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

**SEC**  
**ANNUAL AUDITED REPORT**  
**Section FORM X-17A-5**

FEB 26 2016 **PART III**

Washington DC **OPPOSING PAGE**

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

OMB APPROVAL	
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SEC FILE NUMBER
8-52265

REPORT FOR THE PERIOD BEGINNING 01/01/15 AND ENDING 12/31/15  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: City National Securities

OFFICIAL USE ONLY
FIRM I.D. NO.

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

400 N. Roxbury Drive, 7<sup>th</sup> Floor

(No. and Street)

Beverly Hills

(City)

CA

(State)

90210

(Zip Code)

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

Scott Brody

(310) 888-6438

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Moss Adams, LLP

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

2711 LBJ Freeway, Suite 530

(Address)

Dallas

(City)

TX

(State)

75234

(Zip Code)

**CHECK ONE:**

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

Empty box 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)

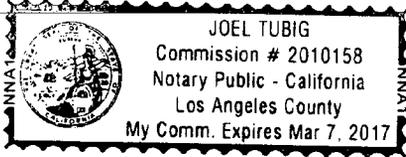
SEC 1410 (06-02)

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Handwritten initials

OATH OR AFFIRMATION

I, Hua Son, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of City National Securities, Inc, as of December 31, 2015 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:



Hua Son  
Signature

Chief Financial Officer  
Title

[Signature]  
Notary Public

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

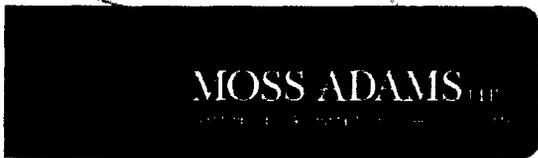
- ...X (a) Facing Page
- ...X (b) Statement of Financial Condition.
- ...X (c) Statement of Income (Loss).
- ...X (d) Statement of Changes in Financial Condition.
- ...X (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ... (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ...X (g) Computation of Net Capital.
- ...X (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ...X (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ...X (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.
- ...X (l) An Oath or Affirmation.
- ...X (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).

**CITY NATIONAL SECURITIES, INC.**

**Table of Contents**

	<b>Page(s)</b>
Report of Independent Registered Public Accounting Firm	1-2
Financial Statements:	
Statement of Financial Condition	3
Statement of Operations	4
Statement of Changes in Stockholder's Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Supplemental Information:	
Schedule 1 - Computation of Net Capital Under Rule 15c3-1 under the Securities Exchange Act of 1934	16
Exemption Provisions Under Rule 15c3-3 Of The Securities Exchange Act Of 1934:	
Review report on management's statements regarding compliance with certain exemption provisions under Rule 15c3-3 of the Securities Act of 1934.	
City National Securities Exemption Report	



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
City National Securities, Inc.

We have audited the accompanying statement of financial condition City National Securities, Inc. (the "Company") as of December 31, 2015, and the related statements of operations, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City National Securities, Inc., as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information in Schedule I has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States). In our opinion, the information in Schedule I is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Moss Adams LLP*

Dallas, Texas  
February 24, 2016

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Statement of Financial Condition

December 31, 2015

<b>Assets</b>		
Cash and cash equivalents		\$ 15,073,620
Marketable securities, at fair value		4,589,811
Receivables from clearing organizations		1,298,799
Deferred tax asset, net		328,765
Premises and equipment, net		231,923
Other assets		<u>103,124</u>
Total assets		<u>\$ 21,626,042</u>
<b>Liabilities and Stockholder's Equity</b>		
<b>Liabilities:</b>		
Notes payable		\$ 5,000,000
Accrued expenses		1,989,040
Payable to broker-dealer		3,340,834
Payable for securities purchased not yet settled		1,250,318
Payable to related party		<u>1,201,185</u>
Total liabilities		<u>12,781,377</u>
<b>Commitments</b>		
<b>Stockholder's equity:</b>		
Common stock, \$1 par value. Authorized 10,000 shares; issued and outstanding 1,000 shares		1,000
Additional paid-in capital		2,999,000
Retained earnings		<u>5,844,665</u>
Total stockholder's equity		<u>8,844,665</u>
Total liabilities and stockholder's equity		<u>\$ 21,626,042</u>

