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

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**SEC ANNUAL AUDITED REPORT**  
Mail Processing Section **FORM X-17A-5**  
Section **PART III**

SEC FILE NUMBER
869566

FEB 26 2015

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 01/01/2015 AND ENDING 12/31/2015  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FEARLEY SECURITIES INC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

880 THIRD AVE (16TH FLOOR)

(No. and Street)

NEW YORK CITY NY

(City)

(State)

10022

(Zip Code)

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

JAMES B. AHLFELD

212-485-5989

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

RB SM, LLP

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

805 THIRD AVE NEW YORK NY 10022

(Address)

(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)

SEC 1410 (06-02)

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Handwritten initials and date: 3/1

OATH OR AFFIRMATION

I, LARS MARIUS HALVORSEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FEARNLEY 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:

DONNA FIORINI  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01F16285480  
Qualified in Suffolk County  
My Commission Expires July 08, 2012

Donna Fiorini  
Notary Public

Lars Halvorsen 2/25/2016  
Signature  
CEO  
Title

This report \*\* contains (check all applicable 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).

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of the Securities and Exchange Commission

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Report of Independent Registered Public Accounting Firm

Exemption Report



Accountants & Advisors

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14<sup>TH</sup> Floor  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders' and Board of Directors of  
Fearnley Securities, Inc.  
New York, NY.

We have audited the accompanying financial statements of Fearnley Securities, Inc., which comprise the statement of financial condition as of December 31, 2015, and the related statements of operations and stockholders' equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. Fearnley Securities, Inc. management is responsible for these financial statements. 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 condition of Fearnley Securities, Inc. as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Schedule I, Computation of Net Capital Under Rule 15c3-1, Schedule II, Computation for Determination of Reserve Requirements Under Rule 15c3-3 (exemption) and Information for Possession or Control Requirements Under Rule 15c3-3 (exemption), has been subjected to audit procedures performed in conjunction with the audit of Fearnley Securities, Inc.'s financial statements. The supplemental information is the responsibility of Fearnley Securities, Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RBSM LLP

New York, NY  
February 22, 2016

**Fearnley Securities Inc.**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2015**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	632,879
Prepaid Expenses		10,915
<b>TOTAL CURRENT ASSETS</b>		<u>643,794</u>

**OTHER ASSETS**

Office Equipment, net		34,376
Security Deposit		5,400
		<u>39,776</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<u><u>683,570</u></u>
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**LIABILITIES AND STOCKHOLDERS' EQUITY**

**CURRENT LIABILITIES:**

Accounts Payable and Accrued Expenses	\$	16,205
<b>TOTAL CURRENT LIABILITIES</b>		<u>16,205</u>

**STOCKHOLDERS' EQUITY**

Common Stock - no par value:		
200 shares authorized, 100 shares issued and outstanding		1,398,795
Accumulated Deficit		<u>(731,430)</u>

<b>TOTAL STOCKHOLDERS' EQUITY</b>		<u>667,365</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<u><u>683,570</u></u>

See accompanying notes to financial statements.

**Fearnley Securities Inc.**  
**STATEMENT OF OPERATIONS**  
**Year Ended December 31, 2015**

<b>REVENUES:</b>	\$	-
<b>EXPENSES:</b>		
Compensation and Benefits		491,267
Occupancy		52,330
Professional Fees		25,380
Communication		5,111
Other General and Administrative		108,647
<b>TOTAL EXPENSES</b>		<u>682,735</u>
<b>NET LOSS FROM OPERATIONS BEFORE INCOME TAXES</b>		<u>(682,735)</u>
Income Tax Expense		<u>0</u>
<b>NET LOSS</b>	\$	<u>(682,735)</u>

See accompanying notes to financial statements.

**Fearnley Securities, Inc.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Common Stock</u>		<u>Accumulated Deficit</u>	<u>Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>		
Balance at December 31, 2014		\$ 48,795	\$ (48,695)	\$ 100
Capital Contributions		1,350,000		1,350,000
Net Loss			(682,735)	(682,735)
Balance at December 31, 2015	-	\$ 1,398,795	\$ (731,430)	\$ 667,365

See accompanying notes to financial statements.

