

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
8-69607

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 January 1, 2019 AND ENDING June 30, 2019  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Equatex US Inc.

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

140 Broadway, Suite 2211

(No. and Street)

New York

NY

10005

(City)

(State)

(Zip Code)

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

Kevin R. Stanek

646-880-9123

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Mazars USA LLP

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

135 West 50th Street

New York City

NY

10020

(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

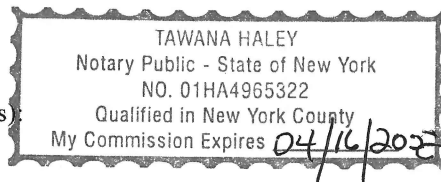
I, Kevin R. Stanek, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Equatex US Inc., as of June 30, 20 19, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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).**

# **Equatex US Inc.**

**(SEC I.D. No. 8-69607)**

**Statement of Financial Condition  
Required by the U.S. Securities and Exchange Commission**

**Including Independent Registered Public Accounting Firm's Reports Thereon**

**Six Months Ended June 30, 2019**

**Equatex US Inc.**  
**Financial Statements and Supplemental Schedules**

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## *Report of Independent Registered Public Accounting Firm*

To the Shareholder and Board of Directors of Equatex US Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Equatex US Inc., (the “Company”), as of June 30, 2019, and the related notes (collectively referred to as the “financial statement”). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company, as of June 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’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 the Company in accordance with 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 statement is 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 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.

*Mazars USA LLP*

We have served as the Company’s auditor since 2016.

New York, NY  
August 14, 2019

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Equatex US Inc.  
Statement of Financial Condition  
As of June 30, 2019

ASSETS

Cash	\$ 6,790,032
Cash Segregated Under Federal and Other Regulations	5,000,000
Receivable From Clearing Organization	2,548,653
Receivable From Customers	11,824,835
Other Receivables	242,466
Right - of- Use Asset	120,256
Other Assets	47,965
TOTAL ASSETS	<u>\$ 26,574,207</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Payable to Customers	\$ 11,824,835
Payable to Affiliates, net	2,186,807
Line of Credit Due To Affiliate	4,500,000
Lease Liability	120,256
Accounts Payable and Accrued Expenses	441,164
TOTAL LIABILITIES	<u>\$ 19,073,062</u>

Commitments (Note 10)

STOCKHOLDER'S EQUITY:

Common Stock (.01 par value ; authorized 1,000 shares; issued and outstanding 1,000 shares)	10
Additional paid-in capital	6,630,000
Retained earnings	871,135
	<u>7,501,145</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 26,574,207</u>

The accompanying notes are an integral part of this financial statement.

**Equatex US Inc.**  
**Notes to Financial Statements**  
**June 30, 2019**

**1. Organization**

Equatex US Inc., (the “Company” or “EUS”) was organized on October 21, 2014 and effective February 12, 2016, the Company registered as a securities broker-dealer with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”). The Company is registered with substantially all of the US States and Territories except for the Virgin Islands and conducts its securities business in accordance with SEC Rule 15c3-3 on an Omnibus basis under the omnibus clearing agreement with Interactive Brokers (“IB”) in Greenwich, Connecticut. The Company’s main office is located in New York City, N.Y.

The Company is a Delaware Corporation and a wholly owned subsidiary of Equatex AG, a global share plan administrator (the “Parent”, “Affiliate”), which, in turn, is wholly owned by Equatex Holding AG (the “Holding”), which is owned by Equatex Group Holding AG (the “Group”). On November 16, 2018, the Group was acquired by Computershare Limited. As a result of the acquisition, Computershare Limited became successor-in-interest to the Group including the Company.

The Company serves as the Parent’s primary facilitator in the execution of transactions on behalf of the Parent’s corporate clients’ US participants’ instructions when exercising their allocated stock plan option rights provided by the corporate client. These transactions are accounted for on an agency basis on U.S. and non-U.S. national exchanges. Such activities are settled by the Company through IB, a domestic clearing organization with the underlying transactions.

The Company submitted a request to its designated examining authority (DEA) to change its fiscal year end from a December 31 year end to a June 30 year end. On May 21, 2019, this request was granted by its DEA and the Company, as a result, will report its financial statements to reflect as of June 30, 2019 and six months ended June 30, 2019.

**2. Summary of Significant Accounting Policies**

*The following are the significant accounting policies followed by the Company:*

**Basis of Accounting** – The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Cash and Cash Equivalents** – For the purpose of the Statement of Cash Flows, the Company considers as cash and cash equivalents foreign currencies and all short-term investments with an original maturity of three months or less. In addition, restricted cash consists of cash segregated under Federal and other regulations.