Confidential  
See accompanying notes to financial statements

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Statement of Operations

Year ended December 31, 2015

Revenue:	
Commissions	\$ 6,398,642
Investment advisory fees	5,793,652
Subdistribution fees	290,962
Shareholder servicing fees	902,885
Investment income	328,450
Interest income	211,701
Underwriting income	41,768
Other income	239,705
	<hr/>
Total revenue	14,207,765
Expenses:	
Employee compensation and benefits	8,840,847
Clearing fees	820,930
General and administrative	743,179
Office and equipment	727,398
Professional fees	1,773,542
Communications and data processing	72,156
	<hr/>
Total expenses	12,978,052
	<hr/>
Income before income tax expense	1,229,713
Income tax expense	451,948
	<hr/>
Net income	\$ 777,765

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See accompanying notes to financial statements

**CITY NATIONAL SECURITIES, INC.**  
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Statement of Changes in Stockholder's Equity

Year ended December 31, 2015

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at December 31, 2014	\$ 1,000	2,999,000	20,066,900	23,066,900
Net income	—	—	777,765	777,765
Distribution to shareholder			(15,000,000)	(15,000,000)
Balance at December 31, 2015	\$ 1,000	2,999,000	5,844,665	8,844,665

Confidential  
See accompanying notes to financial statements.

**CITY NATIONAL SECURITIES, INC.**  
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(SEC Identification Number 8-52265)

Statement of Cash Flows

Year ended December 31, 2015

Cash flows from operating activities:	
Net income	\$ 777,765
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	122,954
Changes in assets and liabilities:	
Receivables from clearing organizations	(217,321)
Marketable securities	(830,443)
Payable to broker-dealer and securities not yet settled	833,417
Receivable from / payable to related party	550,401
Deferred taxes	(22,918)
Accrued expenses	105,989
Other, net	<u>(159,501)</u>
Net cash provided by operating activities	1,160,343
Cash flows from financing activities:	
Payment for dividends	(15,000,000)
Proceeds from notes payable	<u>5,000,000</u>
Net cash used in financing activities	(10,000,000)
Net change in cash and cash equivalents	(8,839,657)
Cash and cash equivalents, beginning of year	<u>23,913,277</u>
Cash and cash equivalents, end of year	\$ <u>15,073,620</u>
 Supplemental Disclosures of Cash Flow Information:	
Cash paid during the period for:	
Income taxes	\$ 327,419
Non-cash activity	
Transfer of premises and equipment	354,877

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See accompanying notes to financial statements.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(1) Organization and Nature of Business**

City National Securities, Inc. (the Company or CNS), a wholly owned subsidiary of City National Bank (the Bank), is a registered member of the Financial Industry Regulatory Authority (FINRA) and is engaged in the business of providing brokerage services to retail clients. The Company was formed on December 29, 1999, registered effective as a broker-dealer on March 15, 2000, and commenced operations on April 26, 2000. The Bank is a wholly owned subsidiary of City National Corporation (CNC).

On November 2, 2015, the Royal Bank of Canada (RBC) completed its acquisition of CNC. Effective at the acquisition date, CNC was merged with and into RBC USA Holdco Corporation (Corporation), a Delaware corporation, with Corporation surviving the merger as a wholly owned subsidiary of RBC. Accordingly, the Bank became a direct wholly owned subsidiary of Corporation.

The Company is exempt from Rule 15c3-3 under paragraph (k)(2)(ii) of the Securities Exchange Act of 1934, relating to the determination of reserve requirements, because it does not maintain customer accounts or take possession of customer securities. Transactions are cleared on a fully disclosed basis through National Financial Services LLC (NFS), a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc.

The Company is registered as an investment advisor with the Securities and Exchange Commission (SEC). As a registered investment advisor, the Company is required to adhere to rules and regulations identified in the U.S. Investment Advisers Act of 1940.

