clearing firm that it has decided to exit the correspondent clearing business and that it will be terminating its clearing agreement with the Company. The Company is currently evaluating alternate clearing arrangements and does not anticipate any difficulty finding another clearing arrangement with similar terms as its current arrangement.