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FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant  
to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL	
OMB Number	3235-0123
Expires:	March 31, 2016
Estimated average burden	
Hours per response	12.00

SEC FILE NUMBER
8-39119

REPORT FOR THE PERIOD BEGINNING 01/01/15 AND ENDING 12/31/15  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

BRAZOS SECURITIES, INC.

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

OFFICIAL USE ONLY
FIRM ID. NO.

12400 COIT ROAD, SUITE 1040

(No and Street)

DALLAS

TEXAS

75251

(City)

(State)

(Zip Code)

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

BILL F. SIMS

214-827-5960

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT Whose opinion is contained in this Report\*

VAIL & KNAUTH, LLP

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

1801 GATEWAY BLVD., SUITE 212,

RICHARDSON, TEXAS

75080

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

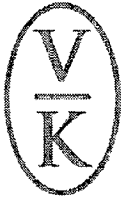
Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions

FOR OFFICIAL USE ONLY

\* Claim 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).



**VAIL & KNAUTH, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA  
Chris E. Knauth, CPA  
Charles T. Gregg, CPA  
Don E. Graves, CPA  
Pamela C. Moore, CPA  
Courtney N. Cooper, CPA

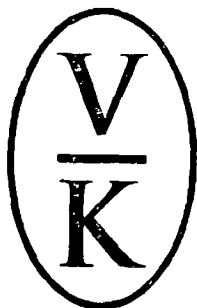
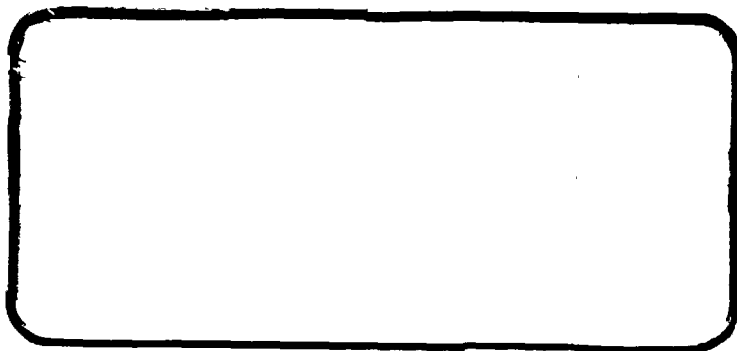
Members:  
American Institute of CPAs  
Texas Society of CPAs

**Brazos Securities, Inc.**  
Financial Statements  
and Supplementary Information  
*Year ended December 31, 2015*

SEC  
Mail Processing  
Section

FEB 29 2016

Washington DC  
409



VAIL & KNAUTH, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

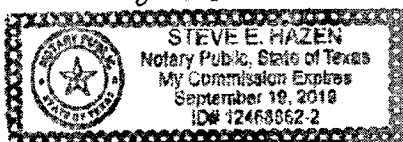
OATH OR AFFIRMATION

I, **BILL F. SIMS**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of **BRAZOS SECURITIES, INC.** as of **DECEMBER 31, 2015**, are true and correct. I further swear ( or affirm) neither the company nor any partner, proprietor, principal officer or director has proprietary interest in any account solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten Signature]*

Notary Public



2-23-2016

*[Handwritten Signature]*

Signature

**PRESIDENT**

Title

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholder's Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Change in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital for brokers and dealers pursuant to Rule 15c3-1.
- (h) Computation for Determination of Reserve Requirements Pursuant of Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-.
- (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 of 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.
- (o) Report of Independent Registered Public Accounting Firm on Management's Exemption Report
- (p) Schedule of segregation requirements and funds in segregation-customers' regulated commodity futures account pursuant to Rule 171-5.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 140.17a-5(e)(3)

**BRAZOS SECURITIES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

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**VAIL & KNAUTH, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA  
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Charles T. Gregg, CPA  
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Pamela C. Moore, CPA  
Courtney N. Cooper, CPA

Members:  
American Institute of CPAs  
Texas Society of CPAs

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**The Board of Directors and Shareholders  
BRAZOS SECURITIES, INC.  
DALLAS, TEXAS**

We have audited the accompanying statement of financial condition of **BRAZOS SECURITIES, INC.** (the "Company"), (a Texas Corporation), as of December 31, 2015, and the related statements of operations, changes in shareholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended. These financial statements are the responsibility of **BRAZOS SECURITIES, INC.**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of **BRAZOS SECURITIES, INC.** as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information, including Computation of Net Capital under Rule 15c3-1 of the SEC, Computation for Determination of Reserve Requirements under Rule 15c3-3 of the SEC, and Information Relating to Possession or Control Requirements under Rule 15c3-3, has been subjected to audit procedures performed in conjunction with the audit of **BRAZOS SECURITIES, INC.** financial statements. The supplemental information is the responsibility of **BRAZOS SECURITIES, INC.**'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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Page 2  
BRAZOS SECURITIES, INC.