**(2) Significant Accounting Policies**

**(a) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 those estimates.

**(b) Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents include \$1,875,026 held in money market funds. Cash held in banks periodically exceeds the Federal Deposit Insurance Corporation's (FDIC) insurance coverage of \$250,000, and as a result there may be a concentration of credit risk related to the amount in excess of FDIC insurance coverage.

**(c) Securities Transactions**

The Company records its securities transactions on a trade-date basis. Dividends are recorded on the ex-dividend date and interest is recorded on an accrual basis.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(d) Fair Value Measurements**

Marketable securities are recorded at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurement*, based on publicly reported bid and ask quotations or broker quotations. Similarly, other assets and liabilities are recorded at their contracted amounts, which approximate fair value.

Fair value is defined as the price that the Company would receive to sell an asset or pay to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

Each investment asset or liability of the Company is assigned a level at measurement date based on the significance and source of the inputs to its valuation. The three-Level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The hierarchy Level assigned to each security held by the Company is based on the assessment of the transparency and reliability of the inputs used in the valuation of such security at the measurement date. The three hierarchy levels are defined as follows:

- Level 1 – Valuations based on unadjusted quoted market prices in active markets for identical securities.
- Level 2 – Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment and assumptions pertaining to the market participants.

**(e) Commission Revenue and Expense**

Commissions earned and related expense incurred from customer transactions are recorded on a settlement-date basis, which management has determined does not differ materially from amounts that would have been recognized on a trade-date basis.

**(f) Underwriting Revenue**

The Company participates as a co-underwriter and as a member of selling groups for new municipal security issues. Revenue related to these participations is recognized at the time the underwriting is completed and the income is reasonably determinable.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(g) *Investment Advisory Revenue***

Investment advisory revenue is typically received monthly, but recognized as earned as the services are performed. Such fees are primarily based on percentages of the fair value of the assets under management.

**(h) *Income Taxes***

Income taxes are accounted for under the asset and liability method. 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 and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the benefits of tax return positions, which meet the threshold of “more-likely than-not” to be sustained upon challenge by the taxing authority. Measurement of a tax position meeting the more-likely than-not criterion is based on the largest benefit that is more than 50% likely to be realized. The Company recognizes accrued interest and penalties relating to uncertain tax positions as an income tax provision expense.

The Company is a subsidiary of the Bank, which is a wholly owned subsidiary of the Corporation. Accordingly, the Company’s federal taxable income or loss is included in the federal income tax return filed by the Corporation. The Company may also be included in certain state and local tax returns of the Corporation or its subsidiaries. The Company’s tax-sharing agreement with the Bank provides that income taxes be based on the separate results of the Company. The agreement generally provides that the Company pay the Bank amounts equal to the taxes that the Company would be required to pay if it were to file a return separately from the affiliated group. The agreement also provides that the Bank will pay the Company amounts equal to tax refunds the Company would be entitled to if the Company had filed a separate company tax return as well as tax attributes that may be utilized by the Bank or others within the consolidated group. Any amounts payable or receivable for taxes are included within amounts due to or due from related parties.

**(i) *Premises and Equipment***

Premises and equipment are stated at cost less accumulated depreciation and amortization. Leasehold improvements are amortized over the terms of the respective leases. Depreciation is generally computed on a straight-line basis over the estimated useful life of each type of asset. Maintenance, repairs and gains and losses on dispositions are reflected in current operations.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(j) Software**

Capitalized software is stated at cost, less accumulated amortization. Capitalized software includes purchased software and capitalizable application development costs associated with internally developed software. Amortization is computed on a straight-line basis and charged to expense over the estimated useful life of the software which is generally three to ten years. Capitalized software is included in Premises and equipment, net in the balance sheet.

**(k) Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*. The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, include industry-specific guidance. The ASU outlines a five-step process for applying the new revenue model and expands required disclosures on revenue recognition. The ASU is effective for annual reporting periods, and interim reporting periods within those periods, beginning after December 15, 2017. Entities have the option of using either a full or modified retrospective approach for adoption. Early application is not permitted. The Company is assessing the impact of the new guidance on its financial statements.

