



SE

23003260

## OMB APPROVAL

OMB Number: 3235-0123  
 Expires: Oct. 31, 2023  
 Estimated average burden  
 hours per response: 12

**SEC MAIL PROCESSING**  
**ANNUAL REPORTS**  
**FORM X-17A-5**

AUG 30 2022

PART III

## SEC FILE NUMBER

8-34642

Washington, DC

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 07/01/2022 AND ENDING 06/30/2023  
 MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Firstrade Serurities Inc

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer    ☐ Security-based swap dealer    ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

30-50 Whitestone Expressway, Suite A301

(No. and Street)

FlushingNew York11354

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

John Liu718-269-1565ftbilling@firstrade.com

(Name)

(Area Code – Telephone Number)

(Email Address)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Wei, Wei & Co., LLP

(Name – if individual, state last, first, and middle name)

133-10 39th AvenueFlushingNew York 11354

(Address)

(City)

(State)

(Zip Code)

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

## FOR OFFICIAL USE ONLY

\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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

RMS

OATH OR AFFIRMATION

I, John Liu, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Firsttrade Securities Inc., as of 6/30, 2023, 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.

**NOTARY PUBLIC**  
**State of New York**

**STEPHEN G. CALLAHAN**

**01CA5067145**

**My appointment expires 10/15/2026**

Stephen G Callahan Aug 28, 2023

Notary Public

Signature: \_\_\_\_\_

Title: \_\_\_\_\_  
CEO

**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.**

**FIRSTRADE SECURITIES, INC.**

**CONTENTS**

	<b><u>Page</u></b>
<b>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</b>	<b>1</b>
<b>FINANCIAL STATEMENT</b>	
Statement of Financial Condition	2-3
Notes to the Financial Statement	4-12
<b>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON EXEMPTION REPORT</b>	<b>13</b>
<b>EXEMPTION REPORT</b>	



- MAIN OFFICE  
133-10 39<sup>TH</sup> AVENUE  
FLUSHING, NY 11354  
TEL. (718) 445-6308  
FAX. (718) 445-6760
- CALIFORNIA OFFICE  
440 E HUNTINGTON DR.  
STE 300  
ARCADIA, CA 91006  
TEL. (626) 282-1630  
FAX. (626) 282-9726
- BEIJING OFFICE  
11/F NORTH TOWER  
BEIJING KERRY CENTRE  
1 GUANGHUA ROAD  
CHAOYANG DISTRICT  
BEIJING, 100020, PRC  
TEL. (86 10) 65997923  
FAX. (86 10) 65999100

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Firstrade Securities, Inc. as of June 30, 2023, 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 Firstrade Securities, Inc. as of June 30, 2023 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Firstrade Securities, Inc.'s management. Our responsibility is to express an opinion on Firstrade Securities, Inc.'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 Firstrade Securities, Inc. 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.

*Wei Wei & Co. LLP*

We have served as Firstrade Securities, Inc.'s auditor since 2014.

Flushing, NY  
August 28, 2023

**FIRSTRADE SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**

**JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$10,012,174
Due from clearing broker	9,896,683
Accounts receivable	1,053,349
Accrued interest receivable	35,781
Short-term investments-other	18,333,006
Prepaid expenses	351,672

**Total Current Assets**

39,682,665

**PROPERTY AND EQUIPMENT-NET**

1,050,567

**OTHER ASSETS**

Investments	67,616
Right of use assets	3,319,329
Restricted cash-rebate reserve fund	200,245
Clearing deposits	1,090,360
Other assets	130,378
Intangible assets, net	1,560

**Total Other Assets**

4,809,488

**Total Assets**

**\$ 45,542,720**

See accompanying notes to the financial statement.

**FIRSTRADE SECURITIES, INC.**

**STATEMENT OF FINANCIAL CONDITION**

**(CONTINUED)**

**JUNE 30, 2023**

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

Accrued expenses	\$ 859,273
Accrued payroll	223,731
Line of credit	955,874
Operating lease liabilities - current	283,578
Financing lease liabilities - current	32,089
Income taxes payable	1,391,025
<b>Total Current Liabilities</b>	<b>3,745,570</b>

**OTHER LIABILITIES**

Operating lease liabilities, net of current portion	3,083,570
Related party payable	555,124
Deferred tax liability, net	290,853
<b>Total Liabilities</b>	<b>7,675,117</b>

**STOCKHOLDER'S EQUITY**

Preferred stock- \$.10 par value, 4,000,000 shares authorized, none issued or outstanding	-
Common stock- \$.01 par value, 32,000,000 shares authorized, 19,003,500 shares issued and 18,603,500 shares outstanding	190,035
Additional paid-in capital	2,039,773
Retained earnings	36,435,295
Less: treasury stock at cost, 400,000 shares	(797,500)
<b>Total Stockholder's Equity</b>	<b>37,867,603</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 45,542,720</b>

See accompanying notes to the financial statement.

