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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-65525

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Rabo Securities USA, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

245 Park Avenue

New York NY 10167  
(City) (No. and Street) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Kenneth McGrory (212) 808 2562

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Ernst & Young LLP

5 Times Square New York NY 10036  
(Address) (Name - if individual, state last, first, middle name) (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)

KH 4/13

OATH OR AFFIRMATION

I, Kenneth McGrory, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rabo Securities USA, Inc., as of December 31st, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Kenneth McGrory  
Signature

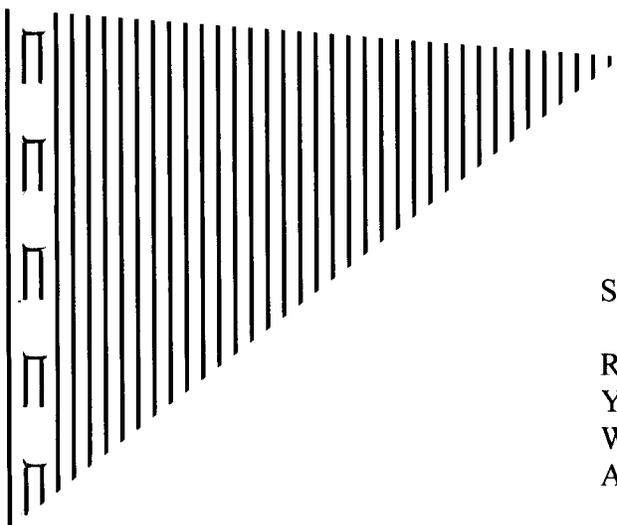
Kenneth McGrory, President  
Title

Joelyne Lallemand  
Notary Public

JOCELYNE LALLEMAND  
Notary Public, State of New York  
No. 01LA6165644  
Qualified in Rockland County  
Certificate Filed in New York County  
My Commission Expires May 17, 2014

- This report \*\* contains (check all appropriate boxes)
- (a) Facing Page.
  - (b) Statement of Financial Condition.
  - (c) Statement of Income (Loss).
  - (d) Statement of Changes in Financial Condition.
  - (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
  - (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
  - (g) Computation of Net Capital.
  - (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
  - (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
  - (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
  - (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
  - (l) An Oath or Affirmation.
  - (m) A copy of the SIPC Supplemental Report.
  - (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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



STATEMENT OF FINANCIAL CONDITION

Rabo Securities USA, Inc.  
Year Ended December 31, 2011  
With Report of Independent Registered Public  
Accounting Firm

Ernst & Young LLP

 **ERNST & YOUNG**

Rabo Securities USA, Inc.  
Statement of Financial Condition  
Year Ended December 31, 2011

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Facing Page and Oath or Affirmation

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## Report of Independent Registered Public Accounting Firm

Stockholder and Board of Directors  
Rabo Securities USA, Inc.

We have audited the accompanying statement of financial condition of Rabo Securities USA, Inc. (the "Company") as of December 31, 2011. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Rabo Securities USA, Inc. at December 31, 2011, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 28, 2012

Rabo Securities USA, Inc.

Statement of Financial Condition

December 31, 2011

(In Thousands, Except Share Amounts)

**Assets**

Cash and cash equivalents	\$ 13,167
U.S. Government Securities	60,644
Commercial paper held for own account	3,442,065
Receivables from underwriters, net	857
Receivables from brokers and dealers and clearing broker, net	111
Receivables from affiliates	266
Receivables from customers, net	120
Other assets	87
Total assets	<u>\$ 3,517,317</u>

**Liabilities and stockholder's equity**

Liabilities:

Borrowings from affiliate	\$ 3,441,968
Payables to affiliates	3,331
Accounts payable and accrued expenses	144
Mergers and acquisition fees payable	109
Income taxes payable	3,657
	<u>3,449,209</u>

Stockholder's equity:

Common stock (1,000 shares authorized, issued and outstanding, \$.01 par value)	—
Additional paid-in capital	32,000
Retained earnings	36,108
Total stockholder's equity	<u>68,108</u>
Total liabilities and stockholder's equity	<u>\$ 3,517,317</u>

