

# **Pictet Overseas Inc.**

Financial Statements  
and Supplemental Schedules Pursuant to Rule 17a-5  
under the Securities Exchange Act of 1934 and  
Regulation 1.10 of the Commodity Exchange Act  
**December 31, 2021 and December 31, 2020**  
(expressed in US dollars)

# Pictet Overseas Inc.

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December 31, 2021 and December 31, 2020

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

To the Board of Directors of Pictet Overseas Inc.

### ***Opinion on the Financial Statements***

We have audited the accompanying statements of financial condition of Pictet Overseas Inc. (the Company) as of December 31, 2021 and December 30, 2020, and the related statements of changes in shareholder's equity, statements of changes in liabilities subordinated to the claims of general creditors pursuant to a satisfactory subordination agreement, statements of income and comprehensive income, and statements of cash flows for the year then ended, including the related notes (collectively referred to as 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, 2021 and December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 of these financial statements 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.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



### ***Supplemental Information***

The accompanying statements of computation of net capital and computation of aggregate indebtedness as of December 31, 2021 and December 31, 2020 (Schedule I), and statement of segregation requirements and funds in segregation for customers trading on US commodity exchanges (Schedule II), statement of segregation requirements and funds in segregation for customers' dealer options accounts (Schedule III), statement of secured amounts and funds held in separate accounts for foreign futures and foreign options customers pursuant to commission regulation 30.7 (Schedule IV) and statement of cleared swaps customer segregation requirements and funds in cleared swaps customer accounts under 4D(F) of CEA (Schedule V) as of December 31, 2021 (collectively, the supplemental information) 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 Rule 17a-5 under the Securities Exchange Act of 1934 and Regulation 1.10 under the Commodity Exchange Act. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*PricewaterhouseCoopers LLP*<sup>1</sup>

Montréal, Quebec  
March 1, 2022

We have served as the Company's auditor since 1996.

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A123475

# Pictet Overseas Inc.

## Statements of Financial Condition

As of December 31, 2021 and December 31, 2020

(expressed in US dollars)

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,949,885	6,810,819
Cash segregated for benefit of customers	6,293,099	6,293,099
Short-term deposits (note 4)	43,500,000	40,000,000
Accounts receivable	1,002,728	494,854
Derivative financial assets (note 5)	230,590	293,239
Due from customers (note 6)	38,564,587	20,331,875
Due from correspondents (note 7)	5,574,939	6,999,384
Prepaid expenses	321,265	244,728
Income taxes receivable	1,397	45,164
	<u>97,438,490</u>	<u>81,513,162</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued charges	700,266	1,445,516
Due to customers (note 8)	10,995,526	13,978,259
Due to correspondents (note 9)	31,823,413	12,446,469
Subordinated loan (note 10)	12,000,000	12,000,000
	<u>55,519,205</u>	<u>39,870,244</u>
<b>Shareholder's Equity</b>		
<b>Redeemable preferred shares</b> (note 12)	25,000,000	25,000,000
<b>Common shares</b> (note 12)	5,000,000	5,000,000
<b>Retained earnings</b>	11,919,285	11,642,918
	<u>41,919,285</u>	<u>41,642,918</u>
	<u>97,438,490</u>	<u>81,513,162</u>
<b>Commitments and contingencies</b> (note 22)		

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

## Pictet Overseas Inc.

### Statements of Changes in Shareholder's Equity

For the years ended December 31, 2021 and December 31, 2020

(expressed in US dollars)

	Common stock		Preferred stock				Retained earnings \$	Total \$
	Number of Class A common shares	Amount \$	Number of Class C preferred shares	Amount \$	Number of Class D preferred shares	Amount \$		
<b>Balance as at December 31, 2019</b>	5,000,000	5,000,000	2,500,000	2,500,000	2,500,000	2,500,000	10,130,634	20,130,634
Issuance of prepared shares	-	-	20,000,000	20,000,000	-	-	-	20,000,000
Net income and comprehensive income for the year	-	-	-	-	-	-	1,512,284	1,512,284
<b>Balance as at December 31, 2020</b>	5,000,000	5,000,000	22,500,000	22,500,000	2,500,000	2,500,000	11,642,918	41,642,918
Net income and comprehensive income for the year	-	-	-	-	-	-	276,367	276,367
<b>Balance as at December 31, 2021</b>	5,000,000	5,000,000	22,500,000	22,500,000	2,500,000	2,500,000	11,919,285	41,919,285

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

## **Pictet Overseas Inc.**

### **Statements of Changes in Liabilities Subordinated to the Claims of General Creditors Pursuant to a Satisfactory Subordination Agreement For the years ended December 31, 2021 and December 31, 2020**

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(expressed in US dollars)

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Balance – Beginning of year</b>	12,000,000	12,000,000
Increase	-	-
<b>Balance – End of year</b>	<u>12,000,000</u>	<u>12,000,000</u>

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

# Pictet Overseas Inc.

## Statements of Income and Comprehensive Income

For the years ended December 31, 2021 and December 31, 2020

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(expressed in US dollars)

