

# Bci Securities, Inc.

Financial Statements as of and for the year ended  
December 31, 2024, including Report of Independent  
Registered Public Accounting Firm



KPMG LLP  
Brickell City Centre, Suite 1200  
78 SW 7 Street  
Miami, FL 33130

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors  
Bci Securities, Inc.:

### *Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Bci Securities, Inc. (the Company) as of December 31, 2024, the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### *Accompanying Supplemental Information*

The supplemental information contained in Schedules I and II has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §



240.17a-5. In our opinion, the supplemental information contained in Schedules I and II is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

We have served as the Company's auditor since 2021.

Miami, Florida  
February 26, 2025

# BCI SECURITIES, INC.

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# BCI SECURITIES, INC.

## STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2024

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### ASSETS

Cash and cash equivalents	\$	558,105
Receivable from clearing firm		1,763,590
Asset management fee receivable		539,622
Mutual fund 12b-1 fees receivable		220,681
Financial instruments owned, at fair value		5,708,854
Deposits with clearing firm		250,000
Right of use assets		170,467
Equipment, net of accumulated depreciation		18,131
Other assets		398,609
TOTAL	\$	<u>9,628,059</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

#### LIABILITIES

Accounts payable and accrued liabilities	\$	620,207
Bonus payable		983,534
Due to related parties		444,030
Lease liabilities		192,502
Total liabilities		<u>2,240,273</u>

Commitments and contingencies (note 11)

#### STOCKHOLDERS' EQUITY

Common stock, \$0.01 par value, 1,000 shares authorized, issued and outstanding		10
Additional paid-in capital		49,855,894
Accumulated deficit		<u>(42,468,118)</u>
Total stockholders' equity		<u>7,387,786</u>
TOTAL	\$	<u>9,628,059</u>

See accompanying notes to the financial statements.

# BCI SECURITIES, INC.

## STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

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REVENUE	
Principal transactions	\$ 3,605,251
Commissions	2,632,146
Asset management fees	2,185,510
Trailing fees	1,170,571
Advisory services - related party	868,500
Participation fees	455,596
Other income	261,758
Interest	223,927
Total revenue	<u>11,403,259</u>
EXPENSES	
Employee compensation and benefits	5,618,458
Referral fees - related parties	1,909,610
Professional fees	1,187,676
Other general and administrative	1,026,650
Technology and communications	717,549
Audit fees	290,748
Floor broker, exchange, and clearance fees	290,083
Occupancy	151,146
Depreciation	5,740
Total expenses	<u>11,197,660</u>
NET INCOME	<u>\$ 205,599</u>

See accompanying notes to the financial statements.

## BCI SECURITIES, INC.

### STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

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	Shares issued and outstanding	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total
Balances December 31, 2023	1,000	\$ 10	\$ 44,605,894	\$ (42,673,717)	\$ 1,932,187
Capital contributions	-	-	5,250,000	-	5,250,000
Net income	-	-	-	205,599	205,599
Balances December 31, 2024	1,000	\$ 10	\$ 49,855,894	\$ (42,468,118)	\$ 7,387,786

See accompanying notes to the financial statements.

# BCI SECURITIES, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

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CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ <u>205,599</u>
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	5,740
Noncash lease expense	(11,803)
Realized gain on sale of financial instruments at fair value, net	(212,151)
Changes in operating assets and liabilities:	
Receivable from clearing firm	(565,098)
Commissions receivable	69,970
Asset management fee receivable	21,939
Mutual fund 12b-1 fees receivable	(11,057)
Other assets	(105,170)
Purchases of financial instruments	(14,572,445)
Sales of financial instruments	9,609,060
Accounts payable and accrued liabilities	180,052
Bonus payable	472,134
Due to related parties	(106,483)
Total adjustments	<u>(5,225,312)</u>
Net cash used in operating activities	<u>(5,019,713)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(3,532)</u>
Net cash used in investing activities	(3,532)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contributions	<u>5,250,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	226,755
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>331,350</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>558,105</u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ <u>66,757</u>

