

Georgeson Securities Corporation

Statement of Financial Condition

June 30, 2019

With Independent Registered Public Accounting Firm's Report

Confidential

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

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

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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 07/01/18 AND ENDING 06/30/19
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Georgeson Securities Corporation

OFFICIAL USE ONLY
FIRM I.D. NO.

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

118 Fernwood Ave.

(No. and Street)

Edison

NJ

08837

(City)

(State)

(Zip Code)

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

Jeffrey Chasse

781-575-2269

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Price Waterhouse Coopers, LLP

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

101 Seaport Blvd.

Boston

MA

02210

(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)

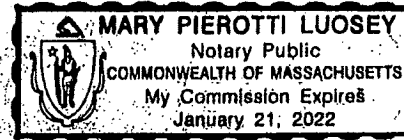
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OATH OR AFFIRMATION

I, Jeffery Chasse, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Georgeson Securities Corporation, as of June 30, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Jeffery Chasse
Signature
North American Financial Controller
Title

Mary Pierotti Luosey
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 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Georgeson Securities Corporation

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June 30, 2019

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of Georgeson Securities Corporation and Stockholder

Opinion on the Financial Statement – Statement of Financial Condition

We have audited the accompanying statement of financial condition of Georgeson Securities Corporation (the "Company") as of June 30, 2019, 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 June 30, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Boston, Massachusetts
August 29, 2019

We have served as the Company's auditor since 2004.

Georgeson Securities Corporation
Statement of Financial Condition
June 30, 2019

Assets

Cash and cash equivalents	\$ 3,098,231
Cash segregated for regulatory purposes	4,098,460
Receivable from affiliates	1,092,701
Income tax refund due	598,233
Accounts receivable	126,979
Prepaid and other assets	<u>87,432</u>
Total assets	<u>\$ 9,102,036</u>

Liabilities and Stockholder's equity

Payable to affiliates	\$ 1,403,667
Amounts owed to customers	2,093,250
Accrued expenses	138,887
Amounts owed to clearing brokers	<u>422,809</u>
Total liabilities	<u>\$ 4,058,613</u>

Stockholder's equity

Common stock, \$0.01 par value; 1,000 shares authorized, 203 shares issued and outstanding	10
Paid-In Capital	\$ 437,449
Retained earnings	<u>4,605,964</u>
Total stockholder's equity	<u>\$ 5,043,423</u>
Total liabilities and stockholder's equity	<u>\$ 9,102,036</u>

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

Georgeson Securities Corporation
Notes to Financial Statement
June 30, 2019

1. Organization and Basis of Presentation

Georgeson Securities Corporation (the “Company” or “GSEC”), a Delaware corporation, is a wholly owned direct subsidiary of Georgeson LLC (the “Parent” or “GLLC”), an indirect subsidiary of Computershare US (US Holding Parent). Computershare Limited, a publicly-held Australian corporation, is the ultimate parent of the Company.

The Company is a registered broker dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company serves as a broker dealer for transactions initiated by its affiliates. These transactions include purchase and sale transactions for employee stock purchase plans (“ESPPs”) as well as the purchase and sale of securities by affiliates to assist in their transfer agency dividend reinvestment and similar plans. The Company engages in services to SEC registrants with publicly announced corporate share repurchase programs, conducted in accordance with SEC Rule 10b-18. Since the Company carries customer balances, it is subject to the requirements of SEC Rule 15c3-3 under the Securities and Exchange Act of 1934.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents and Cash Segregated for Regulatory Purposes

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. For the purpose of reporting cash flows and amounts in the Statement of Financial Condition, the Company defines cash and cash equivalents as cash on hand, demand deposits and time deposits with original maturities less than 90 days. No cash equivalents were held at period end.

Cash Segregated for Regulatory Purposes

In accordance with Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company maintains a special reserve account for the benefit of its customers. The amounts owed to customers consists of funds in the sales settlement account waiting to be paid out to customers, funds in transit that are waiting to be paid out to customers and funds for uncashed checks over 1 year old which are held as part of the customer reserve under Rule 15c3-3.