	2021 \$	2020 \$
<b>Revenue</b>		
Commissions (note 13)	11,002,599	12,946,424
Other income (note 14)	1,235,838	1,339,684
Unrealized gain in fair value of derivative financial instruments	230,590	293,239
Interest	33,712	134,103
	<hr/> 12,502,739	<hr/> 14,713,450
<b>Expenses</b>		
Personnel (note 18)	3,385,179	3,346,155
Operating (note 15)	6,303,155	6,900,313
General and administrative (note 16)	1,665,254	1,564,824
Interest (note 18)	768,168	842,367
	<hr/> 12,121,756	<hr/> 12,653,659
<b>Income before income taxes</b>	380,983	2,059,791
<b>Provision for income taxes</b> (note 17)	<hr/> 104,616	<hr/> 547,507
<b>Net income and comprehensive income for the year</b>	<hr/> 276,367	<hr/> 1,512,284

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



# Pictet Overseas Inc.

## Statements of Cash Flows

For the years ended December 31, 2021 and December 31, 2020

(expressed in US dollars)

	2021 \$	2020 \$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Net income for the year	276,367	1,512,284
Changes in non-cash operating working capital items		
Cash segregated for benefit of customers	-	200,000
Derivative financial instruments	62,649	248,783
Accounts receivable	(507,874)	696,206
Due from customers	(18,232,712)	(19,738,730)
Due from correspondents	1,424,445	4,303,620
Prepaid expenses	(76,537)	(84,835)
Income taxes receivable	43,767	(45,164)
Accounts payable and accrued charges	(745,250)	814,113
Due to customers	(2,982,733)	2,181,539
Due to correspondents	19,376,944	11,860,847
Income taxes payable	-	(22,190)
Net cash provided by (used in) operating activities	(1,360,934)	1,926,473
<b>Investing activities</b>		
Acquisition of short-term deposits	(536,000,000)	(233,300,000)
Redemption of short-term deposits	532,500,000	206,600,000
Net cash used in investing activities	(3,500,000)	(26,700,000)
<b>Financing activities</b>		
Proceeds from issuance of preferred shares	-	20,000,000
<b>Net change in cash and cash equivalents during the year</b>	(4,860,934)	(4,773,527)
<b>Cash and cash equivalents – Beginning of year</b>	6,810,819	11,584,346
<b>Cash and cash equivalents – End of year</b>	1,949,885	6,810,819
<b>Supplementary information</b>		
Interest paid	403,167	479,367
Income taxes paid	107,597	592,763

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

# **Pictet Overseas Inc.**

## Notes to Financial Statements

**December 31, 2021 and December 31, 2020**

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(expressed in US dollars)

### **1 Organization and nature of business**

Pictet Overseas Inc. (the Company) was incorporated on December 7, 1993 under the laws of Canada and began operations on July 1, 1994. The Company is owned by Sopafin (Luxembourg) SA (the Parent), and is an affiliate of Banque Pictet & Cie S.A. (BPSA).

The Company is registered as a securities broker-dealer with the Securities and Exchange Commission (SEC) in 53 US states, territories, and districts and as an approved futures commission merchant (FCM) with the Commodity Futures Trading Commission (CFTC). The Company is a member of the Financial Industry Regulatory Authority (FINRA), the Securities Investor Protection Corporation (SIPC), and the National Futures Association (NFA).

The Company provides trade execution services for global equities, fixed income, equity options, foreign exchange, domestic and foreign listed derivative products, and foreign currency forward contracts.

### **2 Significant accounting policies**

#### **Basis of presentation**

The financial statements have been prepared under accounting principles generally accepted in the United States of America (US GAAP).

The financial statements are prepared and presented in US dollars, which is also the Company's functional currency.

#### **Management estimates**

The preparation of financial statements in conformity with US GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Management considers that no significant estimates are made in the context of the financial statements.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of balances with banks and highly liquid short-term deposits with maturities of less than three months.

#### **Cash segregated for benefit of customers**

Cash segregated for benefit of customers represents cash segregated and held in separate accounts in accordance with Regulation 1.20, Customer Segregated Accounts, under Sections 4d(a) and 4d(b), and Regulation 30.7, Customer Secured Accounts, under Section 4(b) of the Commodity Exchange Act (CEA).

# **Pictet Overseas Inc.**

## Notes to Financial Statements

**December 31, 2021 and December 31, 2020**

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(expressed in US dollars)

### **Due from and to customers**

Amounts due from and to customers consist of failed trades pending settlement, funds received, the net unrealized profit and loss on open positions, and the net value of option contracts.

### **Due from and to correspondents**

The amounts due from and to correspondents include amounts receivable or payable to broker dealers for failed trades pending settlement, net liquidating equity and the net value of option contracts held at the Company's clearing FCM.

### **Income taxes**

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the financial statement values of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

### **Revenue recognition**

Commission revenue earned from commission-based services is accounted for on a trade date basis when the service is performed. On its riskless principal trades, the Company recognizes a spread on the transaction which is reflected in the statement of income and comprehensive income at fair value through net income (FVTNI) for open foreign currency forward contracts on the trade date.

### **Agency and principal transactions**

In its capacity as a broker-dealer, the Company's main business activity is to offer brokerage services on a delivery versus payment basis, and as such, the Company does not hold customer funds or securities. The Company's product offering includes equities, fixed income, equity options, foreign exchange and foreign currency forward contracts. The Company acts as agent when executing client transactions with the exception of fixed income and foreign exchange spot and forward transactions. As agent, the Company is acting only in a broker capacity, purchasing or selling the securities against receipt of payment or delivery of stock from the client's custodian.

