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

SEC FILE NUMBER
8- 43559

FACING PAGE

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

RECORDED
MAR 1 - 2005

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY 1086

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

TRADITION ASIEL SECURITIES, INC.

OFFICIAL USE ONLY

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

75 PARK PLACE, 4TH FLOOR

FIRM ID. NO.

NEW YORK

(No. and Street)

NY

10007

(City)

(State)

(Zip Code)

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

Judith A. Ricciardi

212-791-4500

(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)

5 Times Square

New York

NY

10036

(Address)

(City)

(State)

(Zip Code)

PROCESSED

CHECK ONE:

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

MAR 31 2005

THOMSON FINANCIAL

B

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).

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OATH OR AFFIRMATION

I, Judith A. Ricciardi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Tradition Asiel Securities, Inc., as of December 31, 2004, are 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
Financial & Operations Principal


Notary Public

Title
LYUDMILA FAYMAN
Notary Public, State of New York
No. 01FA6030084
Qualified in Nassau County
Commission Expires Sept. 7, 2005

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- (g) Computation of Net Capital.
- (h) Statement Regarding 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.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Statement regarding SEC Rule 15c3-3.
- (p) Supplementary report of Independent Auditors on Internal Control.

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

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

December 31, 2004

with Report of Independent Registered Public Accounting Firm

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Consolidated Statement of Financial Condition

Year ended December 31, 2004

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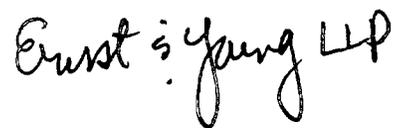
Report of Independent Registered Public Accounting Firm

To the Board of Directors of
Tradition Asiel Securities Inc. and Subsidiary

We have audited the accompanying consolidated statement of financial condition of Tradition Asiel Securities Inc. and Subsidiary (the "Company") (a wholly-owned subsidiary of Tradition (North America) Inc.) as of December 31, 2004. This consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated 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 consolidated statement of financial condition is 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the consolidated financial position of Tradition Asiel Securities Inc. and Subsidiary at December 31, 2004 in conformity with accounting principles generally accepted in the United States.



February 23, 2005

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Consolidated Statement of Financial Condition

December 31, 2004

Assets

Cash and cash equivalents (includes \$132,477 of cash segregated under federal and other regulations)	\$ 13,799,388
Receivable from brokers, dealers and clearing organizations	54,805,363
Securities owned, at market value	5,359,366
Commissions receivable	8,287,489
Deposits at clearing brokers and clearing organizations	4,123,000
Due from Parent	8,717,317
Due from Affiliate	168,054
Employee loans receivable	683,515
Other assets	1,821,263
Total assets	<u>\$ 97,764,655</u>

Liabilities and stockholder's equity

Liabilities:

Accounts payable and accrued expenses	\$ 6,663,268
Payable to brokers, dealers and clearing organizations	52,151,791
Securities sold, not yet purchased, at market value	441,363
Collateralized bank loans	2,180,000
Due to affiliate	158,988
Total liabilities	<u>62,069,724</u>
Stockholder's equity	<u>36,169,245</u>
Total liabilities and stockholder's equity	<u>\$ 97,764,655</u>

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

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition

December 31, 2004

1. Organization

Tradition Asiel Securities Inc. ("TAS") is a Delaware corporation and a wholly owned subsidiary of Tradition (North America) Inc. (the "Parent"), which is in turn a wholly-owned subsidiary of Compagnie Financiere Tradition ("CFT"), a company organized in Switzerland. TAS is registered as a broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and is a member of the New York Stock Exchange, Inc. ("NYSE"), the American Stock Exchange ("AMEX"), and the National Association of Securities Dealers, Inc. ("NASD"). The NYSE is the firm's Self Regulatory Organization.

TAS is a broker of U.S. government treasuries and repurchase agreements, emerging market bonds and repurchase agreements, mortgage backed securities, corporate fixed income securities, money market instruments, equity securities, equity and index options, and municipal bonds.