**Translation of Foreign Currencies** - The Company holds certain balances in foreign currency. The purpose of these balances is to facilitate transaction requests made by customers, corporate clients’

## 2. Summary of Significant Accounting Policies-Continued

US participants of share and compensation plans. The non-United States dollar currencies were remeasured into United States dollar equivalents at spot foreign exchange rates prevailing on the date of the Statement of Financial Condition with gains and losses resulting from non-United States dollar currency transactions included in other income on the Statement of Operations. For the six months ended June 30, 2019, foreign exchange income is not material.

***Cash Segregated Under Federal and Other Regulations*** – The Company segregates cash in a special reserve bank account for the exclusive benefit of customers under Rule 15c3-3 of the Securities Exchange Act of 1934. Cash and restricted cash reported within the Statement of Financial Condition as of June 30, 2019 amounted to \$6,790,032 and \$5,000,000, respectively, with a total of \$11,790,032 presented in the Statement of Cash Flows.

***Security Deposits*** – The Company maintains a security deposit of \$24,093 with the sublandlord under the operating sublease agreement. As of June 30, 2019, the security deposit is included with other assets in the Statement of Financial Condition.

***Leases***-On January 1, 2019, the Company began accounting for leases under the ASU 2016-02, *Leases (Topic 842)* accounting guidance which amended existing lease accounting guidance. The update requires the Company, the lessee, to recognize the right-of-use asset and related lease liability for its operating leases. The Company is using a modified retrospective approach as the Company recorded a right-of-use asset and related lease liability of \$166,605 upon the adoption of this accounting standard update, with no effect on net capital.

***Restricted Cash***-Beginning December 31, 2018, the Company reported restricted cash under ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The ASU amended the current standard to add or clarify guidance on the classification and presentation of restricted cash in the Statement of Cash Flows. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years with early adoption permitted.

***Income Taxes*** – FASB Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes (“FASB ASC 740”)* requires the recognition of deferred tax assets and liabilities for the expected future tax considerations of temporary differences between the financial reporting basis and tax basis of assets and liabilities using the enacted statutory rates.

The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. FASB ASC 740 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



## **2. Summary of Significant Accounting Policies-Continued**

deemed to meet the more-likely-than-not threshold would be recorded as a tax liability in the current year.

Management regularly assesses the likelihood that any deferred tax assets will be recovered from future taxable income. To the extent management believes that it is more likely than not that a deferred tax asset will not be realized, a valuation allowance is established.

As of June 30, 2019, the Company has no accrued interest and penalties related to unrecognized tax positions. The Company would recognize interest accrued related to unrecognized tax positions in interest expense and penalties accrued in operating expense, should they occur.

**Use of Estimates** – The preparation of financial statements in conformity with 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 that affect the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

### ***Recent Accounting Pronouncements***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU require the measurement of all expected credit losses for the financial assets held at amortized cost to be based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities. The amendments in this ASU are effective for fiscal year beginning after

December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the new guidance to determine the impact it may have on its financial statements.

## **3. Receivables from Clearing Organization**

The clearing and depository operations for the Company's transactions are provided by one clearing broker. This account consists of amounts receivable from commissions and fees with the clearing organization. Commissions and related brokerage and clearing expenses related to customer transactions are recorded on a trade-date basis. Commission receivable from the clearing organization included in the Statement of Financial Condition amounted to \$2,322,328.

## **4. Receivable From and Payable to Customers**

Receivable from and payable to customers include amounts due on plan participants' share transactions and executed on an Omnibus basis. The balance in these accounts as of June 30, 2019, amounted to \$11,824,835 and reported both as a receivable from and payable to customers in the Statement of Financial Condition.

## **5. Computation for Determination of Reserve Requirements**

The Company is subject to the Customer Protection Rule 15c3-3 under the Securities Exchange Act of 1934. As of June 30, 2019, the Company segregated cash of \$5,000,000 in a Special Reserve Bank Account for the exclusive benefit of customers to satisfy the computation for determination of Reserve Requirements for Brokers and Dealers (Rule 15c3-3). This Special Reserve Bank Account is included on the Statement of Financial Condition in cash segregated under federal and other regulations.

## **6. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1) and has elected to use the alternative method, permitted by the rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of (a) \$250,000 or (b) 2% of aggregate debit items, as defined. Adjusted net capital, aggregate debit items requirements change from day to day. At June 30, 2019, the Company had net capital of \$7,210,714 which was \$6,960,714 in excess of minimum net capital.

