

RAYMOND JAMES (USA) LTD.

(A WHOLLY OWNED SUBSIDIARY OF RAYMOND JAMES LTD.)

Statement of Financial Condition

(Expressed in United States dollars)

For the year ended September 30, 2019



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and the Board of Directors

Raymond James (USA) Ltd.:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Raymond James (USA) Ltd. (the Company) as of September 30, 2019, and the related notes (collectively, the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of September 30, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this 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 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.

We have served as the Company's auditor since 2001.

Chartered Professional Accountants

Vancouver, Canada
November 25, 2019

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Statement of Financial Condition

(Expressed in United States dollars)

As of September 30, 2019

2019

Assets

Cash and cash equivalents	\$ 5,005,323
Deposits in compliance with reserve requirements (note 5)	3,152,890
Client and broker receivables (note 7)	11,029,170
Due from related party (note 7)	978,930
Other assets	144,201
	<hr/>
	\$ 20,310,514

Liabilities and Stockholder's Equity

Client and broker payables (note 7)	\$ 10,042,001
Other accounts payable	26,604
	<hr/>
	10,068,605
Stockholder's equity:	
Capital stock (note 6)	1,045,000
Retained earnings	9,196,909
	<hr/>
	10,241,909
	<hr/>
	\$ 20,310,514

See accompanying notes to financial statements.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Notes to Statement of Financial Condition

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Year ended September 30, 2019

1. Operations:

Raymond James (USA) Ltd. (the Company) is incorporated under the Canada Business Corporations Act. The Company was previously incorporated under the laws of the State of New York, United States of America, then merged with a newly incorporated Arizona company for purposes of continuance as an existing corporation under the Canada Business Corporations Act on September 15, 2006. The Company is a wholly owned subsidiary of Raymond James Ltd., a Canadian registered investment dealer and member of Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund and a participating organization of the Toronto Stock Exchange, TSX Venture Exchange, and the Montreal Exchange.

The Company is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA), and Securities Investor Protection Corporation.

The Company is also a registered investment advisor with the SEC. While the Company accesses the Canadian securities markets, its clients are US and Canadian residents. The Company has an institutional business segment and its clients are US based institutions that wish to have access to the Canadian securities markets. This business is all delivery vs payment or receipt vs payment. The Company also has retail business that is private client-wealth management and uses US based Pershing LLC as its clearing broker on a fully disclosed basis. Segment information is presented in note 9.

2. Significant accounting policies:

(a) Financial statement presentation:

The financial statements are presented in accordance with accounting principles generally accepted in United States of America.

(b) Securities transactions:

The Company records its agency securities transactions on a trade date basis.

(c) Commission income:

Commission income is recorded when earned on a trade date basis.

(d) Income taxes:

The Company follows the asset and liability method in accounting for income taxes which requires the recording of deferred assets and liabilities to recognize the expected future tax consequences of events that have been reflected in the Company's financial statements or tax returns and the adjustment of deferred tax balances to reflect tax rate changes. As at September 30, 2019 and 2018, the Company's tax basis in its assets and liabilities was equal to its financial statement basis amounts for such assets and liabilities.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Notes to Statement of Financial Condition

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Year ended September 30, 2019

2. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash equivalents are investments that mature in 90 days or less, when acquired, and are readily convertible into known amounts of cash.

(f) Financial instruments:

The fair value of cash and cash equivalents, deposits in compliance with reserve requirements, client and broker receivables, due from related party, client and broker payables and other accounts payable approximate their fair value due to the short-term maturities of these instruments.

(g) Use of estimates:

The preparation of financial statements 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 period. Actual results could differ from those estimates.

(h) Security transactions and related commission revenues and expenses:

Security transactions and related commission revenues and expenses are account for at a point in time on a trade date basis. Also included within commission revenues is revenue earned in relation to the supply of the Company's research which is recognized over time with the satisfaction of the performance obligation.

