

Sabadell Securities USA, Inc.
Financial Statements and Supplemental Schedules
Pursuant to Rule 17a-5 of the Securities and
Exchange Commission
December 31, 2020

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

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

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

REPORT FOR THE PERIOD BEGINNING 01/01/2020 AND ENDING 12/31/2020
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Sabadell Securities USA, Inc.

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

1111 Brickell Avenue, 30th Floor

(No. and Street)

Miami

Florida

33131

(City)

(State)

(Zip Code)

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

Steven Singer 561-784-8922

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

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

78 SW 7th Street, Suite 1200

Miami

Florida

33130

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



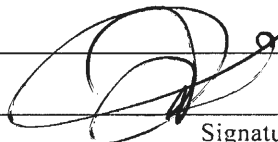
Accountant not resident in United States or any of its possessions.

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*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

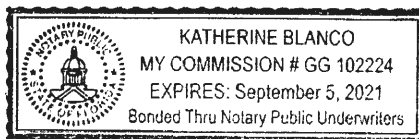
I, Virginia Labiste, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sabadell Securities USA, Inc., as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company 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 Virginia Labiste

President and CEO

Title


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).**

Sabadell Securities USA, Inc.

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December 31, 2020

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KPMG LLP
Brickell City Center, Suite 1200
78 SW 7 Street
Miami, FL 33130

Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors
Sabadell Securities USA, Inc.:

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Sabadell Securities USA, Inc. (the Company) as of December 31, 2020, the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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.

Accompanying Supplemental Information

The supplemental information contained in Schedules I and II has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's 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 contained in Schedules I and II is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

We have served as the Company's auditor since 2020.

February 25, 2021

Sabadell Securities USA, Inc.
Statement of Financial Condition
December 31, 2020

Assets

Cash and cash equivalents	\$ 3,505,304
Securities owned, at fair value	3,087,815
Deposit with clearing broker	250,000
Deferred tax assets, net	54,887
Prepays and other assets	59,315
	<hr/>
Total assets	\$ 6,957,321
	<hr/>

Liabilities and Stockholder's Equity

Accrued expenses and other liabilities	\$ 397,957
	<hr/>
Total liabilities	397,957
	<hr/>
Stockholder's equity	
Common stock, \$10 par value, 1,000 shares authorized, issued and outstanding	10,000
Additional paid-in capital	790,000
Retained earnings	5,759,364
	<hr/>
Total stockholder's equity	6,559,364
	<hr/>
Total liabilities and stockholder's equity	\$ 6,957,321
	<hr/>

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

Sabadell Securities USA, Inc.
Statement of Income
Year Ended December 31, 2020

Revenues

Commissions	\$ 3,911,833
Interest income and other income	54,783
Total revenues	<u>3,966,616</u>

Expenses

Salaries and benefits	1,174,487
Fees and services	920,541
Professional fees	237,906
Other	105,809
Telecommunications and data processing	76,730
Occupancy	25,550
Interest	17,555
Total expenses	<u>2,558,578</u>
Income before income tax expense	1,408,038
Income tax expense	<u>345,345</u>
Net income	<u>\$ 1,062,693</u>

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

Sabadell Securities USA, Inc.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2020

	Common Stock		Additional	Retained	Total
	Shares	Amount	paid-in	earnings	stockholder's
			capital		equity
Balances at December 31, 2019	1,000	\$ 10,000	\$ 790,000	\$ 4,696,671	\$ 5,496,671
Net income	-	-	-	1,062,693	1,062,693
Balances at December 31, 2020	1,000	\$ 10,000	\$ 790,000	\$ 5,759,364	\$ 6,559,364

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

Sabadell Securities USA, Inc.
Statement of Cash Flows
Year Ended December 31, 2020

