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

SEC FILE NUMBER
8- 39247

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 01/01/2017 AND ENDING 12/31/2017  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **CATHAY SECURITIES, INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**185 CANAL STREET, SUITE-303**

(No. and Street)

**NEW YORK**

**NY**

**10013**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**RUSERIM S. HASAN** **(212) 285-2261**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**WEI WEI & CO., LLP**

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

**133-10 39th AVENUE**

**FLUSHING**

**NY**

**11354**

(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)

yw

OATH OR AFFIRMATION

I, RUSERIM S. HASAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CATHAY SECURITIES, INC. of DECEMBER 31, 2017, 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:

Signature
PRESIDENT
Title

LINDA LEE NG
Notary Public, State of New York
No. 41-4775042
Qualified in Queens County
Commission Expires April 30, 2018
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 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.

(o) EXEMPTION REPORT

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

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***CATHAY SECURITIES, INC.***  
***(SEC File No. 8-39247)***

**Financial Statements  
and Supplemental Information  
for the Year Ended December 31, 2017**

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• MAIN OFFICE  
133-10 39<sup>TH</sup> AVENUE  
FLUSHING, NY 11354  
TEL. (718) 445-6308  
FAX. (718) 445-6760

• CALIFORNIA OFFICE  
36 W BAY STATE STREET  
ALHAMBRA, CA 91801  
TEL. (626) 282-1630  
FAX. (626) 282-9726

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
of Cathay Securities, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Cathay Securities, Inc. as of December 31, 2017, the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Cathay Securities, Inc. as of December 31, 2017, 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.

### Basic for Opinion

These financial statements are the responsibility of Cathay Securities, Inc.'s management. Our responsibility is to express an opinion on Cathay Securities, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Cathay Securities, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



### Supplemental Information

The Computation of Net Capital Under Rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of Cathay Securities, Inc.'s financial statements. The supplemental information is the responsibility of Cathay 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 17 C.F.R. §240.17a-5. In our opinion, the Computation of Net Capital Under Rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Wei Wei & Co. LLP*

We have served as Cathay Securities, Inc.'s auditor since 2015.

Flushing, NY  
February 27, 2018

# CATHAY SECURITIES, INC.

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2017

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### ASSETS

Cash and cash equivalents <i>(Note 2)</i>	\$ 15,431
Receivable from broker	57,304
Property and equipment, net <i>(Notes 2 and 3)</i>	7,669
Other assets	13,518

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**TOTAL ASSETS** **\$ 93,922**

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### LIABILITIES AND STOCKHOLDERS' EQUITY

#### CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 7,296
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Total current liabilities 7,296

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#### COMMITMENTS AND CONTINGENCIES *(Note 6)*

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#### STOCKHOLDERS' EQUITY:

Common stock, no par value, 5,000 shares authorized, 1,000 shares issued and outstanding	76,200
Additional paid-in capital	371,600
Deficit	(361,174)

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Total stockholders' equity 86,626

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**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** **\$ 93,922**

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See accompanying notes to financial statements.

# CATHAY SECURITIES, INC.

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

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### REVENUES

Commission income, net	\$ 100,675
Other income	4,994
Interest income	444

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**TOTAL REVENUES** 106,113

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### EXPENSES

Occupancy costs	57,633
Communication costs	21,886
Office expenses	10,137
Professional fees	21,760
Computer & clearing charges	30,021
Communications	3,600
Insurance	2,340
Depreciation and amortization	3,498
Miscellaneous	247

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**TOTAL EXPENSES** 151,122

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(Loss) before provision for income taxes	(45,009)
Provision for income taxes ( <i>Notes 2 and 5</i> )	-

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**NET (LOSS)** \$ (45,009)

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See accompanying notes to financial statements.

**CATHAY SECURITIES, INC.**

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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	<b>Capital Stock</b>	<b>Additional Paid-in Capital</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2016</b>	\$ 76,200	\$ 336,800	\$ (316,165)	\$ 96,835
Capital contributions	-	34,800	-	34,800
Net (loss)	-	-	(45,009)	(45,009)
<b>Balance, December 31, 2017</b>	\$ 76,200	\$ 371,600	\$ (361,174)	\$ 86,626

See accompanying notes to financial statements.