See accompanying notes to the financial statements.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Business and Organization** — Bci Securities, Inc. (the “Company”), was incorporated on July 6, 2011, in the State of Florida. The Company is owned by Banco de Credito e Inversiones (“Bci Chile”), and Bci Asesoria Financiera S.A. (“Bci AF”) (Bci Chile and Bci AF, individually or jointly “Parent”), both of which are Chilean companies. On May 16, 2014, the Company was granted Financial Industry Regulatory Authority (“FINRA”) membership as a registered broker dealer. The Company is currently registered to operate as a broker-dealer in the states of Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Wyoming, and in the Commonwealth of Puerto Rico. In addition, the Company is registered with the Securities Exchange Commission as a Registered Investment Advisor.

In addition, the Company is registered as a Representative Office in Colombia. The registration was a country requirement to solicit Colombian investors locally. The Parent company, Bci Chile also has a Bank Representative Office in Colombia which may result in referral business.

The Company engages in the following types of business:

- Broker or dealer retailing corporate equity securities over the counter (foreign and domestic) in an agency capacity;
- Broker or dealer retailing corporate debt securities (foreign and domestic) in an agency and/or principal capacity;
- Broker or dealer of U.S. government securities;
- Broker or dealer of foreign sovereign debt;
- Mutual fund retailer, including 529 Plans;
- Investment advisory services;
- Put and call broker or dealer;
- Sales of hedge funds (foreign and domestic);
- Broker involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union;
- Proprietary trading;
- Private placements of securities, not including oil, and gas;
- Municipal securities broker or dealer;
- Chaperone foreign broker-dealers pursuant to Rule 15a-6 in the distribution of research produced by foreign broker-dealers;
- Chaperone foreign broker-dealers pursuant to SEA Rule 15a-6 in the execution of securities transactions.

As of December 31, 2024, the Company has 115 registered associated persons including direct employees and contractors, of which 44 are involved in direct sales with direct contact with customers when conducting the Company’s business activities, including the immediate supervisors of such persons. As of December 31, 2024, the Company had four Branch offices open, and its main office in Miami.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company may enter into networking arrangements with banks, savings banks, or credit unions. In addition, these arrangements may include kiosks that allow the Company to provide the Company's products and services at registered offices within banking institutions.

**Use of Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amount 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 these estimates. Significant items subject to such estimates and assumptions include the fair value of financial instruments.

**Financial Instruments Owned** — Financial instruments owned are stated at fair value (see Note 4 - Fair Value).

**Commissions** — The Company buys and sells equities and third-party mutual funds on behalf of its customers. Each time a customer enters into a buy or sell transaction; the Company charges a commission pursuant to the Company's fee schedule. Commissions revenue is earned when the trades are executed and collected when the trades are settled. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

Because of this daily settlement, the amount of unsettled credit exposure is limited to the amount owed to the Company for a short period of time. There were no commissions receivable as of December 31, 2024.

**Principal Transactions** — The Company buys and sells securities on behalf of its customers through riskless principal transactions. Each time a customer enters into a buy or sell transaction, the Company charges a markup or markdown and earns a spread. Riskless principal trading fees are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). 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. Markup or markdowns are recorded on a trade-date basis.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, the Company executes riskless principal transactions for clients via Bloomberg to source securities to buy or sell to a counterparty. Each time a customer enters into a buy or sell transaction the Company charges a markup or markdown and earns a spread. These transactions are also cleared at Pershing, LLC. (“Pershing” or “Clearing Firm”). In these transactions, the Company functions as an intermediary between the counterparty via Bloomberg and the client whose account is introduced to Pershing.

Receivables from principal transactions are reported in receivable from clearing firm in the Statement of Financial Condition and are stated net of a provision for credit losses, which is estimated based upon the evaluation of historical loss experience and managements forecasts. Accordingly, the Company has not provided an allowance for credit losses on clearing firm receivables as of December 31, 2024.

**Trailing Fees** — The Company enters into arrangements with investment funds or other pooled investment vehicles (funds) to distribute shares to investors. The Company may receive distribution fees paid by the fund up front or over time. The Company believes that its performance obligation is the sale of securities to investors and as such this is fulfilled on the trade date. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are highly susceptible to factors outside the Company’s influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which are usually monthly or quarterly.