**FIRSTRADE SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**1. ORGANIZATION**

Firstrade Securities, Inc. (the "Company") is a registered broker-dealer in securities under the Securities and Exchange Act of 1934. The Company acts as an introducing broker and provides discount brokerage and investment services for its clients.

The Company is a wholly-owned subsidiary of Firstrade Holding Corporation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Method of Accounting**

The Company's financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**b) Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**c) Cash and Cash Equivalents**

The Company considers all demand and time deposits and all highly liquid financial instruments purchased with original maturities of three months or less to be cash equivalents.

**d) Fair Value Measurements**

The Company follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Section 820 for fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in valuing assets and liabilities. Level 1 inputs have the highest reliability and are related to identical assets and liabilities with unadjusted quoted prices in active markets. Level 2 inputs relate to assets and liabilities, not included level 1, which are observable either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist.

**FIRSTRADE SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

**e) Investment Valuations**

Investments are carried at the values shown in Note 4 of the financial statements. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of the NAV as a "Practical Expedient" for estimating fair value of alternative investments. The NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Company's ability to redeem its interest in the near term.

**f) Property and Equipment**

Property and equipment are stated at cost. Major expenditures for the acquisition of property, equipment and betterments that substantially increase useful lives of the fixed assets are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is provided utilizing the double declining balance half year convention method over the estimated useful lives of the assets (five to seven years). Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful lives of the improvements.

**g) Intangibles**

Intangible assets consist of trademarks and software and are recorded at cost. Amortization of trademarks is computed using the straight-line method over a period of 15 years. Software development costs are amortized using the straight-line method over a useful life of 3 years.

**h) Income Taxes**

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the period in which the differences are expected to affect taxable income. A valuation allowance is established when necessary to reduce net deferred tax assets to the amount expected to be realized. The components of temporary differences are the amortization of software development costs, depreciation, accrued vacation, and unrealized gains/losses on investments.

**i) Subsequent Events Evaluation by Management**

The Company has evaluated subsequent event transactions for the potential recognition or disclosure in the financial statements through August 28, 2023, the date the financial statements were available to be issued.



**FIRSTRADE SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**3. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital of \$250,000 or 6-2/3% of aggregate indebtedness. The ratio of aggregate indebtedness to net capital shall not exceed 15 to 1, both as defined. At June 30, 2023, the Company had net capital of \$34,272,526 under Rule 15c3-1, which was \$34,022,526 in excess of its required net capital of \$250,000. The Company's percentage of aggregate indebtedness to net capital was 9.07%.

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following table shows the major categories of investments measured at fair value at June 30, 2023, grouped by the fair value hierarchy:

<u>Description</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted prices in markets that are not level 1 for similar assets (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Equities	\$ 67,581	\$ 85	\$ -	\$ 67,616
Treasury bills	-	11,282,916	-	11,282,916
Certificates of deposit	-	7,050,090	-	7,050,090
Total at fair value	\$ 67,581	\$ 18,333,091	\$ -	\$18,400,672

Certificates of deposit were valued based on information provided by the bank. Treasury bills were valued based on information provided by the financial institutions.

**FIRSTRADE SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**5. SHORT-TERM INVESTMENTS-OTHER**

Certificates of deposit, which mature within one year, totaling \$7,050,090 are included in short-term investments-other in the accompanying statement of financial condition. A Certificate of deposit totaling \$1,000,000 serve as collateral for the line of credit in Note 6 and are included in short-term investment-other. The certificates bear interest ranging from 0.4% to 4.0% with penalties for early withdrawal Any penalties for early withdrawal would not have a material effect on the financial statements.

Treasury bills, which mature within one year, totaling \$11,282,916 are included in short-term investment-other in the accompanying statement of financial condition. The net carrying amount is \$11,266,011 and the par value is \$11,350,000. The treasury bills are expected to be held to maturity with yields ranging from 5% to 5.6%.

