

RMS



S

18008389

I

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

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

SEC Mail Processing

SEC FILE NUMBER
8-06571

FACING PAGE

MAY 27 2018

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

Washington, DC

REPORT FOR THE PERIOD BEGINNING 04/01/17 AND ENDING 03/31/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Griffinst Asia Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
3452 E. Foothill Blvd., Suite 100

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Pasadena California 91107  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Katie Tai 626-243-4638  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Breard & Associates, Inc. Certified Public Accountants

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

9221 Corbin Avenue, Suite 170 Northridge CA 91324  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

<b>FOR OFFICIAL USE ONLY</b>

\*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)

BW

OATH OR AFFIRMATION

I, Katie Tai, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Griffinst Asia Securities, LLC, as of March 31, 2018, 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]
Signature
FINOP
Title

[Signature]
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.

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

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of CALIFORNIA
County of LOS ANGELES
Subscribed and sworn to (or affirmed) before me on this 16th day of MAY, 2018 by KATIE TAI proved to me on the basis of satisfactory evidences to be the person who appeared before me.
Notary Public [Signature]





## Report of Independent Registered Public Accounting Firm

To the Directors and Equity Owners of Griffinst Asia Securities, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Griffinst Asia Securities, LLC (the "Company") as of March 31, 2018, 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 Griffinst Asia Securities, LLC as of March 31, 2018, in conformity with accounting principles generally accepted in the United States.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company'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 the Company 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.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

We have served as the Company's auditor since 2014.  
Northridge, California  
May 10, 2018

**Griffinst Asia Securities, LLC**  
**Statement of Financial Condition**  
**March 31, 2018**

**Assets**

Cash and cash equivalents	\$ 1,854,487
Receivable from clearing organization	114,032
Deposit with clearing organization	101,666
Commissions receivable	69,000
Property and equipment, net	12,369
Prepaid expenses	5,378
Deposits	28,027
Secured Demand Note	500,000
<b>Total assets</b>	<b>\$ 2,684,959</b>

**Liabilities and Member's Equity**

**Liabilities**

Accounts payable and accrued expenses	\$ 362,154
Payable to clearing organization	35,887
Subordination Debt	500,000
<b>Total liabilities</b>	<b>898,041</b>

Commitments and contingencies

**Member's equity**

Member's equity	1,786,918
<b>Total member's equity</b>	<b>1,786,918</b>
<b>Total liabilities and member's equity</b>	<b>\$ 2,684,959</b>

*The accompanying notes are an integral part of these financial statements.*

**Griffinest Asia Securities, LLC**  
**Notes to Financial Statements**  
**March 31, 2018**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Griffinest Asia Securities, LLC (the "Company") was originally formed on March 23, 2004 under the name Fubon Securities USA, LLC ("Fubon") in the State of California. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in business as a securities broker-dealer, that provides several classes of services, including retailing corporate equity and debt securities, mutual fund retailer and options.

The Company is wholly owned subsidiary of Griffinest Asia Capital, Inc. a California Corporation. James Hsu owned 80% and Victor Lin and Katie Tai each owned 10% of the shares in Griffinest Asia Capital, Inc.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Commission income is recorded on a settlement date basis. Clearing costs are recorded as securities transactions are settled by the clearing-broker. The Company estimated trailing commission income in the amount of \$69,000 in the first quarter of 2018. Clients securities transactions are recorded on the date that they settle. Principal transactions are recorded on a trade date basis.

**Griffinst Asia Securities, LLC**

**Notes to Financial Statements**

**March 31, 2018**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

The Company, with the consent of its Member, has elected to be a California Limited Liability Company. For tax purposes the Company is treated as a disregarded entity; therefore in lieu of business income taxes, imposed on the Company, its Member is taxed on the Company's taxable income. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements.

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Note 2: RECEIVABLE FROM CLEARING ORGANIZATION**

Pursuant to the clearing agreement, the Company introduces all of its securities transactions to clearing brokers on a fully disclosed basis. Customers' money balances and security positions are carried on the books of the clearing brokers. In accordance with the clearing agreement, the Company has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the customers' accounts. As of March 31, 2018, the receivable from clearing organization of \$114,032 was pursuant to these clearance agreements.

**Note 3: DEPOSIT WITH CLEARING ORGANIZATION**

The Company has a clearing agreement with Pershing LLC ("Clearing Broker") to carry its account and the accounts of its clients as customers of the Clearing Broker. The Clearing Broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at March 31, 2018 was \$101,666.

**Griffinst Asia Securities, LLC**  
**Notes to Financial Statements**  
**March 31, 2018**

**Note 4: PROPERTY AND EQUIPMENT, NET**

Property and equipment are recorded net of accumulated depreciation and summarized by major classification as follows:

		Useful Life
Computer Hardware	\$ 35,561	5
Furniture and Fixtures	2,333	7
Leasehold Improvements	0	5
Office Equipment	22,201	5
Software Development	<u>3,249</u>	3
Total cost of property and equipment	63,344	
Less: accumulated depreciation	<u>(50,975)</u>	
Property and equipment, net	<u>\$ 12,369</u>	

**Note 5: PENSION PLAN**

The Company has established a qualified employee retirement plan under Section 401(k) of the Internal Revenue Code. The plan allows all full-time employees who have completed three months consecutive employment to defer compensation up to \$18,500 per annum on a pre-tax basis through contributions made to the plan. The Company makes matching contributions on a dollar-to-dollar basis up to 5% of the employee's compensation.

**Note 6: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Griffinst Asia Securities, LLC**  
**Notes to Financial Statements**  
**March 31, 2018**

**Note 7: GUARANTEES**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others.

The Company has issued no guarantees at March 31, 2018 or during the period April 1, 2017 to March 31, 2018.

**Note 8: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

For the the year ended March 31, 2018, various Accounting Standards Updates issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Note 9: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission 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 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on March 31, 2018, the Company had net capital of \$2,128,884 which was \$2,028,884 in excess of its required net capital of \$100,000; and the Company's ratio of aggregate indebtedness (\$398,041) to net capital was 0.19 to 1, which is less than the 15 to 1 maximum allowed.

**Griffinest Asia Securities, LLC**

**Notes to Financial Statements**

**March 31, 2018**

**Note 10: SECURED DEMAND NOTE**

On June 28, 2016, the Company borrowed \$500,000 as a secured demand note from Mr. James T. Hsu, Chairman of Griffinest Asia Capital, Inc. for a period of no shorter than three years at an interest rate of 1% per annum, with principal due upon maturity and interest due monthly. That, for the purpose of enhancing the Company's net capital position, the Company may take on such Secured Demand Note and accept pertinent terms and conditions that are deemed appropriate and compliant pursuant to the rules and regulations stipulated by regulatory agency of the Company.

**Note 11: SUBORDINATED LIABILITIES**

The liability subordinated to the claims of general creditors consists of a subordinated loan agreement of \$500,000 which bears an interest rate of 1% per annum, matures on June 28, 2019. Also the subordinated loan can be automatically extended yearly. Interest expense for this subordinated loan was \$5,000 for the year ended March 31, 2018.

The subordinated borrowings are covered by agreements approved by FINRA and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, the borrowings may not be repaid.