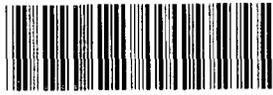


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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-15 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2004 AND ENDING December 31, 2004
MM/DD/YY MM/DD/YY

SEC MAIL RECEIVED
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SECTION

SEC NUMBER	FILE
8-65601	

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: CreditTrade Securities Corporation

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

79 Hudson Street

(No. and Street)

Hoboken
(City)

New Jersey
(State)

NJ 07030
(Zip Code)

Angus Hulme +44 207 098 1695

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

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

757 Third Avenue
(Address)

New York
(City)

New York
(State)

10017
(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

* 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 (06-02)

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

BB

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AFFIRMATION

I, Bryant Rother confirm that, to the best of our knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to CreditTrade Securities Corporation (the Company) for the years ended December 31, 2004 and 2003 are true and correct. I 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.

Bryant P. Rother 3/1/05
Signature Date

President
Title

Ania Perez
Notary Public

ANIA PEREZ
Notary Public - State of New York
No. 01PE6110226
Qualified in Bronx County
My Commission Expires May 24, 2008

AFFIRMATION

I, Paul Ellis confirm that, to the best of our knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to CreditTrade Securities Corporation (the Company) for the years ended December 31, 2004 and 2003 are true and correct. I 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

Date

Title

Notary Public

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade, Inc.)

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KPMG LLP
757 Third Avenue
New York, NY 10017

Independent Auditors' Report

The Board of Directors
CreditTrade Securities Corporation:

We have audited the accompanying statements of financial condition of CreditTrade Securities Corporation as of December 31, 2004 and 2003, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CreditTrade Securities Corporation at December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

February 18, 2005

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Statements of Financial Condition

December 31, 2004 and 2003

Assets	2004	2003
Cash and cash equivalents	\$ 47,396	30,491
Prepayments	3,583	1,283
Total assets	\$ 50,979	31,774
Liabilities and Stockholder's Equity		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,200	8,421
Due to affiliates (Note 3)	19,000	6,954
Total liabilities	29,200	15,375
Commitments and contingencies		
Stockholder's equity:		
Common stock, par value \$0.01. Authorized, issued, and outstanding 10,000,000 shares	10	10
Additional paid-in capital	99,990	49,990
Accumulated deficit	(78,221)	(33,601)
Total stockholder's equity	21,779	16,399
Total liabilities and stockholder's equity	\$ 50,979	31,774

See accompanying notes to financial statements.

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Statements of Operations

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Expenses:		
Professional fees	29,706	23,816
Regulatory fees	5,219	8,167
Other general and administrative (Note 3)	9,695	1,360
Total expenses	<u>44,620</u>	<u>33,343</u>
Net loss	<u>\$ (44,620)</u>	<u>(33,343)</u>

See accompanying notes to financial statements.

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Statements of Changes in Stockholder's Equity

Years ended December 31, 2004 and 2003

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total stockholder's equity</u>
Balance at January 1, 2003	\$ 10	—	(258)	(248)
Capital contribution from Parent	—	49,990	—	49,990
Net loss	—	—	(33,343)	(33,343)
Balance at December 31, 2003	10	49,990	(33,601)	16,399
Capital contribution from Parent	—	50,000	—	50,000
Net loss	—	—	(44,620)	(44,620)
Balance at December 31, 2004	\$ <u>10</u>	<u>99,990</u>	<u>(78,221)</u>	<u>21,779</u>

See accompanying notes to financial statements.

CREDITRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Statements of Cash Flows

Years ended December 31, 2004 and 2003

	2004	2003
Cash flows from operating activities:		
Net loss	\$ (44,620)	(33,343)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase in operating assets:		
Prepayments	(2,300)	(1,283)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,779	8,106
Due to affiliates	12,046	(12,742)
Net cash used in operating activities	(33,095)	(39,262)
Cash flows from financing activities:		
Capital contribution from Parent	50,000	49,990
Net increase in cash and cash equivalents	16,905	10,728
Cash and cash equivalents at beginning of year	30,491	19,763
Cash and cash equivalents at end of year	\$ 47,396	30,491

See accompanying notes to financial statements.