**(3) Subdistribution and Shareholder Servicing Fees**

The Company provides certain services to the City National Rochdale Funds (the Funds), which are managed by City National Rochdale, LLC (CNR), a registered investment advisor (RIA) and wholly owned subsidiary of the Bank. Services are provided to Class N shares through the directed brokerage program and to the Servicing Class (formerly, the I share class) through the CNS advisory program.

The Company serves as subdistributor for the Class N shares of eleven open-ended mutual funds and three money market funds of the Funds. SEI Investments Distribution Co. (SEI) serves as principal distributor for the Funds, and pursuant to the subdistribution agreement, the Company may receive sub distribution fees from SEI of 0.25% to 0.50% of the average annual Class N net assets of the Funds. During 2015, the Company elected to waive the sub distribution fees of \$9,914,010 on the money market funds.

The Company also has in place a shareholder servicing agreement, whereby the Company is compensated by the Funds for providing certain shareholder support services to Class N and the Servicing Class share investors of the Funds. Under the terms of the shareholder servicing agreement, the Company receives shareholder servicing fees of 0.25% on an annual basis on the Funds' Class N and the Servicing Class net assets. CNR and the Company elected to waive the majority of the shareholder servicing fees for the money market Funds, in order that the Funds maintain an effective yield floor. Throughout the year, the Company waived all shareholder servicing fees of \$8,364,498 on the Funds' money market funds.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(4) Transactions with Affiliates**

Various expenses are paid by the Bank, such as rent and certain general and administrative expenses. These expenses are reimbursed by the Company pursuant to an agreement between the Company and the Bank, and are included in the accompanying statement of operations.

The Company receives allocated compensation and benefit expense related to the employees of the Bank who provide services to the Company. Included within compensation and benefits expense are expenses related to stock-based compensation charges for such employees. The Bank employs a fair value methodology to determine the value of stock-based compensation granted to its employees, and such compensation is recorded over the vesting period of the related stock-based compensation.

The Company has retained CNR, the Bank's RIA subsidiary, to provide investment advisory and portfolio management services for their investment advisory program. Under the program, the Company has established custodial accounts with the Bank on behalf of each of its clients. The Company compensates the Bank and CNR for these services.

**(5) Off-Balance-Sheet Risk**

In the normal course of business, the Company is involved in the execution of various securities transactions for its customer accounts. Securities transactions are subject to the risk of counterparty or customer nonperformance. However, transactions are settled on a delivery versus payment basis (DVP) and collateralized by the underlying security, thereby reducing the associated risk to changes in the fair value of the security through the settlement date or to the extent of margin balances. The settlement of these transactions is not expected to have a material effect on the Company's financial condition or results of operation.

**(6) Regulatory Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1) and is required to maintain minimum net capital, equivalent to \$250,000 or 2% of aggregate debit items, whichever is greater, as these terms are defined. As of December 31, 2015, the Company had regulatory net capital of \$12,925,004, which was \$12,675,004 in excess of the required minimum net capital of \$250,000.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(7) Income Taxes**

Income tax expense (benefit) for the year ended December 31, 2015 consisted of the following:

Current:	
Federal	\$ 357,863
State	117,003
Deferred:	
Federal	(13,889)
State	(9,029)
Income tax expense	\$ 451,948

Income taxes differed from amounts computed by applying the U.S. federal income tax rate of 35% for 2015 to income (loss) before income taxes are as follows:

Expected federal income tax expense	\$ 410,452
State tax expense, net of federal income tax effect	80,008
Tax-exempt interest	(46,494)
Nondeductible expenses	7,982
	\$ 451,948

The tax effects of the temporary difference that gave rise to the deferred tax asset as of December 31, 2015 are presented below:

Deferred tax asset:	
Accrued expenses	\$ 276,170
Other	73,123
Total deferred tax assets	349,293
Deferred tax liability:	
State taxes	(20,528)
Total deferred tax liabilities	(20,528)
Net deferred tax asset	\$ 328,765

Management has analyzed the Company's recorded tax benefits and concluded that each material position satisfied the required recognition and measurement threshold for inclusion within the financial statements.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

Consequently, the Company has not recorded any reserve for any uncertain tax positions and does not believe that a significant change will occur within the coming year as to any uncertain tax positions.