Trailing fees receivable are reported in mutual fund 12b-1 fees receivable in the Statement of Financial Condition and are stated net of a provision for credit losses, which is estimated based upon the evaluation of historical loss experience and managements forecasts. Accordingly, the Company has not provided an allowance for credit losses on mutual fund 12b-1 fees receivable as of December 31, 2024.

**Asset Management Fees** — Asset management fees typically involve a portfolio service that creates different model portfolios to invest in based on the client’s preferences. The Company earns fees based on a percentage of the assets under management during the period. Asset management fees are recognized over time as services are rendered and are typically collected on a quarterly basis in accordance with the terms of the client agreements. Advisory fees typically involve an Investment Advisor who works with the client to develop certain goals and expectations and advises on which securities to invest in. These fees are also included in asset management fees in the Statement of Income. Advisory fees are recognized over time as services are rendered. Management continuously evaluates factors that may impact advisory fee revenue, including market fluctuations, client asset flows, and changes in fee structures.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset management fee receivables are stated net of a provision for credit losses, which is estimated based upon the evaluation of historical loss experience and managements forecasts. Accordingly, the Company has not provided an allowance for credit losses on asset management fees receivable as of December 31, 2024.

**Participation Fees** — Participation fees relate to client sweep account investments. Participation fees are recognized over time as the Company satisfies its obligation by maintaining client balances and providing continued access to the sweep program. These fees are typically calculated as a percentage of client deposit balances and are collected on a monthly basis.

**Cash and Cash Equivalents** — The Company has defined cash equivalents as those highly liquid financial instruments purchased with a maturity of three months or less at the time of acquisition. The Company, during the course of operations, may maintain cash balances in excess of federally insured limits.

**Credit Losses** — The Company follows the accounting standard for credit losses (“Topic 326”). Topic 326 impacts the impairment model for certain financial assets by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset. The allowance for credit losses is based on the Company's expectation of the collectability of financial instruments, including fees and other receivables utilizing the CECL framework. The Company considers factors such as historical experience, credit quality, age of balances, and current and future economic conditions that may affect the Company's expectation of the collectability in determining the allowance for credit losses. The Company's expectation is that the credit risk associated with fees and other receivables is not significant until they are 90 days past due based on the contractual arrangement and expectation of collection in accordance with industry standards. Due to the daily settlement of the Company's transactions, the amount of unsettled credit exposure is limited to the amount owed the Company for a short period of time. An allowance for credit losses for fees and commissions was not deemed necessary at December 31, 2024.

**Prepaid Expenses** – Prepaid expenses are amounts paid to secure the use of assets or the receipt of services at a future date or continuously over one or more future periods.

**Equipment** — Equipment is recorded at cost. Expenditures for major betterments and additions are capitalized to the asset accounts while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are charged to expense currently.

**Depreciation** — Depreciation of equipment is computed using the straight-line method at various rates based upon the estimated useful lives of the assets. The Company's equipment is depreciated over 5 years, and furniture and fixtures are depreciated over 7 years.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Leases** — The Company accounts for leases that are longer than one year in nature on the Statement of Financial Condition which results in the recognition of a right-of-use (“ROU”) asset and a corresponding lease liability. The ROU asset and lease liability are measured initially using the present value of the remaining rental payments. Consistent with current guidance, the recognition, measurement and presentation of expenses and cash flows arising from a lease will primarily depend upon its classification as a finance or operating lease. In addition, the Company elected to separate non-lease components from lease components.

**Fair Value of Financial Instruments** — The fair values of the financial assets (other than financial instruments owned) and liabilities are considered to approximate their carrying amounts because they have limited counterparty credit risk and are short-term, replaceable on demand, or bear interest at market rates.

