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SECURITIES AND EXCHANGE COMMISSION

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Washington, D.C. 20549

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

SEC FILE NUMBER
8-42167

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 7/1/03 (MM/DD/YY) AND ENDING 12/31/03 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:
Correspondent Services Corporation

OFFICIAL USE ONLY
FIRM ID. NO.

MAR 0 2004

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

1000 Plaza 5 Harborside 14th Floor
(No. and Street)

Jersey City (City) New Jersey (State) 07311 (Zip Code)

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

Anthony Castella 201-915-7585
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP
(Name - if individual, state last, first, middle name)

2 World Financial Center (Address) New York (City) New York (State) 10281-1414 (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 29 2004
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).*

SEC 1410 (6-02)

AFFIRMATION

We, NORMAN R. MALO and MARK HEALY, affirm that, to the best of our knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Correspondent Services Corporation for the six months ended December 31, 2003, are true and correct, and such financial statements and supplemental schedules will be made available promptly to all members and allied members of The New York Stock Exchange, Inc. in our organization. We further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

Signature	2/23/2004 Date

President
Title

Signature	2/23/2004 Date

Senior Vice President and Chief Financial Officer
Title

2005

Subscribed and Sworn to before me
on this 23rd day of February, 2004

Notary Public

CORRESPONDENT SERVICES CORPORATION
(SEC I.D. No. 8-42167)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2003
AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTAL REPORT ON INTERNAL CONTROL

* * * * * * *

Filed pursuant to Rule 17a-5(e)(3)
under the Securities Exchange Act of 1934 as
a PUBLIC DOCUMENT.

Deloitte.

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414
USA

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INDEPENDENT AUDITORS' REPORT

Correspondent Services Corporation:

We have audited the accompanying statement of financial condition of Correspondent Services Corporation (the "Company") as of December 31, 2003, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. Our procedures included a review of the Company's control activities for safeguarding securities. 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, such statement of financial condition presents fairly, in all material respects, the financial position of Correspondent Services Corporation at December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

January 19, 2004

CORRESPONDENT SERVICES CORPORATION

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2003
(In thousands, except share data)

ASSETS

Cash and cash equivalents	$ 126,177
Cash and resale agreements segregated under federal regulations	203,386
Receivable from brokers and dealers	119,571
Receivable from customers - Net of reserve of $1,678	721,167
Exchange membership	1,750
Other assets	2,806
TOTAL ASSETS	$ 1,174,857

LIABILITIES AND STOCKHOLDER'S EQUITY

Payable to brokers and dealers	$ 174,669
Payable to customers	698,561
Payable to affiliates	11,559
Accrued expenses and other liabilities	4,196
Total liabilities	888,985
Common stock, $1 par value, 1,000 shares authorized, issued and outstanding	1
Additional paid-in capital	27,262
Retained earnings	258,609
Total stockholder's equity	285,872
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 1,174,857

See notes to statement of financial condition.

CORRESPONDENT SERVICES CORPORATION

NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2003
(Dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business—Correspondent Services Corporation (the "Company") is a wholly owned subsidiary of National Financial Services LLC ("NFS"). NFS is a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., a wholly owned subsidiary of FMR Corp. ("FMR").

As of the close of business June 30, 2003, subject to the terms and conditions of the Purchase Agreement dated April 8, 2003 between UBS Financial Services Inc. ("UBSFSI"), as seller, UBS Americas Inc. ("UBS Americas"), as seller's parent, and FMR, as buyer, and related amendments (the "Purchase Agreement"), FMR agreed to purchase all issued and outstanding shares of capital stock of the Company. FMR contributed assets of $1,235,091 and liabilities of $959,815 associated with the acquisition to NFS. This acquisition was accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141 "*Business Combinations*". UBSFSI continues to provide certain services under a Transaction Services Agreement ("TSA") dated as of June 30, 2003 as described in note 5 below.

The following assets and liabilities were contributed by FMR, as stated above, and are reflected in the contribution from FMR in the Statement of Financial Condition.

Cash and cash equivalents	$ 127,638
Cash and resale agreements segregated under federal regulations	104,149
Receivable from brokers and dealers	73,319
Receivable from customers	925,580
Exchange membership	1,750
Other assets	2,655
Total assets	$1,235,091
Payable to brokers and dealers	$ 186,303
Payable to customers	773,512
Total liabilities	$ 959,815

Of the assets contributed, cash equivalents totaled $126,000 and consisted of investment grade commercial paper of one diversified financial institution.