(i) Asset management fees:

Asset management and related fees relate to the discretion and non-discretionary provision of portfolio advisory services to retail clients. Revenue is recognized over time with the satisfaction of the performance obligation.

3. Adoption of new accounting standards:

A number of new standards have been adopted on October 1, 2018 and have been applied in preparing these financial statements. Changes are as follows:

Revenue recognition - In May 2014, the FASB issued new guidance regarding revenue recognition (ASU 2014-09). The new guidance is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. It also provides guidance on accounting for certain contract costs and requires additional disclosures. We adopted this guidance on October 1, 2018, under a modified retrospective approach. At the date of initial application October 1, 2018, the Company did not have any adjustments to opening retained earnings for ASU 2014-09 and the Company has not made any adjustments to prior year comparatives for this standard.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Notes to Statement of Financial Condition

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Year ended September 30, 2019

3. Adoption of new accounting standards (continued):

Under ASU 2014-09, revenue recognition first identifies relevant contracts with customers and defines the performance obligations in those contracts. Revenue is then measured and allocated to a single or amongst multiple performance obligations identified. Revenue is recognized as the performance obligations are satisfied which is when control of goods or services is transferred to the customer. These revenues are subject to variable consideration in that only the amount of revenue that is highly probable not to be subject to significant reversal in the future. The impact on adoption of ASU 2014-09 on the Company's revenue contracts is as follows:

Commission revenues – This revenue relates to commissions from security trades for customers along with associated provision of research services. Previously revenue was recognized when risk and rewards were transferred to the customers whereas ASU 2014-09 requires recognition when control of the services are transferred to customers. The performance obligation is satisfied on a trade date basis for commissions and over time with associated research services. There is no material change in the amount or timing of revenue recognized under ASU 2014-09 for the Company.

Asset management fees - This revenue relates to the provision of discretionary and non-discretionary portfolio services to customers. Previously revenue was recognized over time as the risk and rewards of services were transferred whereas ASU 2014-09 requires recognition over time as the control of services are transferred. There is no material change in the amount or timing of revenue recognized under ASU 2014-09 for the Company.

Financial instruments – In January 2016, the FASB issued guidance related to the accounting for financial instruments (ASU 2016-01). Among its provisions, this new guidance requires equity investments (other than those accounted for under the equity method or those that result from the consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. We adopted this guidance as of October 1, 2018, under a modified retrospective approach. The impact of adopting this new guidance was immaterial.

4. New accounting pronouncements not yet adopted

Lease accounting – In February 2016, the FASB issued new guidance related to the account for leases (ASU 2016-02). The new guidance requires the recognition of assets and liabilities on the balance sheet related to the rights and obligations created by lease agreements, regardless of whether they are classified as finance or operating leases. 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. The new guidance requires new disclosures to help financial statement users better understand the amount, timing and cash flows arising from leases. The new guidance is first effective for our fiscal year beginning on October 1, 2019 and will be adopted under a modified retrospective approach. Early adoption is permitted. This new guidance will impact our financial position and results of operations. We are evaluating the magnitude of such impact.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Notes to Statement of Financial Condition

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Year ended September 30, 2019

5. Deposits in compliance with reserve requirements:

The deposit of \$3,152,890 cash at September 30, 2019 (2018 - \$3,092,504) is held in compliance with reserve requirements. The minimum amount (which fluctuates) required to be held on deposit under the reserve computation as at September 30, 2019 is \$710 (2018 - \$16,486), and is restricted.

6. Capital stock:

	2019
Authorized:	
400 voting common shares without par value	
Issued:	
400 common shares (2018 - 400)	\$ 1,045,000

7. Related party transactions:

Pursuant to an agreement dated March 1, 2008, between the Company and its parent Raymond James Ltd. (RJL), all securities and cash settlements with institutional clients, accounting, record keeping and regulatory processing and reporting services are provided to the Company by RJL. In consideration for these services, RJL receives 50% of all gross commissions and other fees earned with respect to trades conducted for institutional clients of the Company. In addition, the Company is responsible for all direct expenses and is allocated operating expenses from RJL based on proportionate use. Fees are reviewed annually for reasonableness and consistent application.