For fixed income and foreign exchange spot and forward transactions, the Company acts as a riskless principal and enters into back to back trades between itself, its counterparty and its client, and earns a spread on the transaction. The Company accepts foreign exchange orders and enters into forward contracts on foreign exchange only from customers for whom BPSA is the custodian. The Company hedges all of its foreign exchange orders back to back exclusively with BPSA, thus eliminating any counterparty credit risk, as BPSA acts as both the prime broker and custodian of the client and also as the Company's own foreign exchange counterparty.

# **Pictet Overseas Inc.**

## Notes to Financial Statements

**December 31, 2021 and December 31, 2020**

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(expressed in US dollars)

### **Non-clearing futures commission merchant**

In its capacity as an FCM, the Company provides trade execution services for domestic and foreign listed derivative products. The Company is a non-clearing FCM and clears its trades through a clearing FCM. The Company acts as custodian for its customers' derivative transactions.

### **Foreign currency translation**

Monetary assets and liabilities denominated in a foreign currency are translated at the rates in effect at the statement of financial condition date. Revenues and expenses denominated in a foreign currency are translated into US dollars at the rate of exchange prevailing at the transaction date. Gains and losses on foreign exchange are included in the statement of income and comprehensive income.

### **Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial condition when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **Estimated fair value of financial instruments**

The Company values its financial instruments using a hierarchy of fair values that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The fair value hierarchy can be summarized as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

# **Pictet Overseas Inc.**

## Notes to Financial Statements

**December 31, 2021 and December 31, 2020**

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(expressed in US dollars)

### **Derivatives**

Derivative contracts can be exchange-traded or over the counter (OTC). Exchange-traded derivatives typically fall within Level 1 or Level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. The Company defines an active market based on the liquidity of the product. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

### **Classification of financial assets and financial liabilities**

Financial assets and financial liabilities are classified in one of the following categories: FVTNI or loans and receivables.

Financial assets designated at FVTNI comprise derivative financial instruments. These financial instruments are recorded at fair value, with changes in fair value recorded in net income and comprehensive income for the year.

Financial assets designated as loans and receivables comprise cash and cash equivalents, cash segregated for benefit of customers, short-term deposits, accounts receivable, due from customers and due from correspondents. These financial assets are recorded at amortized cost, net of impairment losses if any.

Financial liabilities designated as loans and receivables comprise accounts payable and accrued charges, due to customers, due to correspondents and subordinated loan. These financial liabilities initially recognized at fair value are recorded at amortized cost.

## **3 Recent accounting developments – Accounting guidance recently adopted**

There were no new standards that were recently issued that would impact the Company.

## **4 Short-term deposits**

As of December 31, 2021, the Company has three short-term deposits in the amounts of \$11,000,000, \$11,500,000 and \$21,000,000, bearing interest at 0.05%, 0.03% and 0.03%, respectively, and maturing on January 21, January 7 and January 21, 2022, respectively.

As of December 31, 2020, the Company had three short-term deposits in the amounts of \$5,000,000, \$15,000,000 and \$20,000,000, bearing interest at 0.05%, 0.09% and 0.11%, respectively, and maturing on January 8, January 8 and January 22, 2021, respectively.

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

(expressed in US dollars)

### 5 Derivative financial instruments

Derivative contracts are instruments, such as futures, forwards, swaps or option contracts that derive their value from underlying assets, indices, reference rates or a combination of these factors. Derivative contracts may be contracts which are privately negotiated and referred to as OTC derivatives, or actively traded on an exchange.

Substantially all of the Company's derivative transactions are entered into on behalf of its customers.

#### Forward contracts

The Company accepts foreign exchange orders from and enters into foreign currency forward contracts with customers. These transactions are riskless principal transactions. The Company hedges all of its foreign exchange orders back to back exclusively with BPSA.

In all circumstances, BPSA acts as both the prime broker and custodian of the client and also as the Company's own foreign exchange counterparty. Therefore, the counterparty credit risk is almost entirely hedged as BPSA is the Company's counterparty for both the derivative asset and liability. These back to back transactions are offset, and only the resulting spread is reflected in the statement of financial condition and in the statement of income and comprehensive income.

#### Other derivative financial instruments

Other derivative financial instruments result mainly from transactions on behalf of customers in which the Company contracts with counterparties on the market.

The fair value of the derivative financial instruments netted in the statement of financial condition is as follows:

	<b>2021</b>				
	<b>Contract volume</b>				
	<b>Derivative assets at fair value \$</b>	<b>Derivative liabilities at fair value \$</b>	<b>Exchange traded \$</b>	<b>OTC \$</b>	<b>Total \$</b>
<b>Foreign exchange</b>					
Forward contracts by maturity					
Under 3 months	100,483	-	-	12,319,891,499	12,319,891,499
Between 3 and 6 months	96,366	-	-	9,140,916,293	9,140,916,293
Between 6 and 9 months	951	-	-	3,911,566	3,911,566
Between 9 and 12 months	32,790	-	-	129,364,669	129,364,669
<b>Total financial instruments</b>	<b>230,590</b>	<b>-</b>	<b>-</b>	<b>21,594,084,027</b>	<b>21,594,084,027</b>

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

(expressed in US dollars)