TAS self-clears certain transactions, necessitating membership in the National Securities Clearing Corporation, the Depository Trust Company, the Options Clearing Corporation, and the Fixed Income Clearing Corporation. Other trades are conducted on an agency or riskless principal basis and are introduced on a fully disclosed basis to its clearing brokers. TAS does not carry customer accounts or perform custodial functions related to customer securities. Accordingly, open customer transactions are not reflected in the accompanying statement of financial condition.

The consolidated statement of financial condition include the accounts of TAS and its wholly-owned subsidiary, Tradition (Global Clearing), Inc. ("TGC"). TGC is a clearing broker/dealer registered with the Securities and Exchange Commission ("SEC"), and the NASD. TGC's exclusive function is to facilitate the clearing for an affiliate.

2. Significant Accounting Policies

All significant inter-company accounts and transactions have been eliminated for purposes of consolidation. For the purposes of these consolidated statement of financial condition, the Company and TGC will be referred to as "the Company" unless otherwise identified.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

2. Significant Accounting Policies (continued)

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from those estimates.

The Company considers money market funds, which maintain a net asset value of \$1.00 and other highly liquid investments with original maturities of three months or less as cash equivalents.

All securities transactions and the related revenues and expenses are recorded on a trade date basis. Commissions and related clearing charges are recorded on a trade date basis. Included in commissions are revenues derived from matched riskless principal transactions.

Marketable securities are valued using quoted market prices on an active exchange.

Securities borrowed and securities loaned transactions are recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash or other collateral with the lender. With respect to securities loaned, the Company receives collateral in the form of cash in an amount generally in excess of the market value of the securities loaned. The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary.

Goodwill of \$375,000 is included in other assets on the consolidated statement of financial condition. Goodwill was recorded in connection with the purchase of the assets of Asiel & Co LLC effective June 30, 2000.

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standard ("SFAS") No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. Statement 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS 142 prohibits the amortization of goodwill and intangible assets with indefinite useful lives.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

2. Significant Accounting Policies (continued)

SFAS 142 requires that these assets be reviewed for impairment at least annually. Intangible assets with finite lives will continue to be amortized over their estimated useful lives. SFAS 142 required the Company to perform an assessment of whether there was an indication that the remaining goodwill was impaired as of the date of adoption. The Company completed its reassessment of all its existing goodwill as of December 31, 2004 and has determined that goodwill has not been impaired.

3. Related Party Transactions

The Company is charged for facilities and other services provided by its Parent on a monthly basis in accordance with an intercompany arrangement which is subject to renegotiation on an annual basis. The Company conducts business with an affiliated entity for which the Company executes certain transactions. The unpaid balance of such brokerage fees are reflected in due to affiliate on the statement of financial condition.

Due from Parent on the accompanying consolidated statement of financial condition primarily includes non-interest bearing cash advances which are due on demand.

4. Deposits at Clearing Brokers and Clearing Organizations

The Company is required to maintain deposits at its clearing brokers and clearing organizations in order to conduct its business. At December 31, 2004, deposits at the clearing broker and clearing organizations consist of cash of approximately \$4,123,000 including accrued interest.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

5. Receivable from and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from and payable to brokers, dealers and clearing organizations at December 31, 2004 are comprised of the following:

	<u>Receivable</u>	<u>Payable</u>
Securities failed-to-deliver/receive	\$ 54,490,726	\$ 51,235,514
Securities borrowed/loaned	125,000	-
Receivable from/payable to clearing organizations	189,637	759,413
Other		156,864
Total	<u>\$ 54,805,363</u>	<u>\$ 51,151,791</u>

6. Cash Segregated under Federal and Other Regulations

As a clearing broker-dealer, the Company has elected to compute a reserve requirement for Proprietary Accounts of Introducing Broker-Dealers ("PAIB Calculation"), as defined. The PAIB calculation is completed in order for each correspondent firm that uses the Company as its clearing broker-dealer to classify its assets held by the Company as allowable assets in the correspondents' net capital calculation. The Company maintains a separate reserve bank account for PAIB. The reserve requirement, as computed, totaled \$132,477 at December 31, 2004, all of which is included in cash and is on deposit in a special reserve bank account as of December 31, 2004.

7. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased at December 31, 2004 include the following:

	<u>Securities Owned</u>	<u>Securities Sold, not yet Purchased</u>
Government securities	\$ 4,306,000	\$ -
Corporate bonds	202,661	279,517
Equities	850,705	161,846
Total	<u>\$ 5,359,366</u>	<u>\$ 441,363</u>

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

7. Securities Owned and Securities Sold, Not Yet Purchased (continued)

Securities sold, not yet purchased commit the Company to deliver specified securities at predetermined prices, and thereby create a liability to purchase the security in the market at prevailing market prices. Accordingly, these transactions result in off-balance sheet risk, as the Company's ultimate obligation to satisfy the sale of securities sold, not yet purchased, may exceed the amounts reflected in the consolidated statement of financial condition.

8. Collateralized Bank Loans

Short-term bank loans are fully collateralized by securities owned and certain securities held in custody awaiting delivery with a market value of approximately \$2,180,000, and bear interest at rates between 2.5% and 2.75% at December 31, 2004.

9. Employee Benefits

The Company participates in the Parent's defined contribution plan (the "Plan") covering substantially all employees who qualify as to age, length of service, and employment date. The Company contributes 40 cents for every dollar of each participant's contributions up to 6% of the employee's salary within the IRS limits of \$13,000 (\$16,000 for employees age 50 and over).

10. Income Taxes

The Company accounts for income taxes in accordance with the liability method as required by Statement of Financial Accounting Standard (SFAS) No. 109, *Accounting for Income Taxes*. Under the liability method, tax rates are applied to cumulative temporary differences based on which and how they are expected to affect the tax return. Deferred tax assets and liabilities are adjusted for tax rate changes.

The Company is included in the consolidated federal and combined state and local income tax returns of the Parent. The Company calculates its income tax expense as though it filed a separate tax return.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

11. Net Capital Requirements

TAS is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (15c3-1), ("the Rule") which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. TAS elected to compute its net capital under the alternative method, permitted by the Rule, which requires TAS to maintain minimum net capital, as defined, of \$250,000. The Rule provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital would be less than 120% of the minimum net capital requirement. In addition, certain advances, payments of dividends and other equity withdrawals are subject to certain notification provisions of the Rule. At December 31, 2004, TAS had net capital of approximately \$18.4 million which was approximately \$18.1 million, including flow-through capital benefits as described below, in excess of the required net capital on a consolidated basis.

Under the clearing arrangements with the clearing brokers, TAS is required to maintain certain minimum levels of net capital and comply with other financial ratio requirements. At December 31, 2004, TAS was in compliance with all such requirements

TAS is including flow-through capital from TGC in its net capital computation computed on a consolidated basis (see Note 16). The amount of flow-through capital benefits that a parent/broker-dealer may receive from broker-dealer subsidiaries has certain restrictions as prescribed in the Rule. At December 31, 2004, the amount of flow-through capital benefits that TAS may receive from TGC is approximately \$2.1 million in net capital and \$1.8 million in excess net capital.

TGC is also subject to the Rule and also elected to compute its net capital under the alternative method. At December 31, 2004, TGC had net capital of approximately \$2.1 million, which was approximately \$1.8 million in excess of its required net capital of \$250,000.

Neither TAS nor TGC carries the accounts of its customers, and accordingly, they are exempt from SEC Rule 15c3-3.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

12. Commitments and Contingencies

As of December 31, 2004, the Company had future minimum rental commitments under operating and equipment leases as follows:

Year:	<u>Minimum Rentals</u>
2005	\$ 1,542,621
2006	1,496,885
2007	1,446,867
2008	1,299,650
2009	758,129
Thereafter	<u>—</u>
Total	<u>\$ 6,544,152</u>

The operating lease expires in July 2009 and is subject to escalations. The equipment lease expires in 2007.