## **7. Possession or Control Requirements**

The Company carries and clears customers' accounts under an omnibus clearing arrangement with IB and maintains customers' funds fully segregated in a Special Reserve Bank Account at Metropolitan Bank for the exclusive benefit of customers.

## **8. Related Party Transactions**

The Company is involved in significant related party transactions with the Parent. In the Statement of Financial Condition are assets and liabilities resulting from various activities with the Parent. In accordance with the SLA, the Company provides monthly operational support services to the Parent and in return receives the cost of the operational support services plus a markup.

The Company also has a line of credit with the Parent for a maximum drawdown of \$10,000,000, at an interest rate of 6% per annum and maturing on October 23, 2026. As of June 30, 2019, the Company utilized \$4,500,000 and reported it on the Statement of Financial Condition.

As of June 30, 2019, the gross payable due to the Parent of \$2,175,989 resulted from commissions to be remitted, interest owed on the line of credit, and operational support to service Own Client. This amount is offset by a gross receivable from the Parent of \$5,849 mainly from service fee income and broker fees to be reimbursed. The net payable to the Parent of \$2,170,140 is included in payable to affiliates, net, in the accompanying Statement of Financial Condition.

During the six months ended June 30, 2019, the Company entered into cost sharing agreement with an affiliate for staff related costs. The related payable amounted to \$16,667, as of June 30, 2019, and is included in payable to affiliates, net, in the accompanying Statement of Financial Condition.

There is a high level of integration of the Company's activities and operations with the Parent and the accompanying financial statements are indicative of the Company's current financial condition

## 8. Related Party Transactions-Continued

and results of operations as part of that group. If the Company were unaffiliated, results of operations might be different.

## 9. Concentrations of Credit Risk

The Company and the Parent, through the use of technology and manual processes, perform daily reconciliations oversight over intraday balances held at Citibank. N.A. consisting of paying accounts segregated by currency. These paying accounts hold primarily client funds and are segregated from any other operating accounts of the Company. There is the risk that if any of the paying accounts are left with a significant balance overnight, there might not be enough time to instruct Citibank N.A. to transfer funds for purposes of satisfying and complying with the weekly customer reserve formula deposit requirement.

The Company maintains its cash in financial institutions which, at times, may exceed federally insured limit of \$250,000 per depositor. As of June 30, 2019, the Company's amount in excess of the insured limit is \$6,475,888. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on its cash.

## 10. Commitments-Leases

The Company subleases its principal office space at 140 Broadway, New York City. The terms of the location provide for certain escalation clauses relating to taxes and operating expense payments. The sublease, an operating lease, will expire on October 30, 2020. The operating lease cost for the six months ended June 30, 2019 was \$48,419.

The Company records leases under the new guidance and uses an incremental borrowing rate of 3% which approximates the U.S. Treasury rate. The Company's maturity analysis and reconciliation to its lease liability is presented in the table below.

### Minimum Lease Payments

July 01, 2019 - June 30, 2020	\$ 96,838
July 01, 2020 - October 30, 2020	<u>32,279</u>
Total Lease Payments July 01, 2019 - October 30, 2020	129,117
Less: Discount to Present Value	<u>8,861</u>
Lease Liability as of June 30, 2019	<u><u>\$ 120,256</u></u>

## **11. Indemnifications**

In the normal course of business, the Company could be subject to various claims, litigation, regulatory and arbitration matters. The Company also enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

## **12. Employee Benefits**

All employees of the Company are eligible to contribute to a 401(k) plan upon hire date. The Company will make a 100% matching contribution on the first 4% of compensation deposited by the employee as an elective contribution. Amounts deferred over 4% are not matched by the Company. Contributions are vested immediately at 100%.

## **13. Income Taxes**

The Company is subject to taxation in the United States and various state jurisdictions. At June 30, 2019, the Company's net operating loss carryforwards ("NOL") of approximately \$176,000 and \$220,000, respectively, for state and city purposes, and other adjustments gave rise to a deferred tax asset of approximately \$54,000 for which a full valuation allowance is provided due to the uncertainty of its realization. The NOL expires commencing in year 2037 through 2038. During the six months ended June 30, 2019, the valuation allowance decreased by approximately \$130,000.

For the six months ended June 30, 2019, management has determined that there are no uncertain tax positions. At June 30, 2019, the Company's income tax returns for the years 2016, 2017 and 2018 are subject to tax examinations by U.S. tax authorities.

## **14. Subsequent Events**

The Company is not aware of any subsequent events that may have a material effect on the financial statements.