**Fearnley Securities, Inc.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net Loss	\$ (682,735)
Adjustment to reconcile net loss to net cash used by changes in assets and liabilities:	
Depreciation	550
Prepaid Expenses	(10,915)
Accounts Payable and Accrued Liabilities	16,205
	<hr/>
Net Cash Used by Operating Activities	(676,895)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Fixed Assets	(34,926)
Security Deposit	(5,400)
	<hr/>
Net Cash Provided by Investing Activities	(40,326)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Capital Contributions	1,350,000
	<hr/>
Net Cash Provided by Financing Activities	1,350,000
<b>NET INCREASE IN CASH</b>	<b>632,779</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>100</b>
	<hr/>
<b>CASH AT END OF YEAR</b>	<b>\$ 632,879</b>
	<hr/> <hr/>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash Paid During the Year:

Interest	\$	-
Taxes	\$	-

See accompanying notes to financial statements.

**Fearnley Securities, Inc.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**(1) Organization**

Fearnley Securities, Inc. ("the Company") is a wholly owned subsidiary of Fearnley Securities AS (Parent Company). Fearnley Securities AS was established in 1987 and is an independent and research full-service investment bank, a member of the Oslo Stock Exchange, and part of the Astrup Fearnley Group. The idea behind the formation of an investment bank within the Astrup Fearnley umbrella was, and remains, to capitalize on the Group's global resources within maritime industries. Fearnley Securities remains close to the Group's heritage and core businesses, hence focusing exclusively on shipping, offshore and energy. From its offices in Oslo and New York the firm provides a full range of brokerage and investment banking services for domestic and global clients.

Fearnley Securities, Inc. is a member of FINRA and SIPC.

Fearnley Securities, Inc. distributes research prepared by Fearnley Securities AS to major U.S. Institutions as defined in Rule 15a-6(a)(2) under the Securities Exchange Act of 1934.

**(2) Summary of Significant Accounting Policies**

**(a) Cash and Cash Equivalents**

The Company considers highly liquid financial instruments with maturities of three months or less at the time of purchase to be cash and cash equivalents.

The Company maintains its cash in bank accounts at high credit quality financial institutions. The balances at times may exceed federally insured limits of \$ 250,000.

**(b) Estimates**

The preparation of the 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Fair Value of Financial Instruments**

The carrying value of cash, accounts receivable, other receivables, accounts payable and accrued expenses approximate their fair values based on the short-term maturity of these instruments. The carrying amounts of debt were also estimated to approximate fair value.

The Company utilizes the methods of fair value measurement as described in ASC 820 to value its financial assets and liabilities. As defined in ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

**FearnleySecurities, Inc.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

**(d) Income Taxes**

The deferred tax asset increased by \$250,000 to approximately \$270,000 has been recorded based on net operating loss carryforwards of approximately \$700,000 which expire during the years 2034 to 2035. The Company's federal and state income tax returns for the years 2014 through 2015 remain open for audit by the applicable regulatory authorities.

**(e) Management Estimates**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(f) Allowance for Doubtful Accounts**

The Company records an allowance for doubtful accounts based on management's estimate of collectability of such commission receivable outstanding. As of December 31, 2015, management believes such commissions receivable are fully collectible; hence no allowance has been recorded nor was any bad debt expense recorded during the year.

**(g) Office Equipment**

Equipment are carried at cost. Amounts incurred for repairs and maintenance are charged to operations in the period incurred. Depreciation is calculated on a straight-line basis over its useful life of five years. Accumulated depreciation is \$550 as of December 31, 2015.

**(h) Concentration, Risk and Credit Risk**

In the normal course of business, the Company's securities activities will involve the execution and settlement of various securities transactions for customers. These activities may expose the Company to risk in the event customers are unable to fulfill their contractual obligations. The Company continuously monitors the credit-worthiness of customers.

### **(i) Revenue and Expense Recognition**

The Company intends to earn revenue (commissions) from brokerage activities, which will be recognized on the day of trade – trade date basis and carried at market value. Fees for underwriting and placement services are recognized when the deal is completed and the income is reasonably determinable.

### **(j) Recently Issued Accounting Pronouncements**

Recently issued accounting standards and pronouncements by the Financial Accounting Standards Board, Public Company Accounting Oversight Board, Securities and Exchange Commission and the American Institute of Public Accountants, but not yet effective did not or are not believed by management, to have a material impact on the Company's present or future financial statements.

### **(3) Related Party Transactions**

During the year 2015, the Parent Company contributed \$1,350,000 to capital.

### **(4) Commitments and Contingencies**

- a) The Company terminated its sub-lease at 150 East 58<sup>th</sup> Street on December 31, 2015 and entered into a new month to month lease commencing October 1, 2015 at the premises located at 880 Third Ave. Monthly lease payments are \$7,500. Rent expense for the year ended December 31, 2015 is \$52,330.
- b) In November 2015, the Company entered into a fully disclosed clearing agreement with an unrelated entity and a clearing broker. The Company intends to conduct its clearing and depository transactions for the Company's customer accounts and proprietary transactions securities registered in the United States (domestic transactions) through this clearing agreement, while foreign based securities will be cleared through its Parent Company.