Cash flows from operating activities

Net income	\$ 1,062,693
Adjustments to reconcile net income to net cash provided by operating activities	
Deferred tax expense	9,374
Changes in assets and liabilities	
Securities owned, at fair value	(33,109)
Prepays and other assets	(32,611)
Accrued expenses and other liabilities	157,969
Net cash provided by operating activities	<u>1,164,316</u>
Net increase in cash, cash equivalents, and restricted cash	<u>1,164,316</u>

Cash, cash equivalents, and restricted cash

Beginning of year	<u>2,590,988</u>
End of year	<u>\$ 3,755,304</u>

Supplemental cash flow disclosures

Cash paid	
Interest	\$ 17,555
Income taxes	\$ 169,000

Reconciliation of cash, cash equivalents, and restricted cash reported within the Statement of Financial Condition

Cash and cash equivalents	\$ 3,505,304
Deposit with clearing broker	\$ 250,000

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

Sabadell Securities USA, Inc.

Notes to Financial Statements

December 31, 2020

1. Organization and Summary of Significant Accounting Policies

Sabadell Securities USA, Inc. (the “Company”), a wholly owned subsidiary of Banco Sabadell S.A., incorporated on May 23, 2008, is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”). The Company’s registration with FINRA was effective as of May 21, 2009. The operations start date was February 24, 2010, upon receiving approval from the Federal Reserve to commence operations. On October 26, 2010, the Company received FINRA approval for an expansion of certain business lines including: mutual fund retailer, municipal securities broker, private placements of securities, and investment advisory services.

The Company provides introductory brokerage and investment services primarily for Banco Sabadell S.A. and its subsidiaries. Custody of securities owned by customers of the Company and all securities transactions are settled through a third party clearing broker on a fully disclosed basis. Revenues derived from these services are recognized in the accompanying statement of income.

Following is a description of the significant accounting policies and practices followed by the Company in the preparation of the accompanying financial statements. These policies conform to U.S. generally accepted accounting principles (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Cash and Cash Equivalents and Deposit with Clearing Broker

Cash and cash equivalents consist of cash in banks, money market funds, and firm margin accounts at the clearing institution. There is also a deposit held with the clearing institution in accordance with the clearing agreement. These funds are considered restricted cash and are presented in the statement of financial condition as deposit with clearing broker.

Customers’ Securities Transactions

Customers’ securities transactions and the related riskless principal trading, commissions, brokerage fees revenues, and expenses are recorded on a trade date basis. 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 have been transferred to/from the customer. Receivable from customers and payable to brokers, if any, represent security transactions that have not settled.

Securities Owned

Securities owned are recorded on a trade-date basis and carried at fair value, and the related changes in fair value are generally included in other income in the statement of income.

Income Taxes

The Company is subject to U.S. federal and state income taxes. The Company utilizes an asset and liability approach to account for income taxes. The asset and liability approach requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax

Sabadell Securities USA, Inc.
Notes to Financial Statements
December 31, 2020

assets are required to be reduced by a valuation allowance to the extent that management believes it is more likely than not that the deferred tax asset will not be realized.

The Company recognizes tax benefits from uncertain tax positions when it is more likely than not that the related tax positions will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the tax positions. An uncertain tax position is a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is not based on clear and unambiguous tax law. The Company measures tax benefits related to uncertain tax positions based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. If the initial assessment fails to result in recognition of a tax benefit, the Company subsequently recognizes a tax benefit if (i) there are changes in tax law or case law that raise the likelihood of prevailing on the technical merits of the position to more-likely-than-not, (ii) the statute of limitations expires, or (iii) there is a completion of an examination resulting in a settlement of that tax year or position with the appropriate agency. The Company would recognize interest and penalties related to unrecognized tax positions in the provision for income taxes and other liabilities. Management has identified no uncertain tax positions at December 31, 2020. The Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2017.

Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. At December 31, 2020, the Company had net capital of \$6,394,753, which was \$6,368,223 in excess of the minimum amount required.

The Company claims exemption from the SEC's Customer Protection Rule ("Rule 15c3-3"). Section (k) (2) (ii) of Rule 15c3-3 allows for this exemption since all customer transactions are cleared through other broker-dealers on a fully-disclosed basis.