**6. LINE OF CREDIT**

The Company has a line of credit of \$1,000,000 with a bank, which expired on July 8, 2023 and was renewed to July 8, 2024. The loan is collateralized by a \$1,000,000 certificate of deposit. The balance outstanding at June 30, 2023 is \$955,874 and the interest rate is 2.4%.

**7. CASH**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within our statement of cash flows.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 10,012,174	\$ 13,255,661
Restricted cash – non-current	<u>200,245</u>	<u>200,281</u>
Total cash, cash equivalents and restricted cash	<u>\$ 10,212,419</u>	<u>\$ 13,455,942</u>

**FIRSTRADE SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**8. PROPERTY AND EQUIPMENT**

Property and equipment and their useful lives as of June 30, 2023, consist of the following:

	<u>Useful Life in Years</u>	
Leasehold improvements	10	\$ 45,575
Equipment	5-7	4,115,916
Furniture and fixtures	5-7	<u>343,819</u>
Total property and equipment		<u>4,505,310</u>
Less: accumulated depreciation		<u>(3,454,743)</u>
Property and equipment-net		<u>\$ 1,050,567</u>

**9. INTANGIBLE ASSETS**

Intangible assets consist of the following as of June 30, 2023:

	<u>Useful Life In Years</u>	
Trademark	15	\$ 8,788
Purchase of customer accounts	5	400,000
Software development costs	3	<u>4,944,604</u>
Total intangible assets		5,353,392
Less: accumulated amortization		<u>(5,351,832)</u>
Intangible assets, net		<u>\$ 1,560</u>

**FIRSTRADE SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**10. DEFERRED TAXES**

Deferred taxes - net at June 30, 2023, relate to the following items:

Deferred tax liabilities	
Software development costs	\$ (351)
Unrealized gain/loss	(6,903)
Depreciation	<u>(311,500)</u>
Total deferred tax liability	(318,754)
Less:	
Deferred tax assets	
Accrued vacation	<u>27,901</u>
Deferred tax liability, net	<u><u>\$(290,853)</u></u>

**11. RIGHT OF USE ASSET AND LEASE LIABILITY**

*Operating Leases*

The Company occupies office space in New York City. The current lease expires on January 7, 2024. The Company also occupies office space in Florida. The current lease expires on November 30, 2027.

In accordance with FASB ASC "Leases (Topic 842)" the Company classified its New York City office lease as an operating lease. The lease contains a renewal option for of an additional 10 years which was included when determining the right of use asset. The Company valued the right of use asset and lease liability based on the present value of unpaid future minimum lease payments. The Company has a right of use asset as of June 30, 2023 of \$2,996,805 and a lease liability of \$3,042,249. The present value of the lease utilized the incremental collateralized borrowing rate on the adoption date of 4.05%.

The Company entered into a Florida office lease which was classified as an operating lease. The value of the right of use asset and lease liability based on the present value of unpaid future minimum lease payments. The lease has no any renewal options. The Company had a right of use asset as of June 30, 2023 of \$314,974 and a lease liability of \$319,268. The present value of the lease utilized the incremental collateralized borrowing rate on the adoption date of 6.5%.

**FIRSTRADE SECURITIES, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**11. RIGHT OF USE ASSET AND LEASE LIABILITY (continued)**

The Company also leases office equipment and an auto. The leases expire on April 23, 2023 and June 23, 2024, respectively. The Company had a right of use asset as of June 30, 2023 of \$7,550 and a lease liability of \$5,628. The present value of the lease utilized the contract rate of 10.50% and 5%, respectively.

A reconciliation of operating lease liabilities by minimum lease payments and discount amount by year, as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Lease</u> <u>Payments</u>	<u>Less</u> <u>Discount</u> <u>Amount</u>	<u>Net</u> <u>Lease</u> <u>Liability</u>
2024	\$ 421,750	\$ 138,172	\$ 283,578
2025	384,854	125,721	259,133
2026	396,396	113,067	283,329
2027	408,285	99,223	309,062
2028	368,131	84,973	283,158
Thereafter	2,206,199	257,314	1,948,885
	<u>\$ 4,185,615</u>	<u>\$ 818,470</u>	<u>\$ 3,367,145</u>

**12. FINANCIAL INSTRUMENTS AND CREDIT RISK CONCENTRATION**

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company maintains its cash with various financial institutions. The Company monitors the credit quality of the financial institutions and does not anticipate any exposure. The total cash balance in each financial institution is insured by the FDIC up to \$250,000. Uninsured funds as of June 30, 2023 were approximately \$15,960,000. The amount due from the clearing broker was collected in the subsequent month.

