

Statement of Financial Condition

Clarksons Platou Securities, Inc.

December 31, 2020

With Report of Independent Registered Public
Accounting Firm

(SEC I.D. No. 8-45221)

Clarksons Platou Securities, Inc.

Statement of Financial Condition

December 31, 2020

Contents

Facing Page and Oath or Affirmation

Report of Independent Registered Public Accounting Firm.....1

Financial Statements

Statement of Financial Condition.....2

Notes to Statement of Financial Condition.....3-14

Report of Independent Registered Public Accounting Firm

**To the Board of Directors and Shareholder
Clarksons Platou Securities, Inc.**

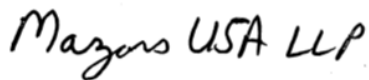
Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Clarkson's Platou Securities, Inc., (the "Company"), as of December 31, 2020, 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 December 31, 2020, 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.



We have served as the Company's auditor since 2019.

New York, NY
February 17, 2021

Clarksons Platou Securities, Inc.

Statement of Financial Condition

December 31, 2020

Assets

Cash	\$ 1,750,889
Deposit with clearing broker	100,000
Receivables from clearing broker	6,424,478
Receivables from clients	690,251
Fixed assets, net of accumulated depreciation and amortization of \$712,901	353,750
Right of use asset for operating lease	2,995,578
Due from related parties	200,110
Deferred tax assets, net of valuation allowance of \$4,685,127	—
Prepays and other assets	<u>172,504</u>
Total assets	<u>\$ 12,687,560</u>

Liabilities and stockholder's equity

Liabilities:

Accounts payable, accrued expenses, and other liabilities	\$ 822,399
Due to related parties	584,476
Lease liability for operating lease	<u>3,364,057</u>
Total liabilities	<u>4,770,932</u>

Stockholder's equity:

Common stock; \$0.001 par value, 10,000 shares authorized, 3,750 shares issued and outstanding	4
Preferred stock; \$0.001 par value, 1,000 shares authorized none issued and outstanding	—
Additional paid-in capital	20,766,857
Retained earnings (deficit)	<u>(12,850,233)</u>
Total stockholder's equity	<u>7,916,628</u>
Total liabilities and stockholder's equity	<u>\$ 12,687,560</u>

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

Clarksons Platou Securities, Inc.

Notes to Statement of Financial Condition

1. Organization and Nature of Business

Clarksons Platou Securities, Inc. (the “Company”) engages primarily in providing corporate finance advisory services and the underwriting, distribution, and trading of equity and debt securities. The Company also participates in underwriting corporate debt securities in the United States as a selling group or syndicate member, the arrangement and syndication of bank loans, including advisory services related thereto, and managing the private placement of exempt corporate and debt securities of United States issuers. The Company additionally produces and publishes research reports on its sector companies and chaperones the research and trading activities of Clarkson PLC (the “Parent”) into the United States.

The Company is a wholly owned subsidiary of the Parent, which is based in Norway. The Company itself is based in the United States and conducts business from its main office in New York City. The Company is licensed and regulated by the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”) in the United States. The Parent is licensed and regulated by the Financial Services Authority of Norway. The Parent is wholly owned by Clarkson PLC (the “ultimate Parent”), which is listed on the London Stock Exchange.

The Company clears all U.S. customer transactions on a fully disclosed basis through Pershing LLC (“Pershing”), an independent clearing firm. The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities and, accordingly, is exempt from the reserve requirement and possession or control provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 (“Rule 15c3-3”) pursuant to paragraph (k)(2)(i) and (ii) of Rule 15c3-3.

The Company is also a party to a chaperoning arrangement with its Parent, pursuant to which the Company chaperones certain activities of the Parent in the U.S.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”). The preparation of financial statements in conformity with US GAAP requires management of the Company to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statement of financial condition. Management believes that the estimates utilized in preparing the statement of financial condition are reasonable and prudent; however, actual results could differ from those estimates.

Notes to Statement of Financial Condition (Continued)

2. Significant Accounting Policies (Continued)

As further described in the related party transactions footnote (note 7) the Company is a member of a group of companies with relationships with members of the group. As such, it is possible that the terms of these transactions are not the same as those which result from transactions among unrelated parties.

Concentrations of Credit Risk

The Company's cash is held by major financial institutions. At times, such amounts may exceed the Federal Deposit Insurance Corporation ("FDIC") limit.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization. Depreciation on furniture and equipment is calculated on a straight-line basis using estimated useful lives of three to ten years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease, using estimated useful lives of seven years.

