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

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SEC FILE NUMBER
8-50220

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 01/01/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: WesBanco Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

(No. and Street)		
<u>St. Clairsville</u>	<u>OH</u>	<u>43950</u>
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Rose L. Wilson (304)-905-7215  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Ernst & Young, LLP

(Name - if individual, state last, first, middle name)			
<u>2100 One PPG Place</u>	<u>Pittsburgh</u>	<u>PA</u>	<u>15222</u>
(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 (11-05)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

RMS

OATH OR AFFIRMATION

I, Rose L. Wilson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WesBanco Securities, Inc. of December 31, 202018, 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:

[Handwritten Signature]
Signature

SVP & Managing Director - Compliance

Title

[Handwritten Signature: Susan R. Clark]
Notary Public



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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(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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## Report of Independent Registered Public Accounting Firm

To the Shareholder's and the Board of Directors of WesBanco Securities, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) WesBanco Securities, Inc. (the Company) identified the following provision of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (k)(2)(ii) (the "exemption provision") and (2) the Company stated that it met the identified exemption provision in 17 C.F.R. § 240.15c3-3 (k) throughout the most recent fiscal year ended December 31, 2018 without exception. Management is responsible for compliance with the exemption provision 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 the Company's compliance with the exemption provision. 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 provision set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, other regulatory agencies that rely on Rule 17a-5 under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and other recipients specified by Rule 17a-5(d)(6) and is not intended to be and should not be used by anyone other than these specified parties.

March 1, 2019



**CONFIDENTIAL**

**WesBanco Securities, Inc. Exemption Report**

**December 31, 2018**

WesBanco 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.

I, Rose L. Wilson, affirm that, to my best knowledge and belief, this Exemption Report is true and correct as the Company's business activities do not involve taking possession of customers' funds or securities.

A handwritten signature in cursive script, appearing to read 'Rose L. Wilson', written in dark ink.

Rose L. Wilson  
SVP Managing Director Compliance

March 1, 2019.

OSJ: 1 Bank Plaza • Wheeling, WV 26003 • Local: 304-231-1200 • Toll Free: 800-368-3369

Securities products are offered through WesBanco Securities, Inc. These products are not deposits, are not obligations of, or guaranteed by WesBanco, Inc. or any of its banks or non-bank affiliates. These products are not insured by the FDIC and are subject to investment risks, including possible loss of the principal amount invested.

WesBanco Securities, Inc.  
(A Wholly-Owned Subsidiary of WesBanco, Inc.)

Statement of Financial Condition

December 31, 2018

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of WesBanco Securities, Inc.

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of WesBanco Securities Inc. (the Company) as of December 31, 2018 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2018, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement 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 statement is 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 statement, 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 statement. Our audit also included evaluating 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.

We have served as the Company's auditor since 1999.

March 1, 2019

WesBanco Securities, Inc.  
(A Wholly-Owned Subsidiary of WesBanco, Inc.)

Statement of Financial Condition

December 31, 2018

**Assets**

Cash (restricted \$100,000)	\$ 2,018,628
Commission receivables	573,182
Intangible assets (net of accumulated amortization of \$631,201)	31,879
Deferred tax assets	82,146
Prepaid expenses	109,214
Fixed assets (net of accumulated depreciation of \$51,663)	17,765
Other assets	25,364
Total assets	<u>\$ 2,858,178</u>

**Liabilities and shareholders' equity**

Liabilities:

Accounts payable to affiliate	\$ 577,480
Commission payable to affiliate	224,129
Other liabilities	125,192
Total liabilities	<u>926,801</u>

Shareholders' equity:

Common stock, par value \$1 per share – authorized 500 shares, issued and outstanding 100 shares	100
Additional paid-in capital	1,275,533
Retained earnings	655,744
Total shareholders' equity	<u>1,931,377</u>
Total liabilities and shareholders' equity	<u>\$ 2,858,178</u>

*See accompanying notes.*

**WesBanco Securities, Inc.**  
(A Wholly-Owned Subsidiary of WesBanco, Inc.)

Notes to Statement of Financial Condition

December 31, 2018

**1. Organization**

WesBanco Securities, Inc. (the Company) is a wholly-owned subsidiary of WesBanco, Inc. (the Parent). The Company is registered as a broker/dealer under the Securities and Exchange Act of 1934 and is a member of Financial Industry Regulatory Authority, Inc. (FINRA) and Securities Investors Protection Association (SIPC).

The Company offers financial planning, wealth management, individual retirement account (IRA) and 401(k) rollover, retail brokerage services relating to securities such as insurance and mutual fund products, stocks, options, and bonds on a fully disclosed basis. The Company also operates as a registered investment advisor.

