



20010246

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 FILE NUMBER  
 8-47499

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: Athene Securities, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

7700 Mills Civic Parkway

(No. and Street)

West Des Moines IA 50266

(City)

(State)

(Zip Code)

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

Chad Batterson

515-342-4616

SEC  
Mail Processing

Section (Area Code ? Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

FEB 25 2020

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

Washington DC  
416

PricewaterhouseCoopers LLP

(Name of individual, state last, first, middle name)

699 Walnut Street Des Moines IA 50309

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

FOR OFFICIAL USE ONLY

*\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).*

SEC 1410 (06-02)

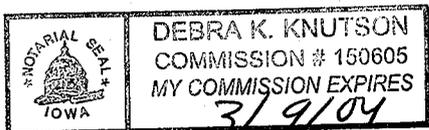
**Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.**

MKA

EB

OATH OR AFFIRMATION

I, Chad Batterson, affirm that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Athene Securities, LLC, as of December 31, 2019, are true and correct. I further 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.



Chad Batterson

Signature

President Athene Securities, LLC

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 15c-3-3.
- (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).

# **Athene Securities, LLC**

**Financial Statements and  
Supplemental Schedules**

**Pursuant to Rule 17a-5 of the Securities  
Exchange Act of 1934**

**December 31, 2019**

# Athene Securities, LLC

## Index

December 31, 2019

---

	<b>Page(s)</b>
<b>Report of Independent Registered Public Accounting Firm</b> .....	<u>1</u>
<b>Financial Statements</b>	
Statement of Financial Condition.....	<u>2</u>
Statement of Income.....	<u>3</u>
Statement of Changes in Member's Equity.....	<u>4</u>
Statement of Cash Flows.....	<u>5</u>
Notes to Financial Statements.....	<u>6</u>
<b>Supplemental Schedules</b>	
Schedule I Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission.....	<u>10</u>
Schedule II Information for Determination of Reserves Requirements Pursuant to SEA Rule 15c3-3 of the Securities and Exchange Commission.....	<u>12</u>



## Report of Independent Registered Public Accounting Firm

To the Member of Athene Securities, LLC:

### *Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Athene Securities, LLC (the "Company") as of December 31, 2019, and the related statements of income, changes in member'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 Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and the Schedule II - Information for Determination of Reserve Requirements Pursuant to SEA Rule 15c3-3 under Securities Exchange Act of 1934 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, Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and Schedule II - Information for Determination of Reserve Requirements Pursuant to SEA Rule 15c3-3 under Securities Exchange Act of 1934 are fairly stated, in all material respects, in relation to the financial statements as a whole.

*PricewaterhouseCoopers LLP*

February 5, 2020

We have served as the Company's auditor since 2012.

**Athene Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2019**

---

<b>Assets</b>	
Cash	\$ 609,090
Prepaid expenses	26,636
Amounts due from affiliate	49,953
Tax receivable	2,345
Total assets	<u>\$ 688,024</u>
<b>Liabilities and member's equity</b>	
Accrued expenses	\$ 120,200
Total liabilities	<u>120,200</u>
<b>Member's equity</b>	
Member's capital	
Class A - 100 units authorized, issued, and outstanding	2,338,075
Class B - 34 units authorized, issued, and outstanding	152,000
Accumulated deficit	(1,922,251)
Total member's equity	<u>567,824</u>
Total liabilities and member's equity	<u>\$ 688,024</u>

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

**Athene Securities, LLC**  
**Statement of Income**  
**Year Ended December 31, 2019**

---

**Revenues**

Commissions revenue	\$	726,959
Service revenue		449,273
Total revenue		<u>1,176,232</u>

**Expenses**

Audit fees		230,000
Commissions expense		726,959
Salaries, education, and facilities		82,480
FINRA fees		61,423
Management consulting fees		16,786
Other operating expenses		29,192
Total expenses		<u>1,146,840</u>
Income before income taxes		29,392
Income tax benefit		(737)
Net income	\$	<u>30,129</u>

