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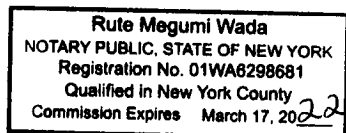
MAR 07 2022

Washington, DC

Itaú BBA USA Securities, Inc.
Financial Statement
Pursuant to Rule 17a-5 of the Securities and
Exchange Act
December 31, 2021

OATH OR AFFIRMATION

I Maurice Dacosta, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Itaú BBA USA Securities Inc., as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Signature: Maurice Dacosta

Title: FINOP

Rute Megumi Wada
Notary Public

This filing contains (check all applicable boxes):**

- (a) Statement of financial condition.
- (b) Notes to consolidated 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 cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Itaú BBA USA Securities Inc.

Opinion on the Financial Statement – Statement of Financial Condition

We have audited the accompanying statement of financial condition of Itaú BBA USA Securities Inc. (the “Company”) as of December 31, 2021, including 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 the Company as of December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The 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 of this financial statement 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 presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

February 22, 2022

We have served as the Company’s auditor since 2002.

Itaú BBA USA Securities, Inc.
Statement of Financial Condition
December 31, 2021

Assets

Cash	\$	449,421,274
Restricted cash		3,374,634
Receivables from affiliates		3,071,991
Receivable from clearing organizations		59,860,130
Syndicate fees receivable		3,748,947
Securities failed-to-deliver		15,566,101
Right-of-use asset		21,057,734
Fixed assets and leasehold improvement, at cost, net of accumulated depreciation and amortization of \$3,733,228		6,171,221
Deferred tax assets, net		12,680,559
Current tax receivable		2,003,687
Deferred rent		2,104,365
Other assets		3,166,010
Total assets	\$	<u>582,226,653</u>

Liabilities and Stockholder's Equity

Liabilities

Securities failed-to-receive	\$	15,566,101
Lease liability		63,242,190
Payables to affiliates		1,339,099
Accounts payable and accrued expenses		15,223,055
Total liabilities		<u>95,370,445</u>

Commitments and Contingencies (Note 10)

Stockholder's Equity

Common stock - \$0.01 par value, 10,000 shares authorized, issued and outstanding		100
Additional paid-in capital		439,448,577
Retained earnings		47,407,531
Total stockholder's equity		<u>486,856,208</u>
Total liabilities and stockholder's equity	\$	<u>582,226,653</u>

Itaú BBA USA Securities, Inc.
Notes to Financial Statement
December 31, 2021

1. Organization and Description of the Business

Itaú BBA USA Securities, Inc. (the "Company"), a Delaware corporation, is wholly owned by ITB Holding Brasil Participacoes Ltda, (the "Parent"). The ultimate parent entity is Itaú Unibanco Holding S.A. ("Itaú Unibanco"), a publicly owned Brazilian banking corporation. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC"), a member of the Financial Industry Regulatory Authority ("FINRA"), and is a member of the Securities Investor Protection Corporation ("SIPC").

The Company's business activities include investment banking, institutional sales, and trading with respect to U.S. and international securities. The Company clears its U.S. transactions through a third-party clearing broker. International transactions are cleared through affiliates and another third-party broker-dealer.

2. Significant Accounting Policies

Cash, and Restricted Cash

Cash consists of cash held on deposit at banks. Cash on deposit with financial institutions may, at times, exceed Federal insurance limits. Amounts included in restricted cash represent those required to be set aside by contractual agreements.

Cash	\$	449,421,274
Restricted cash		3,374,634
Total cash and restricted cash	\$	<u>452,795,908</u>

Depreciation and Amortization

Fixed assets are depreciated on a straight-line basis over their estimated useful lives of three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the economic useful life of the improvement or the term of the lease.

Concentrations of Credit Risk

The Company measures exposure to credit risk associated with its activities on an individual counterparty basis and also regularly monitors concentrations and trends in the portfolio. Credit limits are regularly reviewed in light of changing counterparty and market conditions and are monitored daily. The Company has also established concentration limits on the types and credit quality of assets it accepts as collateral, in order to limit undue concentrations in an event of default.

Industry Concentration Risk

The Company's significant industry credit concentration is with financial institutions, including broker-dealers affiliated with banks as well as independent broker-dealers and a third-party clearing broker. This concentration arises in the normal course of the Company's financing activities.

Disclosure about Fair Value of Financial Instruments

Fair value estimates are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the fair value estimates are measured within the fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under applicable guidance are described below:

Itaú BBA USA Securities, Inc.
Notes to Financial Statement
December 31, 2021

Basis of Fair Value Measurement

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

An asset or liability's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

When available, quoted market prices are used. In other cases, fair values are based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected losses and other factors. Changes in assumptions could significantly affect these estimates. Derived fair value estimates cannot be substantiated by comparison to independent markets and, in certain cases, could not be realized in an immediate sale of the instrument.