To the extent that a deferred tax asset is determined to be less than more likely than not to be realized, a valuation allowance is recorded. Management has determined that a valuation allowance is not required for any of its deferred tax assets.

The Bank may from time to time be assessed interest or penalties by taxing authorities, although any such assessments historically have been minimal and immaterial to the financial results. In the event that the Bank is assessed for interest or penalties by taxing authorities, and it is deemed to be related to the Company, such amounts will be classified in the Company's financial statements as part of income tax expense. Years subsequent to 2005 are still subject to adjustment upon audits by taxing authorities.

**(8) Fair Value Measurements**

The following table summarizes the Company's assets and liabilities measured at fair value as of December 31, 2015 by level in the fair value hierarchy and its carrying amounts:

		December 31, 2015				
		Carrying Amount	Total Fair Value	Fair Value Measurements Using		
				Level 1	Level 2	Level 3
Assets:						
Cash and cash equivalents:						
Cash	\$	13,198,594	13,198,594	13,198,594	—	—
Money market funds		1,875,026	1,875,026	1,875,026	—	—
Marketable securities:						
U.S. Govt and Agency bonds		1,108,577	1,110,463	—	1,110,463	—
Municipal bonds		2,421,069	2,418,118	—	2,418,118	—
Corporate bonds		1,061,505	1,061,230	1,061,230		
Total assets	\$	<u>19,664,771</u>	<u>19,663,431</u>	<u>16,134,850</u>	<u>3,528,581</u>	<u>—</u>
Liabilities:						
Notes payable	\$	<u>5,000,000</u>	<u>5,000,000</u>	<u>—</u>	<u>5,000,000</u>	<u>—</u>
Total liabilities	\$	<u>5,000,000</u>	<u>5,000,000</u>	<u>—</u>	<u>5,000,000</u>	<u>—</u>

At December 31, 2015 \$19,663,431, or approximately 91 percent, of the Company's assets were measured at fair value on a recurring basis. The Company holds Level 1 and Level 2 investments in money market funds and marketable securities as of December 31, 2015. The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. The primary inputs for

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

determining fair value are quotations for closing prices from national securities exchanges as well as reported bid and offer quotations from parties trading the security.

For notes payable, the carrying amount is a reasonable estimate of fair value measured at fair value on a nonrecurring basis. During the year ended December 31, 2015 there were no changes to the valuation techniques employed by the Company in determining fair value.

The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the year ended December 31, 2015. There were no acquisitions of Level 3 securities during 2015.

**(9) Premises and Equipment**

The following is a summary of the major categories of premises and equipment:

	Cost	Accumulated Depreciation And Amorization	Carrying Value	Range of Lives
<b>December 31, 2015</b>				
Premises	\$ 1,705,983	1,658,141	47,842	Up to 39 years
Furniture, fixtures and equipment	1,272,679	1,232,742	39,937	3 to 10 years
Software	882,475	738,331	144,144	3 to 10 years
Total	<u>\$ 3,861,137</u>	<u>3,629,214</u>	<u>231,923</u>	

Depreciation and amortization expense amounted to \$122,954.

**(10) Related Parties**

The Company started the City National Securities Investment Advisory Program and registered with the SEC as a registered investment advisor effective March 22, 2010. CNS hired the Bank's RIA subsidiary, CNR to manage the assets of the RIA clients. SEI tracks and calculates the amount of income earned based on the average daily balance of assets under management at the end of each period. During the year ended December 31, 2015, the Company reimbursed the Bank \$1,756,422 for its services provided to the investment advisory program customers.

