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

SEC FILE NUMBER
8-67585

**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 01/01/19 AND ENDING 12/31/19
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TWG Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

175 W. Jackson Blvd., 8th Floor

(No. and Street)

Chicago

IL

60604

(City)

(State)

(Zip Code)

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

Stephen W. Barrett (312) 356-2341

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

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

300 Madison Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

SEC Mail Processing

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Washington, DC

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*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)

OATH OR AFFIRMATION

I, Stephen W. Barrett, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TWG Securities, Inc. of December 31, 2019, 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:

None

Signature

President

Title

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).

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

TWG Securities, Inc.

As of and for the Year Ended December 31, 2019

With Report of Independent Registered Public Accounting Firm

TWG Securities, Inc.

Financial Statements and Supplementary Information

As of and for the Year Ended December 31, 2019

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of TWG Securities, Inc. (the "Company") as of December 31, 2019, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, including 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 the Company as of December 31, 2019, 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.

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 of these financial statements 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 Securities and Exchange Commission Rule 15c3-1, Computation for Determination of the Reserve Requirements Under Securities and Exchange Commission Rule 15c3-3 and Information Relating to the Possession or Control Requirements Under Securities and Exchange Commission Rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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 under the Securities Exchange Act of 1934. In our opinion, Computation of Net Capital Under Securities and Exchange Commission Rule 15c3-1, Computation for Determination of the Reserve Requirements Under Securities and Exchange Commission Rule 15c3-3 and Information Relating to the Possession or Control Requirements Under Securities and Exchange Commission Rule 15c3-3 is fairly stated, in all material respects, in relation to the financial statements as a whole.

PricewaterhouseCoopers LLP

February 28, 2020

We have served as the Company's auditor since 2018.

TWG Securities, Inc.
Statement of Financial Condition
 December 31, 2019
 (amounts in thousands)

Assets	
Cash	\$ 325
Income tax receivable	7
Deferred tax asset	4
Prepaid expenses	22
Total assets	\$ 358
Liabilities and stockholder's equity	
Liabilities	
Accrued liabilities	\$ 198
Commitments and contingencies (Note 7)	
Stockholder's equity	
Common stock, par value \$0.01 per share, 1,000 shares authorized, 100 shares issued and outstanding	-
Additional paid-in capital	82
Retained earnings	78
Total stockholder's equity	160
Total liabilities and stockholder's equity	\$ 358

See accompany notes.

TWG Securities, Inc.
Statement of Income
Year Ended December 31, 2019
(amounts in thousands)

Revenues	
Fee income	\$ 288
Expenses	
Audit fees	80
Legal fees	74
Salaries	49
Rent	32
Licensing and registration	31
Underwriting, general and administrative expenses	27
Total expenses	<u>293</u>
Loss before provision for income taxes	(5)
Income tax benefit	1
Net loss	<u>\$ (4)</u>

See accompany notes.

TWG Securities, Inc.
Statement of Changes in Stockholder's Equity
December 31, 2019
 (amounts in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance, January 1, 2019	\$ -	\$ 82	\$ 82	\$ 164
Net loss	-	-	(4)	(4)
Balance, December 31, 2019	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 78</u>	<u>\$ 160</u>

See accompanying notes.

TWG Securities, Inc.
Statement of Cash Flows
December 31, 2019
(amounts in thousands)

Operating activities

Net loss	\$	(4)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred tax benefit		(1)
Changes in operating assets and liabilities:		
Prepaid expenses		3
Income tax receivable		(7)
Accrued liabilities		142
Net cash provided by operating activities		<u>133</u>
Cash and cash equivalents at beginning of period		192
Cash and cash equivalents at end of period	\$	<u>325</u>

See accompanying notes.