**Income Taxes** — The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event the Company were to determine that it was more likely than not that the Company would be able to realize its deferred income tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company accounts for uncertainty in income taxes by recognizing in its financial statements the tax effects of a position only if it is more likely than not to be sustained based solely on its technical merits; otherwise, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of December 31, 2024, the Company has not recorded any unrecognized tax benefits in the accompanying Statement of Financial Condition. Management does not expect that unrecognized tax benefits will increase within the next 12 months. In the event the Company were to recognize interest and penalties related to uncertain tax positions, they would be recognized in the Statement of Income as income tax expense.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### 2. GOING CONCERN

During the year ended December 31, 2024, the Company had net income of \$205,599 and negative cash flows from operations of \$5,019,713. Management expects that the Company may continue to have negative cash flows from operations over the next year. The Company has obtained a commitment from its Parent to continue to support the development of the Company and provide capital funding, as necessary, to meet its obligations through March 2026. Management acknowledges that uncertainty remains over the ability of the Company to meet its cash requirement. However, management expects that the Company's liquid assets and anticipated funding from its Parent will provide adequate resources to continue in operational existence for a reasonable period of time.

The Company's working capital has been obtained from funds provided by its stockholders. In the absence of achieving profitable operations, the Company's liquidity is dependent upon the availability of continued funding from the Parent.

### 3. SEGMENT REPORTING

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*, which became effective for fiscal years beginning after December 15, 2023. The Company is engaged in a single line of business as a securities broker-dealer, which is comprised of several classes of services, including principal transactions, agency transactions, asset management, and investment advisory. The Company has identified its CEO as the chief operating decision maker ("CODM"), who uses net income to evaluate the results of the business, predominantly in the forecasting process, to manage the Company. Additionally, the CODM uses excess net capital (see Note 7 - Net Capital Requirements), which is not a measure of profit and loss, to make operational decisions while maintaining capital adequacy, such as whether to reinvest profits or pay dividends. The Company's operations constitute a single operating segment and therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole. The accounting policies used to measure the profit and loss of the segment are the same as those described in the summary of significant accounting policies. Significant segment expenses are presented in the Statement of Income. Additional disaggregated significant segment expenses on a functional basis, that are not separately presented on the Company's Statement of Income, are presented below. Additionally, segment assets are presented in the Statement of Financial Condition.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### SEGMENT REPORTING (continued)

Other general and administrative expenses include interest expense, office expenses, insurance and other miscellaneous expenses.

The following table presents the other required segment disclosures for the year ended December 31, 2024:

#### Other segment disclosures

Revenues from external customers	10,310,833
Advisory services - related party	868,500
Interest revenue	<u>223,927</u>
Total revenues	<u>\$ 11,403,259</u>
Interest expense	66,757
Depreciation and amortization	5,740
Segment assets	9,628,059
Expenditures for segment assets	3,532

#### 4. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### FAIR VALUE (continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

U.S. government securities are valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly. Accordingly, U.S. government securities are generally categorized in level 2 of the fair value hierarchy.

Securities owned measured at fair value on a recurring basis at December 31, 2024, include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial Instruments owned:			
U.S. Treasury bills	<u>\$ -</u>	<u>\$ 5,708,854</u>	<u>\$ -</u>

Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies, or similar techniques and at least one significant model assumption or input is unobservable.

There were no liabilities measured at fair value on a recurring basis at December 31, 2024.

### 5. LEASE COMMITMENTS

The Company rents office space from an affiliated company (see Note 6 - Related-Party Transactions) under an operating sublease agreement expiring in 2026. The lease provides for increases in future minimum annual rental payments based on defined increases in the lease amendment. The agreement generally requires the Company to pay real estate taxes, insurance, and shared common area and maintenance fees, which are recorded as a component of occupancy on the Statement of Income.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### LEASE COMMITMENTS (continued)

For the year ended December 31, 2024, the Company operating lease expenses related to the amortization of ROU assets amounted to \$133,411, which is recorded as a component of occupancy on the Statement of Income. Other operating lease costs (such as non-lease components) totaled \$17,735, which is also reported as a component of occupancy in the Statement of Income. Cash payments decreased the operating lease liability and amounted to \$145,215 for the year ended December 31, 2024. As of December 31, 2024, the Company reported ROU assets of \$170,467 and lease liabilities of \$192,502.