Receivables from Clearing Broker and from Clients

Receivables from clearing broker on the statement of financial condition consist of commissions earned by the Company that are held with the clearing broker. Receivables from clients consist of amounts due for research services and reimbursement of legal expenses. Receivables are periodically assessed for impairment and, as of December 31, 2020, an allowance for doubtful accounts of \$59,413 was recorded based on that assessment.

Prepays and Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities

Prepays and other assets consist primarily of prepaid expenses and other receivables. Accounts payable, accrued expenses, and other liabilities consist of annual bonuses, 401(k) benefit plan match liability, tax withholdings, amounts due to trade creditors and other accrued expenses.

Revenues and Receivables

The Company adopted ASC Topic 606, Revenue from Contracts with Customers ("ASC Topic 606") in 2018. The new revenue recognition guidance requires that the Company recognize revenue and related receivables, if any, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from contracts with customers and related receivables, if any, includes commission income and fees from investment banking. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue and related receivables, if any, based on the consumption of the performance obligations of the customer; and whether constraints on variable consideration should be applied to certain future events.

Notes to Statement of Financial Condition (Continued)

2. Significant Accounting Policies (Continued)

Revenues and Receivables (Continued)

The guidance requires the Company to follow a five step model to (1) identify the contract or contracts with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue and related receivables, if any, when (or as) the Company satisfies a performance obligation. In determining the transaction price, the Company may include variable consideration to the extent that it is probable a significant reversal in amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Brokerage Commissions. The Company buys and sells securities on behalf of its customers. When 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 the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes 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 the customer. Payment for the performance obligation occurs on the settlement date (date the trades are settled with the customer).

Underwriting Fees and Costs. The Company underwrites securities for business entities that want to raise funds through a sale of securities. Revenues are earned from the fees arising from securities offerings in which the Company acts as an underwriter, which is the performance obligation. Revenue is recognized on the trade date (the date on which the Company purchases the securities from the issuer) for the portion the Company is contracted to buy in a firm commitment offering or has sold in a best efforts offering. The Company believes that the trade date is the appropriate point in time to recognize revenue for securities transactions, as there are no significant actions the Company needs to take, and the issuer obtains control of the benefit of proceeds from the securities offering. Payment for the performance obligation generally occurs at the closing date of the transaction. Underwriting costs that are deferred under the guidance in FASB ASC Topic 340-40-25-3 are recognized in expense at the time the related revenues are recorded. In the event the securities offering is aborted, the Company immediately expenses those costs.

Merger and Acquisition (M&A) Advisory Fees. The Company provides advisory fees on M&A transactions. Revenue for these arrangements is generally recognized at the point in time that performance obligations under the arrangement are completed (usually the closing date of the transaction) or when the contract is cancelled. Payment for the performance obligation generally occurs on the closing date. However, for certain contracts, revenue is recognized over time for advisory arrangements in which the performance obligations are simultaneously provided by the Company and consumed by the customer. Payments are made when bills are rendered for such services. Retainers and other fees received from customers prior to recognizing revenue are reflected as contract liabilities.

Notes to Statement of Financial Condition (Continued)

2. Significant Accounting Policies (Continued)

Revenues and Underwriting Costs (Continued)

Research Income. The Company engages in the distribution of its own and third-party research to institutional clients. Under the terms of the customer agreements, the performance obligation is met once the research is provided, however, the amounts realizable are variable. There is uncertainty related to the amount a customer will pay that are outside of the Company's control and are based on customary business practices. The Company does not believe it can overcome this constraint until the customer has notified the Company what it will pay for the research. Typically, revenue is recognized when the client has notified the Company of payment for research provided.

Execution and Clearing Fees. The Company provides clearing and execution services to its Parent that are recognized on the trade date, consistent with the accounting policy described above for brokerage commissions.

Service Fee Income. The Company has a chaperoning agreement with its Parent pursuant to Securities and Exchange Commission Rule 15a-6 (the "15a-6 Services Agreement" or "Chaperoning Agreement"), in which a portion of the Company's normal operating costs plus an agreed upon markup are reimbursed by the Parent to the Company with a cap of \$2 million per year. Service fee income is recognized when the performance obligations are recognized over time as services are provided by the Company in accordance with the Chaperoning Agreement.

Other Income. Other income consists principally of sublease income for space provided to affiliates of Clarksons PLC, which is recognized as the premises are used.