	<b>2020</b>				
	<b>Contract volume</b>				
	<b>Derivative assets at fair value \$</b>	<b>Derivative liabilities at fair value \$</b>	<b>Exchange traded \$</b>	<b>OTC \$</b>	<b>Total \$</b>
<b>Foreign exchange</b>					
Forward contracts by maturity					
Under 3 months	174,755	-	-	14,960,134,302	14,960,134,302
Between 3 and 6 months	101,415	-	-	8,879,952,059	8,879,952,059
Between 6 and 9 months	657	-	-	9,677,727	9,677,727
Between 9 and 12 months	16,412	-	-	64,349,619	64,349,619
<b>Total financial instruments</b>	<b>293,239</b>	<b>-</b>	<b>-</b>	<b>23,914,113,707</b>	<b>23,914,113,707</b>

### 6 Due from customers

	<b>2021 \$</b>	<b>2020 \$</b>
FCM segregated accounts	38,464,591	19,805,280
Failed trades pending settlement	99,996	526,595
	<b>38,564,587</b>	<b>20,331,875</b>

### 7 Due from correspondents

	<b>2021 \$</b>	<b>2020 \$</b>
FCM secured accounts	5,562,622	6,999,384
Failed trades pending settlement	12,317	-
	<b>5,574,939</b>	<b>6,999,384</b>

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 8 Due to customers

	2021 \$	2020 \$
FCM secured accounts	4,106,615	5,609,358
FCM segregated accounts	6,876,529	8,368,901
Failed trades pending settlement	12,382	-
	<hr/> 10,995,526	<hr/> 13,978,259

### 9 Due to correspondents

	2021 \$	2020 \$
FCM secured accounts	31,723,481	11,919,874
Failed trades pending settlement	99,932	526,595
	<hr/> 31,823,413	<hr/> 12,446,469

### 10 Subordinated loan

On April 25, 2019, the Company entered into a subordinated loan agreement, (the “subordinated loan”) with its Parent in accordance with Appendix D of SEC Rule 15c3-1. This subordinated loan is non-secured and subordinate to the Company’s obligations to other vendors and creditors. The subordinated loan has an initial one-year term and a 3% annual interest rate, calculated using the simple interest method. To the extent that such borrowings are required for the continued compliance with the minimum net capital requirements, they may not be repaid. The term is automatically renewed for additional one-year terms unless the Parent notifies in writing, both the Company and FINRA, before the scheduled maturity date of its intention not to extend the maturity date. This will be allowed provided the Company continues to comply with the minimum net capital requirements both before and after the proposed return of funds. The loan was renewed for an additional one-year term on April 25, 2021.

The subordinated loan is included in the calculation of the Company’s net capital as per the SEC’s uniform net capital rule.



# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 11 Credit facilities

On December 5, 2019, the Company entered into a broker loan and security agreement with the Bank of Montreal (the Bank). Under the terms of this agreement, the Bank will extend and/or renew up to \$10,000,000 of secured loans on a revolving basis at the Bank's prime rate. The borrowed funds are secured by marketable securities that the Company has on deposit with the Bank. As at December 31, 2021 and 2020, no amount is due under this agreement.

### 12 Capital stock

Authorized, unlimited as to number

Class A common shares, voting

Class B common shares, non-voting

Class A preferred shares, voting, non-participating, without par value, ranking in priority to Class B, C and D preferred shares and Class A and B common shares, with entitlement to dividends as declared by the Board of Directors, redeemable at the option of the Company at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class B preferred shares, non-voting, non-participating, without par value, ranking in priority to Class C and D preferred shares and Class A and B common shares, with entitlement to dividends as declared by the Board of Directors, redeemable at the option of the Company at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class C preferred shares, voting, non-participating, without par value, ranking in priority to Class D preferred shares and Class A and B common shares, with entitlement to dividends as declared by the Board of Directors, redeemable at the option of the Company or the holder at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class D preferred shares, non-voting, non-participating, without par value, ranking in priority to Class A and B common shares, with entitlement to dividends as declared by the Board of Directors, redeemable at the option of the Company or the holder at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

On March 19, 2020, the Company issued 20,000,000 Class C preferred shares for a cash consideration of \$20,000,000.

Issued and fully paid

	2021 \$	2020 \$
22,500,000 Class C preferred shares	22,500,000	22,500,000
2,500,000 Class D preferred shares	2,500,000	2,500,000
5,000,000 Class A common shares	5,000,000	5,000,000
	<hr/>	<hr/>
	30,000,000	30,000,000
	<hr/>	<hr/>

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 13 Commissions

	2021 \$	2020 \$
Brokerage commissions (note 18)	8,548,996	8,837,819
Foreign exchange market (note 18)	889,371	1,454,914
Commodities (note 18)	1,564,232	2,653,691
	<hr/> 11,002,599	<hr/> 12,946,424

### 14 Other income

	2021 \$	2020 \$
FCM minimum fee (note 18)	1,208,784	1,070,737
Rebate and other revenues	27,054	268,947
	<hr/> 1,235,838	<hr/> 1,339,684

### 15 Operating expenses

	2021 \$	2020 \$
Stock exchange and related expenses	2,691,676	3,734,615
Commission reallowances	1,139,479	564,075
Information services and subscriptions	2,282,127	1,988,846
Membership fees	138,658	141,543
Licences and software maintenance	13,600	53,176
Loss on foreign exchange	37,615	418,058
	<hr/> 6,303,155	<hr/> 6,900,313

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 16 General and administrative expenses