During 2016, the FASB issued ASU No. 2016-18, Restricted Cash. Under this guidance, the Company will need to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning of year and end of year total amounts shown on the Statement of Cash Flows. The Company adopted ASU 2016-18 on July 1, 2018. It has referred to the statement of cash flows and below for additional required disclosures. The following table provides a reconciliation of cash and restricted cash reported within the Statement of Cash Flow.

Cash and cash equivalents	\$	3,098,231
Cash segregated for regulatory purposes		4,098,460
Total cash, cash equivalents and cash segregated for regulatory purposes	\$	<u>7,196,691</u>

Georgeson Securities Corporation
Notes to Financial Statement
June 30, 2019

Revenue Recognition

On July 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (as amended), using a modified retrospective method and, as a result, updated its revenue recognition accounting policy.

The recognition and measurement of revenue is based on the assessment of individual contract terms. Judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

Revenue earned from affiliates

Revenue earned from affiliates and broker commissions to affiliates are recorded when the performance obligation is satisfied and are incurred on a fixed fee per trade basis.

Revenue earned from affiliates-Brokerage Commissions

The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded when the performance obligation is satisfied. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

10b-18 Revenue

The Company engages in services to SEC registrants with publicly announced corporate share repurchase programs, conducted in accordance with SEC Rule 10b-18. Rule 10b-18, which was adopted in 1982, provides a voluntary "safe harbor" from liability for manipulation under Sections 9(a)(2) and 10(b) of the Securities Exchange Act of 1934 (Exchange Act), and Rule 10b-5 under the Exchange Act, when a SEC registrant or its affiliated purchaser bids for or purchases shares of the SEC registrant's common stock in accordance with the Rule 10b-18's manner, timing, price, and volume conditions. The fees are paid by the SEC registrant clients and are outlined in the 10b-18 agreements between GSEC and the SEC registrant clients. Revenue is included in the fee revenue on the Statement of Income. Revenue is recognized at a point in time, per share for trading activity on the date.

Dealer Manager Revenue

The Company acts as the registered broker dealer, and is contracted to provide services directly with the SEC registrants. Dealer manager services are for corporate actions such as equity and debt tender offers, consent solicitations, self-tenders, exchange offers and rights offers.

Interest income

Interest income, which includes earning credits of balances held at financial institutions, is recognized as earned.

Georgeson Securities Corporation
Notes to Financial Statement
June 30, 2018

Income Taxes

The results of operations for the Company are included in the consolidated federal and certain state income tax returns of Computershare US (the "US Parent Company"). The Company also files income tax returns in some states on a stand alone basis.

Income taxes are accounted for under the asset and liability method.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This method also requires the recognition of future tax benefits such as net operating loss carry forwards, to the extent that realization of such benefits is more likely than not.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of the change in tax rates is recognized in the consolidated statement of income in the period that includes the enactment date.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of US GAAP in situations when a company does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. The accounting for income tax effects of the Act have been completed as of December 31, 2018 with no change to the amounts previously recorded.

The Company has assessed the implications of the Toll Charge, GILTI, FDII, and BEAT and noted they do not have an impact on the Company.

The Company regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Company to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. Future changes in unrecognized tax benefits requirements could have a material impact on the results of operations. The Company recognizes interest and penalties related to unrecognized tax benefits as an adjustment to income tax expense. The Company has performed an evaluation of its tax positions and has concluded that as of June 30, 2019, there were no significant uncertain tax positions requiring recognition in its financial statements.

The tax years that remain open for federal purposes are the years ended June 30, 2016 and forward while certain state income tax jurisdictions remain open from June 30, 2014 and forward.

Georgeson Securities Corporation
Notes to Financial Statement
June 30, 2018

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Fair Value of Non-Financial Instruments

The fair value of all financial assets and liabilities (consisting primarily of receivables from and payables to customers) approximate the reported value due to their short-term nature.

