

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

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

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

Washington DC

REPORT FOR THE PERIOD BEGINNING 1/01/2012 AND ENDING 12/31/2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Olivetree USA, LLC

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

254 West 54<sup>th</sup> Street, 17th Floor

New York (No. and Street) NY 10022  
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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

David Bell 646-499-8050

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

WeiserMazars LLP

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

135 West 50<sup>th</sup> Street New York NY 10020  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountants
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

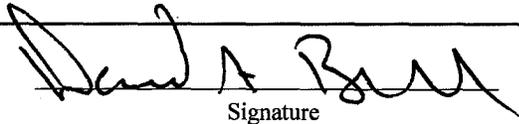
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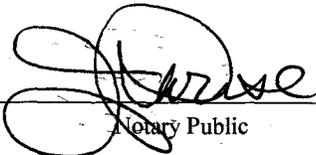
OATH OR AFFIRMATION

I David Bell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Olivetree USA, LLC, as of December 31,, 2012, 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:

No Exceptions

  
Signature

JANICE PARISE CEO  
Notary Public, State of New York Title  
No. 41-4968956  
Qualified in Queens County  
Commission Expires July 9, 2015

  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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.
- (o) Independent Auditors' Report on Internal Accounting Control.

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

**Olivetree USA, LLC**  
**(A Wholly-Owned Subsidiary of**  
**Olivetree Securities Limited)**

**Statement of Financial Condition**  
**Year Ended December 31, 2012**

**Olivetree USA, LLC**  
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**Year Ended December 31, 2012**

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## Independent Auditors' Report

To the Members  
Olivetree USA, LLC

We have audited the accompanying statement of financial condition of Olivetree USA, LLC (the "Company"), as of December 31, 2012 that is filed pursuant to rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

As a part of our audit of the year 2012 financial statements, we also audited the adjustment to the 2011 financial statements to retrospectively apply the change in accounting of deferred taxes as described in Note 10. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to Olivetree USA, LLC's financial statements other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2011 financial statements as a whole.

*WeiserMazars LLP*

February 22, 2013

**Olivetree USA, LLC**  
**Statement of Financial Condition**  
**December 31, 2012**

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**Assets**

Cash	\$	353,816
Commission receivable		8,499
Prepaid expenses		86,428
Fixed assets, net of accumulated depreciation of \$31,292		52,549
Other assets		8,812

**Total assets** \$ 510,104

**Liabilities and Member's Equity**

**Liabilities**

Accrued expenses and other payables	\$	38,946
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Total liabilities 38,946

Member's equity 471,158

**Total liabilities and member's equity** \$ 510,104

The accompanying notes are integral part of these financial statements.

**Olivetree USA, LLC**  
**Notes to Financial Statements**  
**Year Ended December 31, 2012**

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**1. Organization and Nature of Business**

Olivetree USA, LLC (the "Company") is a wholly-owned subsidiary of Olivetree Securities Limited (the "Parent") and was formed on December 15, 2009. The Company is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") and a member of the Financial Industry Regulatory Authority ("FINRA").

The Company distributes, to U.S. institutional investors and other U.S. registered broker dealers, the research of its Parent, a financial services firm authorized and regulated under the UK Financial Services Authority. The Company accepts and executes orders from U.S. institutional investors and U.S. broker-dealers primarily in relation to foreign securities covered by this research. The Company also accepts orders in relation to certain U.S. equity securities and ADRs. The Company may also act as a member of a selling group in selected underwritings on a best efforts basis and may conduct a private placement business. The Company transmits orders in foreign securities to the Parent for execution and introduces resulting transactions to a domestic U.S. clearing broker for clearance.

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

**Cash**

The Company maintains its cash balances with one financial institution which, at times, exceeds federally-insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its accounts.

**Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives for office equipment range from five to ten years.

Expenditures for maintenance, repairs and minor renewals and betterments are charged to operations as incurred; renewals and betterments of a major character are capitalized. When property is retired, sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

**Revenue and Expense Recognition**

Securities transactions and the related revenues and expenses are recorded on a trade date basis as securities transactions occur. Research fees received in return for research product, either directly from clients or from brokers are recorded on a receipt day basis.