# CATHAY SECURITIES, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

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### CASH FLOWS FROM OPERATING ACTIVITIES:

Net (loss)	\$ (45,009)
Adjustment to reconcile net (loss) to net cash used in operating activities:	
Depreciation	3,498
Changes in operating assets and liabilities:	
(Increase) in receivable from broker	(4,152)
(Increase) in other assets	(999)
(Decrease) in accounts payable and accrued expenses	(1,085)
<hr/>	
Net cash (used in) operating activities	(47,747)

### CASH FLOWS FROM FINANCING ACTIVITIES:

Stockholder contributions	34,800
<hr/>	

NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,947)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,378
<hr/>	

CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 15,431
<hr/>	

### SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ -
<hr/>	
Cash paid for income taxes	\$ 300
<hr/>	

See accompanying notes to financial statements.

# CATHAY SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 1. ORGANIZATION

Cathay Securities, Inc. (the “Company”) was incorporated on November 2, 1987 under the laws of the State of New York.

The Company became a registered broker/dealer pursuant to Section 15(b) of the Securities Exchange Act of 1934 on January 27, 1988, and a member of the National Association of Securities Dealers, Inc. on March 28, 1988. The Company conducts all its businesses on a fully disclosed basis. All customer security accounts are carried by Hilltop Securities Company.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The Company’s financial statements are prepared in accordance accounting principles generally accepted in the United States of America.

#### **Cash and cash equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents

#### **Accounting basis**

The Company uses the accrual basis of accounting for financial statement reporting. Accordingly, revenues are recognized when services are rendered and expenses realized when the obligation is incurred.

#### **Revenue recognition**

The Company records commissions from customer transactions and related clearing expenses on a trade-date basis.

# CATHAY SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income taxes

The Company accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 740, *Income Taxes*, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. A valuation allowance is established to reduce deferred tax assets to the amount expected to be realized.

The Company follows the provisions of FASB ASC 740-10-25, which prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions. The Company does not have any accruals for uncertain tax positions as of December 31, 2017. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

Currently, the 2014, 2015 and 2016 tax years are open and subject to examination by the taxing authorities. However, the Company is not currently under audit nor has the Company been contacted by any of the taxing authorities.

#### Use of estimates

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

# CATHAY SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Fair value of financial instruments**

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs – Inputs other than level 1 prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

As of December 31, 2017, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, receivable from broker and accounts payable and accrued expenses, approximate their fair value due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2017.

#### **Property and equipment**

Property and equipment are stated at cost. The cost of property and equipment is depreciated over the estimated useful life of the related assets. Leasehold improvements are amortized over the lesser of the remaining term of the related lease or the estimated useful lives of the assets. Depreciation and amortization are computed on the straight-line method for financial reporting.

## CATHAY SECURITIES, INC.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Property and equipment (continued)

The useful lives of property and equipment for purposes of computing depreciation are:

Machinery and equipment	5 years
Furniture and fixtures	5 years
Leasehold improvement	Lesser of the remaining lease term or useful life

#### 3. PROPERTY AND EQUIPMENT

At December 31, 2017, property and equipment consists of the following:

Leasehold improvements	\$	44,581
Furniture and fixtures		16,698
Office equipment		96,598
		<hr/>
		157,877
Less: accumulated depreciation and amortization		(150,208)
		<hr/>
	\$	7,669
		<hr/>

Depreciation and amortization expense for the year ended December 31, 2017 was \$3,498.

#### 4. LEASES

The Company has an office lease agreement expiring on August 31, 2019, with a renewal option for an additional five years. The following is a schedule of future minimum rental payments required under the above lease as of December 31, 2017:

# CATHAY SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 4. LEASE ((continued))

Year Ending December 31,

2018	53,840
2019	36,720
<hr/>	
Total	\$ 90,560

Rent expense for the year ended December 31, 2017 was \$57,633

### 5. INCOME TAXES

The components of deferred tax assets at December 31, 2017 are as follows:

Deferred tax assets	\$ 132,755
Less: valuation allowance	(132,755)
<hr/>	
Net deferred tax asset	\$ -

The deferred tax asset relates to the Company's net operating loss carry forwards. There is a \$25,544 net decrease in the deferred tax assets during the year ended December 31, 2017 due to the change of the Federal corporate tax rate from 34% to 21%.

The Company has available at December 31, 2017, unused operating loss carry-forwards of approximately \$510,600 which may provide future tax benefits, expiring in various years through 2037.

The Company has established a full valuation allowance against the deferred tax asset at December 31, 2017 due to the uncertainty of realizing the tax benefits.

