

**BLUE OCEAN ATS, LLC**

**STATEMENT OF FINANCIAL CONDITION AND  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Pursuant to Rule 17a-5(d) of the Securities and Exchange Commission**

**For the Year Ended December 31, 2022**

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

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| OMB APPROVAL                                       |
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FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2022 AND ENDING 12/31/22  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Blue Ocean ATS, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

Brook 35 Plaza, Suite 250, 2150 Route 35

(No. and Street)

Sea Girt

NJ

08750

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Brian Hyndman

332-910-5008

brian.hyndman@blueoceanats.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Rolleri Sheppard, CPAS, LLP

(Name – if individual, state last, first, and middle name)

2150 Post Road, 5th Floor

Fairfield

CT

06824

(Address)

(City)

(State)

(Zip Code)

03/04/2009

3437

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

# OATH OR AFFIRMATION

I, Brian Hyndman, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Blue Ocean ATS, LLC, as of December 31, 2022, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

  
Notary Public



Signature: 

Title: President

## This filing\*\* contains (check all applicable boxes):

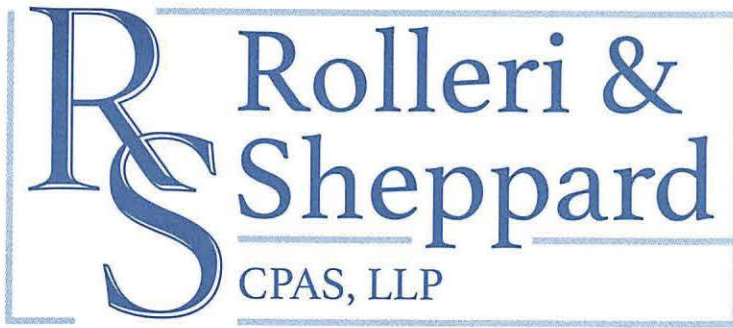
- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated statement of financial condition.
- ☐ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☐ (d) Statement of cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

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Rolleri & Sheppard CPAS, LLP  
John M. Rolleri, CPA, CFE  
Ryan C. Sheppard, CPA, CFF

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
of Blue Ocean ATS, LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Blue Ocean ATS, LLC as of December 31, 2022, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of Blue Ocean ATS, LLC as of December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of Blue Ocean ATS, LLC's management. Our responsibility is to express an opinion on Blue Ocean ATS, LLC's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Blue Ocean ATS, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

*R & S CPAS, LLP*

Rolleri & Sheppard CPAS, LLP

We have served as Blue Ocean ATS, LLC's auditor since 2021.

Fairfield, Connecticut  
February 16, 2023

**BLUE OCEAN ATS, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2022**

**ASSETS**

|  |    |                       |
|--|----|-----------------------|
| Cash   | \$ | 785,488               |
| Accounts receivable  |    | 22,524                |
| Deposit with clearing broker   |    | 25,000                |
| Prepaid expenses   |    | 82,775                |
| Deposits   |    | 575                   |
| Property and equipment, net of accumulated<br>depreciation of \$10,756 |    | <u>7,421</u>          |
|  | \$ | <u><u>923,783</u></u> |

**LIABILITIES AND MEMBER'S EQUITY**

|                                       |    |                       |
|---------------------------------------|----|-----------------------|
| Accounts payable and accrued expenses | \$ | 62,384                |
| Due to affiliate                      |    | <u>85,842</u>         |
|                                       |    | 148,226               |
| Member's equity                       |    | <u>775,557</u>        |
|                                       | \$ | <u><u>923,783</u></u> |

## BLUE OCEAN ATS, LLC

### NOTES TO FINANCIAL STATEMENT

December 31, 2022

(See Report of Independent Registered Public Accounting Firm)

Note 1

#### **Organization and nature of business**

Blue Ocean ATS, LLC (the “Company”) was formed in 2019 and is a Delaware limited liability company. The Company is a wholly-owned subsidiary of Blue Ocean Technologies, LLC (“Parent”). The Company operates an Alternative Trading System (“ATS”) for matching orders in US NMS stocks from 8:00 pm to 4:00 am, eastern standard time, Sunday through Thursday in accordance with its membership agreement with the Financial Industry Regulatory Authority (“FINRA”). The Company is a registered broker dealer under the Securities Exchange Act of 1934 and is a member of FINRA and the Securities Investor Protection Corporation (“SIPC”). The Company is exempt from Rule 15c3-3 of the SEC under paragraph (k)(2)(ii), clearing all transactions on a fully-disclosed basis through its clearing firm.

