

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

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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 08/17/21 AND ENDING 12/31/21  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Palmas Securities

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.)

52 Harbour Lights Dr

(No. and Street)

Humacao

PR

00791

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Angela Hajek

404-841-1010

angela@mastercompliance.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

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

TPS Thayer

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

1600 Hwy 6, Ste 100

Sugarland

TX

77478

(Address)

(City)

(State)

(Zip Code)

7/14/20

6706

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

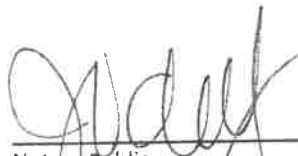
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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), 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, Edward Kim, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Palmas Securities, as of 12/31, 2021, 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.



**PALMAS SECURITIES, LLC**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

With Report of Independent Registered Public Accounting Firm

For the Period  
From August 17, 2021 (inception) to December 31, 2021

# Palmas Securities, LLC

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For the Period From August 17, 2021 (inception) to December 31, 2021

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Edward Kim  
Palmas Securities, LLC  
52 Harbour Lights Drive  
Humacao, PR 00791

### Opinion on The Financial Statements

We have audited the accompanying statement of financial condition of Palmas Securities, LLC (the "Company") as of December 31, 2021, and the related statements of operations, changes in equity, and statement of cash flow for the year then ended, December 31, 2021, and the related notes (collectively referred to as "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 from material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risk 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 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.

### Auditors Report on Supplementary Information

The supplemental schedule has been subjected to the auditing 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 schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

*TPS Thayer, LLC*

TPS Thayer LLC  
We have served as Palmas Securities, LLC's auditor since 2021.

Sugar Land, TX  
March 31, 2022

**Palmas Securities, LLC**

**STATEMENT OF FINANCIAL CONDITION**

As of December 31, 2021

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**ASSETS**

Cash	\$ 32,134
Accounts Receivable	47,842
Due from Related Party	15,035
Prepaid Expenses	1,887

<b>TOTAL ASSETS</b>	<b><u>\$ 96,898</u></b>
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**LIABILITIES AND MEMBER'S EQUITY**

**LIABILITIES**

Accounts Payable & Accrued Liabilities	\$ 6,062
Tax Payable	\$ 2,800
Liabilities due to Member	448

<b>TOTAL LIABILITIES</b>	<b><u>\$ 9,310</u></b>
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<b>MEMBER'S EQUITY</b>	<b><u>\$ 87,588</u></b>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 96,898</u></b>
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See notes to the financial statements.

# Palmas Securities, LLC

## STATEMENT OF OPERATIONS

For the Period From August 17, 2021 (inception) to December 31, 2021

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### REVENUES

Commissions

\$ 116,989

### TOTAL REVENUES

\$ 116,989

### EXPENSES

Professional Fees

\$ 12,602

Regulatory Fees

13,100

Technology, Data, & Communications

447

Occupancy & Equipment

448

Tax Expense

2,800

Other Expenses

138

### TOTAL EXPENSES

\$ 29,535

Interest Income

34

### NET INCOME

\$ 87,488

See notes to the financial statements.



Palmas Securities, LLC

**STATEMENT OF CHANGES IN MEMBER'S EQUITY**

For the Period From August 17, 2021 (inception) to December 31, 2021

	CAPITAL CONTRIBUTIONS	RETAINED EARNINGS	TOTAL
<b>BALANCE AT INCEPTION</b>	-	-	-
Capital Contributions	35,100	-	35,100
Distributions	-	(35,000)	(35,000)
Net Income	-	87,488	87,488
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>\$ 35,100</b>	<b>\$ 52,488</b>	<b>\$ 87,588</b>

See notes to the financial statements.

## Palmas Securities, LLC

### STATEMENT OF CASH FLOWS

For the Period From August 17, 2021 (inception) to December 31, 2021

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#### CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 87,488
Adjustments to reconcile net income to net cash provided by operating activities	
Prepaid Expenses	(1,887)
Accounts Receivable	(47,842)
Due from Related Party	(15,035)
Accounts Payable, Accrued Expenses, & Other Liabilities	9,310
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 32,034</u></b>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Member's Equity	\$ 100
<b>Net Cash Provided by Financing Activities</b>	<b><u>\$ 100</u></b>

**NET INCREASE IN CASH** **\$ 32,134**

**CASH AT INCEPTION** **\$ -**

**CASH BALANCE AT DECEMBER 31, 2021** **\$ 32,134**

See notes to the financial statements.

