



## **Comerica Securities, Inc.**

# **Statement of Financial Condition December 31, 2023**

**411 W. Lafayette, Detroit MI 48226  
214.462.1117**

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

To the Shareholder and the Board of Directors of Comerica Securities, Inc.

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Comerica Securities, Inc. (the Company) as of December 31, 2023 and the related notes (the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2023, 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 the Company’s 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company’s auditor since 1992.

March 29, 2024

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2023 AND ENDING 12/31/2023  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Comerica Securities, Inc.

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer     Security-based swap dealer     Major security-based swap participant  
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

411 W. Lafayette Blvd., 5th Floor

(No. and Street)

Detroit

MI

48226

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Rhonda Brna

313-222-0232

rlbrna@comerica.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Ernst & Young LLP

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

2323 Victory Avenue, Suite 2000 Dallas

TX

75219

(Address)

(City)

(State)

(Zip Code)

10/20/2003

42

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Laura Armstrong, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Comerica Securities, Inc., as of 12/31, 2023, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



**J NEWSOM**  
NOTARY PUBLIC - STATE OF MICHIGAN  
COUNTY OF OAKLAND  
My Commission Expires March 14, 2028  
Acting in the County of Oakland

Signature: Laura Armstrong  
Title: SVP, Director of Operations

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

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

Statement of Financial Condition  
December 31, 2023

**Assets**

Cash and cash equivalents	\$42,637,981
Cash segregated for the benefit of customers	255,691
Clearing deposit held at clearing organization	500,000
Receivables from brokers, dealers and clearing organizations and others	1,867,985
Receivables from affiliates	2,568,120
Premises, equipment and software, net of accumulated depreciation of \$391,895	3,901
Deferred tax assets	670,359
Other assets	<u>1,214,529</u>
Total assets	<u>\$49,718,566</u>

**Liabilities and shareholder's equity**

Liabilities:	
Payables to affiliates	\$2,350,073
Payables to customers	7,019
Accrued expenses and other liabilities	<u>2,673,963</u>
Total liabilities	<u>5,031,055</u>

**Shareholder's equity:**

Common stock - \$1 par value:	
50,000 shares authorized, issued and outstanding	50,000
Additional paid-in capital	47,175,440
Retained deficit	<u>(2,537,929)</u>
Total shareholder's equity	<u>44,687,511</u>
Total liabilities and shareholder's equity	<u>\$49,718,566</u>

Securities products and services are offered through Comerica Securities, Inc., which is a broker/dealer, member FINRA/SIPC and subsidiary of Comerica Bank. Securities products are not insured by the FDIC or any government agency; are not deposits or other obligations of or guaranteed by Comerica Bank or any of its affiliates; and are subject to investment risks, including possible loss of the principal invested.

Comerica Securities, Inc. and its affiliates do not provide tax or legal advice. Please consult with your tax and legal advisors regarding your specific situation.

## 1. Organization

Comerica Securities, Inc. (the Company) is a broker/dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. The Company provides services to retail and institutional clients and may participate in firm commitment underwritings as a syndicate member. The Company operates as one reportable segment and is a wholly owned, indirect subsidiary of Comerica Incorporated (the Corporation). See Note 4 for information regarding discontinued operations.

## 2. Significant Accounting Policies

The following summarizes the significant accounting policies of the Company applied in the preparation of the accompanying financial statements.

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

### Cash and Cash Equivalents

The Company considers cash in commercial bank accounts and money market investments with maturity of three months or less when purchased to be cash and cash equivalents. Money market investments are held in listed money market funds and are reported at fair value.

### Cash Segregated for the Benefit of Customers

Cash is segregated in an unaffiliated special reserve account for the exclusive benefit of customers pursuant to federal regulations under Rule 15c3-3(e) of the Securities and Exchange Commission (SEC).

### Trading Securities

Trading securities are recorded at fair value on a recurring basis and realized and unrealized gains and losses (fair value adjustments) are reported in net profit on trading securities on the Statement of Income.