**13. RESERVE ACCOUNT FOR CUSTOMER CREDIT BALANCES**

In the course of doing business, the Company offers certain customers promotional rebates. As a result, the Company is required to have a segregated restricted reserve cash account for the unpaid promotional rebates in accordance with SEC Rule 15c3-3. At June 30, 2023, these customer rebates totaled \$625. The balance of the rebate reserve account as of June 30, 2023 was \$200,245.

**FIRSTRADE SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**14. FINANCING LEASES**

The Company has two financing lease agreements for office equipment expiring in 2024. The assets and liabilities under the financing leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lesser of their related lease terms or their estimated productive lives. Amortization of assets under financing leases is included in depreciation and amortization expense.

The following is a summary of equipment held under capital leases at June 30, 2023:

Machinery and equipment	\$ 108,297
Less: accumulated amortization	(77,108)
	<u>\$ 31,189</u>

Minimum future lease payments under the capital leases as of June 30, 2023 are as follows:

Year Ending June 30,	
2024	32,864
Total minimum lease payments	32,864
Less: amounts representing interest	(775)
Present value of net minimum lease payments	<u>\$ 32,089</u>

Total minimum lease payments do not include contingent rentals that may be paid under certain equipment leases because of use in excess of specified amounts.

The interest rate utilized for the capitalized leases was 4.19%. The rate is imputed based on the lower of the Firstrade's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

**FIRSTRADE SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**15. RELATED PARTY TRANSACTIONS**

The following is a summary of balances with the Company's parent Firstrade Holding Corporation and its affiliates, Firstrade Technology LLC and Firstrade Crypto LLC as of June 30, 2023:

Due to affiliates	\$ 10,836
Due to parent	544,288
<hr/>	
Total related party payables	\$ 555,124

Due to affiliates as of June 30, 2023 is comprised of payments made by the affiliates on behalf of the Company. Due to parent as of June 30, 2023 is comprised of the taxes payable resulting from the parent's consolidated tax returns.



• MAIN OFFICE  
133-10 39<sup>TH</sup> AVENUE  
FLUSHING, NY 11354  
TEL. (718) 445-6308  
FAX. (718) 445-6760

• CALIFORNIA OFFICE  
440 E HUNTINGTON DR.  
STE 300  
ARCADIA, CA 91006  
TEL. (626) 282-1630  
FAX. (626) 282-9726

• BEIJING OFFICE  
11/F NORTH TOWER  
BEIJING KERRY CENTRE  
1 GUANGHUA ROAD  
CHAORYANG DISTRICT  
BEIJING, 100020, PRC  
TEL. (86 10) 65997923  
FAX. (86 10) 65999100

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have reviewed management's statements, included in the accompanying Statement of Exemption Form SEC Rule 15c3-3, in which (1) Firstrade Securities, Inc. (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3:(k)(2)(ii) (the "exemption provisions") and (2) Firstrade Securities, Inc. stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provision and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provision set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Wei Wei & Co. LLP*

Flushing, New York  
August 28, 2023



# **Firstrade Securities, Inc.**

## **Exemption Report**

June 30, 2023

Firstrade Securities, Inc. clears all customer transactions through another broker-dealer on a fully disclosed basis and therefore claims exemptive provision (K)(2)(ii) of SEC Rule 15c3-3, which exempts the Corporation from the computation for determination of reserve requirements as provided for in that Rule.

Firstrade Securities has met the identified exemptive provision (K)(2)(ii) of SEC Rule 15c3-3 throughout the fiscal year ended June 30, 2023 without exception.

The Company is also filing this Exemption Report because the Company's other business activities contemplated by Footnote 74 of the SEC release No. 34-70073 adopting amendments to 17 C.F.R. §240.17A-5 are limited to the Company's investment banking. The Company (1) did not directly or indirectly receive, hold or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the year ended June 30, 2023 with exception



John Liu

Chairman and CEO

**Note:**

The firm has a reserve bank account for unpaid promotional rebates. The promotional rebates are not pay in term of cash to customer. The rebates are processed through the firm's clearing firm, Apex Clearing. When customer fills out a claim form, the clearing firm credits the customer's account and deducts the amount from firm's operation account at Apex Clearing. All of the firm's operation accounts are included in the monthly settlement calculation with Apex.