	2021 \$	2020 \$
Management fees	1,172,138	1,133,240
Professional and other fees	472,263	410,546
General office expenses	20,853	21,038
	<hr/>	<hr/>
	1,665,254	1,564,824
	<hr/>	<hr/>

### 17 Current income taxes

#### Rate reconciliation: Statutory to effective tax rate

	2021 \$	2020 \$
Income before income taxes	380,983	2,059,791
	<hr/>	<hr/>
Income taxes at statutory rate of 26.5% (2020 – 26.5%)	100,961	545,845
Permanent items		
Non-deductible interests	298	130
Other reconciliation items		
True-up difference from prior years and other	3,357	1,532
	<hr/>	<hr/>
Provision for income taxes	104,616	547,507
	<hr/>	<hr/>

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 18 Related party transactions and balances

All transactions and balances with related parties are with entities under common ownership. The statement of financial condition includes the following related party balances:

	2021 \$	2020 \$
<b>Assets</b>		
Cash and cash equivalents	72,718	112,488
Accounts receivable	895,949	320,737
Due from customers	38,464,591	19,805,280
<b>Liabilities</b>		
Accounts payable and accrued charges	249,000	995,575
Due to customers	2,665,395	2,160,876
Due to correspondents	99,932	526,595
Subordinated loan	12,000,000	12,000,000

The statement of income and comprehensive income includes the following related party transactions:

	2021 \$	2020 \$
<b>Revenue</b>		
Commissions: Brokerage commissions and foreign exchange market	4,991,697	4,825,031
Commissions: Commodities	1,555,098	2,628,124
Other income: FCM minimum fee	1,208,784	1,070,737
<b>Expenses</b>		
Personnel	3,201,551	3,208,854
Operating	362,949	368,775
General and administrative	1,172,139	1,133,239
Interest	365,334	365,047

The Company clears its North American equity trades through Pictet Canada L.P. and its European and international (with few exceptions) equity trades through BPSA. Commissions are collected by Pictet Canada L.P. and BPSA at the settlement date and are remitted to the Company.

During the years ended December 31, 2021 and 2020, the Company paid clearing fees to Pictet Canada L.P. These are included in operating expenses. Similarly, the Company paid trade execution fees to Pictet Canada L.P. and BPSA.

The Company has entered into a service level agreement with Pictet Canada L.P. Under the terms of this agreement, the Company earns commissions for execution services rendered on US equities, options and fixed income.

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

The Company has entered into an expense sharing agreement with Pictet Canada L.P. for administrative and accounting services. Under the terms of this agreement, the Company reimburses a portion of personnel and general administrative services to Pictet Canada L.P.

The Company has entered into a service agreement with Pictet & Cie Group SCA. Under the terms of this agreement, the Company is invoiced for various services provided by Pictet & Cie Group SCA. The amount paid is included in general and administrative expenses.

The Company has entered into a service level agreement with BPSA whereby it collects a minimum annual fee for the services it provides as an FCM. This fee is reviewed and agreed upon annually.

Unless otherwise disclosed, all related party transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the Company.

### Key management personnel

Key management personnel comprise the President and certain key senior officers of the Company who are dually employed by the Company and an affiliated entity, Pictet Canada L.P. A service level agreement specifies the allocation costs based on services provided and on a formula which takes into account trading volumes in each respective entity. The amounts presented in the statement of income and comprehensive income represent the personnel expenses charged to the Company by Pictet Canada L.P.

Key management personnel compensation for employment services rendered for the year ended December 31, 2021 and 2020 is as follows:

	2021 \$	2020 \$
Fixed salaries and benefits	470,445	472,175
Variable incentive-based compensation	895,318	879,194

No other transactions were conducted with key management personnel.

## 19 Collateral pledged and received

The Company receives securities from customers in connection with its FCM activity. These securities are used to cover initial margin requirements. As of December 31, 2021, the Company received collateral with a market value of \$188,800,093 (2020 – \$188,038,620) and \$34,286,179 (2020 – \$27,371,571) for customers' segregated and secured accounts, respectively, to cover its customers' exposures, which were partly pledged to the clearing FCM. These securities are not included in the balance stated on the Company's statement of financial condition, as they do not meet the criteria for recognition under US GAAP.

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 20 Financial instruments and risk management

#### Fair value

The Company has estimated the fair market values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying values of its financial instruments approximate their fair market values, unless otherwise indicated.

#### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk arises from its cash and cash equivalents, cash segregated for benefit of customers, short-term deposits, accounts receivable, derivative financial assets, due from customers and due from correspondents. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of the receivables.

	2021 \$	2020 \$
Cash and cash equivalents	1,949,885	6,810,819
Cash segregated for benefit of customers	6,293,099	6,293,099
Short-term deposits	43,500,000	40,000,000
Accounts receivable	1,002,728	494,854
Derivative financial assets	230,590	293,239
Due from customers	38,564,587	20,331,875
Due from correspondents	5,574,939	6,999,384
Maximum exposure	<u>97,115,828</u>	<u>81,223,270</u>

The Company's financial instruments are with other major financial institutions which have a Prime-1 credit rating from Moody's. Consequently, management considers the risk of counterparties defaulting on their obligations to be remote.

As of December 31, 2021 and 2020, there were no amount of receivables in default.

The Company's exposure to credit risk is negligible on principal trades as the Company acts as a riskless principal and does not take a position in the security but rather enters into back to back principal trade between itself, its counterparty and its client.