The Company has an unsecured revolving credit with the Corporation. Refer to Note 11, *Notes Payable*, for further discussion of the line of credit.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

Notes to Financial Statements

December 31, 2015

**(11) Notes Payable**

On April 1, 2015, the Company entered into a \$20,000,000 unsecured revolving credit agreement and may repay the outstanding amount at any time prior to the maturity date of March 31, 2017. The proceeds are used to manage inventory levels to meet client demands and general corporate purposes. At December 31, 2015, the Company had an outstanding balance of \$5,000,000 bearing interest at LIBOR plus 1.5% per annum. Interest expense amounted to \$62,722.

The credit agreement was approved by FINRA as a subordinated borrowing and is available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

**(12) Commitments and Contingencies**

The Company's amended clearing agreement with NFS dated September 22, 2011, reduced the future rate at which the Company reimburses NFS for clearing and execution costs and modified certain provisions of the contingent termination clause (the Clause). The Clause stipulates that in the event that the Company terminates its agreement with NFS prior to the agreement's expiration date, December 31, 2014, the Company would have to pay a termination fee equal to the estimated monthly clearing and execution charges due for the remaining length of the agreement. The term of the agreement will remain in effect beyond December 31, 2014 for every month in which at any point the Federal Funds effective rate is less than 100 basis points not to exceed five years from the last date of execution of the amendment.

During the normal course of its operations, the Company may incur additional liabilities due to existing conditions, situations, legal claims, or circumstances involving uncertainty as to possible loss to the Company that will ultimately be resolved when one or more future events occur or fail to occur.

Management accrues for such liabilities to the extent that they are deemed probable and estimable. As of December 31, 2015, management believes that any such items would not have a material or adverse effect on its continuing operations.

**(13) Subsequent Events**

The Company evaluated events occurring after December 31, 2015 through February 24, 2016, the date the financial statements were available to be issued, to determine whether any items were noted, which necessitated adjustment to or disclosure in the financial statements. No such subsequent events were identified.

**MOSS ADAMS**  
LLP

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
City National Securities, Inc.

We have audited the accompanying statement of financial condition City National Securities, Inc. (the "Company") as of December 31, 2015, and the related statements of operations, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City National Securities, Inc., as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information in Schedule I has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States). In our opinion, the information in Schedule I is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Moss Adams LLP*

Dallas, Texas  
February 24, 2016

## Schedule I

**CITY NATIONAL SECURITIES, INC.**  
 (A Wholly Owned Subsidiary of City National Bank)  
 (SEC Identification Number 8-52265)

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

December 31, 2015

Net capital:	
Total stockholder's equity	\$ 8,844,665
Add:	
Liabilities subordinated to claims of general creditors	5,000,000
Deductions:	
Less nonallowable assets:	
Deferred tax asset	328,765
Premises and equipment, net	231,923
Nonallowable receivables from clearing organizations	53,135
Other nonallowable assets	103,124
Other deductions	<u>20,000</u>
Net capital before haircuts and other deductions	13,107,718
Haircuts on securities and money market funds	<u>182,714</u>
Net capital	12,925,004
Computation of alternative net capital requirement:	
2% of aggregate debit items (or \$250,000, if greater) as shown in the formula for reserve requirements pursuant to Rule 15c3-3	<u>250,000</u>
Net capital in excess of requirement	<u>\$ 12,675,004</u>

The computation of net capital under Rule 15c3-1 as of December 31, 2015, as computed by City National Securities, Inc. in Form X-17A-5, Part IIA, filed with FINRA on January 22, 2016, does not differ materially from the above computation, which is based upon the accompanying audited financial statements.

Confidential

See accompanying report of independent registered public accounting firm.

Independent Registered Public Accounting Firm's  
Report on Applying Agreed-Upon Procedures  
Related to the SIPC Assessment Required by  
SEC Rule 17a-5 for

**City National Securities, Inc.**  
(A Wholly Owned Subsidiary of  
City National Bank)

December 31, 2015

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

MOSS ADAMS

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES RELATED TO THE SIPC ASSESSMENT REQUIRED BY  
SEC RULE 17a-5**

To the Board of Directors  
City National Securities, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the period from January 1, 2015 to December 31, 2015, which were agreed to by City National Securities, Inc. (the Company) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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. In performing the procedures listed below, differences of less than \$1 were not considered a difference requiring reporting.