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Notes to Financial Statements

December 31, 2004 and 2003

(1) Organization and Basis of Presentation

CreditTrade Securities Corporation (the Company) is registered as a broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company is a wholly owned subsidiary of CreditTrade Inc. (the Parent). The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

The Company, in connection with its activities as a broker-dealer, does not hold funds or securities for customers. Accordingly, the Company is exempt from SEC Rule 15c3-3 pursuant to provision (k)(2)(ii) of such rule.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, balances with banks, and certificates of deposit with an initial term of less than three months. For purposes of the statements of cash flows the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Securities Transactions

The Company did not trade during the years ended December 31, 2004 and 2003.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for the future consequences of net operating loss carryforwards. Unless it is more likely than not that the deferred tax asset will be realized, a valuation allowance is established.

(3) Related Party Transactions

As at December 31, 2004 and 2003, the Company had a loan outstanding from the affiliates of \$19,000 and \$6,954, respectively.

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Notes to Financial Statements

December 31, 2004 and 2003

For the year ended December 31, 2004, the Company paid \$6,389 to an affiliate of the Parent, CreditTrade Limited, for general and administrative expenses, in accordance with the Management Services Agreement between the Company and CreditTrade Limited.

(4) Net Capital Requirement

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital both as defined, shall not exceed 15 to 1. The Company has elected to use the basic method permitted by Rule 15c3-1, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined.

At December 31, 2004 and 2003, the Company had net capital of \$18,196, which was \$13,196 in excess of required net capital of \$5,000.

The Company's ratio of aggregate indebtedness to net capital ratio was 1.6 to 1.

(5) Operating Losses

Based on operations to date, the Company has generated net operating losses of \$44,620 and \$33,343 for the years ended December 31, 2004 and 2003, respectively.

(6) Going Concern

For the years ended December 31, 2004 and 2003, the Company had net losses of \$44,620 and \$33,343, respectively. The operations for the current and prior years did not generate sufficient cash to cover current obligations. The Parent has pledged its financial support to the Company for it to be able to continue as a going concern and for maintaining the minimum capital requirements as dictated by the NASD through February 2006.

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Computation of Net Capital under Rule 15c3-1
of the Securities and Exchange Commission

December 31, 2004

Computation of net capital:	
Total stockholder's equity	\$ <u>21,779</u>
Deductions and/or charges:	
Nonallowable assets	<u>3,583</u>
Prepaid assets	<u>3,583</u>
Total	<u>3,583</u>
Net capital	<u>18,196</u>
Computation of basic capital requirement:	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness of \$29,200)	<u>5,000</u>
Net capital in excess of requirement	\$ <u>13,196</u>
Computation of aggregate indebtedness:	
Aggregate indebtedness	\$ 29,200
Ratio of aggregate indebtedness to net capital	1.6:1

Note: The computations as of December 31, 2004, computed by CreditTrade Securities Corporation in its unaudited Form X-17a-5, Part IIA, filed with the NASD Regulation, Inc., do not materially differ from the above computations.

CREDITTRADE SECURITIES CORPORATION
(A Wholly Owned Subsidiary of CreditTrade Inc.)

Computation for Determination of Reserve Requirements and Information Relating
to Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2004

The Company is exempt from the provisions of Rule 15c3-3 as of December 31, 2004 under the Securities and Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule.



KPMG LLP
757 Third Avenue
New York, NY 10017

**Independent Auditors' Report on Internal
Control Pursuant to SEC Rule 17a-5**

The Board of Directors
CreditTrade Securities Corporation:

In planning and performing our audit of the financial statements and supplemental schedules of CreditTrade Securities Corporation (the Company) for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons;
2. Recordation of differences required by rule 17a-13;
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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 controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's 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 use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in 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 the specific internal control components does not reduce to a relatively low level the risk that 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 internal control, including 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 SEC 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, 2004 to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the SEC, the NASD Regulation, 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.

KPMG LLP

February 18, 2005