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet a demand for cash or fund its obligations as they come due. The Company's management is responsible for reviewing liquidity resources to ensure that funds are readily available to meet its financial obligations as they come due, as well as ensuring that they are held with a Canadian chartered bank and have maturities of up to 12 months. The Company manages its treasury on a monthly basis. Any excess cash after taking into account planned operational expenses is invested in short-term deposits for a period of up to 12 months.

### Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Company separates market risk into three categories: fair value risk, interest rate risk and currency risk.

#### Fair value risk

The Company's exposure to fair value risk is negligible as it does not engage in proprietary trading. All of its investments are in short-term deposits held with a Canadian chartered bank with maturities of up to 12 months and with BPSA in derivative financial instruments with maturities of up to 12 months.

The following table shows an analysis of financial instruments recorded at fair value as of December 31, 2021 by fair value hierarchy level:

<b>Financial instrument</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Derivative financial assets	-	230,590	-	230,590

There were no movements between Levels 1, 2 and 3 during the year ended December 31, 2021.

The following table shows an analysis of financial instruments recorded at fair value as of December 31, 2020 by fair value hierarchy level:

<b>Financial instrument</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Derivative financial assets	-	293,239	-	293,239

There were no movements between Levels 1, 2 and 3 during the year ended December 31, 2020.

# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

(expressed in US dollars)

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company does not incur interest rate risk on its financial instruments recorded at amortized cost, since they all have a maturity of less than one month. The subordinated loan bears interest at fixed rates and therefore is not exposed to interest rate risk.

### Currency risk

Currency risk arises from the possibility that changes in the price of foreign currencies will result in losses.

The significant balances in foreign currencies expressed in equivalent US dollars as of December 31 are as follows.

	2021			2020		
	EUR	CA\$	Other	EUR	CA\$	Other
Cash and cash equivalents	(1,149,328)	104,890	3,795	72,100	285,580	(2,411)
Accounts receivable	-	(253,238)	4,199	-	161,222	4,235
Derivative financial assets	6,821	-	263,572	-	50	260,924
Due from customers	-	-	-	-	519,671	-
Due from correspondents	2,534,096	589,517	(615,464)	3,526,883	956,122	(2,738,919)
Prepaid expenses	-	-	-	-	1,962	-
Due to customers	-	-	-	-	-	-
Due to correspondents	358,800	-	657,331	377,525	(518,595)	549,582
Accounts payable and accrued charges	-	(103,535)	-	183,533	(1,310,547)	(183,699)
	<u>1,750,389</u>	<u>343,968</u>	<u>313,433</u>	<u>4,160,041</u>	<u>95,465</u>	<u>(2,110,288)</u>

Based on the above net exposures as of December 31, 2021 and 2020, and assuming that all other variables remain constant, a 5% appreciation or depreciation of the US dollar against the Euro would result in a decrease or increase of \$87,519 (2020 – \$208,002) respectively in net income. A 5% appreciation or depreciation of the US dollar against the Canadian dollar would result in a decrease or increase of \$17,198 (2020 – \$4,758), respectively, in net income. A 5% appreciation or depreciation of the US dollar against all other currencies would result in a decrease or increase of \$15,672 (2020 – \$107,843), respectively, in net income.



# Pictet Overseas Inc.

## Notes to Financial Statements

December 31, 2021 and December 31, 2020

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(expressed in US dollars)

### 21 Capital management

The Company's capital comprises capital stock and retained earnings.

As a member of FINRA and the NFA, the Company is subject to minimum net capital requirements of both regulators, which are as follows:

The Company must maintain a minimum net capital equal to the greater of:

- a) \$1,000,000;
- b) 8% of the amount of customers' risk maintenance margin; and
- c) 6<sup>2</sup>/3% of the Company's aggregate indebtedness (AI).

It is also required that the Company's AI not exceed 1,500% of "net capital".

The Company's management monitors the capital of the Company to ensure that it has adequate funds to support business strategies and operational growth. In order to maintain or adjust the capital structure, the Company may issue additional shares or pay out dividends. On a daily basis, the Company computes and monitors its excess net capital and compares the current balance to the projected capital and prior days' amounts.

In its capacity as broker-dealer, the Company does not hold customer funds; however, if inadvertently received, the Company promptly forwards all funds and securities received. Accordingly, the Company is exempt from Rule 15c 3-3 of the Act, under paragraph (k)(2)(i) of that Rule.

In its capacity as an FCM, the Company acts as custodian for its customers' derivative transactions. The Company is required to segregate and hold in separate accounts all funds received to margin the trades or contracts of customers in regulated commodities and cleared OTC derivatives. As of December 31, 2021, for customers trading on US commodity exchanges pursuant to Section 4d(a) of the CEA, segregated funds exceeded such requirement by \$4,690,320 (2020 – \$4,341,017). As of December 31, 2021, for customers trading outside of the US pursuant to Regulation 30.7 of the CEA, the Company held funds in separate accounts labeled as secured accounts that exceeded such requirement by \$2,926,976 (2020 – \$2,849,488).

In 2021, the Company continued unchanged its 2020 strategy, which was to maintain its excess net capital at substantially greater than the minimum net capital required. As of December 31, 2021, the Company's AI and net capital were \$812,580 and \$51,669,262, respectively, giving an AI as percentage of net capital of 1.57%.

