

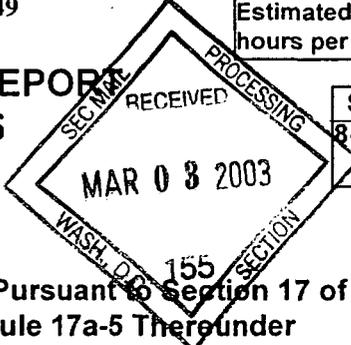


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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2001
Estimated average burden
hours per response . . . 12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
8-52020

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

CAPITALKEY SECURITIES, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

22 Cortlandt Street, 9th Floor

(No. and Street)

New York,

New York

10007

(City)

(State)

(Zip Code)

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

Mr. Neal D. Goldman

212-791-9505

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

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

Five Times Square

New York,

New York

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 20 2003

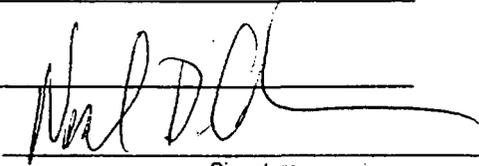
**THOMSON
FINANCIAL**

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*Claims 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).

OATH OR AFFIRMATION

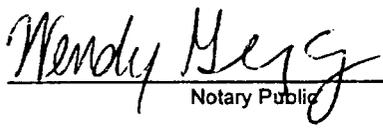
I, Neal D. Goldman, swear (or affirm) that, to the best of my knowledge and belief the accompanying statement of financial condition pertaining to the firm of CapitalKey Securities, LLC, as of December 31, 2002, is true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

Managing Principal

Title


Notary Public

WENDY P. GERZOG
Notary Public, State of New York
No. 30-4759910
Qualified in Nassau County
Certificate filed in New York County
Term Expires March 30, 2006

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

- X (a) Facing page.
- X (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (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 or Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- X (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) Independent Auditors' Supplementary Report on Internal Control.
- (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges.
- (p) Statement of Secured Amount and Funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

STATEMENT OF FINANCIAL CONDITION

CapitalKey Securities, LLC

December 31, 2002

with Report of Independent Auditors

CapitalKey Securities, LLC

Statement of Financial Condition

December 31, 2002

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Report of Independent Auditors

To the Member of
CapitalKey Securities, LLC

We have audited the accompanying statement of financial condition of CapitalKey Securities, LLC (the "Company") as of December 31, 2002. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is 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 presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of CapitalKey Securities, LLC at December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

February 21, 2003

CapitalKey Securities, LLC
Statement of Financial Condition

December 31, 2002

Assets	
Cash	\$ 61,885
Due from Parent	<u>1,725</u>
Total assets	<u>\$ 63,610</u>
Member's equity	
Total member's equity	<u>\$ 63,610</u>

See notes to Statement of Financial Condition.

CapitalKey Securities, LLC

Notes to Financial Statement of Condition

December 31, 2002

1. Organization and Description of Business

CapitalKey Securities, LLC (the "Company"), a wholly-owned subsidiary of Capital IQ, Inc. (the "Parent"), is a Delaware limited liability company organized on July 30, 1999 for the purpose of acting as an agent in private placements of securities for both United States issuers and, to a lesser extent, foreign issuers. On November 17, 1999, the Company changed its name from iKnow Capital, LLC to CapitalKey Securities, LLC. The Company is registered as a broker and dealer in securities under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers.

2. Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported 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 these estimates.

Cash

At December 31, 2002, cash represented a demand deposit account held at one diversified multinational financial institution.

Income Taxes

The Company is a single member Limited Liability Company. For federal and state income tax purposes, the income or loss is included in the income tax return of its member. Therefore, no liability for federal or state income taxes has been included in the statement of financial condition.

CapitalKey Securities, LLC

Notes to Financial Statement of Condition (continued)

3. Related Party Transactions

Under a management agreement between the Company and the Parent (the "Agreement"), the Parent provides various services to the Company, including personnel, administrative services, data processing, communications services, and use of office space, equipment and supplies, in exchange for a management fee.

The Agreement also provides that the Company pays additional service fees ("transaction fees") to the Parent upon the completion of certain transactions by the Company. Such transaction fees are payable only to the extent of fees earned by the Company on transactions.

4. Net Capital Requirements

The Company is subject to the Uniform Net Capital requirements of the Securities and Exchange Commission (the "Commission") under Rule 15c3-1. The Commission requirements also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. At December 31, 2002, the Company had net capital of \$61,885, which was \$56,885 in excess of the amount required to be maintained at that date.