# Palmas Securities, LLC

## NOTES TO THE FINANCIAL STATEMENTS

For the Period From August 17, 2021 (inception) to December 31, 2021

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### 1. Organization and Nature of Business

Palmas Securities, LLC (the Company) was organized as a Puerto Rico Limited Liability Company in February 2021 and became a registered broker-dealer with the Securities and Exchange Commission (SEC) and member with the Financial Industry Regulatory Authority (FINRA) effective August 2021. The Company's business is to engage in financial advice and investment products required by FINRA.

### 2. Significant Accounting and Reporting Policies

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP) as determined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Company believes that the disclosures in these financial statements are adequate and not misleading. In the opinion of management, the financial statements contain all adjustments necessary for a fair presentation of the Company's financial position as of December 31, 2021, and is not necessarily indicative of the results for any future period.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Company maintains its cash in bank deposit account(s) which, at times, may exceed federally insured limits. The Company monitors the bank account(s) and does not expect to incur any losses from such account(s). The Company has defined cash and cash equivalents as highly liquid investments with original maturities of less than ninety days that are not held-for-sale in the ordinary course of business. The recorded value of such instruments approximates their fair value. At December 31, 2021, the Company had no cash equivalents.

#### Revenue

The Company recognizes *Revenue from Contracts with Customers* in accordance with ("ASC Topic 606"). This 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.

## Palmas Securities, LLC

### NOTES TO THE FINANCIAL STATEMENTS

For the Period From August 17, 2021 (inception) to December 31, 2021

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#### 2. Significant Accounting and Reporting Policies - Continued

Additionally, the guidance requires the Company to follow a five step model to a) identify the contract with the 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 Company satisfies a performance obligation.

Revenues are generated from a commission sharing agreement in which the Company shares commissions as per the terms of the Company's agreement with another independent broker dealer. Fees are recognized when each performance obligation is completed as transactions are closed.

#### Income Taxes

The Company, with the consent of its member, has elected under the Internal Revenue Code to be a Limited Liability Company for both federal and state income tax purposes. In lieu of corporation income taxes, the LLC is taxed on its proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements. As of December 31, 2021, an accrual is on the financial statements for \$2,800 to Puerto Rico for its portion of taxable income.

#### Current Expected Credit Losses

In June 2016, the FASB issued ASU No. 2016-13 (Topic 326) *Measurement of Credit Losses on Financial Instruments*, which significantly changed the way entities recognize and record credit losses on financial instruments such as loans, loan commitments, and other financial assets. The CECL model requires measurement of expected credit losses for financial assets measured at amortized cost, net investments in leases, and off-balance sheet credit exposures based on historical experience, current conditions, and reasonable and supportable forecasts over the remaining contractual life of the financial assets. The Company will adopt the new standard effective December 1, 2023 and does not expect the adoption of this guidance to have a material impact on its financial on its financial statement.

#### Coronavirus

In the second year of the COVID-19 coronavirus pandemic, the adverse impacts to global commercial activity has continued to contribute to significant volatility in the financial markets. Government imposed responses and other related recovery measures intended to control the spread of the disease have created a variety of unintended challenges and risks. As such, economic uncertainty, changes in consumer demand, disrupted supply chains, staffing shortages, and hybrid working patterns all continue to have a negative impact on many industries. The continued development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 coronavirus. Nevertheless, the COVID-19 coronavirus presents material uncertainty and risk with respect to the Company, its performance, and its financial results. At present, the extent to which the coronavirus may impact the Company's financial condition or results of operations in future periods is uncertain.

## Palmas Securities, LLC

### NOTES TO THE FINANCIAL STATEMENTS

For the Period From August 17, 2021 (inception) to December 31, 2021

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#### 3. Related Parties

The Company is a single member limited liability company. In connection with this relationship, the Company and its Member have executed an expense sharing agreement whereby the Company receives a monthly allocation of expenses incurred by the Member on its behalf. The agreement is for twelve months after which it will convert on a month to month basis. During 2021, the Company recorded expenses under this agreement totaling \$448. Included in the total is a provision for rent. The Company recorded rent totaling \$336 related to the shared expense with the Member. In addition, the Company also has a due from related party balance as of December 31, 2021 totalling \$15,035, which is related to a short-term loan given to CEO. The full amount of the loan was repaid before as of the date of report issuance date.

#### 4. Net Capital Requirements

The Company is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1) of the Securities Exchange Act of 1934 which requires maintenance of minimum net capital. Under the Rule, the Company is required to maintain minimum net capital, as defined, equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness. The ratio of aggregated indebtedness to net capital cannot exceed 800% or 8:1 within its first year of business.

At December 31, 2021, the Company had net capital of \$22,824 which was \$17,824 in excess of its required net capital and the ratio of aggregate indebtedness to net capital was 40.79%.