# CATHAY SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 6. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. In addition, the Company is required to maintain a minimum net capital of \$50,000. At December 31, 2017, the Company's net capital was \$62,265, which was \$12,265 in excess of the required net capital, and the Company's aggregate indebtedness to net capital ratio was 0.12 to 1.

The Company is exempt from the provisions of 15c3-3 under Securities Exchange Act of 1934 as set forth in the conditions for exemption in paragraph (k)(2)(ii).

There are no material differences between the amounts presented above, which are the amounts based on the accompanying audited financial statements, and the amounts reported in the Company's Focus report filed on January 24, 2018.

### 7. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Company introduces all customer transactions in securities traded on U.S. securities markets to another New York Stock Exchange member firm on a fully-disclosed basis. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to non-performance by customers or counter parties.

The Company's exposure to credit risk associated with the non-performance of customers and counter parties in fulfilling their contractual obligations pursuant to these securities transactions can be directly impacted by volatile trading markets which may impair the customer's or counter party's ability to satisfy their obligations to the Company. In the event of non-performance, the Company may be required to purchase or sell financial instruments at unfavorable market prices resulting in a loss to the Company. The Company does not anticipate non-performance by customers and counter parties in the above situations.

The Company seeks to control the aforementioned risks by requiring customers or counter parties to maintain margin collateral in compliance with various regulatory requirements, the clearing broker's guidelines and industry standards. The Company monitors required margin levels daily and, pursuant to such guidelines, require the customer to deposit additional collateral, or to reduce positions, when necessary.

**CATHAY SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**8. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2017, the shareholder made an additional capital contribution of \$34,800.

**9. SUBSEQUENT EVENTS**

The Company's management has performed subsequent events procedures through February 27, 2018, which is the date the financial statements were available to be issued. No subsequent events required adjustment to the financial statements or disclosures as stated herein.

**CATHAY SECURITIES, INC.**

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NET CAPITAL**

Total stockholders' equity	\$	86,626
<hr/>		
Total capital		86,626
<hr/>		
Deductions and/or charges:		
Non-allowable assets		
Property and equipment		(7,669)
Other assets		(13,518)
Petty cash		(3,174)
<hr/>		
		(24,361)
<hr/>		
Net capital before haircuts on securities positions		62,265
<hr/>		
Haircuts on securities:		-
<hr/>		
<b>NET CAPITAL</b>	\$	62,265

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

Accounts payable and accrued expenses	\$	7,296
<hr/>		
<b>AGGREGATE INDEBTEDNESS</b>	\$	7,296

See report of independent registered public accounting firm.

**CATHAY SECURITIES, INC.**

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required (6 2/3% of aggregate indebtedness)	\$	486
Minimum dollar requirement		50,000
<b>Net capital requirement</b>		
<b>(greater of minimum net capital or dollar requirement)</b>	\$	50,000
<b>Excess net capital</b>	\$	12,265
<b>Net capital less greater of 10% of total aggregate indebtedness or 120% of minimum net capital required</b>	\$	2,265
<b>Ratio of aggregate indebtedness to net capital</b>		0.12 to 1

**RECONCILIATION WITH COMPANY'S COMPUTATION (included in Part IIA of  
Form X-17A-5 as of December 31, 2017)**

There are no differences from the net capital calculation shown above and the net capital calculation as filed on the amended Form X-17A-5 as of December 31, 2017.

See report of independent registered public accounting firm.



• MAIN OFFICE  
133-10 39<sup>TH</sup> AVENUE  
FLUSHING, NY 11354  
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FAX. (718) 445-6760

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36 W BAY STATE STREET  
ALHAMBRA, CA 91801  
TEL. (626) 282-1630  
FAX. (626) 282-9726

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder  
of Cathay Securities, Inc.

We have reviewed management's statements, included in the accompanying Exemption Form SEC Rule 15c3-3, in which (1) Cathay Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Cathay Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (exemption provisions) and (2) Cathay Securities, Inc. stated that Cathay Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Cathay 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 Cathay 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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Wei Wei & Co. LLP*

Flushing, New York  
February 27, 2018

Date: February 26, 2018

Wei Wei & Co., LLP  
133-10 39th Avenue  
Flushing, NY 11354

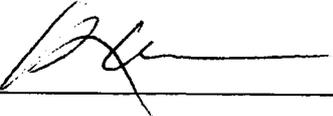
Dear Wei,

Cathay Securities, Inc. is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission. 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:

Cathay Securities, Inc., operates pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3 under which the Company claimed an exemption from SEC Rule 15c3-3.

