

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

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

SEC FILE NUMBER
8-69654

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 10/01/16 AND ENDING 09/30/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Zanbato Securities LLC

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

711 N. Shoreline Blvd
(No. and Street)

Mountain View CA 94043
(City) (State) (Zip Code)

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

Gregory L. Wright (201) 747-6223
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

One Market, Landmark, Suite 620 San Francisco CA 94105
(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). SEC 1410 (3-91)

Zanbato Securities LLC

**Financial Statements and
Supplementary Schedules
Pursuant to Rule 17a-5 under the
Securities Exchange Act of 1934
September 30, 2017
(Confidential Treatment Requested)**

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Zanbato Securities LLC

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

- ☒ Independent Auditors' Report.
- ☒ Facing Page.
- ☒ Statement of Financial Condition.
- ☒ Statement of Operations.
- ☒ Statement of Changes in Member's Equity.
- ☒ Statement of Cash Flows.
- ☐ Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).

- ☒ Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- ☐ Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- ☐ Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- ☐ A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 (included with item (g)) and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- ☐ A Reconciliation between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- ☒ An Affirmation.
- ☐ A copy of the SIPC Supplemental Report.
- ☐ A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).
- ☒ Report of Independent Registered Public Accounting Firm regarding Rule 15c3-3 exemption report.
- ☒ Management Statement Regarding Compliance with the Exemption Provisions for SEC Rule 15c3-3

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

AFFIRMATION

I, Knut Nicolai Sand, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Zanbato Securities LLC for the year ended September 30, 2017, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



Signature

CEO
Title

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Santa Clara

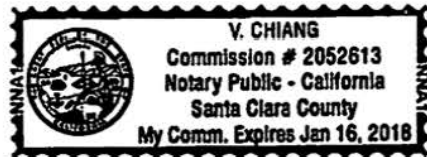
On November 21, 2017 before me, V. Chiang, Notary Public
(insert name and title of the officer)

personally appeared Knut Nicolai Sand
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



Zanbato Securities LLC
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September 30, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Member of
Zanbato Securities, LLC

We have audited the accompanying statement of financial condition of Zanbato Securities, LLC (the "Company") as of September 30, 2017, and the related statements of operations, changes in member's equity, and cash flows for the year then ended. The 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zanbato Securities, LLC as of September 30, 2017, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The information contained in Schedule I (the "supplemental information") 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 information contained in Schedule I fairly stated, in all material respects, in relation to the financial statements as a whole.



San Francisco, California
November 22, 2017

Zanbato Securities LLC

Statement of Financial Condition September 30, 2017

Assets

Cash	\$ 843,140
Prepaid expense and other assets	<u>18,456</u>
Total assets	<u><u>\$ 861,596</u></u>

Liabilities and Member's Equity

Liabilities - accounts payable	\$ 46,073
Member's equity	<u>815,523</u>
Total liabilities and member's equity	<u><u>\$ 861,596</u></u>

See accompanying notes to financial statements.

Zanbato Securities LLC

Statement of Operations For the year ended September 30, 2017

Revenue

Private placement fees	\$ 2,273,636
Other income	25,000
Total revenue	<u>2,298,636</u>

Expenses

Commission expense	1,608,338
Professional fees	149,880
Insurance	63,658
Regulatory fees	32,080
Other expenses	31,970
Total expenses	<u>1,885,926</u>

Net income	<u>\$ 412,710</u>
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See accompanying notes to financial statements.

Zanbato Securities LLC

Statement of Changes in Member's Equity For the year ended September 30, 2017

Balance, September 30, 2016	\$ 277,813
Net income	412,710
Capital contributions	<u>125,000</u>
Balance, September 30, 2017	<u><u>\$ 815,523</u></u>

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See accompanying notes to financial statements.

Zanbato Securities LLC

Statement of Cash Flows

For the year ended September 30, 2017

Cash flows from operating activities

Net income	\$ 412,710
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease in prepaid expenses and other assets	51,502
Decrease in accounts payable	<u>(5,682)</u>
Net cash provided by operating activities	458,530

Cash provided by financing activities:

Capital contributions	<u>125,000</u>
Net increase in cash for the year	583,530
Cash, beginning of year	<u>259,610</u>
Cash, end of year	<u><u>\$ 843,140</u></u>

See accompanying notes to financial statements.