Information associated with the measurement of the remaining operating lease obligations as of December 31, 2024 is as follows:

Weighted average remaining lease term in years 1.33

Weighted average discount rate for operating leases 6.07%

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2024:

2025	\$	149,571
2026		<u>50,346</u>
Total minimum lease payments		199,917
Less: Imputed Interest		<u>(7,415)</u>
Present value of lease liabilities	\$	<u>192,502</u>

## 6. RELATED-PARTY TRANSACTIONS

### *Bci Asset Management*

In March 2020, the Company entered into a sub-advisory agreement with Bci Asset Management ("BAM"). BAM is a subsidiary of Banco de Credito e Inversiones. Under the terms of the agreement, BAM will provide certain model portfolios at the direction and for the benefit of the Company, for use in formulating asset management strategies for the Company's clients. For the year ended December 31, 2024, research and advisory services incurred with BAM were \$10,000, which is included within other general and administrative expense on the Statement of Income. The Company's payables at December 31, 2024 related to this sub-advisory agreement totaled \$10,000, which is included in due to related parties on the Statement of Financial Condition.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### **RELATED-PARTY TRANSACTIONS (continued)**

In May 2020, the Company entered into an Introducing Party Agreement with Bci Asset Management. Under the terms of the agreement, the Company will introduce, as a broker-dealer, make available and distribute investment fund shares of BAM to its clients which will be settled through Pershing. Such funds are not offered to U.S. residents. The Company is entitled to receive a fee to be accrued monthly and payable quarterly in arrears through the National Securities Clearing Corporation (NSCC) within 30 days after each quarter end. Terms of the fee may be changed by written agreement of the parties. During the year ended December 31, 2024, fees earned in connection with this agreement totaled \$82,752, which are reported in commissions in the Statement of Income. The Company had no receivables at December 31, 2024 related to this agreement.

#### ***Bci Miami Branch***

The Company entered into an expense sharing agreement with Banco de Credito e Inversiones, Miami Branch (“Bci Miami Branch” or “Bci MB”) in December 2017. The affiliate is a Branch of Bci Chile. The agreement has been reviewed and extended at least annually. Under the terms of the agreement, Bci MB agrees to provide certain internet connectivity, infrastructure, IT technology and security, operational support, accounting, administration, and human resource services to the Company in exchange for a monthly fee. For the year ended December 31, 2024, total service expense and other direct costs incurred with Bci Miami Branch was approximately \$367,000 and is included in other general and administrative expenses in the Statement of Income. The Company had no payables at December 31, 2024 related to this service agreement.

In addition, the agreement includes health benefit costs for the Company’s employees at a cost determined by the insurance provider and paid directly to the insurance provider. For the year ended December 31, 2024, total health benefit costs incurred with Bci Miami Branch was approximately \$57,000 and is included in employee compensation and benefits in the Statement of Income. The Company had no payables at December 31, 2024 related to this expense sharing agreement.

Under terms of the expense sharing agreement, amended in January 2023, Bci Miami Branch may assume and pay other fees and expenses to the Company as agreed to by the parties from time to time. During the year ended December 31, 2024, the Company received approximately \$869,000 under this agreement for the operation of the regional cost center and is included in advisory services – related party in the Statement of Income. The Company had no receivables at December 31, 2024 related to this agreement.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### RELATED-PARTY TRANSACTIONS (continued)

In March 2016, the Company entered into a networking agreement with Bci Miami Branch, which was updated in January 2024 to reflect changes in staff listed in the agreement and changes in referral fee rates of 20% (twenty percent) of net revenues generated by the Company for referred bank customer accounts. The agreement automatically renews annually unless any party gives written notice of termination. Under the terms of the agreement, the Company pays a referral fee to Bci Miami Branch for the revenues associated with all accounts for brokerage services referred to the Company pursuant to the agreement. For the year ended December 31, 2024, the Company incurred costs of \$1,095,074, less chargebacks of \$198,957, for net referral fees of \$896,117 which are include in referral fees – related parties in the Statement of Income. For the year ended December 31, 2024, the Company had \$159,892 in fees payables related to the agreement, which are included in due to related parties in the Statement of Financial Condition.

