

BW NETWORK SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2020

**FOR THE PERIOD OCTOBER 17, 2019 (COMMENCEMENT OF OPERATIONS) THROUGH
DECEMBER 31, 2020**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-70293

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 10/17/2019 AND ENDING 12/31/2020
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **BW Network Securities, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1230 Sixth Avenue, Ste 1812

(No. and Street)

New York

NY

10020

(City)

(State)

(Zip Code)

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

Marcello Halitzer

212-381-1977

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

NawrockiSmith

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

290 Broad Hollow Road, Ste 115E Melville

NY

11747

(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

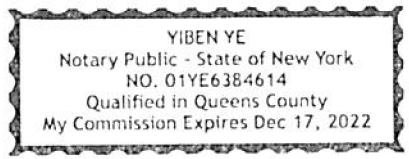
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Marcello Halitzer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BW Network Securities, LLC, as of December 31, 2020, 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: [Handwritten Signature]
Title: President

[Handwritten Signature]
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...
(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).

BW NETWORK SECURITIES, LLC

**FOR THE PERIOD OCTOBER 17, 2019 (COMMENCEMENT OF OPERATIONS) THROUGH
DECEMBER 31, 2020**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
BW Network Securities, LLC:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of BW Network Securities, LLC (the "Company") as of December 31, 2020, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of BW Network Securities, LLC as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of BW Network Securities, LLC's management. Our responsibility is to express an opinion on BW Network Securities, LLC'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 BW Network Securities, LLC 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 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.

We have served as BW Network Securities, LLC's auditor since 2020.

Melville, New York
February 25, 2021

Nawrocki Smith LLP

BW NETWORK SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2020

ASSETS

Cash	\$	31,509
Accounts receivable		52,500
Prepaid expenses		3,357
Other assets		1,107
Total assets	\$	88,473

LIABILITIES AND MEMBER'S EQUITY

Liabilities:

Accounts Payable and other liabilities	\$	5,274
Due to member		10,419
Total liabilities		15,693

Member's equity		72,780
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Total liabilities and member's equity	\$	88,473
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The accompanying notes are an integral part of this financial statement

BW NETWORK SECURITIES, LLC

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD OCTOBER 17, 2019 (COMMENCEMENT OF OPERATIONS) THROUGH DECEMBER 31, 2020

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

BW Network Securities, LLC (the "Company") is wholly-owned by Buttonwood Network Holdings, LLC (the "Member"). The Company was organized on December 11, 2018 as a Delaware limited liability company and is registered to do business in New York as a foreign limited liability company. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of both the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC") as of October 17, 2019. The operating agreement provides for the limited liability company to exist in perpetuity. The member's limit on liability is based on the relevant state law. The Company operates a software platform to facilitate principal-to-principal capital raising, which directly connects entrepreneurs and their investors.

The Company will not claim an exemption from SEA Rule 15c3-3, in reliance on footnote 74 to SEC Release 34-70073, and as discussed in Q&A 8 of the related FAQ issued by SEC staff. In order to avail itself of this option, the Firm has represented that it does not, and will not, hold customer funds or securities, and that its business activities are, and will remain, limited to private placements of securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with U.S. 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.

Revenue recognition

In accordance with ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASC Topic 606") revenues from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Company's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer.

BW NETWORK SECURITIES, LLC

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD OCTOBER 17, 2019 (COMMENCEMENT OF OPERATIONS) THROUGH DECEMBER 31, 2020

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

Revenue recognition *(continued)*

The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for those promised services (i.e., the “transaction price”). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration, if any.

The Company provides a software platform to facilitate principal-to-principal capital raising. Revenue is earned when the firm makes an introduction which is generally recognized at the point in time that performance under the arrangement is completed typically when the issuer accepts the investment by the investor, (the closing date of the transaction), or the contract is cancelled.

The following table provides information about receivables and contract liabilities from contracts with customers:

	<u>December 31, 2020</u>
Accounts receivable	\$ 52,500

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management’s estimate of the amount of receivables that will actually be collected. Management determined that at December 31, 2020, an allowance for doubtful accounts was not necessary.

Uncertain tax positions

The Company applies the provisions of ASC 740 “Income Taxes” as they relate to uncertain tax positions. The Company was not required to recognize any amounts from uncertain tax positions as of December 31, 2020.

The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. In the event that tax authorities assess interest and penalties on unrecognized tax benefits, the Company will reflect such amounts in tax expense and income taxes payable

BW NETWORK SECURITIES, LLC

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD OCTOBER 17, 2019 (COMMENCEMENT OF OPERATIONS) THROUGH DECEMBER 31, 2020

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

Adoption of new accounting standard

Effective January 1, 2019, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842) (“ASC Topic 842”). The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2019) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The Company defines a short-term lease as a lease that, at the commencement date, has a lease term of 12 months or less and does not contain an option to purchase the underlying asset that the lease is reasonably certain to exercise. The Company elected to recognize short-term lease payments as an expense on a straight-line basis over the lease term. Related variable lease payments are recognized in the period in which the obligation is incurred. The Company’s lease obligations are deemed to be short term. As such, there was no impact on the financial statements upon adoption.

3. CONCENTRATION OF CREDIT RISK

The Company’s cash deposits are held by one financial institution and therefore, are subject to credit risk to the extent those balances exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limit of \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

4. RELATED PARTY TRANSACTIONS

Pursuant to an expense sharing agreement, the Company reimburses the Member for allocated salaries, rent and communication expenses paid for by the Member. These charges are updated periodically, and determined based on percentages of personnel time and other factors.

For the period ended December 31, 2020, pursuant to a unanimous written consent, the Member of the Company made non-cash capital contributions of \$74,000 by forgiving debt incurred by the Company to the Member. In addition, the Member received a distribution of securities from the Company in the amount \$35,000. The Company has recorded a due to member in the amount of \$10,419 related to unpaid allocated expenses as of December 31, 2020. Amounts due to member are non-interest bearing and are due on demand.

BW NETWORK SECURITIES, LLC

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD OCTOBER 17, 2019 (COMMENCEMENT OF OPERATIONS) THROUGH DECEMBER 31, 2020

5. NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital requirements of Rule 15c3-1 (“The Rule”) of the Securities and Exchange Act, as amended, which requires the Company to maintain, at all times, sufficient liquid assets to cover indebtedness. In accordance with the Rule, the Company is required to maintain defined minimum net capital of the greater of \$5,000 or 6 2/3% of aggregate indebtedness.

At December 31, 2020, the Company had net capital, as defined, of \$17,993, which exceeded the required minimum net capital of \$5,000 by \$12,993. Aggregate indebtedness at December 31, 2020 totaled \$13,516. The Company’s percentage of aggregate indebtedness to net capital was 75.12%.

6. SUBSEQUENT EVENTS

Management of the Company has evaluated events and transactions that have occurred through February 25, 2021, the date these financial statements were available to be issued and determined that there are no material events that would require disclosures in the Company’s financial statements.