

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

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

| | |
|--------------------------|-----------------|
| OMB APPROVAL | |
| OMB Number: | 3235-0123 |
| Expires: | August 31, 2020 |
| Estimated average burden | |
| hours per response..... | 12.00 |

| |
|-----------------|
| SEC FILE NUMBER |
| 8-65505 |

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 01/01/2019 AND ENDING 12/31/2019
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mercaden Securities LLC

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

3625 Quakerbridge Road

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Hamilton

NJ

08619

(City)

(State)

(Zip Code)

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

Kenneth Kamen 609-689-2318

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michael T Remus CPA

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

PO Box 2555

Hamilton Square

NJ

08690

(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

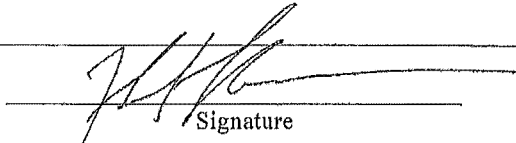
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Kenneth Kamen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mercadlen Securities LLC, as of December 31, 20 19, 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:

None

DEBRA A. RICHMOND
NOTARY PUBLIC OF NEW JERSEY
ID # 2343705
My Commission Expires 4/21/2021



Signature

President

Title



Notary Public

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

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (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).**

Mercadien Securities, LLC
Financial Statements and Supplementary Information
Pursuant to Rule 17a-5 of the
Securities and Exchange Commission
Year Ended December 31, 2019

Mercadien Securities, LLC
Index to the Financial Statements
December 31, 2019

| | Page |
|---|-------------|
| Report of Independent Registered Public Accounting Firm | 1 |
| Financial Statements: | |
| Statement of Financial Condition..... | 2 |
| Statement of Operations..... | 3 |
| Statement of Changes in Members' Equity | 4 |
| Statement of Cash Flows..... | 5 |
| Notes to the Financial Statements | 6-7 |
| Supplemental Schedules: | |
| Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission..... | 8 |
| Supplemental Reports: | |
| Report of Independent Registered Public Accounting Firm | 9 |
| Statement of Exemption from SEC Rule 15c3-3 | 10 |
| Independent Accountants' Agreed-Upon Procedures Report on Schedule of Assessment and Payments (Form SIPC-7)..... | 11 |
| Securities Investors Protection Corporation General Assessment Reconciliation | 12 |

MICHAEL T. REMUS
Certified Public Accountant

P.O. Box 2555
Hamilton Square, NJ 08690
Tel: 609-540-1751
Fax: 609-570-5526

Report of Independent Registered Public Accounting Firm

To the Members of
Mercadien Securities, LLC

Opinion on the Financial Statements

I have audited the accompanying statement of financial condition of Mercadien Securities, LLC as of December 31, 2019, and the related statements of operations, changes in members' equity and cash flows for the year then ended, that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and the related notes [and schedules] (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material respects, the financial position of Mercadien Securities, LLC as of December 31, 2019 and its results of 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 Mercadien Securities, LLC's management. My responsibility is to express an opinion on Mercadien Securities, LLC's financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and I am required to be independent with respect to Mercadien Securities, 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.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I 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. My 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. My 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. I believe that my audit provides a reasonable basis for my opinion.

Supplemental Information

The Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, Schedule II, Computation for Identification of Reserve Requirements Under SEC Rule 15c3-3 (*exemption*) and Schedule III, Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 (*exemption*) has been subjected to audit procedures performed in conjunction with the audit of Mercadien Securities, LLC's financial statements.

The supplemental information is the responsibility of Mercadien Securities, LLC's management. My 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 my opinion on the supplemental information, I evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In my opinion, the Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, Schedule II, Computation for Identification of Reserve Requirements Under SEC Rule 15c3-3 (*exemption*) and Schedule III, Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 (*exemption*) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Michael T. Remus

I have served as Mercadien Securities, LLC auditor since 2016.