#### ***Bci Corredor de Bolsa***

In December 2018, the Company amended the clearing agreement with Pershing to provide clearing services to Bci Corredor de Bolsa S.A. (“BCB” or “Sub-Broker”). BCB is a related party under common ownership by the Parent. Under terms of the agreement, BCB will be a sub-broker of the Company, and may indirectly obtain the benefits of the securities clearing services the Company obtains from Pershing. Until termination, Pershing shall carry the customer accounts of BCB, and the accounts will be re-introduced accounts of the Company to Pershing on a fully disclosed basis.

The Sub-Broker agrees to be bound by the terms of the clearing agreement as amended, in connection with any customer accounts introduced to Pershing through the Company. The Company and Sub-Broker jointly and severally agree to provide Pershing with information as Pershing may request. The Sub-broker has established a clearing deposit account with Pershing, which maintains a balance of at least \$50,000.

In December 2018, the Company entered into an Introducing broker agreement with BCB. On June 30, 2021, the Company renewed and amended the Introducing broker agreement with BCB, which is renewable annually in writing. Under terms of the agreement, the Company will introduce the accounts of BCB to Pershing and jointly act as the broker of record to Sub-Broker clients, subject to the terms and conditions of the agreement with Pershing. BCB will pay a fee of 80% of gross commissions to the Company and is responsible for any sales rebates, refunds, reversals, required disgorgements, trade error corrections or other fees, or costs or deductions made in or for the accounts introduced. In addition, BCB shall pay the Company for any expenses incurred in connection with the review/approval of BCB’s compliance with the agreement, including travel.

The Company pays fees to BCB related to transactions in those introduced accounts. For the year ended December 31, 2024, the Company incurred costs of \$338,779, less chargebacks of \$23,772, for net referral fees of \$315,007 which are reported in referral fees – related parties in the Statement of Income. For the year ended December 31, 2024, the Company had \$168,237 in fees payable related to the agreement, which are reported as due to related parties in the Statement of Financial Condition.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### RELATED-PARTY TRANSACTIONS (continued)

On October 21, 2018, the Company entered into a Research Services Agreement with BCB. Under the terms of the agreement, BCB will provide daily reports that contain economic and financial information on relevant markets. The fee is \$5,000 per year to be paid in equal monthly installments of \$417. For the year ended December 31, 2024, the Company paid \$5,000, which is included in other general and administrative expenses in the Statement of Income. The Company had no payables at December 31, 2024 related to this agreement.

#### ***City National Bank***

In May 2019, the Company entered into a sublease agreement with City National Bank (“CNB”) and Bci Miami Branch. Under terms of the sublease, the Company is allocated 2,180 square feet and pays rent on its proportional basis to Bci Miami Branch as reimbursement for Bci Miami Branch paying rents to CNB. Rent expense incurred by the Company was approximately \$151,000 for the year-ended December 31, 2024, which is included in occupancy expense in the Statement of Income.

On February 16, 2021, the related parties entered into a networking agreement effective February 1, 2021. Under terms of the agreement certain employees of CNB will be registered as Registered Representatives of the Company, subject to approval of the Company, for the purpose of facilitating the referral of CNB customers for broker dealer services. The agreement is for one year, and automatically renews for one-year terms, unless terminated by the parties. The Company will pay 60% of the net revenues generated from referred customers and such payments shall be paid in the month following determination of the fees. For the year ended December 31, 2024, the Company incurred costs of \$909,133, less chargebacks of \$53,820, for net referral fees of \$855,313 which are reported as referral fees – related parties in the Statement of Income. For the year ended December 31, 2024, the Company had \$105,901 in fees payable related to the agreement which are reported as due to related parties in the Statement of Financial Condition.

Related party transactions that give rise to amounts due to or from related parties are typically settled monthly or quarterly through cash payments.

### 7. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to SEC Rule 15c3-1 and has elected to compute its regulatory net capital requirement in accordance with the Aggregate Indebtedness net capital computation. The Company’s minimum net capital requirement is \$250,000 pursuant to SEC Rule 15a-6.