The Company has met the identified exemption provisions throughout the period from January 1 - December 31, 2017 without exception.

I, Ruserim Hasan, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.



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Ruserim Hasan - President

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

FORM  
X-17A-5

FOCUS REPORT  
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)  
PART IIA 12

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)  16      2) Rule 17a-5(b)  17      3) Rule 17a-11  18  
4) Special request by designated examining authority  19      5) Other  26

NAME OF BROKER-DEALER

CATHAY SECURITIES, INC. 13

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

185 CANAL ST, SUITE 303 20  
(No. and Street)

NEW YORK 21 NY 22 10013 23  
(City) (State) (Zip Code)

SEC. FILE NO.

8-39247 14

FIRM ID NO.

21821 15

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/17 24

AND ENDING (MM/DD/YY)

12/31/17 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

Ruserim s. Hasan (212) 285-2261 30

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

32  
34  
36  
38

OFFICIAL USE

31  
33  
35  
37  
39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 24th day of January 20 18

Manual Signatures of:

- 1) Principal Executive Officer or Managing Partner  
2) Principal Financial Officer or Partner  
3) Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f (a) )

FINRA



FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER CATHAY SECURITIES, INC.	as of <u>12/31/17</u>
---------------------------------------------	-----------------------

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING,  
NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS  
LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I.</u> <u>Liabilities</u>	<u>Non-A.I.</u> <u>Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	7,296 1205	1385	7,296 1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders	\$ 970		
2. Includes equity subordination (15c3-1(d)) of	\$ 980		
B. Securities borrowings, at market value from outsiders	\$ 990	1410	1720
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders	\$ 1000		
2. includes equity subordination (15c3-1(d)) of	\$ 1010		
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 7,296 1230	\$ 1450	\$ 7,296 1760
 <u>Ownership Equity</u>			
21. Sole proprietorship			\$ 1770
22. Partnership (limited partners)	\$ 1020		1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock		76,200	1792
C. Additional paid-in capital		371,600	1793
D. Retained earnings		(361,174)	1794
E. Total		86,626	1795
F. Less capital stock in treasury		(1)	1796
24. TOTAL OWNERSHIP EQUITY			\$ 86,626 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 93,922 1810

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

CATHAY SECURITIES, INC.

as of

12/31/17

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	86,626	3480
2. Deduct ownership equity not allowable for Net Capital			3490
3. Total ownership equity qualified for Net Capital		86,626	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	86,626	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	\$	24,361	3540
B. Secured demand note deficiency			3590
C. Commodity futures contracts and spot commodities-proprietary capital charges			3600
D. Other deductions and/or charges			3610
7. Other additions and/or allowable credits (List)			3630
8. Net Capital before haircuts on securities positions	\$	62,265	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Exempted securities			3735
2. Debt securities			3733
3. Options			3730
4. Other securities			3734
D. Undue concentration			3650
E. Other (List)			3736
10. Net Capital	\$	62,265	3750

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**

CATHAY SECURITIES, INC.

as of

12/31/17

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19)	\$	486	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	50,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	50,000	3760
14. Excess net capital (line 10 less 13)	\$	12,265	3770
15. Net capital less greater of 10% of line 19 or 120% of line 12	\$	2,265	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition	\$	7,296	3790
17. Add:			
A. Drafts for immediate credit	\$		3800
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$		3810
C. Other unrecorded amounts (List)	\$		3820
19. Total aggregate indebtedness	\$	7,296	3830
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	%	11.72	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1(d)	%	0.00	3860

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		3880
24. Net capital requirement (greater of line 22 or 23)	\$		3760
25. Excess net capital (line 10 less 24)	\$		3910
26. Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	\$		3920

**NOTES:**

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of the memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

CATHAY SECURITIES, INC.

For the period (MMDDYY) from 10/01/17 3932 to 12/31/17 3933  
Number of months included in this statement 3 3931

REVENUE

STATEMENT OF INCOME (LOSS)

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	.....	\$	<u>27,189</u> <u>3935</u>
b. Commissions on listed option transactions	.....		<u>3938</u>
c. All other securities commissions	.....		<u>3939</u>
d. Total securities commissions	.....		<u>27,189</u> <u>3940</u>
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange	.....		<u>3945</u>
b. From all other trading	.....		<u>3949</u>
c. Total gain (loss)	.....		<u>3950</u>
3. Gains or losses on firm securities investment accounts			<u>3952</u>
4. Profits (losses) from underwriting and selling groups			<u>3955</u>
5. Revenue from sale of investment company shares			<u>3970</u>
6. Commodities revenue			<u>3990</u>
7. Fees for account supervision, investment advisory and administrative services			<u>3975</u>
8. Other revenue			<u>1,567</u> <u>3995</u>
9. Total revenue	.....	\$	<u>28,756</u> <u>4030</u>