*See notes to statement of financial condition.*

# Rabo Securities USA, Inc.

## Notes to Financial Statements

December 31, 2011

*(In Thousands)*

### **1. Organization**

Rabo Securities USA, Inc. (the “Company” or “RSI”) was incorporated in Delaware in 1999. The Company is an institutional brokerage and investment banking firm. The Company is engaged primarily in the business of underwriting and private placement services, mergers and acquisitions transaction advisory services, fixed-income sales and trading, and effecting transactions in foreign equities. The Company is registered as a broker-dealer with the Securities and Exchange Commission and the Financial Industry Regulatory Authority (“FINRA”), and commenced operations in the capacity of a broker-dealer in March 2003. The Company is a wholly owned subsidiary of Utrecht-America Holdings, Inc. (the “Parent”) which is a wholly owned subsidiary of Rabobank Nederland.

The Company participates in the underwriting and private placement of U.S. debt and equity securities. RSI may participate in underwriting transactions on a best efforts or firm commitment basis and in private placement transactions as initial purchaser, principal or agent for which it earns underwriting revenue or advisory fees. RSI may also engage in sales and trading activities in support of its underwriting and private placement activities.

The Company also provides Merger and Acquisition (“M&A”) transaction advisory services to institutional clients.

The Company also participates in the private placement of asset-backed commercial paper for Rabobank administered commercial paper programs for which it earns brokerage fees. These transactions are executed with institutional clients and the activity is cleared via Pershing. The Company acts as an agent for non-U.S. equity sales by its affiliate, Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Utrecht Branch (“Rabobank Utrecht Branch”), to U.S. institutional investors and earns commission income on this brokerage business. The Company clears its foreign equities brokerage business on a delivery versus payment/receipt versus payment basis through Rabobank Utrecht Branch and for U.S. securities on a fully disclosed basis through Pershing LLC (the “clearing broker”).

# Rabo Securities USA, Inc.

## Notes to Financial Statements (continued)

December 31, 2011

*(In Thousands)*

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

The preparation of the statement of financial condition in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its statement of financial condition are reasonable and prudent. Actual results could differ from these estimates.

Cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased. Included in cash equivalents is \$13,141 of money market funds placed with a financial institution.

As of December 31, 2011, U.S. Government Securities represent U.S. Treasury Bills with a maturity of 182 days when purchased.

RSI is a dealer in commercial paper and purchases commercial paper from its affiliated conduits (see footnote 10) with the intention of selling the paper on to its client base the same day. If the Company is unable to sell all of its commercial paper commitments to clients, it holds any unsold balances overnight in its trading account.

The Parent of the Company entered into a cooperative arrangement with another entity for which both the parties share certain revenue based on an agreed percentage. Revenues earned under this agreement by the Parent are allocated to the Company and its affiliates. With respect to this agreement, \$240 in receivables from affiliates and \$109 in mergers and acquisition fees payable were recorded as of December 31, 2011. In addition, \$120 in receivables from customers relating to mergers and acquisition advisory fees were recorded as of December 31, 2011.

There was no allowance for doubtful accounts at December 31, 2011. The Company establishes an allowance for doubtful account when it determines the receivable to be uncollectible.

Provisions for deferred taxes are made in recognition of these temporary differences in accordance with the provisions of Accounting Standards Codification ("ASC") 740, Income Taxes ("ASC 740"). At December 31, 2011, there were no material temporary differences.

# Rabo Securities USA, Inc.

## Notes to Financial Statements (continued)

December 31, 2011

*(In Thousands)*

### **3. Receivables from Underwriters, net, and Brokers and Dealers and Clearing Broker, net**

Receivables from underwriters, net, represent underwriting fees receivable net of charges and fees. The Company conducts underwriting business with brokers and dealers that are members of FINRA and the major securities exchanges. Receivables from brokers and dealers and clearing broker, net represents brokerage fees receivable from Pershing LLC related to the Company's commercial paper business, net of ticket charges and other transactional fees charged by Pershing. There was no allowance for doubtful accounts at December 31, 2011.

### **4. Concentration of Credit Risk**

At December 31, 2011, the financial instruments that potentially subject the Company to concentration of credit risk are primarily cash, which is on deposit with one financial institution, and cash equivalents, which are invested in a money market fund and commercial paper issued by a related party. Net of FDIC Insurance, RSI's credit risk at The Bank of New York Mellon Corporation due to cash and cash equivalents is \$12,917. Any commercial paper held is issued by one of the Rabobank administered commercial paper programs. Commercial paper held were \$3,442,065 as of December 31, 2011.