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

**Athene Securities, LLC**  
**Statement of Changes in Member's Equity**  
**Year Ended December 31, 2019**

---

	<u>Member's Capital</u>	<u>Accumulated Deficit</u>	<u>Total Member's Equity</u>
<b>Balance at January 1, 2019</b>	\$ 2,490,075	\$ (1,952,380)	\$ 537,695
Net income	—	30,129	30,129
<b>Balance at December 31, 2019</b>	<u>\$ 2,490,075</u>	<u>\$ (1,922,251)</u>	<u>\$ 567,824</u>

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

**Athene Securities, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

---

<b>Operating activities</b>	
Net income	\$ 30,129
Adjustments to reconcile net income to net cash used in operating activities:	
Change in:	
Amounts due from affiliate	(10,028)
Prepaid expenses	(6,929)
Accrued expenses	(22,664)
Tax receivable/payable	(7,537)
Net cash used in operating activities	<u>(17,029)</u>
Net decrease in cash	(17,029)
Cash at beginning of year	626,119
Cash at end of year	<u>\$ 609,090</u>

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

# Athene Securities, LLC

## Notes to Financial Statements

### December 31, 2019

---

#### 1. Summary of Significant Accounting Policies

##### **Organization and Basis of Presentation**

Athene Securities, LLC (the Company) is a wholly owned subsidiary of Athene USA Corporation (AUSA). AUSA is an indirect wholly owned subsidiary of Athene Holding Ltd., a Bermuda exempted company. The Company serves as a principal underwriter/distributor for variable annuity insurance products of Athene Annuity and Life Company (AAIA). AAIA is an indirect wholly owned subsidiary of AUSA. The Company is a broker-dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority, Inc. (FINRA).

Effective June 26, 2019, AUSA entered into a contribution agreement with Athene Life Re (ALRe), whereby ALRe contributed its 34 Class B units of membership interest in the Company to AUSA. Additionally, AUSA entered into a distribution agreement with AAIA, whereby AAIA distributed its 100 Class A units of membership interest in the Company to Athene Annuity & Life Assurance Company (AADE). At that time, AADE distributed the 100 Class A units of membership interest to AUSA. With these agreements in force, AUSA holds 100% ownership and voting interest of the Company.

Effective July 1, 2019, the Company was merged with and into Athene Securities Iowa, LLC, an Iowa domiciled company which is a wholly-owned subsidiary of AUSA. Under accounting principles generally accepted in the United States of America (US GAAP), the merger was accounted for as a transaction between entities under common control. As a result, the financial statements have been presented as if the transfer of net assets, at carrying value, occurred as of January 1, 2019. This resulted in no impact to the historical financial statements of the Company. Immediately following the merger, Athene Securities Iowa, LLC then changed its name to Athene Securities, LLC.

##### **Recently Issued Accounting Pronouncements**

###### *Financial Instruments - Credit Losses (ASU 2019-05, ASU 2019-04, ASU 2018-19 and ASU 2016-13)*

The amendments in this update require financial assets measured on an amortized cost basis to be presented at the net amount expected to be collected. This update will limit the number of credit impairment models used for different assets and will result in accelerated credit loss recognition on assets held at amortized cost. The Company will be required to adopt this update effective January 1, 2020 and the impact of this update is required to be recognized through a cumulative-effect adjustment to the opening balance of retained earnings as of that date. The Company does not expect the adoption of this update will have a material effect on our financial statements.

###### *Fair Value Measurements - Disclosure Requirements (ASU 2018-13)*

The amendments in this update modify the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The Company will be required to adopt this update on January 1, 2020 and depending on the specific amendment may be required to adopt prospectively or retrospectively. The Company does not expect the adoption of this update will have a material effect on our financial statements.

##### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Cash and Cash Equivalents**

Cash and cash equivalents represent amounts on deposit with banks, investments in highly liquid instruments with original maturities of three months or less and money market mutual funds. The Company did not possess any cash equivalents as of December 31, 2019.