Michael T. Remus, CPA
Hamilton Square, New Jersey
February 5, 2020

Mercadien Securities, LLC
Statement of Financial Condition
December 31, 2019

| | |
|---------------------------------------|-------------------|
| Assets | |
| Current Assets | |
| Cash | \$ 66,078 |
| Deposit with clearing agent | 50,000 |
| Due from clearing agent | 416 |
| Prepaid expenses | <u>9,484</u> |
| Total Assets | \$ <u>125,978</u> |
| Liabilities and Members' Equity | |
| Current Liabilities | |
| Accounts payable | \$ <u>6,349</u> |
| Total Liabilities | 6,349 |
| Commitments and Contingencies | |
| Members' Equity | <u>119,629</u> |
| Total Liabilities and Members' Equity | \$ <u>125,978</u> |

Mercadien Securities, LLC
Statement of Operations
Year Ended December 31, 2019

| | |
|-----------------------------|------------------------|
| Revenues | |
| Investment advisory fees | \$ 1,939,855 |
| Asset management fees | 24,868 |
| Interest income | <u>1,174</u> |
| Total Revenues | <u>1,965,897</u> |
| Operating Expenses | |
| Administrative charges | 10,844 |
| Money manager fees | 285,787 |
| Management fees | 1,566,500 |
| Customer clearance | 66,597 |
| Legal and professional fees | 6,023 |
| License | 10,848 |
| Other insurance | 648 |
| Occupancy | 11,021 |
| Postage | 441 |
| Data and Quote Charges | |
| Professional membership | 1,376 |
| Publications | 1,871 |
| Miscellaneous | 47 |
| Other taxes | <u>568</u> |
| Total Operating Expenses | <u>1,962,571</u> |
| Net Income | \$ <u><u>3,326</u></u> |

Mercadien Securities, LLC
Statement of Changes in Members' Equity
Year Ended December 31, 2019

| | <u>Contributed Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|---|--------------------------------|------------------------------|-------------------|
| Balance, January 1, 2019 | \$ 99,012 | \$ 17,291 | \$ 116,303 |
| Net Income for the Year Ended December 31, 2019 | <u>-</u> | <u>3,326</u> | <u>3,326</u> |
| Balance, December 31, 2019 | \$ <u>99,012</u> | \$ <u>20,617</u> | \$ <u>119,629</u> |

Mercadien Securities LLC
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows From Operating Activities

| | |
|--|-----------------------|
| Net Income | \$ 3,326 |
| Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities | |
| Decrease (Increase) in Assets | |
| Prepaid expenses | (585) |
| Due from clearing broker | 4,368 |
| Increase (Decrease) in Liabilities | |
| Accounts payable | 204 |
| Due to related party | (7,000) |
| | <hr/> |
| Net Cash Used in Operating Activities | <hr/> (95) |
| Net decrease in Cash | (95) |
| Cash, Beginning of Year | <hr/> 66,173 |
| Cash, End of Year | \$ <hr/> <hr/> 66,078 |
| SUPPLEMENTAL CASH FLOW INFORMATION | |
| Interest paid | \$ <hr/> <hr/> - |

Mercadien Securities, LLC
Notes to the Financial Statements

NATURE OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Mercadien Securities, LLC (the Company) is a Registered Broker Dealer with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is a brokerage firm that sells securities and provides investment banking and investment advisory services to corporations and individuals located in New Jersey.

Basis of Accounting

The Company employs the accrual method of accounting for financial reporting purposes.

Cash and Equivalents

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Estimates and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles 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, as determined at a later date, could differ from those estimates.

Deposit with Clearing Agent

The Company, per the terms of its clearing agreement, is required to maintain a restricted security deposit with its clearing broker. Such deposit amounts are refundable to the Company upon termination of the agreement.

Income Taxes

The Company is taxed as a partnership for federal income tax purposes and, thus, no income tax expense has been recorded in the financial statements. Taxable income of the Company is passed through to the members and reported on their individual tax returns.

Investment Advisory Fees and Revenue Recognition

Investment advisory fees are calculated and charged quarterly in advance based on the market value of accounts on the last day of the previous quarter. Clients receive a pro rata refund of any unearned fees should they terminate their relationship with the Company prior to the end of the quarter.

Revenue is recognized in accordance with FASB ASC Topic 606 as services are rendered and the contracts identified performance obligations have been satisfied.