Zanbato Securities LLC

Notes to Financial Statements September 30, 2017

1. Organization and Business

Zanbato Securities LLC (the “Company”), is a limited liability company organized under the laws of the state of Delaware. The Company is a subsidiary of Zanbato Inc.(the “Ultimate Parent”). The Company is a broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company’s operations consist of maintaining an alternative trading system for private placement of securities. It also includes private placement of securities, underwriting or being a selling group participant on a best efforts or firm commitment basis, chaperoning the efforts of foreign broker-dealers related to private placements, investment banking services associated with Mergers and Acquisitions and referral services with third-party broker-dealers.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) which 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Revenue Recognition

All revenues are recorded as earned at the completion of the transaction. Fees are based on the terms of the client agreements. Fees on private placement transactions are earned from clients on a transaction-by-transaction basis. Other income consists of a retainer received on a structured financing engagement.

Commission Expense

The Company has entered into a revenue sharing agreement with several other broker-dealers whereby the commissions earned from private placement deals where the issuer is a client of the Company and the customer is introduced by the other broker dealer or vice versa, the commissions will be shared as negotiated.

Cash

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

Income Taxes

The Company is a single member limited liability company, and is treated as a disregarded entity for income tax reporting purposes. The Internal Revenue Code (“IRC”) provides that any income or loss is passed through to the ultimate beneficial individual member for federal, state and certain local income taxes. Accordingly, the Company has not provided for income taxes.

Zanbato Securities LLC

Notes to Financial Statements September 30, 2017

2. Summary of Significant Accounting Policies (continued)

At September 30, 2017, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require.

3. Recent Accounting Development

In May 2014, the Financial Accounting Standards Board issued ASU No. 2014-09 "Revenue from Contracts with Customers". The ASU provides a single comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. ASU 2014-09 was amended in August 2015 by ASU 2015-14 and is effective for annual reporting periods beginning after December 15, 2017. The Company is evaluating the impact, if any, this ASU will have on the Company's financial statements.

4. Transactions with Related Parties

The Company has entered into an Expense Sharing Agreement ("ESA") with its Ultimate Parent whereby the Ultimate Parent is to provide office support services, administrative support services, compensation, excluding commissions, payroll taxes and benefits, and general consulting services at no charge to the Company. The ESA has a term of one year and is automatically renewed annually, unless terminated or modified by written notice. The terms of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

A portion of the private placement fees were generated by deals with clients that are affiliated with shareholders of the Ultimate Parent. For the year ended September 30, 2017, such fees amounted to \$1,324,356.

5. Regulatory Requirements

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, 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 September 30, 2017, the Company had net capital of \$797,067 which exceeded the required net capital by \$697,067.

The Company does not handle cash or securities on behalf of customers and therefore it is not impacted by Rule 15c3-3.

6. Indemnifications

In the normal course of its business, the Company 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 occurred. The Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

Zanbato Securities LLC

Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission September 30, 2017

Member's equity	\$ 815,523
Deductions and/or charges -	
Nonallowable assets	
Prepaid expense and other assets	<u>18,456</u>
Net capital	797,067
Minimum capital requirement (the greater of \$100,000 or 6 2/3% of aggregate indebtedness)	<u>100,000</u>
Excess net capital	<u>\$ 697,067</u>
Aggregate Indebtedness - total liabilities	<u>\$ 46,073</u>
Ratio of aggregate indebtedness to net capital	<u>0.06 : 1</u>

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A-5, Part IIA filing as of September 30, 2017.

See Report of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Member of
Zanbato Securities, LLC

We have reviewed management's statements, included in the accompanying Management Statement Regarding Compliance with the Exemptive Provisions for SEC Rule 15c3-3, in which (1) Zanbato Securities, LLC (the "Company") identified that the Company has no obligations under Rule 15c3-3 since it does not handle cash or securities on behalf of customers, and (2) the Company stated that it has been so throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about 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, 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 Rule 15c3-3 under the Securities Exchange Act of 1934.

EisnerAmper LLP

San Francisco, California
November 22, 2017

Zanbato Securities LLC

Management Statement Regarding Compliance with the Exemption Provisions for SEC Rule 15c3-3

Zanbato Securities LLC ("Company") has no obligations under Rule 15c3-3 since it does not handle cash or securities on behalf of customers. That has been so throughout the fiscal year ended September 30, 2017 without exception. Therefore the Company is permitted to file this Exemption Report.



CEO

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See Report of Independent Registered Public Accounting Firm