RSI maintains a revolving finance facility (the "Facility") with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Grand Cayman Branch ("Rabobank Grand Cayman Branch") of up to \$5,000,000. Under the Facility, Rabobank Grand Cayman Branch agrees that, in the event any affiliate debt instruments as defined in the Facility are not redeemed when presented for payment, it shall forgive its related loans to RSI by making an equity contribution to the Company, in an amount equal to the market value of any affiliate debt instruments including any commercial paper held. Borrowings under this facility are classified as borrowings from affiliate in the statement of financial condition. Borrowings from affiliate were \$3,441,968 as of December 31, 2011 (Note 10).

# Rabo Securities USA, Inc.

## Notes to Financial Statements (continued)

December 31, 2011

*(In Thousands)*

### **5. Off Balance Sheet Risk and Transactions with Customers**

ASC 460, Guarantees, provides accounting and disclosure requirements for certain guarantees. In the normal course of business, the Company's customer activities involve the execution and clearance of customer securities transactions through clearing brokers. Securities transactions are subject to the credit risk of counterparties or customer nonperformance. Pursuant to the clearing agreements, the Company has agreed to reimburse its clearing brokers without limit for any losses that the clearing brokers may incur from the clients introduced by the Company. However, the transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through the settlement date. As a result of the settlement of these transactions, there were no amounts to be indemnified to clearing brokers for these customer accounts at December 31, 2011.

### **6. Income Taxes**

The Company is included in the consolidated federal income tax return filed by the Parent. The Company is included in the combined New York State and New York City income tax return filed by the Parent and certain other subsidiaries of the Parent. The income tax provision has been calculated in the statement of financial condition on a stand-alone basis at the effective rate of the Company.

The Company's income tax provision is computed in accordance with a tax sharing agreement between the Parent and its subsidiaries. The Parent pays taxes on the Company's behalf and, therefore, income taxes payable in the statement of financial condition represents an inter-company payable.

As of December 31, 2011, the Company determined that it has no uncertain tax positions, interest or penalties as defined within ASC 740.

The Company is currently under audit for federal and various state and local tax jurisdictions for the tax years ended December 31, 2004 through December 31, 2009. The Company does not have unrecognized tax benefits. The Company does not believe that it is reasonably possible that the total unrecognized benefits will significantly increase within the next 12 months.

As of December 31, 2011, the Company did not separately state its deferred tax amounts as there were no significant temporary differences.

# Rabo Securities USA, Inc.

## Notes to Financial Statements (continued)

December 31, 2011

(In Thousands)

### **7. Benefits**

An affiliate provides certain noncontributory medical, dental and life insurance benefits for eligible employees. Eligible employees of the Company also participate in the affiliate's noncontributory defined benefit pension plan under which benefits are based on employee career employment compensation.

An affiliate also has a 401(k) plan in which eligible employees of the Company may participate. The plan includes employee contributions and matching contributions by the affiliate subject to certain limitations.

### **8. Net Capital Requirements and Other Regulatory Requirements**

The Company is subject to the net capital requirements of FINRA and the Uniform Net Capital requirements of the SEC under Rule 15c3-1 (the "Rule"). FINRA and the SEC requirements also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. The Company has elected to use the alternative method, as permitted by the Rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$250 or 2% of aggregate debit items arising from customer transactions, as defined.

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k) (2) (ii) for all domestic transactions cleared through another broker-dealer on a fully-disclosed basis, and under paragraph (k) (2) (i) for all foreign transactions cleared on a delivery versus payment/receipt versus payment basis.

At December 31, 2011, the Company had net capital of approximately \$66,098, which was \$65,848 in excess of the amount required to be maintained at that date.

### **9. Financial Instruments**

In accordance with ACS 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. ACS 820 also establishes a framework for measuring fair value, and a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that the market

Rabo Securities USA, Inc.