On December 31, 2024, the Company’s regulatory capital, as defined, was \$6,170,521 which was \$5,920,521 in excess of its required regulatory net capital and the ratio of Aggregate Indebtedness, as defined, to regulatory net capital, as defined, was 33.5%.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### 8. EQUIPMENT

Equipment as of December 31, 2024 consisted of the following:

	<u>2024</u>
Furniture and fixtures	\$ 49,936
Office equipment	76,122
Less: Accumulated depreciation	<u>(107,927)</u>
Total equipment, net	<u>\$ 18,131</u>

Depreciation expense amounted to \$5,740 for the year ended December 31, 2024 and is included in depreciation on the Statement of Income.

### 9. INCOME TAXES

The Company recorded no income tax benefit or expense for the years ended December 31, 2024.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2024 are presented below:

Deferred tax assets:	
Net operating loss carryforwards - Federal	\$ 10,372,557
Startup costs	345,463
ROU asset/Lease liability	5,584
Unrealized gain on securities	4,013
Fixed assets	<u>575</u>
Gross deferred tax assets	10,728,192
Valuation allowance	<u>(10,728,192)</u>
Deferred tax assets (net of valuation allowance)	\$ -
Deferred tax liabilities	<u>\$ -</u>
Net deferred tax assets	<u>\$ -</u>

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### INCOME TAXES (continued)

A reconciliation of the statutory U.S. federal rate and effective rates for the year ended December 31, 2024 is as follows:

Expected tax expense	\$	43,176	21.00%
State tax expense, net of federal benefit		10,416	5.07%
Other		(20,692)	-10.06%
Other permanent differences		7,165	3.48%
Change in valuation allowance		(40,065)	-19.49%
Change in tax rate		-	0.00%
Graduated tax rates		-	0.00%
	\$	-	0.00%

The Company has approximately \$4,925,000 of Federal and State net operating loss carryforwards expiring in 2036 and 2037. Their utilization is limited to future taxable earnings of the Company. The Company also has approximately \$36,002,000 net operating losses not subject to expiration. Their utilization is limited to 80% of the future taxable income of the company.

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Due to the uncertain nature of the ultimate realization of the net deferred tax asset, the Company has established a full valuation allowance against the benefits of the net deferred tax asset and will recognize these benefits only as reassessment demonstrates they are realizable. Ultimate realization is dependent upon several factors, among which is future earnings. While the need for this valuation allowance is subject to periodic review, if the allowance is reduced, the tax benefits of the net deferred tax assets will be recorded in future operations as a reduction of the Company's income tax expense.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Company files income tax returns. The Company is no longer subject to U.S. Federal or State examinations by tax authorities for years before 2021.

For the year ended December 31, 2024, the Company did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### 10. CLEARING AGREEMENT

The Company has a clearing agreement (the "Agreement") with Pershing. Pershing is a member of various stock exchanges and is subject to the rules and regulations of such organizations as well as those of the SEC. Under the terms of the Agreement, Pershing clears and executes the brokerage transactions of the Company's customers on a fully disclosed basis. The Agreement states that the Company will assume customer obligations if a customer of the Company defaults. Also, under the terms of the Agreement, the Company is required to maintain a minimum deposit with Pershing. The deposit amounted to \$250,000 as of December 31, 2024, which is recorded in deposits with clearing firm in the Statement of Financial Condition.

### 11. COMMITMENTS AND CONTINGENCIES

#### *Litigation*

The Company is subject to various legal proceedings, regulatory inquiries, and claims that arise in the normal course of business. These matters may result in potential losses, including settlements, fines, penalties, and damages.

The Company assesses the likelihood of a loss and records a liability when a loss is probable and can be reasonably estimated. For matters where a loss is reasonably possible but not probable, or where the amount of loss cannot be reasonably estimated, the Company does not record a liability but discloses the nature and potential impact of such matters. In the opinion of management, the outcome of these proceedings will not have a significant effect on the Company's financial position or results of operations.

### 12. EMPLOYEE BENEFIT PLAN

The Company has implemented a 401(k) retirement plan. Employees who are 21 years of age and who have completed three months of service are eligible to participate as of the first day of the calendar month following the completion of three months of service. The Company matches employee contributions up to 5% of employee compensation. The Company made total matching contributions of \$223,924 during the year ended December 31, 2024, which is included in employee compensation and benefits in the Statement of Income.

# BCI SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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### 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date that the financial statements were available to be issued on February 26, 2025. The Company has not identified any additional events that would require disclosure or have a material impact on the statement of financial condition, results of operations, or cash flows of the Company as of and for the year ended December 31, 2024.

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SUPPLEMENTARY INFORMATION

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# BCI SECURITIES, INC.

## SCHEDULE I COMPUTATION OF NET CAPITAL PER UNIFORM NET CAPITAL RULE 15C3-1 AS OF DECEMBER 31, 2024

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Stockholders' equity	<u>\$ 7,387,786</u>
NON-ALLOWABLE ASSETS	
Mutual fund 12b-1 fees receivable	220,681
Asset management fees (non-allowable)	539,622
Equipment, net of accumulated depreciation	18,131
Other assets	<u>398,609</u>
Total non-allowable assets	<u>1,177,043</u>
Net capital before haircuts on securities positions	<u>6,210,743</u>
Haircuts on security positions	<u>40,222</u>
NET CAPITAL	<u>6,170,521</u>
MINIMUM NET CAPITAL REQUIREMENT - \$250,000	<u>250,000</u>
EXCESS NET CAPITAL	<u>\$ 5,920,521</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>33.5%</u>
SCHEDULE OF AGGREGATE INDEBTEDNESS	
Bonus payable	\$ 983,534
Due to related parties	444,030
Accounts payable and accrued liabilities	620,207
Payable to clearing organizations	-
Lease liabilities	<u>22,035</u>
Total aggregate indebtedness	<u>\$ 2,069,806</u>

There are no material differences that exist between the above computation and the Company's corresponding amended unaudited Part IIA Form X-17A-5 as of December 31, 2024.

See accompanying report of independent registered public accounting firm.

# **BCI SECURITIES, INC.**

## **SCHEDULE II**

### **COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND THE INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS FOR BROKERS OR DEALERS PURSUANT TO RULE 15c3-3 UNDER THE SECURITIES EXCHANGE ACT OF 1934 DECEMBER 31, 2024**

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The Company claims an exemption from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934 and met exemption provisions of paragraph (k)(2)(ii) without exception. The Company is an introducing broker or dealer that clears its securities transactions on a fully disclosed basis with a clearing broker.

The Company is also filing an exemption report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F. R. §240.17a-5 because the Company's other business activities are limited to proprietary trading and the Company did not (a) directly or indirectly receive, hold or otherwise owe funds or securities to customers, (b) carry accounts of or for customers and (c) carry PAB accounts throughout the most recent fiscal year without exception.

See accompanying report of independent registered public accounting firm.



1450 Brickell Avenue, Suite 2850  
Miami, Florida Zip code 33131  
Phone: (305) 929.55.00  
Fax: (786) 294.65.93

**EXEMPTION REPORT PURSUANT TO RULE 17A-5(d)(4) UNDER THE SECURITIES EXCHANGE ACT OF 1934  
DECEMBER 31, 2024**

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**Bci Securities, Inc.'s Exemption Report**

Bci Securities, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4) and for the period beginning January 1, 2024 through December 31, 2024 (the "fiscal period"). To the best of its knowledge and belief, the Company states the following:

- The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3 (k)(2)(ii)
- The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k)(2)(ii) throughout the most recent fiscal year 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 proprietary trading; and 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 most recent fiscal year without exception.

\_\_\_\_\_  
Bci Securities, Inc.

I, Carlos Martin, affirm that, to my best knowledge and belief; this Exemption Report is true and correct.

DocuSigned by:  
*Carlos Martin Donadio*  
By: \_\_\_\_\_  
40CDBE72C489446...  
Title: Chief Executive Officer

DATE 2/26/2025 | 6:14 PM EST

I, Maria Nodar, affirm that, to my best knowledge and belief; this Exemption Report is true and correct.

Signed by:  
*Maria Nodar*  
By: \_\_\_\_\_  
072BE982D15B4BA...  
Title: Financial & Operations Principal

DATE 2/26/2025 | 6:14 PM EST