**Olivetree USA, LLC**  
**Notes to Financial Statements**  
**Year Ended December 31, 2012**

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**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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Income Taxes**

The Company has elected to be treated as a corporation for federal and state income tax purposes. The Company provided all income taxes in accordance with the asset and liability method and recognizes deferred income taxes for the expected future tax consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized as income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that all or some portion of the deferred tax assets will not be realized.

**3. Clearing Agreement**

The Company introduces its customer transactions to a clearing broker with which it has a correspondent relationship for execution and clearance in accordance with the terms of a clearance agreement. In connection therewith, the Company is required to maintain a collateral account with its clearing broker that serves as collateral for any losses that the clearing broker may sustain as a result of the failure of the Company's customers to satisfy their obligations in connection with their securities transactions. As of December 31, 2012, the Company has a receivable of \$8,499 from the clearing broker. As of December 31, 2012, the Parent has a deposit with the clearing broker of 500,000 in British Pounds.

**4. Fixed Assets**

A summary of the cost and accumulated depreciation of fixed assets at December 31, 2012 is as follows:

Office equipment	\$ 83,841
Less accumulated depreciation	<u>(31,292)</u>
	<u>\$ 52,549</u>

**5. Commitments**

In November 2010, the Company entered into an operating sublease agreement with the commencement date of January 1, 2011 for its office space. This operating sublease agreement expires December 31, 2013.

Minimum future rental payments under this non-cancellable operating lease as of December 31, 2012 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2013	<u>\$ 79,570</u>

**6. Financial Instruments with Off-Balance-Sheet Risk**

In the normal course of business, the Company executes, as agent, securities transactions on behalf of customers. If the agency transactions do not settle because of failure to perform by either the customer or the counterparty, the Company may be obligated to discharge the obligations of the nonperforming party and, as a result, may sustain a loss if the value of the security is different from the contract amount of the transaction.

**7. Related Party Transactions**

The Company has a Commission Sharing Agreement (the "Agreement") with the Parent. As described in the Agreement, the Parent charges to the Company for execution and support costs. In addition, the Company provides research distribution services to the Parent.

**8. Income Taxes**

The Company provides for income taxes in accordance with the asset and liability method and recognizes deferred income taxes for the expected future tax consequences of differences in the book and tax bases of assets and liabilities and available net operating loss carryforwards.

At December 31, 2012, differences in depreciation methods and net operating loss carryforwards gave rise to a deferred tax asset of approximately \$714,000, for which a full valuation allowance is provided due to uncertainty of its realization. The valuation allowance went from \$382,237 to \$714,000 during 2012.

As of December 31, 2012, the Company had net operating loss carryforwards of approximately \$1,246,400 for federal and state purposes available to offset future taxable income. The net operating loss carryforwards expire commencing 2031 through 2032.

The Company adopted the general accounting principle regarding uncertain tax positions. Management believed that the Company does not have any uncertain tax positions as of December 31, 2012. Generally, the Company's tax returns are subject to examination by federal, state and local authorities for a period of three years from the later of the due date of such returns or the actual date the returns were filed.

**9. Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule 15c3-1 (the "Rule") of the SEC, which requires the maintenance of minimum net capital equal to \$250,000 or 6-2/3% of aggregate indebtedness, whichever is greater. The Rule also requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 times of net capital. At December 31, 2012, the Company had net capital of \$323,163, which exceeded the regulatory requirement by \$73,163. At December 31, 2012, ratio of aggregate indebtedness to net capital schedule is 0.12 to 1.

**10. Correction of an Error**

Member's equity at the beginning of the year 2012 has been adjusted to correct an error made in the measurement of deferred taxes in the year 2011. Had the error not been made, deferred tax assets would have been decreased by \$382,237.

**Olivetree USA, LLC**  
**Notes to Financial Statements**  
**Year Ended December 31, 2012**

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**11. Subsequent Events**

The Company has evaluated subsequent events through February 22, 2013, the date the financial statements were available for issuance.