The Company has obtained an unsecured letter of credit in the amount of \$600,000 expiring on July 21, 2005 for the benefit of its landlord to satisfy a security deposit requirement.

The Company has satisfied margin requirements with clearing organizations with unsecured letters of credit totaling \$3.1 million.

The Company and its Parent have been named a defendant in certain lawsuits and other legal proceedings. After considering all relevant facts and advice of outside counsel, in the opinion of management, such litigation will not, in the aggregate, have a material adverse effect on the Company's financial position or results of operations. The Parent has agreed to indemnify the Company of all liabilities resulting from these lawsuits and other legal proceedings.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

13. Financial Instruments with Off-Balance Sheet Risk, Concentration of Credit Risk and Derivative Contracts

In the normal course of business, the Company purchases and sells securities as both riskless principal and agent. If another party to the transaction fails to fulfill its contractual obligation, the Company may incur a loss if the market value of the security is different from the contract amount of the transaction.

In addition, the Company will enter into a matched transaction to purchase and sell securities, however, the Company may not be able to deliver the securities in the manner requested by the buyer. In this instance, the Company will deliver the securities to the buyer when the total amount has been aggregated.

The Company's policy is to continually monitor its market exposure and counterparty risk. The Company does not anticipate nonperformance by counterparties and maintains a policy of reviewing the credit standing of all parties with which it conducts business.

In the normal course of business, the Company obtains securities under securities borrow agreements on terms which permit it to re-pledge or resell the securities to others. At December 31, 2004, the Company obtained securities with a fair value of approximately \$125,000 on such terms, substantially all of which have been either pledged or otherwise transferred to others in connection with the Company's financing activities or to satisfy its commitments under proprietary short sales.

Commissions receivable represent amounts due from clearing brokers and customers, which primarily consist of securities firms. The Company's policy is to monitor the credit standing of each counterparty with which it conducts business.

For transactions in which the Company, through the clearing brokers, extends credit to customers, the Company seeks to control the risks associated with these activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company and the clearing brokers monitor required margin levels daily and, pursuant to such guidelines, request customers to deposit additional collateral or reduce securities positions when necessary.

Tradition Asiel Securities Inc. and Subsidiary
(a wholly-owned subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

13. Financial Instruments with Off-Balance Sheet Risk, Concentration of Credit Risk and Derivative Contracts (continued)

The Company has agreed to indemnify its clearing brokers for losses that they may sustain from the customer accounts introduced by the Company. At December 31, 2004, there were no amounts to be indemnified to the clearing brokers for these transactions.

14. Guarantees

The Company applies the provisions of the Financial Accounting Standards Board's Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45"), which provides accounting and disclosure requirements for certain guarantees. As described in Note 13, the Company has agreed to indemnify the clearing broker for losses that it may sustain from the customer accounts introduced by the Company. At December 31, 2004, the total amount of customer balances maintained by its clearing broker and subject to such indemnification was approximately \$131,000. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions.

15. Estimated Fair Value of Financial Instruments

SFAS No. 107, *Disclosure about Fair Value of Financial Instruments*, requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the consolidated statement of financial condition. Management estimates that the fair value of financial instruments recognized in the consolidated statement of financial condition (including receivables and payables), approximates their carrying value, as financial instruments are short-term in nature, or carry floating rates of interest.

16. Consolidated Subsidiary

At December 31, 2004, TAS's consolidated subsidiary has total assets and stockholder's equity of approximately \$2,131,000.

The Net Capital of the broker-dealer subsidiary is included as capital in computing the TAS's net capital, because the assets of the subsidiary are readily available for the protection of customers, broker-dealers, and other creditors, as permitted by the Rule (see Note 11).