As of December 31, 2021, the Company did not hold any financial instruments.

Income Taxes

Deferred tax assets and liabilities are recorded based on temporary differences between the reporting of income and expenses for financial and tax purposes.

Valuation allowances are established for deferred tax assets when it is deemed more likely than not that such assets will not be realized. The Company evaluates the potential need for a valuation allowance on its deferred tax assets each year. In accordance with ASC 740, the Company looks to the availability of tax carryback or carryforward periods, the reversal of deferred tax liabilities, tax planning strategies, and future projections of income in assessing whether a valuation allowance is necessary.

The Company files a standalone U.S. federal tax return and unitary consolidated state and local tax returns in California, New York State, and New York City and a separate return in Connecticut and Massachusetts. As a result of filing unitary state and local tax returns, the Company calculates current and deferred taxes using a benefit for loss approach.

Liabilities for interest and penalties, if any, are included as accounts payable and accrued expenses in the Statement of Financial Condition. As of December 31, 2021, the Company did not record any interest, penalties, or liabilities relating to the uncertain filing position.

Stock Based Compensation

Stock-based compensation is measured based on the grant date fair value of the awards. In line with ASC 718 these stock-based classified awards are remeasured at the end of the reporting period based on the current market value. All stock-based compensation plans established are by Itaú Unibanco and corresponds to awards that will be settled in cash amounts based on the market value of shares of Itaú Unibanco.

Itaú BBA USA Securities, Inc.
Notes to Financial Statement
December 31, 2021

Use of Estimates

The preparation of the financial statement in conformity with generally accepted accounting principles (“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 statement, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Fixed Assets

A summary of the components of fixed assets at December 31, 2021 is as follows:

Leasehold Improvements	\$	8,361,730
Equipment		1,240,452
Furniture and fixtures		<u>302,267</u>
		9,904,449
Accumulated depreciation		<u>(3,733,228)</u>
	<u>\$</u>	<u>6,171,221</u>

4. Regulatory Requirements

The Company is subject to the SEC’s Uniform Net Capital Rule (SEC Rule 15c3-1) which requires the maintenance of a minimum net capital of \$250,000.

The Company has elected to use the alternative method, permitted by SEC Rule 15c3-1, which requires that the Company maintain minimum net capital equal to the greater of \$250,000 or 2% of aggregate debit items, as defined by the SEC and FINRA. At December 31, 2021, the Company had net capital of \$450,368,414, which was \$450,118,414 in excess of the minimum net capital required by SEC Rule 15c3-1.

The Company operates as an introducing broker by clearing all transactions with and for customers through its foreign affiliates or U.S. clearing brokers. The Company also receives transaction-based compensation for identifying potential merger and acquisition opportunities for clients. The operations of the Company do not include directly or indirectly receiving, holding, or otherwise owing funds or securities for or to customers. The Company has claimed an exemption from SEC Customer Protection Rule 15c3-3 (“Rule 15c3-3”) under section (k)(2)(i) and (ii). The Company also files an exemption report for the Company’s other business activities contemplated by Footnote 74 of the SEC Release No. 34-70073.

5. Receivable from and Payable to Customers, Broker-Dealers and Clearing Organizations

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2021, consist of the following:

	Receivable	Payable
Securities failed-to-deliver/receive	\$ 15,566,101	\$ 15,566,101
Broker-Dealers and clearing organizations	<u>59,860,130</u>	<u>-</u>
Total	<u>\$ 75,426,231</u>	<u>\$ 15,566,101</u>

Itaú BBA USA Securities, Inc.
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The Company clears its customer transactions through other broker-dealers on a fully disclosed basis.

The Company acts as a chaperone broker-dealer on behalf of its foreign broker-dealer affiliates in accordance with SEC Rule 15a-6. As such, the Company is required to maintain books and records that identify open trades and failed transactions. Additionally, the Company is required to take a net capital charge for failed transactions, even if the foreign broker-dealer is required to take a fails charge under foreign law. The Company records all chaperoned failed-to-deliver as an asset and the corresponding failed-to-receive as a liability on the Statement of Financial Condition. See Note 13 for further details on related party transactions.

6. Income taxes

The Company's results of operations are included in a standalone U.S. federal tax return. The Company computes its provision for income taxes on a separate company basis. The Company files several combined state and local tax returns in addition to various standalone state returns. The Company computes its provision / (benefit) for income taxes using the benefit for loss basis as described in Note 2 above.