**Athene Securities, LLC**  
**Notes to Financial Statements (continued)**  
**December 31, 2019**

---

**Service Revenue**

Under an intercompany agreement, AAIA pays the Company a fee for all expenses incurred by the Company, excluding third-party commissions, to satisfy its performance obligation of providing broker dealer services to AAIA, including but not limited to payment of certain expenses related to the administration of AAIA's variable annuity block of business and maintaining relationships with financial institutions. The fee is calculated at a rate of 107% of the expenses incurred by the Company in accordance with the underlying expense sharing agreement. The performance obligation for providing broker-dealer services is satisfied over time since AAIA is receiving and consuming the benefits as they are provided by the Company. Fees are calculated and recorded monthly and are related specifically to the services provided in that period, which are distinct from the services provided in other periods. A receivable for these fees is recorded at each month end which is then settled in the following month.

**Broker Dealer Commissions Revenue**

The Company earns upfront and trail commission revenue primarily from the performance obligation to distribute variable annuity products. Revenue related to upfront commissions is earned by the Company when the contract is sold as the performance obligation is satisfied at the time. Trail commissions are based on the net asset value of the funds held in the variable contract (Contract Balance) at the policy anniversary date and are earned when commissions are paid by AAIA to third-party broker dealers on behalf of the Company. The Company believes these variable fees paid over time are fully constrained because the fees are linked to the Contract Balance, which introduces volatility in a market to the analysis. Fees earned over a long period of time based on investor behavior may have uncertainty on a portion of the fees. This uncertainty is resolved over time as the Contract Balance is determined and investing activity occurs. Past performance of a fund and/or past history of investor behavior may not be indicative of future results or behavior.

**Broker Dealer Commissions Expense**

Commission expenses are paid to third-party broker dealers on behalf of the Company related to upfront commissions paid at contract issuance and asset trail commissions earned on the growth of funds invested in variable annuity contracts. Based on the amount of payments made by AAIA, the Company records broker dealer commission expense to reflect the payment of these amounts on its behalf.

**Operating Expenses**

Operating expenses, such as technology fees and broker dealer bond insurance premiums, are related to operating activities of the Company and are intended to keep the entity in its good standing. These are expensed in the period to which they relate.

**Income Taxes**

As of July 1, 2019 Athene Securities, LLC became a disregarded entity for tax purposes and is no longer subject to US federal and state income taxes. The receivable balance represents over-payments related to periods for which the entity was subject to US federal and state income taxes.

**2. Net Capital Requirements**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum amount of net capital of \$5,000 and its ratio of aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1. At December 31, 2019, the Company had aggregate indebtedness of \$120,200 and net capital of \$488,890, which was \$480,877 in excess of its required net capital of \$8,013. The ratio of aggregate indebtedness to net capital was 0.25. The net capital rules may effectively restrict the payment of dividends. The Company claims exemption from the provisions of Rule 15c3-3 under the exemptive provisions of subparagraph (k)(2)(i) of the Rule.

**Athene Securities, LLC**  
**Notes to Financial Statements (continued)**  
**December 31, 2019**

---

**3. Fair Value**

The Company's financial assets and liabilities are carried at fair value or contracted amounts which approximate fair value. The Company's assets and liabilities recorded at fair value in the statement of financial condition are categorized based upon the level of judgment associated with the inputs used to measure their fair value according to the following:

Level 1 - Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 - Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate.

The Company has no financial assets or liabilities classified as Level 2 or Level 3.

The Company's financial instruments consist primarily of cash, prepaid assets, and accounts payable. The carrying values of these financial instruments approximate fair value because of the short-term nature of these instruments and are classified as Level 1, as of December 31, 2019.

**4. Related Party Matters**

During 2019, the Company updated its expense sharing agreement with Athene Employee Services, LLC (AES), an affiliate of the Company. Under the terms of the agreement, the Company was charged \$73,835 for the use of facilities, services, and personnel of its affiliate in the course of serving as a broker-dealer for the year ended December 31, 2019. These costs have been recognized as salaries, education, and facilities expense within the Statement of Income.

Under the terms of the AAIA intercompany allocation agreement, service revenue totaling \$449,273 was earned by the Company in the current year. All other expenses not directly attributable to the operations of the Company are paid by AAIA and are excluded from these financial statements.

All intercompany balances and transactions are settled in cash on a monthly basis.