*Vail + Knauth, LLP*

Vail & Knauth, LLP  
Richardson, Texas

February 19, 2016

**BRAZOS SECURITIES, INC.**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2015**

**Assets**

Cash	\$ 3,154
Deposits with clearing organizations	10,009
Commissions receivable	7,410
Marketable securities	23,141
Office and equipment, at cost, less accumulated depreciation and amortization of \$16,016	<u>1,876</u>
<b>Total Assets</b>	<b><u><u>\$ 45,590</u></u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts payable	\$ 1,180
Accrued expenses	<u>42</u>

**Total Liabilities** 1,222

**Stockholder's Equity**

Common stock, 1,000,000 shares of \$1.00 par value authorized, 1,000 shares issued and outstanding	1,000
Paid-in capital	56,500
Retained earnings (accumulated deficit)	<u>(13,132)</u>

**Total Stockholder's Equity** 44,368

**Total Liabilities and Stockholder's Equity** **\$ 45,590**

The accompanying notes are an integral part of the financial statement.



**BRAZOS SECURITIES, INC.**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2015**

<b>Revenues:</b>	
Commissions	\$ 208,292
Other	84,775
	<hr/>
<b>Total Revenues</b>	<b>293,067</b>
	<hr/>
<b>Costs and expenses:</b>	
Salaries, commissions and payroll taxes	223,498
Clearance	22,167
Communications	16,520
Occupancy costs	12,000
Licenses and permits	5,008
Other expenses	27,663
	<hr/>
<b>Total Costs and Expenses</b>	<b>306,856</b>
	<hr/>
<b>Operating Loss</b>	<b>(13,789)</b>
	<hr/>
<b>Other Income and Loss:</b>	
Interest and dividend income	2,408
Net loss on investments	(3,752)
	<hr/>
<b>Net Other Income and Loss</b>	<b>(1,344)</b>
	<hr/>
<b>Net Loss</b>	<b>\$ (15,133)</b>
	<hr/>

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

**BRAZOS SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**

**Operating Activities**

Net loss \$ (15,133)

**Adjustments to reconcile net income to net cash  
provided by operating activities:**

Depreciation 564  
Changes in operating assets and liabilities:  
Decrease in commissions receivable 5,686  
Increase in marketable securities (343)  
Decrease in accounts payable (5,120)

**Net cash used in operating activities** (14,346)

Cash at December 31, 2014 17,500

Cash at December 31, 2015 \$ 3,154

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

**BRAZOS SECURITIES, INC.**

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**

**YEAR ENDED DECEMBER 31, 2015**

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
Balances at December 31, 2014	\$ 1,000	\$ 56,500	\$ 2,001	\$ 59,501
Net loss	<u>-</u>	<u>-</u>	<u>(15,133)</u>	<u>(15,133)</u>
Balances at December 31, 2015	<u>\$ 1,000</u>	<u>\$ 56,500</u>	<u>\$ (13,132)</u>	<u>\$ 44,368</u>

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

**BRAZOS SECURITIES, INC.**

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED**

**TO CLAIMS OF GENERAL CREDITORS**

**YEAR ENDED DECEMBER 31, 2015**

Balance at December 31, 2014	\$ -
Increases	-
Decreases	-
Balance at December 31, 2015	<u>\$ -</u>

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

**BRAZOS SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

**A. COMPANY:**

**BRAZOS SECURITIES, INC.**, formed in 1987, is a member of the Financial Industry Regulatory Authority (FINRA) and operates as a broker-dealer in securities. All customers' securities, funds and accounts are processed and carried by correspondent broker-dealers.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

1. **Customers' Securities and Commodities** - Transactions are recorded on a settlement date basis with related commission income and expenses recorded on a trade date basis. Securities and commodities transactions of the Company are recorded on a trade date basis.
2. **Cash** - The Company considers all short-term investments with an original maturity of three months or less to be cash.
3. **Securities** - Marketable securities are valued using level one inputs to calculate fair value. The resulting difference between cost and fair value is included in income.
4. **Equipment** - Equipment is stated at cost less accumulated depreciation, which is provided by charges to income over estimated useful lives using the straight-line method.
5. **Income Taxes** - The Company utilizes the asset and liability method of accounting for income taxes, as prescribed by Accounting Standards Codification 740 - Income Taxes ("ASC 740"). Under this 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 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken by the Company. As of December 31, 2015, the Company determined that it had no uncertain tax positions which affected its financial position, its results of operations or its cash flows and will continue to evaluate for uncertain tax positions in the future. The federal and state income tax returns of the Company are subject to examination by the IRS, generally for three years after they were filed.

6. **Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(Continued)

**BRAZOS SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2015**

**C. FAIR VALUES OF FINANCIAL INSTRUMENTS:**

**Fair Value Measurement** - FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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 assets 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, as specified by FASB ASC 820, 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 one inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level two inputs are inputs (other than quoted prices included within level one) that are observable for the asset or liability, either directly or indirectly.