There were no unsatisfied performance obligations at December 31, 2019.

Fair Value of Financial Instruments

The fair values of cash, accounts payable, and accrued expenses and other short-term obligations approximate their carrying values because of the short maturity of these financial instruments. In accordance with FASB ASC 825-10-50, "Disclosure About Fair Value of Financial Instruments," rates available to the Company at the balance sheet date are used to estimate the fair value of existing balance sheet amounts.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial statement. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Mercadien Securities, LLC
Notes to the Financial Statement

NATURE OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events Evaluation Date

The Company evaluated the events and transactions subsequent to its December 31, 2019 balance sheet date and, in accordance with FASB ASC 855-10-50, "Subsequent Events," determined there were no significant events to report through February 5, 2020, which is the date the financial statements were issued.

CONCENTRATIONS OF BUSINESS AND CREDIT RISK

At times throughout the year, the Company may maintain certain bank accounts in excess of FDIC insured limits.

RECEIVABLE FROM / DUE TO CLEARING AGENT

The Company clears all security transactions through its clearing agent, RBC Capital Markets Corporation. Amounts earned are reconciled monthly and paid in the subsequent month. As a result, the Company considers the amounts due from its clearing agent to be fully collectible, and accordingly, no allowance for doubtful accounts has been established.

NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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, 2019 the Company had net capital of \$110,145, which was \$60,145 in excess of its required net capital. The Company's net capital ratio was .0577 to 1.

RELATED PARTY TRANSACTIONS

Effective July 1, 2010, the Company entered into a revised Expense and Facilities Sharing Agreement with an affiliate of one of the Company's members. The agreement is effective for one year, with automatic annual renewal periods, cancelable by either party with proper notice of termination. Under the terms of the revised agreement, the Company leases office space in Hamilton from the affiliate on a month to month basis currently at a rate of \$1,080 per month. Rent expense under this agreement amounted to \$11,021 for the year ended December 31, 2019. No amounts were unpaid or outstanding under this arrangement as of December 31, 2019.

Terms of the revised Expense and Facilities Sharing Agreement also provide the Company with certain administrative support services from the affiliate on a month to month basis. Expenses under this arrangement amounted to \$10,844 for the year ended December 31, 2019. The Company owed no outstanding amounts under this arrangement as of December 31, 2019.

The Company collects asset management fees on behalf of a related entity. The Company then remits those fees to the related entity. During the year ended December 31, 2019, the Company collected \$1,566,500 and remitted \$1,566,500 under this arrangement. As of December 31, 2019, the Company owed the related entity \$0..

SUPPLEMENTAL SCHEDULES

Mercadien Securities, LLC
Supplementary Information
Computation of Net Capital Under Rule 15c3-1 of
the Securities and Exchange Commission
December 31, 2019

NET CAPITAL

| | |
|--|-------------------|
| Total Members' Equity | \$ 119,629 |
| Deductions and/or Charges: | |
| Non-Allowable Assets: | |
| Prepaid expenses | <u>9,484</u> |
| Total Non-Allowable Assets | <u>9,484</u> |
| Net Capital | \$ <u>110,145</u> |
| AGGREGATE INDEBTEDNESS | \$ <u>6,349</u> |
| COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS | |
| Minimum net capital required | \$ <u>423</u> |
| Minimum dollar net capital requirement | \$ <u>50,000</u> |
| Excess Net Capital | \$ <u>60,145</u> |
| Net Capital less 120% of minimum net capital requirement | \$ <u>50,145</u> |
| Ratio of Aggregate Indebtedness to Net Capital | <u>.0577 to 1</u> |

There are no material differences between the preceding Computation of Net Capital and the Company's corresponding unaudited Part II of Form X-17a-5 as of December 31, 2019.

Mercadien Securities, LLC

**SCHEDULE II COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)**

Year Ended December 31, 2019

Pursuant to Rule 17a-5(d) (4) of the audited computations of Net Capital pursuant to Rule 15c 3-1 and computation for Determination of Reserve requirements pursuant to Rule 15c 3-3 submitted by Mercadien Securities, LLC, in my opinion no material differences exist which would materially effect the reserve requirements pursuant to Rule 15c 3-3 or its claim for exemption.