Income Taxes

Income taxes are accounted for under Accounting Standards Codification ("ASC") 740, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. To the extent that it is more likely than not that deferred tax assets will not be recognized, a valuation allowance would be established to offset their benefit. In accordance with ASC 740, the Company is required to disclose unrecognized tax benefits resulting from uncertain tax positions. ASC 740 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority, and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized.

Notes to Statement of Financial Condition (Continued)

2. Significant Accounting Policies (Continued)

Leases

The FASB issued ASU No. 2016-02, Leases (“Topic 842”) which, among other things, requires the recognition of lease assets and lease liabilities on the balance sheet of lessees, along with the disclosure of key information about leasing arrangements. The ASU is effective for annual periods beginning after December 15, 2018. The Company adopted Topic 842 effective January 1, 2019. Previously, the Company’s obligations with respect to its operating lease was disclosed in a footnote to the financial statements and not included on the balance sheet.

Topic 842 provides practical expedients regarding the use of hindsight in determining certain material lease components (e.g. reassessment of lease term) that could significantly change the eventual impact on the Company’s financial statements. As such, the Company has exercised its options to use the practical expedients provided by Topic 842, and reevaluated the term of its lease. The lease term now includes only the term from the balance sheet date through its expected termination option date (November 19, 2023). Also, the discount rate used to measure the present value of the lease liability is the implicit rate in the lease if it is readily determinable. As the implicit rate in this lease is not readily determinable, the Company used an incremental borrowing rate of 6% in recognizing its lease liability. The Company’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (“Topic 326”) that requires the Company with a financial asset (or group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from amortized cost of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Previously, when credit losses were measured, an entity generally only considered past events and current conditions in measuring the incurred loss. Topic 326 is effective for annual periods ending after December 15, 2019. The Company has not experienced significant credit losses and, as such, its adoption did not result in a material change to its financial statements.

Clarksons Platou Securities, Inc.

Notes to Statement of Financial Condition (Continued)

2. Significant Accounting Policies (Continued)

Financial Instruments

At December 31, 2020, the Company did not own any financial assets or liabilities other than cash, receivables and other assets and liabilities with short and intermediate term maturities and defined settlement amounts.

Other assets and liabilities with short and intermediate-term maturities and defined settlement amounts, including receivables, payables, and accrued expenses are reported at their contractual amounts, which approximate fair value.

3. Deposit with Clearing Broker

The Company maintains cash deposited with Pershing pursuant to a fully disclosed clearing agreement (“Clearing Agreement”) entered into on October 28, 2011, which is meant to assure the Company’s performance, including but not limited to the indemnification obligations specified in the Clearing Agreement. At December 31, 2020, the Company had \$100,000 deposited with Pershing. The deposit does not represent an ownership interest in Pershing.

4. Fixed Assets

At December 31, 2020, fixed assets consist of the following:

		Estimated Useful Life in Years
Furniture	\$ 185,017	7
Equipment	439,880	3 - 10
Leasehold improvements	346,298	7
Software	<u>95,456</u>	5
Total cost	1,066,651	
Less accumulated depreciation and amortization	<u>(712,901)</u>	
Total cost, net of accumulated depreciation and amortization	<u>\$ 353,750</u>	

Clarksons Platou Securities, Inc.

Notes to Statements of Financial Condition (Continued)

5. Commitments and Contingencies

Leases

The Company entered into an operating lease agreement with an unrelated third party in December 2015. The lease agreement requires fixed monthly payments of approximately \$89,409 (\$1,072,910 per year) for the first five years and, subject to a termination option, approximately \$96,861 (\$1,162,330 per year) for the next five years. The Company took possession of the leased premises effective September 12, 2016; however, due to the lease's deferred rent commencement provisions, future minimum lease payments for this lease are disclosed below with a rent commencement date of November 19, 2016. The lease is secured by a \$1,072,920 guarantee provided by the Parent consistent with the term of the lease. The Company subleases the premises to an affiliate of Clarksons, PLC consistent with the term of the lease, based on an allocation of leased space and certain operating costs.