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers			<u>4120</u>
11. Other employee compensation and benefits			<u>4115</u>
12. Commissions paid to other brokers-dealers			<u>4140</u>
13. Interest expense			<u>4075</u>
a. Includes interest on accounts subject to subordination agreements	.....		<u>4070</u>
14. Regulatory fees and expenses			<u>4195</u>
15. Other expenses			<u>38,597</u> <u>4100</u>
16. Total expenses	.....	\$	<u>38,597</u> <u>4200</u>

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)		\$	<u>(9,841)</u> <u>4210</u>
18. Provision for Federal income taxes (for parent only)			<u>4220</u>
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			<u>4222</u>
a. After Federal income taxes of	.....		<u>4238</u>
20. Extraordinary gains (losses)			<u>4224</u>
a. After Federal income taxes of	.....		<u>4239</u>
21. Cumulative effect of changes in accounting principles			<u>4225</u>
22. Net income (loss) after Federal income taxes and extraordinary items	.....	\$	<u>(9,841)</u> <u>4230</u>

MONTHLY INCOME

23. Income (current month only) before provision for Federal Income taxes and extraordinary items	.....		<u>(7,548)</u> <u>4211</u>
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER CATHAY SECURITIES, INC.
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For the period (MMDDYY) from 10/01/17 to 12/31/17

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	86,467	4240
A. Net income (loss)		(9,841)	4250
B. Additions (includes non-conforming capital of	\$	4262	)
		10,000	4260
C. Deductions (includes non-conforming capital of	\$	4272	)
			4270
2. Balance, end of period (from item 1800)	\$	86,626	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$	4300
A. Increases		4310
B. Decreases		4320
4. Balance, end of period (from item 3520)	\$	4330

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**  
CATHAY SECURITIES, INC.

as of 12/31/17

**Exemptive Provision Under Rule 15c3-3**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based :

- A. (k) (1) - Limited business (mutual funds and/or variable annuities only) \$ 4550
- B. (k) (2) (i) - "Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k) (2) (ii) - All customer transactions cleared through another broker-dealer on a fully disclosed basis.  
Name(s) of Clearing Firm(s) - Please separate multiple names with a semi-colon  
HILTOP SECURITIES 4335 X 4570
- D. (k) (3) - Exempted by order of the Commission 4580

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code to enter)	Name of Lender or Contributor	Insider or Outsider ? (In or Out)	Amount to be withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
<u>4600</u>	<u>4601</u>	<u>4602</u>	<u>4603</u>	<u>4604</u>	<u>4605</u>
<u>4610</u>	<u>4611</u>	<u>4612</u>	<u>4613</u>	<u>4614</u>	<u>4615</u>
<u>4620</u>	<u>4621</u>	<u>4622</u>	<u>4623</u>	<u>4624</u>	<u>4625</u>
<u>4630</u>	<u>4631</u>	<u>4632</u>	<u>4633</u>	<u>4634</u>	<u>4635</u>
<u>4640</u>	<u>4641</u>	<u>4642</u>	<u>4643</u>	<u>4644</u>	<u>4645</u>
<u>4650</u>	<u>4651</u>	<u>4652</u>	<u>4653</u>	<u>4654</u>	<u>4655</u>
<u>4660</u>	<u>4661</u>	<u>4662</u>	<u>4663</u>	<u>4664</u>	<u>4665</u>
<u>4670</u>	<u>4671</u>	<u>4672</u>	<u>4673</u>	<u>4674</u>	<u>4675</u>
<u>4680</u>	<u>4681</u>	<u>4682</u>	<u>4683</u>	<u>4684</u>	<u>4685</u>
<u>4690</u>	<u>4691</u>	<u>4692</u>	<u>4693</u>	<u>4694</u>	<u>4695</u>
TOTAL			\$ <u>4699</u>		

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2) (iv)), which could be required by the lender on demand or in less than six months.

**WITHDRAWAL CODE: DESCRIPTION**

1. Equity Capital
2. Subordinated Liabilities
3. Accruals
4. 15c3-1(c) (2) (iv) Liabilities