#### 5. Operating Lease Obligations

The Company is required to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms greater than twelve months. All such leases are to be classified as either finance or operating. The Company has no lease obligations that required recording or disclosures in the December 31, 2021, financial statements.

#### 6. Subordinated Liabilities

The Company had no liabilities subordinated to the claims of general creditors as of inception, August 17, 2021, and during the year ended December 31, 2021.

#### 7. Commitments and Contingencies

The Company does not have any commitments or contingencies including arbitration or other litigation claims that may result in a loss or a future obligation.

#### 8. Accounts Receivable

As of December 31, 2021, the Company had accounts receivable of \$47,842, due from one customer. The Company has no allowance for bad debt as they believe the amounts are collectable.

#### 9. Subsequent Events

Management has evaluated all events or transactions that occurred after December 31, 2021, through the date of the issued financial statements. During this period, there were no material recognizable subsequent events that required recording or disclosures in the December 31, 2021, financial statements.

**Palmas Securities, LLC**

**SCHEDULE I**

**Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commissions**

As of December 31, 2021

**SUPPLEMENTAL**

**COMPUTATION OF NET CAPITAL**

TOTAL MEMBER'S EQUITY	\$ 87,588
LESS:	
Non-Allowable Assets	
Prepaid Expenses	(1,887)
Accounts Receivable	(62,877)
Total Non-Allowable Assets	(64,764)
Other Operational Deductions or Charges	-
<b>TENTATIVE NET CAPITAL</b>	<b>\$ 22,824</b>
<b>HAIRCUTS ON SECURITIES</b>	<b>\$ -</b>
<b>NET CAPITAL</b>	<b>\$ 22,824</b>
Minimum dollar net capital requirement of reporting broker dealer	\$ 5,000
<b>EXCESS NET CAPITAL</b>	<b>\$ 17,824</b>
<b>TOTAL AGGREGATE INDEBTEDNESS</b>	<b>\$ 9,310</b>
<b>MINIMUM NET CAPITAL BASED ON AI</b>	<b>\$ 1,164</b>
<b>PERCENTAGE OF NET CAPITAL TO AI</b>	<b>40.79%</b>

There are no material differences between net capital in Part IIA of Form X-17A-5 and net capital above.

See accompanying report of independent registered public accounting firm.

# **Palmas Securities, LLC**

## **SCHEDULE II**

### **Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities and Exchange Act of 1934**

For the Period From August 17, 2021 (inception) to December 31, 2021

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#### **SUPPLEMENTAL**

The Company does not claim an exemption from SEC Rule 15c3-3, in reliance on footnote 74 to SEC Release 34-70073, as discussed in Q&A 8 of the related FAQ issued by SEC staff. The Company 1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, 2) did not carry accounts of customers of or for customers, and 3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year ending December 31, 2021, without exception.

See accompanying report of independent registered public accounting firm.

# **Palmas Securities, LLC**

## **SCHEDULE III**

### **Information Relating to the Possession or Control Requirements under the Securities and Exchange Commission Rule 15c3-3**

For the Period From August 17, 2021 (inception) to December 31, 2021

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#### **SUPPLEMENTAL**

The Company does not claim an exemption from SEC Rule 15c3-3, in reliance on footnote 74 to SEC Release 34-70073, as as discussed in Q&A 8 of the related FAQ issued by SEC staff. The Company 1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, 2) did not carry accounts of customers of or for customers, and 3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year ending December 31, 2021, without exception.

See accompanying report of independent registered public accounting firm.





## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Edward Kim.  
of Palmas Securities, LLC

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report pursuant to SEC Rule 17a-5, in which (1) Palmas Securities, LLC (the "Company"):

- (1) did not claim an exemption under paragraph (k) of 17 C.F.R. §240.15c3-3, and
- (2) the Company is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company conducts business activities involving commission sharing for business executed through other broker dealers in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4.

In addition, the Company did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company; did not carry accounts of or for customers; and did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

Palmas Securities, LLC'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 upon the Company's business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5, and related SEC Staff Frequently Asked Questions.

*TPS Thayer, LLC*

TPS Thayer, LLC  
Houston, Texas  
March 31, 2022

[www.tpscpas.com](http://www.tpscpas.com)

1600 Highway 6, Suite 100 | Sugar Land, TX 77478 | T: 281.552.8430 | F: 281.552.8431

## Exemption Report for Non-Covered Firm

Palmas Securities LLC (the "Firm") 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 Firm states the following:

The Firm does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3; and the Firm is filing this Exemption Report in reliance on Footnote 74 to SEC Release 34-70073 and as discussed in Q&A 8 of the related FAQ issued by SEC staff. The Firm has no obligation under SEC Rule 15c3-3 because it does not directly or indirectly receive, hold or otherwise owe funds or securities for or to customers; does not carry accounts of or for customers; and does not carry PAB accounts. The Firm conducts business activities involving commission sharing for business executed through other broker-dealers. We do not accept customer funds or securities and will not have possession of any customer funds or securities in connection with our activities.