The components of the deferred tax assets / (liabilities) are as follows:

Deferred tax assets:

Lease Liability	\$ 14,805,148
Deferred compensation	3,038,276
Depreciation & amortization	<u>380,959</u>
Gross deferred tax assets	18,224,383

Deferred tax liabilities:

Deferred Rent	(492,637)
Right-of-use asset	<u>(5,051,187)</u>
Gross deferred tax liabilities	(5,543,824)

Net deferred tax assets

\$ 12,680,559

Management has evaluated the Company's ability to realize the deferred tax asset and has concluded that it is more likely than not that it can be recognized. For the year ended December 31, 2021, the Company does not have a valuation allowance recorded against its deferred tax assets.

The Company's federal, New York City, Connecticut, California, and Massachusetts tax returns for 2017 and later are open to examination by the taxing authorities of each respective jurisdictions. The Company's New York State tax returns for 2016 and later are open for examination.

7. Employee Benefit Plans

The Company sponsors a defined contribution 401(k) plan ("the Plan") in which substantially all employees are eligible to participate. Under the terms of the Plan, the Company is required to make contributions to the Plan equal to 100% of the contributions made by each Company participant, up to certain limits.

Itaú BBA USA Securities, Inc.
Notes to Financial Statement
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8. Deferral Bonus Program

The Company's ultimate parent, Itaú-Unibanco, operates a cash bonus deferral program. Under the program a portion of an individual's bonus over a certain threshold amount is deferred and vests over a 3-year period, payable in three annual payments over the next three years. Deferred amounts granted to Managing Directors ("MDs") are converted to Phantom Shares, linked to LIBOR and payable in three annual payments over the next three years. Deferral amounts are also granted to certain MDs elected to participate in the parent Company's Phantom Share-linked Instruments Program (see Note 9). An individual with a deferral must be an employee of the Company on (unless the Company and the employee have agreed otherwise) each vesting date to be eligible to receive payment. Total deferred bonus obligations as of December 31, 2021 under this program was \$2,830,334. This amount represents future commitments that will be expensed when vested and are not included in the December 31, 2021 Statement of Financial Condition.

In addition, the Company has outstanding commitments connected to employees terminated on or before December 31, 2021. The total obligation that has been recorded as of December 31, 2021 under these commitments was \$287,465, related to deferrals not vested, which is recorded in accounts payable and accrued expenses on the Statement of Financial Condition.

9. Phantom Share-linked Instruments Program

Certain elected MDs are entitled to invest a percentage of their cash and deferred bonus to receive a future cash amount linked to the market value of preferred shares of Itaú Unibanco (ITUB4) at a vesting date in accordance with stipulated vesting conditions. The company terms this investment as "Phantom Shares". With respect to the deferred portion acquired, 1/3 shall have a vesting period of 1 year, 1/3 shall have a vesting period of 2 years and 1/3 shall have a vesting period of 3 years, all calculated from the grant date. Additionally, under the terms of the Program, the Company matches the net cash equivalent of the employee's investment (own and deferred) at a ratio of 150%. Own refers to an employee cash bonus which they elect to invest in the program, vesting immediately upon election. Employees earn this "matching" as these vest 50% over 3 years and the remaining 50% over the succeeding 5 years. When employees are terminated or choose to retire, they forfeit the unvested portions (except in certain circumstances).

Payments relating to the own and deferred phantom shares are made 3 years (50%) and 5 years (50%) from the grant date. Payments for the matched phantom shares are made 5 years (70%) and 8 years (30%) from the grant date. The employee is not entitled to any shares in kind; all payments are made in cash.

The Company measures compensation cost related to the share-linked instruments by calculating the mark-to-market value of the granted shares based on the closing price of Itaú Unibanco preferred shares at the December 31, 2021. The Company recorded a compensation expense relating to share-linked instruments of \$1,817,178. Total unvested bonuses as of December 31, 2021 under this program was \$2,734,905. This amount represents future commitments that will be expensed when vested and are not included in the December 31, 2021 Statement of Financial Condition.

10. Commitments and Contingencies

The Company leases office space under non-cancelable operating leases with third parties. The office space lease agreement, in addition to base rent, is subject to escalation based on certain costs incurred by the landlord. The annual expense incurred is generally in excess of the minimum annual

Itaú BBA USA Securities, Inc.
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rental commitment due to additional utility and maintenance charges allocated to the Company under the terms of the lease.

Minimum future lease commitments under non-cancelable leases at December 31, 2021 are as follows:

Year	Amount
2022	\$ 10,154,216
2023	10,154,216
2024	9,661,217
2025	7,462,425
2026	9,099,560
Thereafter	27,298,680
Total commitments	<u>\$ 73,830,314</u>

The Company has collateralized a stand-by letter of credit issued by a third-party bank with a certificate of deposit due in September 2022 which is on deposit with the landlord of \$3,364,634. This item is recorded in restricted cash on the Statement of Financial Condition.