During 2019, the Company renewed its agreement with AUSA, a direct parent of the Company, whereby AUSA has agreed to provide any necessary support required for the Company to meet its minimum regulatory requirements as well as its ongoing financial obligations. In accordance with this agreement, AUSA will provide such support for at least twelve months from the date of the issuance of the financial statements of the Company for the year ending December 31, 2019.

**5. Commitments and Contingencies**

The Company may be subject to legal and regulatory actions in the ordinary course of its business. As of December 31, 2019, the Company has no known legal or regulatory actions outstanding. Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company enters into contracts with its vendors and others that provide for general indemnification. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company. However, based on experience, the Company expects the risk of loss to be remote.

**Athene Securities, LLC**  
**Notes to Financial Statements (continued)**  
**December 31, 2019**

---

**6. Subsequent Events**

The Company has evaluated subsequent events through February 5, 2020, the date these financial statements were available to be issued. Based on this evaluation, no events have occurred subsequent to December 31, 2019 that require disclosure or adjustment to the financial statements at that date or for the period then ended.

**Supplemental Schedules**

**Athene Securities, LLC**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**As of December 31, 2019**

**Schedule I**

1	Total ownership equity from statement of financial condition	\$ 567,824
2	Deduct ownership equity not allowable for net capital	—
3	Total ownership equity qualified for net capital	<u>567,824</u>
4	Add:	
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital	—
	B. Other deductions or allowable credits	—
5	Total capital and allowable subordinated liabilities	<u>567,824</u>
6	Deductions and/or charges:	
	A. Total nonallowable assets from statement of financial condition	<u>(78,934)</u>
7	Other additions and/or allowable credits:	
	Deferred tax on unrealized appreciation of investments	—
8	Net capital before haircuts on securities positions	<u>488,890</u>
9	Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):	
	A. Contractual securities commitments	
	B. Subordinated securities borrowings	
	C. Trading and investment securities:	
	1. Bankers' acceptances, certificates of deposit, and commercial paper	
	2. U.S. and Canadian government obligations	
	3. State and municipal government obligations	
	4. Corporate obligations	
	5. Stocks and warrants	
	6. Options	
	7. Arbitrage	
	8. Other securities	
	D. Undue concentration	
	E. Other	
10	Net capital	<u>\$ 488,890</u>

There are no material differences between the computation above and the computation included in the Company's corresponding unaudited amended FOCUS Report, Part IIA Form X-17a-5 as of December 31, 2019.

**Athene Securities, LLC**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**As of December 31, 2019**

**Schedule I (continued)**

<b>Computation of basic net capital requirement</b>	
11 Minimum net capital required (6-2/3% of line 19)	\$ 8,013
12 Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	5,000
13 Net capital requirement (greater of line 11 or 12)	<u>8,013</u>
14 Excess net capital (line 10 less 13)	<u>480,877</u>
15 Net capital less greater of 10% of line 19 or 120% of line 12	<u>\$ 476,870</u>
<b>Computation of aggregate indebtedness</b>	
16 Total A.I. liabilities from statement of financial condition	\$ 120,200
17 Add:	
A. Drafts for immediate credit	
B. Market value of securities borrowed for which no equivalent value is paid or credited	
C. Other unrecorded amounts	
18 Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-19(c)(1)(vii))	
19 Total aggregate indebtedness	<u>\$ 120,200</u>
20 Percentage of indebtedness to net capital (line 19 / line 10)	<u>24.59%</u>
21 Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	<u>—%</u>

There are no material differences between the computation above and the computation included in the Company's corresponding unaudited amended FOCUS Report, Part IIA Form X-17a-5 as of December 31, 2019.

**Athene Securities, LLC**

**Information for Determination of Reserve Requirements Pursuant to SEA Rule**

**15c3-3 of the Securities and Exchange Commission**

**As of December 31, 2019**

**Schedule II**

The Company claims exemption from the SEA Rule 15c3-3 of the Securities and Exchange Commission under (k)(2)(i) of that rule.

There are no material differences between the information presented above and the information presented in the Company's corresponding unaudited amended FOCUS Report, Part IIA Form X-17a-5 as of December 31, 2019.