### Clearing Deposit Held at Clearing Organization

Cash is held in a deposit account at the Company's clearing organization pursuant to a clearing agreement.

### Premises, Equipment and Software

Premises, equipment and software are carried at historical cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are generally three to eight years for equipment and software. Capitalized software includes purchased software and capitalizable application development costs associated with internally developed software and was fully amortized as of December 31, 2023.

## 2. Significant Accounting Policies (continued)

### Revenue Recognition

The Company's revenues from contracts with customers may be recognized when services are completed or as they are rendered, although contracts are generally short-term by nature. Services provided over time are typically transferred to customers evenly over the term of the contracts and the corresponding revenue is recognized as services are provided. Contract receivables are included in receivables from brokers, dealers and clearing organizations and others on the Statement of Financial Condition. Payment terms vary by services offered, and the timing between completion of performance obligations and payment is typically not significant.

### Income Taxes

The Company is included in a consolidated federal income tax return with the Corporation. The Company computes income tax expense and settles with the Corporation on the same basis as if the Company had filed a separate federal income tax return.

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

## 3. Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction as of the measurement date. The Company utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Money Market investments are recorded at fair value on a recurring basis. The Company had no liabilities that require fair value measurement as of December 31, 2023.

Financial instruments are categorized into a three-level hierarchy based on the markets in which the instruments are traded and the reliability of the assumptions used to determine fair value. The valuation methodologies and key inputs used to measure financial instruments recorded at fair value are described below:

- **Level 1** – Valuation is based upon quoted prices for identical instruments traded in active markets, such as stocks, exchange-traded funds, mutual fund shares and negotiable certificates of deposit. Money market investments held in listed money market funds and reported in cash and cash equivalents on the Statement of Financial Condition are included in Level 1.
- **Level 2** – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are less active and model-based valuation techniques for which all significant assumptions are observable in the market. This category includes state and municipal securities, corporate debt securities and residential mortgage-backed securities.
- **Level 3** – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset. Valuation techniques include use of discounted cash flow models and similar techniques.

Securities products and services are offered through Comerica Securities, Inc., which is a broker/dealer, member FINRA/SIPC and subsidiary of Comerica Bank. Securities products are not insured by the FDIC or any government agency; are not deposits or other obligations of or guaranteed by Comerica Bank or any of its affiliates; and are subject to investment risks, including possible loss of the principal invested.

Comerica Securities, Inc. and its affiliates do not provide tax or legal advice. Please consult with your tax and legal advisors regarding your specific situation.

### 3. Fair Value Measurements (continued)

All financial assets were recorded at fair value on a recurring basis at December 31, 2023. The following table presents the recorded amount of assets measured at fair value on a recurring basis at December 31, 2023:

	<u>Level 1</u>	<u>TOTAL</u>
Money market investments (a)	<u>\$36,723,068</u>	<u>\$36,723,068</u>
Total assets at fair value	<u>\$36,723,068</u>	<u>\$36,723,068</u>

(a) Included in cash and cash equivalents in the Statement of Financial Condition.

There were no transfers of assets recorded at fair value on a recurring basis into or out of Level 3 fair value measurements during the year ended December 31, 2023. No Level 2 or Level 3 assets were held at December 31, 2023.

### 4. Discontinued Operations

In November 2023, the Company transferred its retail brokerage business, including specific insurance, brokerage and investment advisory activities, to Comerica Bank. The transfer was accounted for as a business combination between entities under common control recorded at carrying value with the excess of proceeds received over the carrying value of net assets transferred as an equity transaction. The net assets transferred consisted of unrecognized internally generated intangible assets. As a result of the transaction, the Company recognized \$69,000,000 of proceeds received from the parent to additional paid in capital. The Company paid a \$69,000,000 special dividend to its parent for settlement of income taxes payable to the parent and return of investment. FINRA was notified of these transactions.