The Company has future commitments for deferred bonuses totaling \$2,830,334 as of December 31, 2021, as disclosed in Note 8.

The Company has future commitments for unvested bonuses under the phantom shares program totaling \$2,734,905 as of December 31, 2021, as disclosed in Note 9.

11. Leases

The Company recognizes a lease liability and a right of use (ROU) asset at the assignment date of the lease. The lease liability is initially and subsequently recognized based on the present value of the remaining minimum lease payments discounted at the incremental borrowing rate. The implicit rate of this lease is not readily determinable therefore we use an incremental borrowing rate calculated based on the information available at the time of recording the lease liability. The Company's incremental borrowing rate is 4%. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments). Lease cost for lease payments is recognized on a straight-line basis over the lease term. The remaining lease terms is 34 months.

The Company recorded a lease liability of \$12,753,663, and a ROU asset of \$12,753,663 at the assignment date of the lease. Lease liability and ROU asset for the year ended December 31, 2021 was \$7,319,901 and \$7,319,901 respectively, included in the Statement of Financial Condition.

The Company leases an office space at 767 Fifth Avenue ("GM"). The Company recognizes a lease liability and a ROU asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of the remaining minimum lease payments discounted at the incremental borrowing rate. The Company has elected to use the practical expedient to account for certain fixed non-lease components in the total liability. The implicit rates of this lease are not readily determinable therefore we use an incremental borrowing rate calculated based on the information available at the time of recording the lease liability. The Company's

Itaú BBA USA Securities, Inc.
Notes to Financial Statement
December 31, 2021

incremental borrowing rate is 4%. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The remaining lease terms is 8 years.

Lease liability and ROU asset for the GM lease for the year ended December 31, 2021 was \$13,737,833 and \$55,922,289 respectively, included in the Statement of Financial Condition.

In December 2019, the Company received and accepted an offer to sublease one half (1/2) of the floor at the GM building. The remaining half of the floor is currently unoccupied and is available for rent. The Company retained a real estate broker to actively market the space for a tenant on our behalf.

12. Off-Balance Sheet Risk

In the normal course of business, the Company is involved in the execution and settlement of various securities transactions. The Company introduces all of its customer domestic transactions to a third-party clearing broker and all of its customer international transactions to a third party clearing broker and affiliates, which are not reflected in this financial statement (except for failed-to-deliver and failed-to-receive) , who clear such transactions on a "fully disclosed" basis. The third party and/or affiliated clearing broker may charge the Company for introduced client nonperformance, pursuant to the terms of these agreements. As the right to charge the Company has no maximum amount and applies to all trades executed and/or cleared through the clearing broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2021, the Company has recorded no liabilities with regard to the right.

In addition, the Company has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations.

13. Related Party Transactions

The Company enters certain transactions and service arrangements with affiliates which are subject to service level agreements. All of these affiliates, which include offshore broker-dealers and banking institutions, are beneficially owned by the ultimate parent Itaú Unibanco. In addition, the Company executes, clears, and custodies certain of its securities transactions with affiliates. The Company at times is also referred underwriting transactions from the ultimate parent Itaú Unibanco. Some of these transactions are denominated in foreign currencies.

The following table sets forth the Company's related party assets and liabilities as of December 31, 2021:

Itaú BBA USA Securities, Inc.
Notes to Financial Statement
December 31, 2021

Assets		
Cash		\$161,086
Total cash		<u>161,086</u>
Receivables from affiliates		3,071,991
Total receivables		<u>3,071,991</u>
Liabilities		
Payables to affiliates		1,339,099
Total liabilities		<u>\$ 1,339,099</u>

14. Legal Proceedings

The Company is involved in one lawsuit concerning matters arising in connection with the conduct of the Company's businesses. With respect to these proceedings, management is generally unable to estimate a range of reasonably possible loss for matters, including where (i) actual or potential plaintiffs have not claimed an amount of money damages, (ii) the matters are in early stages, (iii) there is uncertainty as to the likelihood of class being certified or the ultimate size of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues presented.

Management does not believe, based on currently available information and on consultation with its legal counsel that the outcomes of any matters will have material adverse effect on the Company's financial statement.

15. Subsequent Events

The Company has evaluated subsequent events occurring after the Statement of Financial Condition date through February 22, 2022, the date the financial statement was available to be issued. Based on this evaluation, the Company has determined that no subsequent events have occurred which require recognition or disclosure in the financial statement