During the year ended September 30, 2019, commissions and operating costs of \$7,066,617 (2018 - \$6,368,101) were paid to RJL. As at September 30, 2018, the Company has \$978,930 (2018 - \$619,766) receivable from RJL. In addition, client and broker receivables include amounts due from RJL of \$9,440,103 (2018 - \$5,865) and client and broker payables include amounts due to RJL of \$0 (2018 - \$0).

8. Net capital requirement:

The Company is subject to the SEC uniform net capital rule which requires that the minimum net capital shall be the greater of \$250,000 or 2% aggregate debit items pursuant to Rule 15c3-3. At September 30, 2019, the Company had net capital pursuant to Rule 15c3-1 of \$9,114,455 (2018 - \$9,176,332) which was \$8,864,455 (2018 - \$8,926,332) in excess of its net capital requirement of \$250,000.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Notes to Statement of Financial Condition

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Year ended September 30, 2019

9. Segment Information:

The Company currently operates through two business segments: Private Client Group and Capital Markets. The business segments are determined based upon factors such as the services provided and the distribution channels served, and the financial results of the Company's segments are presented using the same policies as described in note 2. Segment results include charges allocating corporate overhead and benefits to each segment.

The Private Client Group segment includes the retail branches located throughout Canada. These branches provide securities brokerage services including the sale of equities, mutual funds and fixed income products to their individual clients. The branches also provide discretionary and non discretionary portfolio advisory services. The Capital Markets segment includes institutional sales and trading in Canada to US resident institutions. We provide securities brokerage, trading and research services to institutions with an emphasis on the sale of US and Canadian equities and fixed income products.

Total assets by segment:

	2019
Capital Markets	\$19,310,514
Private Client Group	1,000,000
	<hr/> \$20,310,514 <hr/>

10. Liabilities subordinated to the claims of general creditors:

As at and during the years ended September 30, 2019 and 2018, the Company had no liabilities which were subordinated to the claims of general creditors.

11. Subsequent events:

Management has evaluated subsequent events through November 25, 2019, the date the financial statements were available to be issued. There were no subsequent events requiring adjustments to, or disclosures in, the financial statements.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)
Computation of Net Capital Pursuant to SEC Rule 15c3-1
(Expressed in United States dollars)

Schedule I

Year ended September 30, 2019

	2019
Total capital:	
Total ownership equity	\$ 10,241,909
Deductions:	
Non-allowable assets:	
Due from related party	978,930
Other deductions	148,524
Total deductions	1,127,454
Net capital	9,114,455
Minimum net capital required	250,000
Excess net capital	\$ 8,864,455

The 2019 computation does not differ materially from the regulatory computation filed on its Focus II.

RAYMOND JAMES (USA) LTD.

(A wholly owned subsidiary of Raymond James Ltd.)

Computation for Determination of Reserve Requirements and Information Related to the Possession or Control Requirements Pursuant to SEC Rule 15c3-3

Schedule II

(Expressed in United States dollars)

(confidential)

Year ended September 30, 2019, with comparative information for 2018

As at September 30, 2019, the Company is subject to the reserve requirements under Rule 15c3-3 of the Securities Exchange Act of 1934. Under Rule 15c3-3, the excess of total credits over total debits was \$710 (2018 - \$16,487). Therefore, the minimum reserve required under 15c3-3 as at September 30, 2019 is \$710 (2018 - \$16,487). As at September 30, 2019, the Company had \$3,152,890 (2018 - \$3,092,504) in cash on deposit in compliance with reserve requirements.

The above computation does not differ materially from the computation the Company filed on its Focus II.

As at September 30, 2019 the Company is subject to the possession or control requirements pursuant to SEC Rule 15c3-3. Under Rule 15c3-3, as at September 30, 2019, the Company did not have any security positions required to be in possession or control, or required to be in possession or control that had not been reduced to possession or control in the proper time frame.