### 5. Related-Party Transactions

In the normal course of business, the Company engages in transactions with related parties, primarily Comerica Bank and the Corporation.

Comerica Bank also pays certain expenses on behalf of the Company and is subsequently reimbursed for such payments. Payables to affiliates of \$2,350,073 at December 31, 2023 included amounts due to Comerica Bank and the Corporation of \$2,343,989 and \$6,084, respectively. Receivables from affiliates totaled \$2,568,120 at December 31, 2023 and included current tax receivable and other receivables due from Comerica Bank.

See footnote 4 for dividend information.

## 6. Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Company enters into various commitments to purchase securities from underwriters and sell such securities to customers. These commitments may have settlement terms up to 45 days. These transactions are not reflected in the Company's Statement of Financial Condition. They are conducted on a "when, as, and if-issued"/ "delayed settlement" basis and, as such, there is no obligation to the seller or the buyer if the securities or products are not issued. However, credit risk results from the possible inability of the purchaser to take delivery of issued securities or products in accordance with the agreement and, to the extent open purchase commitments exceed sales commitments, market risk exists related to any price movement between the time of purchase and the sale date. At December 31, 2023, there were no outstanding commitments to purchase securities and outstanding commitments to sell securities.

## 7. Net Capital Requirements

As a registered broker/dealer, the Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1). Based on the provisions of this rule, the Company must maintain minimum net capital, as defined, equivalent to the greater of \$250,000 or 1/15th of aggregate indebtedness, as defined. At December 31, 2023, net capital was \$36,933,213 and required net capital was \$334,936. The ratio of aggregate indebtedness to net capital (which may not exceed 15 to 1) was 0.1360 to 1.

## 8. Income Taxes

The principal components of the deferred tax asset and liabilities were as follows:

	<b>Deferred Balance</b>
<b>Deferred Tax Asset</b>	
Deferred Compensation	665,928
Allowance for Depreciation	201,494
State timing differences	<u>54,735</u>
<b>Total Deferred Tax Asset</b>	<b>922,157</b>
<b>Deferred Tax Liability</b>	
Prepaid Expenses	(250,508)
Other temporary differences	<u>(1,290)</u>
<b>Total Deferred Tax Liability</b>	<b>(251,798)</b>
<b>Net Deferred Tax Asset</b>	<b>670,359</b>

The net deferred tax asset at December 31, 2023 primarily consists of allowance for depreciation, contingent liabilities and deferred compensation.

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## 9. Commitments and Contingencies

The Company recognizes liabilities for contingencies when analysis indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated as part of accrued expenses and other liabilities on the Statement of Financial Condition. Through the normal course of business operations, the Company may be subject to various pending or threatened legal proceedings, examinations, inquiries, and investigations by regulatory authorities, and operational or customer matters. The Company cannot state the eventual outcome of these matters. Based on current knowledge and after consultation with legal counsel, management believes that current reserves are adequate, and the amount of any incremental liability arising from these matters is not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

For matters where a loss is not probable, the Company has not established legal reserves. Based on current knowledge, expectation of future earnings and after consultation with legal counsel, the Company believes the maximum amount of reasonably possible losses would not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Depending on future developments, it is possible that the ultimate resolution of these matters may be material to the Company's financial condition, results of operations or cash flows.

As a participant in underwriting syndicates, the Company may become contingently liable for its prorated portion of any trading loss assumed by the syndicate due to the syndicate's remarketing obligations arising with respect to an offering.

**The audited financial statement is available for examination at the principal office of Comerica Securities: 411 W. Lafayette, Detroit, Michigan 48226 and at the Chicago Regional Office of the Securities and Exchange Commission.**

**The internal control over compliance report is available for examination at the principal office of Comerica Securities: 411 W. Lafayette, Detroit, Michigan 48226 and at the Chicago Regional Office of the Securities and Exchange Commission.**

**A copy of statement of financial condition will be sent free of charge upon request. To make a request, please call Comerica Securities at 214-462-1117.**

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