The Firm had no exceptions to the provision identified above throughout the most recent fiscal year.

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



Edward M. Kim

CEO/CCO

Date:



Report Of Independent Registered Public Accounting Firm On Applying  
Agreed Upon Procedures

Director and Member  
Palmas Securities, LLC  
52 Harbour Lights Drive  
Humacao, PR 00791

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below, and were agreed to by Palmas Securities, LLC (Company) and the SIPC, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2021.

Management of the Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you and SIPC in evaluating the Company's compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2021. Additionally, SIPC has agreed to and acknowledged that the procedures performed are appropriate for their intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. 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 we performed and our findings are as follows:

- 1 Compared the listed assessment payments represented on Form SIPC 6 & 7 with the respective cash disbursements record entries, including check amount for \$0.00.
- 2 Compared audited Total Revenue for the period of January 01, 2021 through December 31, 2021 (fiscal year-end) with the amounts reported on Forms SIPC-7, noting no differences.
- 3 Compared any adjustments reported on Form SIPC-7 with supporting schedules and work papers, to the extent such exists, noting no differences.
- 4 Proved the arithmetical accuracy of the calculations reflected on Form SIPC-7, noting no material differences.
- 5 If applicable, compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting an underpayment.

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and in accordance with the standards of the Public Company Accounting Oversight Board (United States). We were not engaged to and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2021. 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.

We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*TPS Thayer, LLC*

TPS Thayer LLC

Sugar Land, TX  
March 31, 2022

[www.TPSCPAS.com](http://www.TPSCPAS.com)

1600 Highway 6, Suite 100 | Sugar Land, TX 77478 | T: 281.552.8430 | F: 281.552.8431

## Palmas Securities, LLC

### SIPC Reconciliation Pursuant to SEA Rule 17a-5 Of the Securities and Exchange Act of 1934

As of and for the Period Ended from August 17, 2021 (Inception) to December 31, 2021

#### SIPC Reconciliation

Total revenue					116,988
Deductions					-
SIPC net operating revenues					<u>116,988</u>
Amount due per general assessment @ 0.0015					<u>\$ 175</u>
<u>Form</u>	<u>Check Filing date number</u>	<u>Filed/paid to</u>	<u>Date Cleared</u>	<u>Amount paid</u>	
SIPC 6	N/A N/A	N/A	N/A	\$ -	
SIPC 7	1/19/2022 001	SIPC	2/1/2022	\$ 104	
Total amount paid					<u>\$ 104</u>
Overpayment (Underpayment)					<u><u>\$ (71)</u></u>

#### Statement Related to SIPC Reconciliation

SEA Rule 17a-5(e)(4) requires a registered broker-dealer that is a member of SIPC with revenues in excess of \$500,000 to file a supplemental report (Agreed Upon Procedures Report) related to the broker-dealer's SIPC annual general assessment reconciliation, or if the registered broker-dealer is exempt from SIPC membership an Exclusion from Membership, SIPC Form 3 with appropriate schedules shall be included in this supplemental section below. Broker-dealers that are members of SIPC with revenues that do not exceed \$500,000 are not required to file the Agreed Upon Procedures Report in this supplemental section.

**SIPC-7**

(36-REV 12/18)

**SECURITIES INVESTOR PROTECTION CORPORATION**

Mail Code: 8967 P.O. Box 7247 Philadelphia, PA 19170-0001

**General Assessment Reconciliation****12/31/21**

For the fiscal year ended

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

8-70653

FINRA

December

Palmas Securities Limited Liability Company  
 52 Harbour Lights Dr.  
 Humacao, PR 00791

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Angela Hajek 404-841-1010

**WORKING COPY**

2. A. General Assessment (item 2e from page 2)

\$104

B. Less payment made with SIPC-6 filed (exclude interest)

( )

Date Paid

C. Less prior overpayment applied

( )

D. Assessment balance due or (overpayment)

104

E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum

F. Total assessment balance and interest due (or overpayment carried forward)

\$104

G. PAYMENT: ☒ the box

Check mailed to P.O. Box ☐ Funds Wired ☐ ACH ☐ 104  
 Total (must be same as F above)

H. Overpayment carried forward

\$( )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Palmas Securities LLC

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 19 day of January, 2022.

Member

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 8/17/21  
and ending 12/31/21

Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$69,180

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ \_\_\_\_\_

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

\$ 69,180

2e. General Assessment @ .0015

\$ 104

(to page 1, line 2.A.)