The Company is a broker-dealer in securities and provides security execution and clearing services for its clients both on a fully disclosed and omnibus basis.

Securities Transactions—Clearance and execution fees are recognized on settlement date. Recording clearance and execution fees on a trade date basis would not have a material effect on the Statement of Financial Condition, taken as a whole.

Use of Estimates—The Statement of Financial Condition is prepared in conformity with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect the amounts reported in the Statement of Financial Condition and accompanying notes. Actual results could differ from those estimates.

Collateralized Securities Transactions—Securities purchased under agreements to resell (U.S. government obligations) are accounted for as financing transactions and are recorded at their contractual amounts, plus accrued interest. The Company enters into these agreements in order to satisfy its reserve requirements in accordance with Securities and Exchange Commission (SEC) Rule 15c3-3. At December 31, 2003, the Company had accepted collateral under resale agreements with a fair value of approximately $207,923, which has been repledged to satisfy reserve requirements under SEC Rule 15c3-3. The Company monitors the fair value of the securities daily. Should the fair value of the securities decline below the principal amount loaned, plus accrued interest, additional collateral is requested as deemed appropriate.

Fair Value—Assets, including cash and cash equivalents, resale agreements, receivables and other assets, are carried at amounts which approximate fair value. Liabilities, including payables, accrued expenses and other liabilities are carried at amounts which approximate fair value.

Cash and Cash Equivalents—For purposes of the Statement of Financial Condition, the Company has defined cash equivalents as highly liquid investments not held for resale, with original maturities of three months or less. At December 31, 2003, cash equivalents totaled $122,695 and consisted of investment grade commercial paper of one diversified financial institution.

New Accounting Pronouncements—In November 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 45, *"Guarantors Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others"*, ("FIN No. 45"). FIN No. 45 requires a guarantor to recognize, at inception, a liability for the fair value of the obligation undertaken in issuing the guarantee. It also provides additional guidance on the disclosure of guarantees. The recognition and measurement provisions were effective for guarantees made or modified after December 31, 2002. The disclosure provisions were effective for fiscal periods ending after December 15, 2002. The Company adopted FIN No. 45 as required in fiscal year 2003 with no material impact on the Statement of Financial Condition.

In December 2003, the FASB issued Interpretation No. 46 (Revised December 2003) (FIN 46-R). For reporting periods beginning on January 1, 2005, the Company will adopt FIN 46-R for Variable Interest Entities (VIEs) that were created before December 31, 2003. The Company is currently evaluating the impact of fully adopting FIN 46-R on the Statement of Financial Condition. In addition, the Company has adopted the provisions of SFAS No. 149, which amends SFAS No. 133 in accounting for and disclosure of derivatives, with no material impact on the Statement of Financial Condition.

2. CONCENTRATION OF CREDIT RISK

The Company provides investment, financing and related services to a diverse group of domestic customers, including institutional and individual investors and brokers and dealers. The Company's exposure to credit risk associated with these transactions is measured on an individual customer or counterparty basis. To reduce the potential for risk concentration, credit limits are established and continually monitored in light of changing customer and market conditions. In the normal course of providing such services, the Company requires collateral on a basis consistent with industry practice or regulatory requirements. The type and amount of collateral is continually monitored and counterparties are required to provide additional collateral as necessary.

3. NET CAPITAL REQUIREMENTS

As a registered broker and dealer and member of The New York Stock Exchange, Inc., the Company is subject to the Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934 (the "Rule"). The Company has elected the alternative method permitted by the Rule which requires that minimum net capital, as defined, be the greater of $250 or 2% of aggregate debit items arising from customer transactions. At December 31, 2003, the Company had net capital of $275,578, which was 39.40% of aggregate debit items and exceeded its minimum requirement by $261,590.

4. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For financial reporting purposes, the net deferred tax asset of $753 is included in other assets in the Statement of Financial Condition. A valuation allowance pertaining to this asset is not required. The temporary differences are primarily attributable to deferred compensation.

5. TRANSACTION SERVICES AGREEMENT

The Company utilizes certain services of UBSFSI under the TSA by and between UBSFSI and FMR. UBSFSI serves as the Company's clearing and executing broker and, as such, is responsible for maintaining possession and control, custody and margin related to client assets. Clearing and execution services are performed on an omnibus basis by UBSFSI.