1. Compared the listed assessment payments in Form SIPC-7, as summarized in Exhibit I to this report, with respective cash disbursement records consisting of copies of checks written, noting no differences.
2. Compared amounts reported on Company's annual filing of audited financial statements for the year ended December 31, 2015 with the amounts reported in Form SIPC-7 for the period from January 1, 2014 to December 31, 2015, noting that amounts reported in Form SIPC-7 for fees for investment advisory services were \$154,943 higher than those on the Company's annual filing of audited financial statements. We noted no other differences.
3. Compared adjustments reported in Form SIPC-7 with supporting schedules and working papers prepared by the Company, noting that the deductions reported on item 2c(1) were \$92 higher than the Company's trial balance, and that the deductions reported on item 2c(7) were \$9 higher than the Company's trial balance. We noted no other differences.

4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting adjustments in Form SIPC-7, noting no differences.
5. We were unable to compare the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed as there was no such overpayment amount stated on Form SIPC-7 and management represented to us that no such overpayment exists.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Moss Adams LLP*

Dallas, Texas  
February 24, 2016

**EXHIBIT I**

**SCHEDULE OF ASSESSMENT PAYMENTS TO THE  
SECURITIES INVESTOR PROTECTION CORPORATION**

**FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015**

<u>Date Paid</u>	<u>Amount Paid</u>
July 29, 2015	\$ 13,695
January 26, 2016	<u>15,084</u>
	<u>\$ 28,779</u>

**MOSS ADAMS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
City National Securities, Inc.

We have reviewed management's statements, included in the accompanying City National Securities Exemption Report, in which (1) City National Securities, Inc. identified provision 17 C.F.R. §15c3-3(k)(2)(ii) (the "exemption provisions") under which City National Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3 and (2) City National Securities, Inc. stated that City National Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. City National Securities, Inc.'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 City National Securities, Inc.'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 on the conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Moss Adams LLP*

Dallas, Texas  
February 24, 2016

# CITY NATIONAL SECURITIES

The Broker/Dealer Subsidiary of City National Bank



## City National Securities Exemption Report

**City National Securities, Inc.** (the "Company") 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 Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2) (ii)
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

On behalf of City National Securities, Inc., I, Scott Brody swear that, to my best knowledge and belief, this Exemption Report is true and correct.

By: *Scott Brody*

**Title:** SVP, Chief Compliance Officer

**Date of Report:** February 24, 2016

**CITY NATIONAL SECURITIES**  
The Broker/Dealer Subsidiary of City National Bank



February 25, 2016

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

SEC  
Mail Processing  
Section

FEB 26 2016  
Washington DC  
403

Dear Sir,

Please find the attached annual audited Financial Statements and Supplementary Information, and the audit report.

The audit report presents an unqualified opinion on City National Securities, Inc.'s fiscal year end 2015 financial statements.

Moss-Adams LLP, an independent public accounting firm, performed the audit in accordance with the standards of the Public Company Accounting Oversight Board (United States).

In its audit of City National Securities, Inc., Moss-Adams found:

- that the financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles.

Moss-Adams is solely responsible for the attached audit report, dated February 25, 2016, and the conclusions expressed in the report.

Sincerely,

Hua Son  
Chief Financial Officer

Attachment.

**CITY NATIONAL SECURITIES, INC.**  
(A Wholly Owned Subsidiary of City National Bank)  
(SEC Identification Number 8-52265)

**Financial Statements and Supplementary Information**

December 31, 2015

(With Report of Independent Registered Public Accounting Firm Thereon)

The financial statements and schedule should be deemed CONFIDENTIAL pursuant to subparagraph (e)(3) of Rule 17a-5. A statement of financial condition bound separately has been filed with the Securities and Exchange Commission simultaneously herewith as a public document.