New Accounting Pronouncements

In February 2016, the FASB amended the guidance on accounting for leases. The new standard requires lessees to recognize right-of-use (ROU) assets and lease liabilities on the balance sheet for the rights and obligations created by all qualifying leases. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee remains substantially unchanged and depends on classification as a finance or operating lease. The new standard also requires quantitative and qualitative disclosures that provide information about the amounts related to leasing arrangements recorded in the consolidated financial statements. The new guidance became effective for the interim and annual periods beginning January 1, 2019. There will be no impact on the financial statements for the Company.

3. Amounts owed to Clearing Broker

All shareholder transactions are cleared through the Company's clearing brokers, Broadcort Capital Division of Merrill Lynch and Cowen. At June 30, 2019, the amount payable to the clearing brokers is \$422,809 which is included in amounts owed to clearing brokers on the Statement of Financial Condition.

4. Related Party Transactions

All intercompany transactions with the Parent and affiliated companies are charged or credited through intercompany accounts and may not be the same as those which would otherwise exist or result from agreements and transactions among unaffiliated third parties. At June 30, 2019, the receivable from affiliates and the payable to affiliates amounted to \$1,092,701 and \$1,403,667, respectively.

5. Liabilities Subordinated to Claims of General Creditors

The Company had no borrowings under subordination agreements during the year ended June 30, 2019.

6. Segregated Cash

Cash of \$4,098,460 has been segregated in a special reserve account for the benefit of customers under Rule 15c3-3 of the SEC. Pursuant to the Company's 15c3-3 calculation, \$2,093,250 was required to be on deposit at June 30, 2019.

Georgeson Securities Corporation
Notes to Financial Statement
June 30, 2018

7. Contingencies

From time to time the Company is a defendant in certain litigation, and in addition, is examined by and answers inquiries from various government and regulatory agencies, which are incidental to the Company's business. Management believes that the outcome of any matters resulting from such litigation and inquiries will not materially affect the Company's financial position or results of operations.

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote and immaterial.

8. Concentration

The Company may be exposed to concentrations of credit risk regarding its cash and cash equivalents. The Company maintains its cash balances with depository institution in amounts which may exceed the insurance limits of the Federal Deposit Insurance Corporation. The Company is subject to credit risk should this financial institution be unable to fulfill its obligations. The Company has performed an assessment of its relationship and believes that its credit risk is limited.

9. Income Taxes

The Company is allocated its share of the Indirect US Parent Company's federal and combined state and city income tax accrual, or benefit, in accordance with an intercompany tax allocation policy which is based on a separate return method. Any resulting provision or benefit for income taxes realized are generally recorded as a payable to or receivable from Computershare US Services Inc., a direct subsidiary of the US Parent Company. As of June 30, 2019, tax payables of \$790,737 were included in the payable to affiliates account on the Statement of Financial Condition.

The components of deferred tax asset and liabilities are as follows at June 30, 2019:

Deferred tax asset	
Provision for annual leave	\$ 8,766
Total deferred tax assets	<u>\$ 8,766</u>
Deferred tax liabilities	
Other investments	\$ (3,459)
Total deferred tax liabilities	<u>\$ (3,459)</u>
Net deferred tax asset / (liability)	<u>\$ 5,307</u>

10. Subsequent Events

The Company has evaluated subsequent events through June 30, 2019, no subsequent events to disclose.

Georgeson Securities Corporation
Notes to Financial Statement
June 30, 2018

11. Net Capital Requirement

The Company is subject to the net capital requirement of Rule 15c3-1 of the Securities and Exchange Commission (the "Rule"), which specifies, among other things, minimum net capital requirements for registered broker dealers. The Rule provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio exceeds 10 to 1. In addition, certain advances, payments of dividends and other equity withdrawals are subject to certain notification provisions of the rule.

In accordance with the Rule, the Company is required to maintain minimum net capital, as defined, of \$250,000 or 2% of combined aggregate debit items, whichever is greater. At June 30, 2019, the Company had net capital of \$3,149,487 which was \$2,899,487 in excess of its required net capital of \$250,000. At June 30, 2019, the Company had no aggregate debit items.