Pursuant to the practical expedient provisions of Topic 842, the Company reevaluated the term of the lease, and concluded the lease term should include only the term from the balance sheet date through its expected termination option date (November 19, 2023). Consequently, the liability from the operating lease is determined, as follows for the future minimum lease payments:

2021	\$ 1,080,362
2022	1,162,330
2023, including \$500,000 termination option	<u>1,468,608</u>
Subtotal	3,711,300
Less imputed interest at 6% per annum	<u>(347,243)</u>
Lease liability on operating lease	<u>\$ 3,364,057</u>

Sublease payments from the affiliate of Clarksons are expected, as follows: 2021 - \$185,973; 2022 - \$185,973; 2023 - \$170,475.

Notes to Statement of Financial Condition (Continued)

5. Commitments and Contingencies (Continued)

Clearing Broker Indemnification

The Company applies the provisions of ASC 460, *Guarantees*, which provides accounting and disclosure requirements for certain guarantees. The Company has agreed to indemnify Pershing for losses that it may sustain without limit from the customer accounts introduced by the Company. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other recourse provisions. At December 31, 2020, no amounts were recorded under such agreement as no loss exists.

6. Regulatory Requirements

The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1). The Company has elected to operate under that portion of the Rule which requires that the Company maintain “net capital” equal to the greater of \$250,000 or 6 2/3% of “aggregate indebtedness,” as those terms are defined in the Rule. At December 31, 2020, the Company had net capital of \$6,496,654 which exceeded the regulatory requirement by \$6,246,654.

Advances to affiliates, dividend payments and other withdrawals are subject to certain notification and other requirements of Rule 15c3-1 and other regulatory bodies.

Proprietary balances held at Pershing, or proprietary accounts of introducing brokers (“PAB assets”), are considered allowable assets for net capital purposes, pursuant to an agreement between the Company and Pershing, which require, among other things, that Pershing perform computations for PAB assets and segregate certain balances on behalf of the Company, if applicable.

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934. The Company relies on its SEC Rule 15c3-3(k)(2)(i) and (ii) exemption with respect to its activities in U.S. securities which are cleared on a fully disclosed basis through its clearing broker, Pershing.

Notes to Statement of Financial Condition (Continued)

7. Subordinated Debt and Other Related Party Transactions

The Company renewed its \$5,000,000 borrowing from Clarkson PLC (“ultimate Parent”) on June 15, 2017, subject to a subordinated loan agreement with its ultimate Parent. Pursuant to the terms of the agreement, the loan is extended an additional year unless the Company is given seven months notice prior to the extended due date of June 15, 2020. On March 31, 2019, the loan was assigned from the ultimate Parent to Clarkson Platou AS and then from Clarkson Platou AS to Clarkson Platou Securities AS, the direct owner and Parent of the Company. The loan bears interest at an annual rate of 12-Month Libor plus 3.0%, and is subordinated to the claims of general creditors. The Company and the Company’s Parent agreed to convert the subordinated debt to capital. Consequently, \$5,000,000 was reclassified from subordinated debt to additional paid-in capital during 2020. No additional shares were issued.

Pursuant to expense sharing arrangements, the Company’s Parent and affiliates of the ultimate Parent provide certain services related to accounting and administrative functions, IT expenses, and errors & omissions and directors & officers insurance, and any other reasonable services requested by the Company. A payable of \$70,388 is accrued for these services as of December 31, 2020, which is included in due to related parties in the Statement of Financial Condition. Other amounts paid by affiliates on behalf of the Company amounted to \$18,088 as of December 31, 2020, and are also included in due to related parties in the Statement of Financial Condition.

Pursuant to a Transfer Pricing Agreement and the Chaperoning Agreement between the Company and its Parent, the Company pays a certain percentage of its investment banking and corporate finance underwriting revenue to its Parent for services provided. During the year ended December 31, 2020, the Company earned underwriting fees pursuant to the Transfer Pricing Agreement of which nothing remained due from the Parent as of December 31, 2020. In addition, the Company owes the Parent \$496,000 for its part in the placement of securities that was ongoing at year end, and is included in due to related parties in the Statement of Financial Condition.

The Company is also reimbursed for costs and earns fees for expenses and fees related to these activities and recorded \$31,346 as due from Parent as of December 31, 2020.

The Company also receives revenue for a sublease agreement with an affiliate and is due \$69,063 from the affiliate as of December 31, 2020. In addition, the Company has \$27,300 due from affiliates for the ShareSave Program. These amounts are also included as due from related parties in the Statement of Financial Condition as of December 31, 2020.

Clarksons Platou Securities, Inc.