# **Pictet Overseas Inc.**

## Notes to Financial Statements

**December 31, 2021 and December 31, 2020**

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(expressed in US dollars)

### **22 Commitments and contingencies**

The Company accrues loss contingencies if it is probable that a loss will result from the contingency and the amount of the loss can be reasonably estimated. If it is reasonably possible that a loss contingency will occur, the Company only discloses the contingency. As of December 31, 2021 and 2020, no provisions for contingencies were accrued.

# Pictet Overseas Inc.

## Statements of Computation of Net Capital and Computation of Aggregate Indebtedness

As of December 31, 2021 and December 31, 2020

Schedule I

(expressed in US dollars)

	2021 \$	2020 \$
<b>Computation of net capital</b>		
Capital stock	30,000,000	30,000,000
Retained earnings	11,919,285	11,642,918
Total ownership equity	41,919,285	41,642,918
Liabilities subordinated to claims of general creditors	12,000,000	12,000,000
<b>Total capital and allowable subordinated liabilities</b>	<b>53,919,285</b>	<b>53,642,918</b>
<b>Deductions and/or charges</b>		
Accounts receivable	1,001,461	493,043
Prepaid expenses	321,265	244,728
Income taxes receivable	1,397	45,164
Derivative financial assets	230,590	293,239
<b>Total non-allowable assets</b>	<b>1,554,713</b>	<b>1,076,174</b>
Net capital before haircuts on securities positions	52,364,572	52,566,744
Haircut on foreign currency positions	695,310	1,165,329
Haircut on failed trades	-	-
Net capital	51,669,262	51,401,415
Minimum net capital required	11,362,267	12,515,245
Excess net capital	40,306,995	38,886,170
<b>Computation of aggregate indebtedness</b>		
<b>Aggregate indebtedness</b>		
Accounts payable and accrued charges	700,266	1,445,516
Due to customers	12,382	-
Due to correspondents	99,932	526,595
Income taxes payable	-	-
<b>Total aggregate indebtedness</b>	<b>812,580</b>	<b>1,972,111</b>
<b>Aggregate indebtedness as percentage of net capital</b>	<b>1.57%</b>	<b>3.84%</b>

### Statement pursuant to paragraph d(4) of Rule 17a-5

There were no material differences between the computation of net capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2021 FOCUS Report as originally filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

## Pictet Overseas Inc.

### Statement of Segregation Requirements and Funds in Segregation for Customers Trading on US Commodity Exchanges

As of December 31, 2021

Schedule II

(expressed in US dollars)

#### Segregation Requirements (Section 4d(2) of the CEA)

	\$
1. Net ledger balance	
A. Cash	10,714,920
B. Securities (at market)	188,800,093
2. Net unrealized profit (loss) in open futures contracts traded on a contract market	(128,103)
3. Exchange traded options	
A. Add market value of open option contracts purchased on a contract market	30,767,606
B. Deduct market value of open option contracts granted (sold) on a contract market	<u>(72,942,484)</u>
4. Net equity (deficit) (add lines 1, 2 and 3)	157,212,032
5. Accounts liquidating to a deficit and accounts with debit balances – gross amount	38,464,591
Less: Amount offset by customer owned securities	<u>(38,464,591)</u>
6. Amount required to be segregated (add lines 4 and 5)	<u>157,212,032</u>

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

# Pictet Overseas Inc.

## Statement of Segregation Requirements and Funds in Segregation for Customers Trading on US Commodity Exchanges

As of December 31, 2021

Schedule II (continued)

(expressed in US dollars)

### Funds in Segregated Accounts

	\$
7. Deposited in segregated funds bank accounts	
A. Cash	4,825,437
B. Securities representing investments of customers' funds (at market)	-
C. Securities held for particular customers or option customers in lieu of cash margins (at market)	-
8. Margins on deposit with clearing organizations of contract markets	
A. Cash	-
B. Securities representing investments of customers' funds (at market)	-
C. Securities held for particular customers or option customers in lieu of cash margins (at market)	-
9. Net settlement from (to) derivatives clearing organizations of contract markets	-
10. Exchange traded options	
A. Value of open long option contracts	-
B. Value of open short options contracts	-
11. Net equities with other FCMs	
A. Net liquidating equity	(31,723,178)
B. Securities representing investments of customers' funds (at market)	-
C. Securities held for particular customers or option customers in lieu of cash margins (at market)	188,800,093
12. Segregated funds on hand (describe on separate page)	<u>-</u>
13. Total amount in segregation (add lines 7 through 12)	<u>161,902,352</u>
14. Excess (deficiency) of funds in segregation (subtract line 6 from line 13)	4,690,320
15. Management target amount for excess funds in segregation	<u>2,750,000</u>
16. Excess (deficiency) of funds in segregation over (under) management target amount	<u>1,940,320</u>

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

# Pictet Overseas Inc.

## Statement of Segregation Requirements and Funds in Segregation for Customers' Dealer Options Accounts

As of December 31, 2021

Schedule III

(expressed in US dollars)

	\$
1. Amount required to be segregated in accordance with Commission Regulation 32.6	-
2. Funds in segregated accounts	
A. Cash	-
B. Securities (at market)	-
C. Total	-
3. Excess (deficiency) of funds in segregation (subtract line 2.C from line 1)	-