Level three inputs are 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.

The carrying amounts of assets in the balance sheet approximate fair value. The carrying amounts of assets in the balance sheet approximate fair value.

**D. NET CAPITAL REQUIREMENTS:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2015, the Company had net capital of \$33,644 which was \$28,644 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.04 to 1.

(Continued)

**BRAZOS SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2015**

**E. AFFILIATED ENTITY:**

Office facilities are leased from an entity affiliated through common ownership. Rental payments during the year ended December 31, 2015 totaled \$12,000.

**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO RULE 17A-5 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2015**



BRAZOS SECURITIES, INC.SUPPLEMENTAL SCHEDULES REQUIRED BY RULE 17A-5COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1OF THE SECURITIES AND EXCHANGE COMMISSIONDECEMBER 31, 2015**Computation of Net Capital:**

Total stockholders' equity qualified for net capital	\$ 44,368
Add:	
Other deductions or allowable credits	<u>-</u>
Total capital and allowable subordinated liabilities	44,368
Deductions and/or charges:	
Non-allowable assets	<u>9,286</u>
Net capital before haircuts on securities positions	35,082
Haircuts on Money Market Fund (computed, where applicable, pursuant to rule 15c3-1(f) )	<u>1,438</u>
<b>Net Capital</b>	<u><u>\$ 33,644</u></u>
<b>Aggregate Indebtedness</b>	<u><u>\$ 1,222</u></u>

BRAZOS SECURITIES, INC.SUPPLEMENTAL SCHEDULES REQUIRED BY RULE 17A-5COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1OF THE SECURITIES AND EXCHANGE COMMISSION (CONTINUED)DECEMBER 31, 2015**Computation of Basic Capital Requirement:**

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 81</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 5,000</u>
Net capital in excess of required minimum	<u>\$ 28,644</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum dollar net capital requirement	<u>\$ 27,644</u>
Ratio of aggregate indebtedness to net capital	<u>.04 to 1</u>

**Reconciliation with Company's Computation**

Net capital, as reported in Company's Part II (Unaudited) Focus report	\$ 33,644
<b>Audit adjustment</b>	<u>-</u>
<b>Net capital</b>	<u>\$ 33,644</u>

**BRAZOS SECURITIES, INC.**

**SUPPLEMENTAL SCHEDULES REQUIRED BY RULE 17A-5**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**UNDER RULE 15c3-3**

**OF THE SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2015**

**EXEMPTIVE PROVISIONS:**

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firm: HILLTOP SECURITIES, INC. (FKA SOUTHWEST SECURITIES, INC.)

BRAZOS SECURITIES, INC.

SUPPLEMENTAL SCHEDULES REQUIRED BY RULE 17a-5

INFORMATION RELATING TO POSSESSION OR

CONTROL REQUIREMENTS UNDER RULE 15c3-3

OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2015

The Company is exempt from the Rule 15c3-3 as it relates to possession and control requirements under the (k)(2)(ii) exemptive provision.

**BRAZOS SECURITIES, INC.**

**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

**FOR THE YEAR ENDED DECEMBER 31, 2015**



**VAIL & KNAUTH, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA  
Chris E. Knauth, CPA  
Charles T. Gregg, CPA  
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Members:  
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Texas Society of CPAs

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors and Shareholders  
BRAZOS SECURITIES, INC.  
DALLAS, TEXAS**

We have reviewed management's statements, included in the accompanying **BRAZOS SECURITIES, INC.** Exemption Report, in which (1) **BRAZOS SECURITIES, INC.** identified the following provisions of 17 C.F.R. §15c3-3(k) under which **BRAZOS SECURITIES, INC.** claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(i) (the "exemption provisions") and (2) **BRAZOS SECURITIES, INC.**, stated that **BRAZOS SECURITIES, INC.** met the identified exemption provisions throughout the most recent fiscal year without exception. **BRAZOS SECURITIES, INC.**'s management is responsible for compliance with the exemption provisions and its statements.

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

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

*Vail + Knauth, LLP*

**Vail & Knauth, LLP  
Richardson, Texas**

**February 19, 2016**

**BRAZOS SECURITIES, INC.**

**12400 COIT ROAD, SUITE 1040**

**DALLAS, TEXAS 75251**

**Exemption Report**

Brazos Securities, Inc. (the Company) is a registered broker-dealer subject to Rule 17a-5 promulgated by 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). To the best of its knowledge and belief, the Company states the following:

1. 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)(i).
2. The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3 (k)(2)(i) throughout the period January 1, 2015 to December 31, 2015 without exception.

Brazos Securities, Inc.

I, Bill F. Sims, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By:  \_\_\_\_\_

President

February 19, 2016