Notes to Statement of Financial Condition (Continued)

7. Subordinated Debt and Other Related Party Transactions (Continued)

In 2019, the Company amended its Chaperoning Agreement in which a portion of the costs associated with the operation of the Company plus an agreed upon markup are reimbursed by the Parent to the Company with a cap of \$2 million per year. The Company has a receivable of \$72,401 pursuant to these amended terms to the Chaperoning Agreement and is included in due from related parties in the Statement of Financial Condition as of December 31, 2020.

8. Concentration of Credit Risk

The Company maintains its cash with major financial institutions, which at times may exceed the FDIC limit. The Company has not experienced any losses in such accounts. The Company is also exposed to credit risk as it relates to its securities business. The responsibility for processing customer activity rests with Pershing. The Company's Clearing Agreement with Pershing provides that Pershing's credit losses relating to unsecured debits or unsecured short positions of the Company's customers are charged back to the Company.

9. Income Taxes

The Company operates as a "C" Corporation and is therefore subject to federal, state and local income taxes within its operating jurisdictions. Prepaid taxes of \$14,751 represent amounts paid in excess of estimated tax liabilities, and are included as part of Prepaids and other assets in the Statement of Financial Condition as of December 31, 2020.

The Company considers the need for a valuation allowance against its deferred tax assets to reduce its deferred tax assets to amounts the Company believes are more likely than not to be realized. In assessing the need for a valuation allowance, the Company considers all positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial performance. Based on this evaluation, as of December 31, 2020, a valuation allowance of \$4,685,127 has been recorded in order to measure the entire deferred tax asset that more likely than not will be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period change or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given subjective evidence such as the Company's projections for growth.

Clarksons Platou Securities, Inc.

Notes to Statement of Financial Condition (Continued)

9. Income Taxes (Continued)

The Company's deferred taxes at December 31, 2020 were as follows:

Deferred tax assets, net of deferred tax liabilities of \$39,326	\$ 4,685,127
Valuation allowance	<u>(4,685,127)</u>
Deferred tax assets, net	<u>\$ -</u>

The Company's deferred tax assets and liabilities are comprised of the following temporary differences as of December 31, 2020:

Net operating loss carryforwards	\$ 4,600,745
Accrued expenses	90,112
Other	<u>33,596</u>
Total deferred tax assets	4,724,453
Fixed assets	(39,326)
Valuation allowance	<u>(4,685,127)</u>
Deferred tax assets, net	<u>\$ -</u>

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act, among other provisions, permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019 and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is currently evaluating the impact of the CARES Act to determine whether the NOL carryback provision would result in a material cash benefit to the Company.

As of December 31, 2020, the Company has federal, state and local net operating loss carry forwards of approximately \$13,573,921, \$13,577,319 and \$13,577,319, respectively. A portion of the federal net operating loss carry forwards, amounting to \$4,232,150 will begin to expire in 2035. The federal net operating loss carryforwards generated for the years ended December 31, 2020, 2019 and 2018, amounting to approximately \$2,831,632, \$3,647,037 and \$2,863,102, respectively, can be carried forward indefinitely, but are limited to 80% of taxable income before the carryforward. This change in treatment is due to the Tax Cuts and Jobs Act signed into law in 2017, but was amended by the CARES Act.

At December 31, 2020, the Company did not have any unrecognized tax benefits or liabilities resulting from uncertain tax positions. Except for the evaluation of the NOL carryback provisions of the CARES Act, the Company does not believe that it is reasonably possible that the total unrecognized benefits will significantly change in the next 12 months.

The Company operates in the United States and in state and local jurisdictions, and the previous three years remain subject to examination by the tax authorities. There are presently no ongoing income tax examinations.

Clarksons Platou Securities, Inc.

Notes to Statement of Financial Condition (Continued)

10. COVID-19 Uncertainties

In recognition of the significant threat to the liquidity of financial markets posed by COVID-19, the Federal Reserve and Congress have taken dramatic actions to provide liquidity to businesses and the banking system in the U.S. For example, on March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), a sweeping stimulus bill intended to bolster the U.S. economy, among other things, and provide emergency assistance to qualifying businesses and individuals. This was followed by another COVID-19 relief and stimulus package signed into law on December 27, 2020. There can be no assurance that these interventions by the government will be successful, and the financial markets may experience significant contractions in available liquidity and the economy as a whole. Consequently, it is not possible to determine what impact, if any, these measures will have on the Company.

11. Subsequent Events

No other events or transactions occurred subsequent to December 31, 2020 through the date of these financial statements were issued that would require recognition or disclosure in the statement of financial condition and related notes.