The Company has agreed to indemnify its clearing broker for losses the clearing broker may sustain as a result of failure of the Company's customers to satisfy their obligations in connection with their securities transactions. The Company funded \$250,000 in January 2016, as cash held on deposit for the settlement of any unsettled domestic transactions.

Subsequent market fluctuations may require the clearing broker to obtain additional collateral from the Company's customers.

- c) During the year the Company entered into several annual employment agreements with its employees, detailing traditional terms of employment such as rate compensation, bonus terms if applicable, employment benefits, resignation terms, non-compete clauses and terms of terminations.

**Fearnley Securities, Inc.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**(5) Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 10 to 1. At December 31, 2015, the Company had net capital of \$616,674 which was \$366,674 in excess of its required net capital of \$250,000.

**(6) Subsequent Event**

The Company has evaluated subsequent events for the disclosure purposes through February 22, 2016.

## Supplemental Information

## Schedule I

**Fearnley Securities, Inc.**  
**Computation of Net Capital**  
**Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**December 31, 2015**

Total stockholder's equity qualified for net capital	\$667,365
Deductions and/or charges	
Non-allowable assets:	
Prepaid expenses and Other Assets	<u>50,691</u>
Total	<u>50,691</u>
Net capital	<u>\$616,674</u>
Computation of Alternate Net Capital Requirement:	
2% of combined aggregate debit Item as shown in the formula for reserve	
Requirements pursuant to Rule 15c3-3	<u>\$ -</u>
Minimum dollar net capital requirement – the higher of 6 - 2/3% of aggregate indebtedness of \$16,205 or \$250,000	<u>\$ 250,000</u>
Net capital requirement (greater of above)	<u>\$ 250,000</u>
Excess net capital	\$366,674
Computation of Ratio of Aggregate Indebtedness to Net Capital:	
Total aggregate indebtedness	<u>\$ 16,205</u>
Ratio of aggregate indebtedness to net capital	<u>.03 to 1</u>
Net capital, per unaudited December 31, 2015 FOCUS report	<u>\$616,674</u>
Net audit adjustment	<u>-</u>
Net capital, per December 31, 2015 audited report, as filed	<u>\$616,674</u>

**Statement Pursuant to Paragraph (d)(4) of Rule 17a-5**

No material differences exist between the net capital computation above and the computation included in the FOCUS Form X-17a-5 Part II, as amended by the Company on February 22, 2016.

**Fearnley Securities, Inc.**

**STATEMENT REGARDING SEC RULE 15c3-3**

December 31, 2015

**Exemptive Provisions**

The Company claims exemption from the requirements of Rule 15c3-3 under Sections (k)(2)(ii), for A and B. Therefore, the following reports are not presented:

- A) Computation for Determination of Reserve Requirement under Rule 15c3-3.
- B) Information relating to the Possession or Control Requirements under Rule 15c3-3.

# RBSM<sup>LLP</sup>

Accountants & Advisors

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New York, NY 10022  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of  
Fearnley Securities, Inc.  
New York, NY

We have reviewed management's statements, included in the accompanying Exemption Report, in (1) which Fearnley Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Fearnley Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3 (k) (2) (ii) Fearnley Securities will not hold customer funds or safekeep customer securities (the "exemption provisions") and (2) Fearnley Securities, Inc. stated that Fearnley Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Fearnley 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 Fearnley 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 provisions set forth in paragraph (k) (2) (ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

RBSM LLP

New York, NY  
February 22, 2016

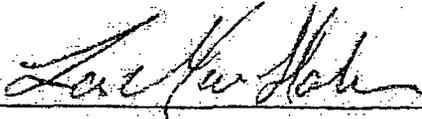
FEARNLEY SECURITIES, INC.  
EXEMPTION REPORT  
UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
AS AT DECEMBER 31, 2015

Fearnley 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.

Fearnley Securities, Inc.

I, Lars Marius Halvorsen, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 

Title: CEO

Date: 2/22/2016

REPORT PURSUANT TO RULE 17a-5 AND  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**Fearnley Securities, Inc.**

Financial Statements and Schedules

December 31, 2015

(With Report of Independent Registered Public Accounting Firm Thereon  
and Supplemental Reports on Exemption)

SEC  
Mail Processing  
Section

FEB 26 2016  
Washington DC  
403