2. Cash Segregated Under Federal Regulations

Rule 15c3-3 under the Securities and Exchange Act of 1934 (the "Rule") specifies certain conditions under which brokers and dealers carrying customer accounts are required to maintain cash or qualified securities in a special reserve bank account for the exclusive benefit of customers. The Company clears all transactions with and for customers on a fully disclosed basis, and the Company does not otherwise hold funds or securities for, or owe money to customers. The Company claims exemption from the provisions of Rule 15c3-3 pursuant to the provisions of subparagraph k (2) (ii).

3. Related Party Transactions

The Company entered into a Networking and Services Agreement with Banco de Sabadell, S.A. – Miami Branch (the "Branch") that commenced on May 1, 2009 and is periodically reviewed and amended. Under this agreement, rent, IT support, HR support and administration and other general services were paid to the Branch and are considered related party transactions.

Included in the statement of income are revenues and expenses resulting from various securities trading with certain affiliates, as well as fees for administrative services performed by the Company under the terms of various agreements.

Sabadell Securities USA, Inc.
Notes to Financial Statements
December 31, 2020

The following table sets forth the Company's related party revenues and expenses for the year ended December 31, 2020:

Revenues	
Commissions	\$ 3,161,416
Total revenues	<u>\$ 3,161,416</u>
Expenses	
Salaries and benefits	\$ 1,174,487
Other	26,400
Occupancy	25,550
Telecommunications and data processing	25,200
Total expenses	<u>\$ 1,251,637</u>

4. Income Taxes

The components of the income tax provision are as follows for the year ended December 31, 2020:

Current	
Federal	\$ 274,889
State	61,082
	<u>335,971</u>
Deferred	
Federal	8,028
State	1,346
	<u>9,374</u>
Income tax expense	<u>\$ 345,345</u>

At December 31, 2020, the Company's deferred tax assets (liability) consist of the following tax-effected temporary differences:

Deferred tax assets	
Accrued professional fees	\$ 46,356
Capitalized start-up expenditures	18,306
Unrealized gain on securities owned	276
Total deferred tax assets	<u>64,938</u>
Deferred tax liability	
Prepaid expenses	<u>(10,051)</u>
Total deferred tax liability	<u>(10,051)</u>
Net deferred tax assets	<u>\$ 54,887</u>

The deferred tax provision consists of income tax related to differences between the tax basis of assets and liabilities and their financial reporting amounts.

The Company's effective tax rate for the year ended December 31, 2020 was 24.5% comprised of the U.S. federal statutory rate of 21% and a state rate of 3.5%, net of federal benefit.

Sabadell Securities USA, Inc.
Notes to Financial Statements
December 31, 2020

5. Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a hierarchy that prioritizes inputs used to determine fair value measurements into three levels based on the observability and transparency of the inputs:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 inputs, including quoted prices for similar assets and liabilities, quoted prices for identical assets and liabilities in less active markets and other inputs that can be corroborated by observable market data.
- Level 3 Unobservable inputs supported by little or no market activity or data and inputs requiring significant management judgment or estimation.

The following table presents the Company's fair value for assets and liabilities measured at fair value on a recurring basis as of December 31, 2020:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Securities owned (1)	\$ 3,087,815	\$ -	\$ -	\$ 3,087,815
Total assets at fair value	<u>\$ 3,087,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,087,815</u>

(1) Consists of a U.S. Government Treasury Debt Security

There are no liabilities measured at fair value on a recurring basis at December 31, 2020.

Level 1 Valuation Techniques

The valuation of U.S. Government Treasury debt securities is based on quoted prices for identical assets in active markets that can be accessed as of the measurement date.

U.S. GAAP requires the disclosure of estimated fair value of financial instruments including those financial instruments for which the Company did not elect the fair value option or are not measured at fair value on a recurring basis. The fair value of such instruments has been derived, in part, from the amount and timing of future cash flows and estimated discount rates.