In its capacity as clearing broker for the Company, UBSFSI engages in security lending and borrowing transactions to finance customer margin accounts and cover customer short positions.

The Company is currently converting its clients to the NFS platform. Such conversion is expected to be completed within the next six months.

6. TRANSACTIONS WITH AFFILIATED COMPANIES

Various charges, such as occupancy, administration, computer processing, systems development and certain employee benefits, are allocated to the Company by affiliated companies.

Receivables and payables resulting from transactions with affiliated companies are settled directly with FMR. Payable to affiliate represents the amounts due to FMR. The amounts are noninterest bearing and settle in the normal course of business.

7. EMPLOYEE BENEFIT PLANS

The Company participates in FMR's noncontributory trusteed pension plan covering substantially all employees. The Company also participates in FMR's defined contribution profit sharing plan and retirement plans covering substantially all eligible employees.

8. COMMITMENTS AND CONTINGENCIES

Credit Risk and Client Activities—Client transactions are entered on either a cash or margin basis. In a margin transaction, the Company extends credit to a client using the securities purchased and/or other securities held on behalf of the client as collateral for amounts loaned. Amounts loaned are limited by margin regulations of the Federal Reserve Board and other regulatory authorities and are subject to the Company's credit review, daily monitoring procedures and certain services provided in conjunction with the TSA. Market declines could, however, reduce the value of any collateral below the principal amount loaned, plus accrued interest, before the collateral can be sold.

In addition, client positions can include trading liabilities and written options for which collateral is maintained. To the extent clients are unable to meet their commitments to the Company and margin deposits are insufficient to cover outstanding liabilities, the Company may take market action and losses could be realized.

Client trades are recorded on a settlement date basis. Should the client fail to perform, the Company may be required to complete the transaction at prevailing market prices. Client trades pending at December 31, 2003 were settled without material adverse effect on the Company's Statement of Financial Condition, taken as a whole.

Concentrations of Credit Risk—Concentrations of credit risk that arise from financial instruments (whether on or off balance sheet) exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet obligations to be similarly affected by economic, industry or geographic factors. The Company engages in activities with a broad range of retail and institutional broker-dealers. The Company has no significant exposure to any individual counterparty. The Company seeks to control its credit risk and the potential for risk concentration through a variety of reporting and control procedures.

Guarantees—The Company is a member of an exchange. Under the membership agreement, members are generally required to guarantee the performance of other members. To mitigate these performance risks, the exchange often requires members to post collateral as well as meet certain minimum financial standards. The Company's maximum potential liability under this arrangement cannot be quantified. However, the potential for the Company to be required to make payments under this arrangement is unlikely. Accordingly, no contingent liability is recorded in the Statement of Financial Condition for this arrangement.

Litigation—In the normal course of business, the Company has been named as a defendant in several legal actions and lawsuits. Although the ultimate outcome of these actions cannot be ascertained at this time, it is the opinion of management, after consultation with counsel, that the resolution of such actions will not have a material adverse effect on the Statement of Financial Condition. UBSFSI has agreed to indemnify FMR for litigation arising from activities prior to the date of the purchase as stated in the Purchase Agreement. In addition, UBSFSI has agreed to indemnify FMR for legal actions occurring after the date of the purchase, for events that occurred before the purchase, as stated in the Purchase Agreement.

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Deloitte.

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January 19, 2004

Correspondent Services Corporation:

In planning and performing our audit of the financial statements of Correspondent Services Corporation (the "Company") for the six months ended December 31, 2003 (on which we issued our report dated January 19, 2004), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures followed by the Company (including tests of compliance with such practices and procedures) that we considered relevant to the objectives stated in Rule 17a-5(g) specifically related to making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e) (including the practices and procedures followed by the Company in making the periodic computation of the proprietary accounts of introducing brokers ("PAIB")).

Pursuant to a Transaction Services Agreement between the Company's ultimate parent and UBS Financial Services Inc. ("UBSFSI"), the following functions are performed by UBSFSI. As such, we did not review the practices and procedures followed by the Company in relation to:

1. Making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13

2. Complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System

3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized acquisition, use or

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Company's internal control and its operation, including the Company's control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, The New York Stock Exchange, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP