

# **SOFI SECURITIES LLC**

## **Statement of Financial Condition as of June 30, 2023 (Unaudited)**

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**SOFI SECURITIES LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**JUNE 30, 2023**  
**(Unaudited)**

**ASSETS**

Cash .....	\$ 46,168,254
Cash - segregated under federal regulations .....	1,479,638
Due from member and intermediary banks .....	1,600,902
Securities owned .....	359,548
Prepaid expenses and other assets .....	11,505,503
Digital assets safeguarding assets .....	166,021,672
Due from affiliates (Note 3) .....	2,665,017
Total assets .....	<u>\$ 229,800,534</u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable and accrued liabilities .....	\$ 2,609,741
Payable to brokerage clients .....	1,735,227
Digital assets safeguarding liability .....	166,021,672
Due to affiliates (Note 3) .....	1,124,098
Total liabilities .....	<u>171,490,738</u>
Commitments and contingencies (Note 7)	
Member's equity .....	58,309,755
<b>Total liabilities and member's equity .....</b>	<b><u>\$ 229,800,493</u></b>

*The accompanying notes are an integral part of the Statement of Financial Condition*

**SOFI SECURITIES LLC**  
**NOTES TO THE STATEMENT OF FINANCIAL CONDITION**

**JUNE 30, 2023**  
**(Unaudited)**

**1. Nature of business and summary of significant accounting policies**

***Nature of business***

SoFi Securities LLC (the "Company") is a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") pursuant to section 15(b) of the Securities Exchange Act of 1934, as amended ("the Act") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's operations consist of operating a cash management account and bank sweep program, in addition to facilitating brokerage transactions through our introductory relationship with APEX Clearing Corporation ("Clearing Broker"), as discussed below.

The Company is wholly owned by Social Finance, Inc. (the "Parent", a wholly owned subsidiary of SoFi Technologies, Inc., a public issuer) and is affiliated with SoFi Wealth, LLC ("SoFi Wealth"), an investment advisor registered with the SEC and wholly owned by our Parent. The Company is also affiliated with SoFi Digital Assets LLC, a money transmitter that is licensed by various states and is wholly owned by the Parent, and with SoFi Bank, National Association ("SoFi Bank"), an FDIC insured, nationally chartered bank which is wholly owned by the Parent.

***Introducing arrangement***

The Company has a clearing agreement with our Clearing Broker, who executes, clears and settles all customer securities transactions on a fully disclosed basis. Therefore, the Company does not carry or clear customer accounts. The Company's agreement with its Clearing Broker provides that the Clearing Broker will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Act. Our Clearing Broker also performs all services customarily performed thereon, including the preparation and distribution of customers' confirmation and statements under the Act and the rules of FINRA of which the Company is a member.

***Self-clearing bank sweep program***

The Company has a bank sweep program wherein its customers may place funds on deposit with the Company, which are then swept out and placed on deposit with member banks within the program (the "Bank Sweep Program"), which received regulatory approval from FINRA. This approval removed the exemptive relief provided under subparagraph (k)(2)(ii) of SEC Rule 15c3-3 ("the Customer Protection Rule") thereby making the Company fully subject to the Customer Protection Rule and requiring the Company to hold customer funds-in-transit in a special reserve account. The Company operates the Bank Sweep Program through the use of an originating partner bank that facilitates the flow of funds from our customers to the Company, an intermediary bank that facilitates the flow of funds from the Company to the member banks, and the member banks that hold the customer funds. SoFi Bank is the originating partner bank and primary member bank for this sweep program.

***Basis of presentation***

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

***Use of estimates***

The preparation of the financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial condition. These reported amounts include estimates for Level 2 safeguarding assets and liabilities in conformity with Staff Accounting Bulletin 121 ("SAB 121"). Actual results could differ from those estimates.

### ***Cash***

Cash is held at major financial institutions and is subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation or Securities Investor Protection Corporation limitations. Included in the cash balance is \$352,867, which was segregated under federal regulations on, July 3, 2023.

### ***Cash – segregated under federal regulations***

Cash segregated and on deposit for regulatory purposes consists primarily of qualified deposits in a special reserve bank account for the exclusive benefit of customers under the Customer Protection Rule. As of June 30, 2023 the balance was \$1,479,638.

### ***Due from member and intermediary banks***

Due from member and intermediary banks represents cash advances provided by the Company to facilitate customer transactions with merchants and other banks. The advances are settled between the Company and the member and intermediary banks on the next business day.

### ***Prepaid expenses and other assets***

Prepaid expenses and other assets primarily consist of prepaid customer acquisition costs which are amortized using the units of production method and expensed as new customer accounts are funded and purchased software which is amortized utilizing the straight-line method of amortization.

### ***Safeguarding Asset and Liability***

Our members can invest in digital assets. We engage third parties to provide custodial services for our digital assets offering, which includes holding the cryptographic key information and working to protect the digital assets from loss or theft. The third-party custodians hold digital assets as custodial assets in an account in SoFi's name for the benefit of our members. We maintain the internal recordkeeping of our members' digital assets, including the amount and type of digital assets owned by each of our members in the custodial accounts. We currently utilize two third-party custodians. Therefore, we have concentration risk in the event the custodian is not able to perform in accordance with our agreement.

In accordance with Staff Accounting Bulletin No. 121 ("SAB 121"), we recognize a digital assets safeguarding liability in the statement of financial condition reflecting our obligation to safeguard the digital assets held by third-party custodians for the benefit of our members. We also recognize a corresponding safeguarding asset in the statement of financial condition. The safeguarding liability and corresponding safeguarding asset are measured and recorded at the fair value of the digital assets held by the custodians at each reporting date, as measured in accordance with ASC 820, *Fair Value Measurement* ("ASC 820"). Subsequent changes to the fair value measure are reflected as equal and offsetting adjustments to the carrying values of the safeguarding liability and corresponding safeguarding asset. We evaluate any potential loss events, such as theft, loss or destruction of the cryptographic keys, that may affect the measurement of the safeguarding asset, which would be reflected in our results of operations in the period the loss occurs. Measurement changes do not impact the statement of operations unless such a loss event is identified. As of June 30, 2023, we did not identify any loss events.

### ***Securities owned***

Securities owned are recorded at fair value based on quoted market prices or other observable market data and rely on Level 1 inputs.

A summary of securities owned at June 30, 2023 is as follows:

Equities .....	\$	359,390
Exchange Traded Funds .....		158
Total .....	\$	359,548

### ***Payable to brokerage clients***

Payable to brokerage clients represents cash received from customers that has yet to be swept to a member bank as part of the Self Clearing Bank Sweep Program. The amounts are typically settled between the Company and the member banks on the next day.

### ***Fair value measurements***

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use a three-level fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis in periods subsequent to their initial measurement. The hierarchy requires us to use observable inputs when available and to minimize the use of unobservable inputs when determining fair value. The three levels are defined as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or observable inputs other than quoted prices.

Level 3 – Unobservable inputs for assets or liabilities for which there is little or no market data, which requires us to develop our own assumptions. These unobservable assumptions reflect estimates of inputs that market participants would use in pricing the asset or liability.

A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's financial instruments measured at fair value on a recurring basis include securities owned, which rely on Level 1 inputs and safeguarding assets and liabilities which rely on Level 2 inputs. The Company uses the market approach to determine the fair value and uses quoted prices in active markets for an identical asset to measure the fair value for Level 1 inputs. The Company uses quoted prices on an active exchange identified as the principal market for the underlying digital asset to measure the fair value for Level 2 inputs.

### ***Going concern***

The accompanying statement of financial condition is prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

## **2. Fair value measurements**

Certain carrying amounts of the Company's financial instruments, including cash, cash - segregated under federal regulations, accounts receivable, and due from member and intermediary banks, approximate fair value due to their short-term nature.

The following table presents information about the Company's assets and liabilities that are measured at fair value as of June 30, 2023:

	Fair Value			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Digital assets safeguarding asset <sup>(1)</sup>	\$ —	\$ 166,021,671	\$ —	\$ 166,021,671
Common stock, including exchange traded funds	\$ 359,548	\$ —	\$ —	\$ 359,548
<b>Liabilities</b>				
Digital assets safeguarding liability <sup>(1)</sup>		\$ 166,021,671		\$ 166,021,671

(1) The digital assets safeguarding liability and corresponding safeguarding asset are classified as Level 2, because they do not trade in active markets, and are valued using quoted prices on an active exchange that has been identified as the principal market for the underlying digital assets that are being held by our third-party custodians for the benefit of our members.

The Company did not have any transfers between Level 1 and Level 2 during the period ended June 30, 2023.

### ***Safeguarding Assets and Liabilities***

The following table presents the significant digital assets held by our third-party custodians on behalf of our members:

	June 30, 2023
Bitcoin (BTC)	\$ 82,007,739
Ethereum (ETH)	55,522,341
Cardano (ADA) <sup>(1)</sup>	4,531,768
Dogecoin (DOGE)	4,954,139
Solana (SOL) <sup>(1)</sup>	2,174,345
Litecoin (LTC)	3,546,468
Ethereum Classic (ETC)	2,973,871
Digital assets safeguarding liability and corresponding safeguarding asset	10,311,000
	<u>\$ 166,021,671</u>

(1) Effective June 9, 2023, we ended support of these digital assets, as well as several others included in the "all other" category.

(2) Includes 23 digital assets as of June 30, 2023 and December 31, 2022, respectively, none of which were determined to be individually significant.

### **(3) Related-party transactions**

As of June 30, 2023, the amounts due from affiliates were as follows:

Due from Parent	\$ 1,474,787
Due from SoFi Bank	1,190,230
<b>Total due from affiliates</b>	<u>\$ 2,665,017</u>

As of June 30, 2023, the Company has a balance due from Parent of \$1,474,787, of which \$1,102,019 is related to expenses incurred by the Company in excess of the direct costs associated with acting as and being a registered Broker-Dealer and day to day operations of the Company. The remaining balance due from the Parent of \$365,790 is related to intercompany receivables for promotion and reward point redemptions in broker-dealer products, which

were earned through SoFi affiliate products, and reimbursement of expenses paid for by the broker dealer on behalf of the parent.

The Company has a Banking Services Agreement with an affiliate, SoFi Bank, National Association. SoFi Bank, National Association is a national banking association that provides consumer banking services and products. Under the Banking Services Agreement, the affiliates have the right to request repayment for the direct costs incurred to provide banking services. As of June 30, 2023, \$1,190,230 remains outstanding and is presented within Due from affiliates on the Statement of Financial Condition.

As of June 30, 2023, the amounts due to affiliates were as follows:

Due to Parent .....	96,988
Due to Galileo .....	1,027,110
<b>Total due to affiliates .....</b>	<b>\$ 1,124,098</b>

The Company and its Parent, pursuant to a Management Services Agreement ("MSA"), agreed that the Parent will assume responsibility for certain indirect operating expenses incurred by the Company in accordance with FINRA Notice to Members 03-63 (the "Notice"). Consistent with the provisions set forth in the Notice, the Company maintains a schedule of indirect operating expenses paid for by the Parent on behalf of the Company. As of June 30, 2023, the Company has an amount due to Parent under the MSA of \$96,988, which is presented within Due to affiliates on the Statement of Financial Condition.

The Company has an agreement with Galileo Financial Technologies, LLC ("Galileo"), a subsidiary of the Parent, to facilitate various transactions in service to customers of the Company. As of June 30, 2023, the Company has an amount due to Galileo of \$1,027,110, which is presented within Due to affiliates on the Statement of Financial Conditions.

Executives and directors may apply for the Company's products. The Company believes all such transactions by related persons were made in the ordinary course of business.

#### **(4) Off balance sheet transactions**

In the normal course of business, the Company maintains a Bank Sweep program that sweeps customer funds between a firm-owned and firm-operated account and a series of member banks through the assistance of an originating partner bank and an intermediary bank. Once the funds have reached the member bank accounts, the amounts are removed from the Company's Statement of Financial Condition. As of June 30, 2023, the total amount held at member banks was \$89,355,773. Additionally, there were \$1,735,227 of customer funds in transit which are recorded as Payable to brokerage clients on the Statement of Financial Condition.

#### **(5) Regulatory requirements**

The Company is subject to the SEC's Uniform Net Capital Rule ("Exchange Act Rule 15c3-1"), which requires the maintenance of minimum net capital. The Company elected to use the alternative method, permitted by Exchange Act Rule 15c3-1, which requires that the Company maintain net capital equal to the greater of \$250,000 or 2% of aggregate debit items. These regulations also prohibit a broker-dealer from repaying subordinated borrowings, paying cash dividends, making loans to its parent, affiliates or employees, or otherwise entering into transactions which would result in a reduction of its total net capital to less than 150% of its required minimum capital. Moreover, broker-dealers are required to notify the SEC and other regulators prior to repaying subordinated borrowings, paying dividends and making loans to its parent, affiliates or employees, or otherwise entering into transactions, which, if executed, would result in a reduction of 10% or more of its excess net capital (net capital less minimum requirement). The SEC and FINRA have the ability to prohibit or restrict such transactions if the result is detrimental to the financial integrity of the broker-dealer. As of June 30, 2023, the Company had net capital of \$44,037,443 which was in excess of its required net capital.

The Company is also subject to the SEC Customer Protection Rule (SEC Rule 15c3-3), which requires the Company to maintain cash or qualified securities in a segregated reserve account for the exclusive benefit of



customers. Amounts included in Cash - segregated under federal regulations represent actual balances on deposit. Cash required to be segregated and on deposit for regulatory purposes at June 30, 2023 totaled \$1,735,227 and the balance in the reserve account was \$1,479,638. On , July 3, 2023, the Company deposited \$352,867 into its segregated reserve bank account to satisfy the reserve requirement.

**(6) Concentrations of credit risk**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**(7) Commitments and contingencies**

***Indemnifications***

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The Company also indemnifies some clients against potential losses incurred in the event specified third-party service providers, including sub-custodians and third-party brokers, improperly execute transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the statement of financial condition for these indemnifications.

**(8) Subsequent events**

The Company evaluated events through September 1, 2023, the date that these financial statements were available to be issued and determined that there were no subsequent events requiring adjustment or disclosure in these financial statements.