TWG Securities, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2019
(amounts in thousands)

1. Organization and Operations

TWG Securities, Inc. (the Company), a Delaware corporation, is a registered broker-dealer with the Securities and Exchange Commission (SEC) and with the securities commissions in all 50 states. The Company is also a member of the Financial Industry Regulatory Authority (FINRA). The Company was incorporated, and became licensed with FINRA, in 2007. In January 2016, TWG Holdings, Inc. (TWGH), a wholly owned subsidiary of The Warranty Group, Inc. (TWG), acquired all of the shares of the Company. In May 2018, TWG was acquired by Assurant, Inc. (AIZ).

The sole activities of the Company are to serve as a brokerage agent for TWG and various other captive reinsurance companies in the sale of securities of such entities to a limited number of investors in offerings exempt from the registration requirements of The Securities Act of 1933.

The Company claims an exemption from both (a) the computation of reserve requirements and (b) the possession or control of securities requirements per SEC Rule 17a-5(d) under paragraph (k)(2)(i) of Rule 15c3-3 of the Securities Exchange Act of 1934.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known that could impact the amounts reported and disclosed herein.

Revenue Recognition

The Company provides brokerage agency services pursuant to an annual contract with an affiliated entity with specified monthly payments that are not contingent on the volume of such services. The contract terms are negotiated on a periodic basis to reflect compensation based on expected expenses incurred by the Company. The performance obligation for providing such services is satisfied over time as TWG is receiving and consuming the benefits as they are needed.

Income Taxes

The Company is included in the consolidated federal income tax return of the U.S. consolidated tax group of AIZ. The Company's income tax provision is the amount that it would have incurred on a separate company tax return basis. The Company recognizes deferred income tax assets and liabilities for the future tax effects attributable to temporary differences between the financial statements and tax return bases of assets and liabilities based on enacted rates and other

TWG Securities, Inc.
Notes to Financial Statements
 As of and for the year ended December 31, 2019
 (amounts in thousands)

provisions of applicable tax law. All income taxes are settled in cash pursuant to a formal tax sharing agreement. The Company classifies all penalties and interest related to all tax matters in income tax expense, as and if applicable. The Company files various state tax returns.

3. Income Taxes

The income tax benefit consists of the following for the year ended December 31, 2019:

Federal – current	\$ (0.2)
Federal – deferred	(0.8)
Total income tax benefit	\$ (1.0)

A reconciliation of the income tax benefit based on the U.S. federal tax rate to the provision reported for the year ended December 31, 2019, is as follows:

Federal tax rate	21.00%
State income taxes, net of federal benefit	0.06
Effective tax rate	21.06%

Components of the Company’s deferred tax assets and (liabilities) at December 31, 2019 are as follows:

Net operating loss carryforwards	\$ 7.6
Prepaid expenses	(4.1)
Net deferred tax assets	\$ 3.5

At December 31, 2019, the Company had federal net operating loss carryforwards of \$36.2 thousand that will expire in 2034.

The Company did not recognize any liability for uncertain tax benefits and does not expect that there will be any significant change over the next 12 months. In addition, the Company did not recognize any liabilities for interest related to unrecognized tax benefits at December 31, 2019.

The Company, through its inclusion in the consolidated federal income tax return of the U.S. consolidated tax group of AIZ, has substantially concluded all U.S. federal income tax matters for years through 2015. Substantially all state and local income tax matters have been concluded for years through 2018.

TWG Securities, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2019
(amounts in thousands)

4. Net Capital Requirements

The Company is subject to the uniform net capital requirement pursuant to SEC Rule 15c3-1 (the “Rule”). The Company is required to maintain net capital equal to the greater of 6.67% of aggregate indebtedness or \$5 thousand, as defined in the Rule given the nature of the Company’s operations. At December 31, 2019, the Company had net capital of \$127 thousand, which was in excess of its required net capital of \$13 thousand (or 6.67% multiplied by total December 31, 2019 accrued liabilities of \$198 thousand). At December 31, 2019, the Company’s percentage of aggregate indebtedness to net capital was 155.7%.

The Rule effectively restricts advances to affiliates or capital withdrawals.