Note 2

#### **Summary of significant accounting policies**

##### **Basis of presentation**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

##### **Accounts receivable**

The Company carries its accounts receivable at costs less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its receivables and establishes an allowance for doubtful accounts based on history of past write-offs, collections and current credit conditions. As of December 31, 2022, no allowance for doubtful accounts was necessary.

##### **Revenue recognition**

The Company adopted ASC Topic 606, Revenue from Contracts with Customers (“ASC Topic 606”). The revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. The Company provides a trading platform under an ATS. The Company recognizes revenue from transactions on a trade date basis.

Account receivable at December 31, 2022 are \$22,524.

There are no contract assets or liabilities as of December 31, 2022. Disaggregation can be found on statement of operations for the year ended December 31, 2022.

## BLUE OCEAN ATS, LLC

### NOTES TO FINANCIAL STATEMENT (CONTINUED)

December 31, 2022

(See Report of Independent Registered Public Accounting Firm)

Note 2

#### Summary of significant accounting policies (continued)

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

#### Income taxes

The Company is a limited liability company treated as a disregarded entity. Accordingly, in lieu of Federal and state income taxes, the member is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal or state taxes has been included in these financial statements. The Company's sole member's tax return remains subject to examination by the appropriate taxing jurisdiction for tax years ending after December 31, 2019.

#### Fair value of financial instruments

The carrying amounts of financial instruments, including cash, prepaid expenses, deposits, and accounts payable and accrued expenses, approximates fair value due to the short term maturities of these assets and liabilities.

#### Property and equipment

Property and equipment is stated at cost. Depreciation is calculated on the straight-line method over the estimated useful life of the related asset.

| <u>Description</u>     | <u>Estimated<br/>Useful Life</u> |
|------------------------|----------------------------------|
| Property and equipment | 3 years                          |

Depreciation expense for the year ended December 31, 2022 was \$6,059.

#### Advertising

The Company expenses the cost of advertising as it is incurred. Advertising expense amounted to \$0 for the year ended December 31, 2022.

#### Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.



## BLUE OCEAN ATS, LLC

### **NOTES TO FINANCIAL STATEMENT (CONTINUED)**

**December 31, 2022**

**(See Report of Independent Registered Public Accounting Firm)**

Note 3 **Net capital requirements**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital balance and requires that the Company's aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1. At December 31, 2022 the Company's net capital was \$684,786 which was \$674,904 in excess of its required net capital of \$9,882. The Company's aggregate indebtedness to net capital was 0.22 to 1.

Note 4 **Leases**

The Company leases its premises on a month to month basis. Rent expense was \$7,230 for the year ended December 31, 2022.

Note 5 **Concentrations**

**Customers**

For the year ended December 31, 2022, two customers represented 78% of the Company's revenue.

**Cash**

The Company maintains its cash at financial institutions in bank deposits, which may exceed federally-insured limits. The Company has not experienced any losses in such accounts and the Company believes it is not exposed to any significant risk with respect to cash. Bank balances in excess of FDIC limits is \$535,488.

Note 6 **Related party transactions**

The Company shares employees, contractors and technology services with Blue Ocean Technologies, LLC under an expense sharing agreement. For the year ended December 31, 2022, the Company incurred expenses of \$468,712 related to this agreement. At December 31, 2022, the Company owed Blue Ocean Technologies, LLC \$85,842 for services related to this expense sharing agreement, as shown on the Statement of financial condition as due to affiliate.

Note 7 **Clearing arrangements**

The Company has an agreement with Velox Clearing LLC ("Velox") to provide execution and clearing services on behalf of its customers on a fully disclosed basis. Deposits with clearing broker include the Company's clearing deposit with Velox.

**BLUE OCEAN ATS, LLC**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**

**December 31, 2022**

**(See Report of Independent Registered Public Accounting Firm)**

Note 8

**Commitments and Contingencies**

The Company does not have any commitments, guarantees or contingencies including arbitration or other litigation claims that may result in a loss or future obligation. The Company is not aware of any threats or other circumstances that may lead to the assertion of a claim at a future date.

For the year ended December 31, 2022 the Company had a net loss of \$1,523,282 and negative cash flow from operating activities of \$1,606,459. The Company's operating deficit during this period was funded by member capital contributions totaling \$2,000,000. The Company expects that it will require additional capital contributions from the Parent to support its operations for the year ended December 31, 2023, and the Parent stated it will continue to provide such support to the Company for the foreseeable future.

Note 9

**Subsequent events**

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events to the Statement of Financial Position date of December 31, 2022 through February 16, 2023, which is the date the financial statements were issued. Management has determined that there are no subsequent events that require disclosure.