Due to the short term maturity or repricing frequency, the carrying value was considered to approximate the fair value for cash and cash equivalents, and deposit with clearing broker. Management considered such instruments to be classified as Level 1.

Sabadell Securities USA, Inc.
Notes to Financial Statements
December 31, 2020

6. Subsequent Events

Subsequent events have been evaluated through the date that the financial statements were available to be issued on February 25, 2021. The Company has not identified any events that would require disclosure or have a material impact on the financial position, result of operations or cash flows of the Company as of and for the year ended December 31, 2020.

Supplemental Schedules

Sabadell Securities USA, Inc.
Computation of Net Capital
Under Rule 15c3-1 of the Securities and Exchange Commission
December 31, 2020

Schedule I

Computation of net capital

Total stockholder's equity	\$ 6,559,364
Deductions and/or charges:	
Nonallowable assets:	
Deferred tax assets	54,887
Prepays	52,891
Other assets	2,135
Haircuts on securities	54,698
Total deductions and/or charges	164,611
Net capital	6,394,753

Computation of basic net capital requirement

Minimum net capital required	26,530
Excess net capital	\$ 6,368,223

Computation of aggregate indebtedness

Items included in statement of financial condition:	
Accrued expenses and other liabilities	\$ 397,957
Total aggregate indebtedness	\$ 397,957
Ratio of aggregate indebtedness to net capital	6.22%

There are no material differences between the preceding computation and the Company's corresponding unaudited FOCUS Part IIA of Form X-17A-5 as of December 31, 2020 filed on January 27, 2021.

See accompanying report of independent registered public accounting firm.

Sabadell Securities USA, Inc.**Computation for Determination of Customer Reserve Requirements and PAB
Accounts Reserve Requirements and Information for Possession or Control
Requirements for Broker-Dealers Under Rule 15c3-3 of the Securities and
Exchange Commission****December 31, 2020****Schedule II**

The Company clears all transactions with and for customers on a fully disclosed basis, and the Company does not otherwise hold funds or securities for, or owe money to customers. The Company claims exemption from the provisions of Rule 15c3-3 pursuant to the provisions of subparagraph k (2) (ii).

See accompanying report of independent registered public accounting firm.



SabadellSecurities

Sabadell Securities USA, Inc.'s Exemption Report

Sabadell Securities USA, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-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. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3(k)(2)(ii).
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

Sabadell Securities USA, Inc.

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

President and Chief Executive Officer

February 25, 2021





KPMG LLP
Brickell City Center, Suite 1200
78 SW 7 Street
Miami, FL 33130

Report of Independent Registered Public Accounting Firm

The Board of Directors
Sabadell Securities USA, Inc.:

We have reviewed management's statements, included in the accompanying Sabadell Securities USA, Inc.'s Exemption Report (the Exemption Report), in which (1) Sabadell Securities USA, Inc. (the Company) identified the following provisions of 17 C.F.R. § 240.15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3(k)(2)(ii); and (2) the Company stated that it met the identified exemption provision throughout the year ended December 31, 2020 without exception. The Company's management is responsible for compliance with the exemption provision 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 the Company's compliance with the exemption provision. 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, we 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 in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

KPMG LLP

February 25, 2021



KPMG LLP
Brickell City Center, Suite 1200
78 SW 7 Street
Miami, FL 33130

**Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures
Pursuant to SEC Rule 17a-5(e)(4)**

The Board of Directors
Sabadell Securities USA, Inc.:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the Securities Investor Protection Corporation (SIPC) Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2020, which were agreed to by Sabadell Securities USA, Inc. (the Company) and SIPC, solely to assist you and SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we 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 and the associated findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, and noted no differences;
2. Compared the Total Revenue amount reported on the Annual Audited Form X-17A-5 Part III for the year ended December 31, 2020, with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2020, and noted no difference;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, and noted no differences; and
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, and noted no differences.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the information and use of the specified parties referred to in the first paragraph of this report, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 25, 2021