Mercadien Securities, LLC

**SCHEDULE III INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS (EXEMPTION)**

PURSUANT TO RULE 15c 3-3 of the Securities and Exchange Commission

As of December 31, 2019

"EXEMPT UNDER 15c3-3(k)(2)(ii)

Pursuant to rule 15c 3-3 relating to possession or control requirements, Mercadien Securities, LLC has not engaged in the clearing or trading of any securities and did not hold customer funds or securities during the reporting period January 1, 2019 through December 31, 2019 and therefore is claiming exemption to this schedule pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3. The firm's minimum net capital requirement pursuant to paragraph (a)(2)(vi) of SEC Rule 15c3-1 will be \$50,000.

MICHAEL T. REMUS
Certified Public Accountant

P.O. Box 2555
Hamilton Square, NJ 08690
Tel: 609-540-1751
Fax: 609-570-5526

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Mercadien Securities, LLC

I have reviewed management's statements, included in the accompanying Statement of Exemption from SEC Rule 15c3-3, in which (1) Mercadien Securities, LLC identified the following provisions of 17 C.F.R. §240.15c3-3(k) under which Mercadien Securities, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: under—k(2)(ii), (the "exemption provisions") and (2) Mercadien Securities, LLC stated that Mercadien Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

My 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 the Company's 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 my review, I am 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 in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Michael T. Remus

Michael T. Remus, CPA
Hamilton Square, New Jersey
February 5, 2020

Mercadien Securities, LLC
3625 Quakerbridge Road
Hamilton, New Jersey 08619
(609) 689-9700

STATEMENT OF EXEMPTION FROM SEC RULE 15c3-3

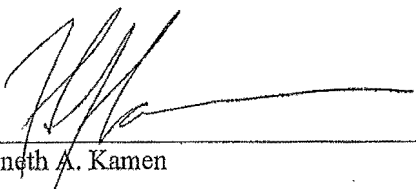
Mercadien Securities, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. 5240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. 5240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. 5240.15c3-3 under the following provisions of 17 C.F.R. 5240.15c3-3(k)(2)(ii).
- (2) The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k)(2)(ii) throughout the most recent fiscal year without exception.

Mercadien Securities, LLC

I, Kenneth Kamen, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Kenneth A. Kamen

Title: President/CCO

February 5, 2020

MICHAEL T. REMUS
Certified Public Accountant

P.O. Box 2555
Hamilton Square, NJ 08690
Tel: 609-540-1751
Fax: 609-570-5526

Report of Independent Registered Public Accounting Firm on
Applying Agreed-upon Procedures

To the Members of
Mercadien Securities, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, I have performed the procedures enumerated below, which were agreed to by Mercadien Securities, LLC and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Mercadien Securities, LLC for the year ended December 31, 2019 solely to assist you and SIPC in evaluating Mercadien Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Mercadien Securities, LLC management is responsible for the firm's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures I performed and my findings are as follows:

1. Compared listed assessment payments on SIPC-7 with respective cash disbursements journals, noting no differences;
- 2.. Compared the amounts reported on the audited Form X-17A-5 Part III for the year ended December 31, 2019, as applicable, with the total revenue reported in Form SIPC-7 for the year ended December 31, 2019, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences, and
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Michael T. Remus

Michael T. Remus, CPA
Hamilton Square, New Jersey
February 5, 2020

Mercadien Securities, LLC
Securities Investor Protection Corporation
General Assessment Reconciliation
For the Year ended December 31, 2019
(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

| | |
|---|-------------------|
| SIPC Total Revenue | \$1,965,895 |
| Deductions: | |
| Other revenue not related either directly or indirectly to the securities business. | (1,566,500) |
| Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. | <u>(66,596)</u> |
| SIPC Net Operating Revenues | <u>\$ 332,799</u> |
| General Assessment at .0015 | \$ 499 |
| Less: | |
| Payment made with SIPC-6 | <u>236</u> |
| Payment made with SIPC -7 | <u>\$ 263</u> |