Notes to Financial Statements (continued)

December 31, 2011

*(In Thousands)*

**9. Financial Instruments (continued)**

participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

**Fair Value Hierarchy**

The three-level hierarchy of inputs is summarized below:

- Level 1: Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets;
- Level 2: Valuation inputs are quoted prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets and other valuation techniques utilizing observable inputs directly or indirectly related to the asset or liability being measured;
- Level 3: Valuation techniques utilize inputs that are unobservable and significant to the fair value measurement.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Rabo Securities USA, Inc.

Notes to Financial Statements (continued)

December 31, 2011

(In Thousands)

**9. Financial Instruments (continued)**

The following is a summary of the assets and liabilities measured at fair value as of December 31, 2011.

<b>Description</b>	<b>Quoted Prices In Active Markets For Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 13,167	\$ –	\$ –	\$ 13,167
U.S. Government securities	60,644	–	–	60,644
Commercial paper	–	3,442,065	–	3,442,065
<b>Total</b>	<b>\$ 73,811</b>	<b>\$ 3,442,065</b>	<b>\$ –</b>	<b>\$ 3,515,876</b>

For commercial paper, carrying value approximates fair value due to short-term nature and minimal credit risk. Fair value for cash invested in a money market investment and the U.S. Treasury Bills in U.S. Government securities are based on quoted prices in active markets. Fair value adjustment of U.S. Treasury Bills flows through income. All commercial paper positions held at December 31, 2011 were highly rated and the majority were redeemed the following business day for the full carrying value. During the year no transfers were made between any levels.

**10. Related Party Transactions**

The Company receives overhead services pursuant to a service level arrangement with the Company's affiliate, Rabobank International, New York Branch ("Rabobank New York Branch"), dated November 18, 2009. The Company is charged a percentage of compensation, occupancy, allocated administrative costs and other costs allocated from Rabobank New York Branch based on the portion attributable to the Company. Payments related to the service level agreement are invoiced and settled in U.S. Dollars. Amounts owed to Rabobank New York Branch relating to the service level arrangement and other expenses paid on behalf of the Company are \$3,234 and are included in payables to affiliates in the statement of financial condition.

# Rabo Securities USA, Inc.

## Notes to Financial Statements (continued)

December 31, 2011

*(In Thousands)*

### **10. Related Party Transactions (continued)**

In the foreign equities brokerage business, the Company acts as agent between its affiliate, Rabobank Utrecht Branch, and the Company's clients, in foreign equity securities transactions with U.S. major institutional investors. Balances resulting from such transactions are included in receivables from affiliates and were \$26 at December 31, 2011.

The Company acts as a placement agent of commercial paper issued by Rabobank administered commercial paper programs. Additionally, the Company held overnight asset-backed commercial paper purchased from affiliates during the year. At December 31, 2011, RSI owned \$3,442,065 of commercial paper issued by one of the Rabobank administered commercial paper programs.

Under the Facility (as defined in Note 4 above) the interest rate charged for borrowings from affiliates is based on a nominal spread over the corresponding asset backed commercial paper purchased from affiliates. At December 31, 2011, there was an outstanding borrowed balance of \$3,441,968 with such affiliate. Given the short term nature of the borrowing, fair value approximates carrying value.

The Company has, under a revolving subordinated loan agreement approved by FINRA, the ability to borrow \$100,000 from its affiliate, Rabobank Grand Cayman Branch, at an interest rate based on the one-month LIBOR. This agreement terminates March 21, 2012. At December 31, 2011 and during the year then ended, there was no indebtedness under this revolving subordinated loan agreement.

Receivables from affiliates on the statement of financial condition can include amounts receivable from clearing broker, Rabobank Utrecht Branch, which represents securities failed to deliver. There were no failed to receive securities from customers and no failed to deliver securities to customers at December 31, 2011. The risk of loss associated with these transactions is dependent upon the customer and the affiliate clearing broker fulfilling their obligations.

### **11. Contingencies**

The Company is not involved in and does not foresee any legal proceedings concerning matters arising in connection with the conduct of the Company's businesses. There is no effect on the Company's statement of financial condition.

Rabo Securities USA, Inc.

Notes to Financial Statements (continued)

December 31, 2011

*(In Thousands)*

**12. Subsequent Events**

The Company has evaluated subsequent events through February 28, 2012, the date this statement of financial condition was available to be issued.

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