**2. Significant Accounting Policies**

**Basis of Presentation**

The Financial Statement includes the accounts of the Company. The statement has been prepared in accordance with U.S. generally accepted accounting principles (GAAP). In preparing the financial statement, management is required to make estimates and assumptions that affect the amounts reported in the Financial Statement and accompanying notes. Actual results may differ from those estimates, and such differences may be material to the Financial Statement.

**Cash**

Cash is held at an affiliate of the Company, WesBanco Bank, Inc. (the Bank) and with the clearing agent, Pershing, LLC (Pershing) of which \$100,000 is restricted.

**Commission Receivables**

The Company does not carry security accounts for customers, perform custodial functions relating to customer securities, or receive customer funds. All brokerage accounts are opened on a fully disclosed basis through our clearing agent, Pershing. Other accounts are opened directly with an insurance and/or mutual fund company. The Company records as accounts receivable amounts earned for services rendered when payment has not been received and collectability is reasonably assured.

## **Fixed Assets**

Fixed assets are recorded at cost and depreciated over their estimated useful life using the straight-line method. The principal estimated useful lives are three to seven years for furniture and equipment.

## **Leases**

In February 2016, the FASB issued ASU 2016-02 that will require entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases were not previously recognized in the balance sheet. Public business entities must apply the new requirements for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. In January 2018, the FASB issued ASU 2018-01, which allows entities the option to apply the provisions of the new lease guidance at the effective date without adjusting the comparative periods presented. In July 2018, the FASB issued ASU 2018-10, which provides narrow-scope improvements to the lease standard. The Company's leases are all intercompany and have terms of less than one year, thus there will be no impact on the Company's Financial Statements.

## **Intangible Asset**

The Company recognized in 2009 an intangible asset in the amount of \$663,080 for acquired customer lists related to a brokerage facility in the Columbus, Ohio market area. The customer lists have finite lives and are amortized on a sum-of-the-years-digits basis over 12 years. Intangible assets with finite useful lives are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset with a finite useful life is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and the fair value of the asset. There were no events or changes in circumstances indicating impairment of the customer lists as of December 31, 2018.

## **Income Taxes**

The operating results of the Company are included in the consolidated federal income tax return filed by the Parent. The Company uses the liability method to account for deferred income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and law that will be in effect when the differences are expected to reverse. The amount of current tax expense or tax benefit is either remitted to or received from an affiliate on a periodic basis in conjunction with the payment of estimated federal and state income taxes on a corporation-wide basis. The Company did not have any uncertain tax positions at December 31, 2018.

### **3. Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (Rule 15c3-1) and is required to maintain minimum net capital, as defined, equal to the greater of \$50,000, or 6.67% of aggregate indebtedness. At December 31, 2018, the Company had net capital of \$1,102,644 which was \$1,040,857 in excess of its required net capital of \$61,787.

### **4. Income Taxes**

The Company has recorded a net deferred tax asset of \$82,146 resulting from the timing of deductions for depreciation of fixed assets and customer list intangibles. In evaluating its deferred tax assets, the Company has considered taxable income in prior periods, projected reversal of taxable temporary differences, tax planning strategies, and future taxable income. Based on these criteria, the Company has determined that it is not required to establish a valuation allowance for its deferred tax assets since management believes that the deferred tax assets are more likely than not to be realized in future periods.

The Company is subject to U.S. federal income tax as well as to tax in various state income tax jurisdictions. The Company is no longer subject to any income tax examinations for years prior to 2015.

### **5. Related-Party Transactions**

Related-party transactions consisted of cash held at the Bank, and taxes, bonus payable, commission payable, salaries and benefits payable, and stock compensation payable to the Bank. At December 31, 2018, the Company had cash on hand with the Bank of \$111,919 and net payables to the Bank for taxes of \$367,957, bonuses of \$68,409, commissions of \$224,129, salaries and benefits of \$87,858, other compensation of \$44,025, and other payables totaling \$8,621. All tax payments are made by the Bank and reimbursement for each subsidiary's share of the tax are processed in accordance with the intercompany tax allocation policy. Bonuses and compensation, including commissions, are also paid by the Bank and reimbursed by the Company, except for commissions earned by certain licensed bank employees which are reimbursed 50% by the Company.

The Company also processes trades on behalf of some officers and directors (including their affiliates and families) of the Parent and its subsidiaries and has conducted transactions with those subsidiaries in the ordinary course of business. In addition, the Company earns commissions from WesMark Funds, a series of SEC registered mutual funds, managed by the Parent as investment advisor.

## **6. Financial Guarantee**

The Company has agreed to indemnify the clearing broker, Pershing, for losses that it may sustain from customer accounts introduced by the Company. As of December 31, 2018, there were no amounts identified related to such agreement. The Company also maintains a clearing deposit with Pershing, which can be used to offset liabilities arising from the indemnification financial guarantee. At December 31, 2018, the cash held in two Pershing accounts consisted of non-restricted funds totaling \$1,800,946 and the clearing deposit of \$100,000 for a total of \$1,900,946.