5. Related-Party Transactions

As discussed in Note 2, the Company receives fees from an affiliated entity on a monthly basis based on a contractually agreed-upon amount.

Employees of TWG provide various management and administrative functions for the Company. On a monthly basis, TWGH allocates time and payroll tax related expenses incurred related to management and administrative functions performed by TWG employees to the Company, subject to an intercompany expense sharing agreement. During the year ended December 31, 2019, the Company was allocated \$49 thousand for these expenses, which is recorded as Salaries on the Statement of Income.

Under the terms of the intercompany agreement, the Company also pays TWGH a monthly fee for expenses related to rent, utilities, information and technology, and other office expenses. The expenses for the year ended December 31, 2019 were \$32 thousand and are recorded as Rent on the Statement of Income.

The Company records the expenses each month as incurred. Expenses associated with rent are allocated based on the square footage utilized for office space, and the remainder is then allocated based on estimated usage of utilities, information and technology, and other office expenses. Management believes that such costs are indicative of fair value of such services and related allocations. However, given the nature of related party transactions, there can be no assurances that such expenses would be equivalent to amounts that would be charged by unrelated parties.

6. Fidelity Bond

The Company maintains a \$100 thousand fidelity bond.

TWG Securities, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2019
(amounts in thousands)

7. Commitments and Contingencies

The Company may become directly (or indirectly through its affiliates) involved in litigation in the ordinary course of business. The Company may from time to time be subject to a variety of legal and regulatory actions relating to the Company's current and past business operations.

Although the Company cannot predict the outcome of any pending or future litigation, examination or investigation, it is possible that the outcome of such matters could have a material adverse effect on the Company's results of operations or cash flows for an individual reporting period. However, based on currently available information, management does not believe that any pending matters are likely to have a material adverse effect, individually or in the aggregate, on the Company's financial condition.

8. Subsequent Events

The Company has evaluated subsequent events for recognition or disclosure through the issuance date of these financial statements on February 28, 2020. There were no subsequent events to recognize or disclose in the financial statements.

Supplementary Information

TWG Securities, Inc.

Schedule I - Computation of Net Capital
Under Securities and Exchange Commission Rule 15c3-1

(amounts in thousands)

December 31, 2019

Computation of net capital:

Total stockholder's equity from Statement of Financial Condition	\$ 160
Less nonallowable assets:	
Prepaid expenses	(22)
Income tax receivable	(7)
Net deferred tax assets	(4)
Net capital	127
Net capital requirement (greater of 6.67% of aggregate indebtedness or \$5 thousand)	13
Excess net capital	\$ 114
Aggregate indebtedness:	
Accrued liabilities	198
Total aggregate indebtedness	\$ 198
Percentage of aggregate indebtedness to net capital	155.7%

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited FOCUS Part IIa filing as of December 31, 2019 submitted on January 24, 2020.

TWG Securities, Inc.

Schedule II - Computation for
Determination of the Reserve Requirements Under Securities and
Exchange Commission Rule 15c3-3

December 31, 2019

The Company is exempt from the computation of reserve requirements under paragraph (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Act of 1934.

TWG Securities, Inc.

**Schedule III – Information Relating to
the Possession or Control Requirements Under Securities and Exchange
Commission Rule 15c3-3**

December 31, 2019

The Company is exempt from the possession or control requirements under paragraph (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Act of 1934.



Report of Independent Registered Public Accounting Firm

To the Management of TWG Securities, Inc.

We have reviewed TWG Securities, Inc.'s assertions, included in the accompanying Exemption Report, in which (1) the Company identified 17 C.F.R. § 240.15c3-3(k)(2)(i) as the provision under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (the "exemption provision") and (2) the Company stated that it met the identified exemption provision throughout the year ended December 31, 2019 without exception. The Company's management is responsible for the assertions and for compliance with the identified exemption provision throughout the year ended December 31, 2019.

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 assertions. 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 assertions 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 17 C.F.R. § 240.15c3-3.

PricewaterhouseCoopers LLP

February 28, 2020