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

## Pictet Overseas Inc.

### Statement of Secured Amounts and Funds Held in Separate Accounts for

### Foreign Futures and Foreign Options Customers Pursuant to Commission Regulation 30.7

As of December 31, 2021

Schedule IV

(expressed in US dollars)

#### Foreign Futures and Foreign Options Secured Amounts

	\$
Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder	-
1. Net ledger balance – Foreign futures and foreign options trading – All customers	
A. Cash	3,693,523
B. Securities (at market)	34,286,179
2. Net unrealized profit (loss) in open futures contracts traded on a foreign board of trade	251,469
3. Exchange traded options	
A. Market value of open option contracts purchased on a foreign board of trade	161,418
B. Market value of open contracts granted (sold) on a foreign board	-
4. Net equity (deficit) (add lines 1, 2 and 3)	38,392,589
5. Accounts liquidating to a deficit and accounts with debit balances – Gross amount	-
Less: Amount offset by customer owned securities	-
6. Amount required to be set aside as the secured amount – Net liquidating equity method (add lines 4 and 5)	38,392,589
7. Greater of amount required to be set aside pursuant to foreign jurisdiction (above) or line 6.	38,392,589

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

# Pictet Overseas Inc.

## Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to Commission Regulation 30.7 As of December 31, 2021 Schedule IV (continued)

(expressed in US dollars)

### Funds Deposited in Separate Regulation 30.7 Accounts

		\$
1. Cash in banks		
A. Banks located in the United States	1,467,661	
B. Other banks designated by the Commission Name(s):	-	1,467,661
2. Securities		
A. In safekeeping with banks located in the United States	-	
B. In safekeeping with other banks designated by the Commission Name(s)	-	-
3. Equities with registered futures commission merchants		
A. Cash	4,064,740	
B. Securities	15,308,200	
C. Unrealized gain (loss) on open futures contracts	643,134	
D. Value of long option contracts	161,418	
E. Value of short option contracts	-	20,177,492
4. Amounts held by clearing organizations of foreign boards of trade Name(s):		
A. Cash	-	
B. Securities	-	
C. Amount due to (from) clearing organization – Daily variation	-	
D. Value of long option contracts	-	
E. Value of short option contracts	-	-
5. Amounts held by members of foreign boards of trade Name(s) :		
A. Cash	1,092,294	
B. Securities	18,977,979	
C. Unrealized gain (loss) on open futures contracts	(395,861)	
D. Value of long option contracts	-	
E. Value of short option contracts	-	19,674,412
6. Amounts with other depositories designated by a foreign board of trade Name(s)	-	-
7. Segregated funds on hand (describe)	-	-
8. Total funds in separate section 30.7 accounts		41,319,565
9. Excess (deficiency) of set aside funds for secured amount		2,926,976
10. Management target amount for excess funds in separate section 30.7 accounts		1,250,000
11. Excess (deficiency) of funds in separate section 30.7 accounts over (under) Management target amount		1,676,976

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.



# Pictet Overseas Inc.

## Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4D(F) of CEA

As of December 31, 2021

Schedule V

(expressed in US dollars)

### Cleared Swaps Customer Requirements

	\$
1. Net ledger balance	
A. Cash	-
B. Securities (at market)	-
2. Net unrealized profit (loss) in open cleared swaps	-
3. Cleared swaps options	
A. Market value of open cleared swaps option contracts purchased	-
B. Market value of open cleared swaps option contracts granted (sold)	-
	<hr/>
4. Net equity (deficit) (Add lines 1, 2 and 3)	-
5. Accounts liquidating to a deficit and accounts with debit balances – Gross amount	-
Less: Amount offset by customer owned securities	-
	<hr/>
6. Amount required to be segregated for cleared swaps customers (add lines 4 and 5)	-
	<hr/>

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

# Pictet Overseas Inc.

## Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4D(F) of CEA As of December 31, 2021

Schedule V (continued)

(expressed in US dollars)

### Funds in Cleared Swaps Customer Segregated Accounts

	\$
7. Deposited in cleared swaps customer segregated accounts at banks	
A. Cash	-
B. Securities representing investments of customers' funds (at market)	-
C. Securities held for particular customers or option customers in lieu of cash margins (at market)	-
8. Margins on deposit with derivatives clearing organizations in cleared OTC derivatives customer sequestered accounts	
A. Cash	-
B. Securities representing investments of customers' funds (at market)	-
C. Securities held for particular customers or option customers in lieu of cash margins (at market)	-
9. Net settlement from (to) derivatives clearing organizations	-
10. Cleared swaps options	
A. Value of open cleared OTC derivatives long option contracts	-
B. Value of open cleared OTC derivatives short option contracts	-
11. Net equities with other FCMs	
A. Net liquidating equity	-
B. Securities representing investments of cleared swaps customers' funds (at market)	-
C. Securities held for particular customers or option customers in lieu of cash (at market)	-
12. Cleared swaps customer funds on hand (describe)	-
13. Total amount in cleared swaps customer segregation (add lines 7 through 12)	-
14. Excess (deficiency) of funds in cleared swaps customer segregation (subtract line 6 from line 13)	-
15. Management target amount for excess funds in cleared swaps segregated accounts	-
16. Excess (deficiency) of funds in cleared swap customer segregated account over (under) management target excess	-

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited December 31, 2021 FOCUS Report as filed on January 26, 2022 and the amended FOCUS Report as filed on February 25, 2022.

