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SEC FILE NUMBER

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

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

8-48279

REPORT FOR THE PERIOD BEGINNING 01/01/2004 AND ENDING 12/31/2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

HANDELSBANKEN MARKETS SECURITIES, INC.

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

875 Third Avenue

New York

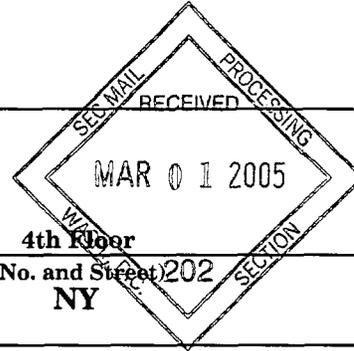
(City)

4th floor  
(No. and Street)  
NY

(State)

10022

(Zip Code)



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

Tamara Hunter

Chief Compliance Officer

(Area Code -- Telephone No.)  
212-326-5153

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
(Name -- if individual, state last, first, middle name)

KPMG LLP

757 Third Avenue

New York

NY

10017

(ADDRESS) Number and Street

City

State

Zip Code

CHECK ONE:

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

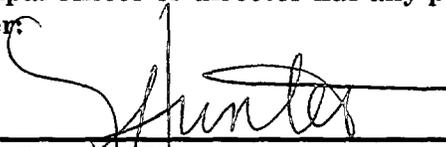
PROCESSED  
APR 13 2005  
THOMSON  
FINANCIAL

\*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, TAMARA HUNTER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm HANDELSBANKEN MARKETS SECURITIES, INC. as of 12/31/2004, 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:

  
\_\_\_\_\_  
Tamara Hunter  
Chief Compliance Officer

  
\_\_\_\_\_  
Notary Public

FRANK DIORIO  
Notary Public, State of New York  
No. 01DI5018829  
Qualified in Queens County  
Commission Expires Oct. 12, 2005

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

- (a) Facing Page
- (b) Statement of Financial Condition
- (c) Statement of Operations
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity
- (f) Statement of Changes in Subordinated Borrowings
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirement 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 Rule 15c3-3
- (k) Schedule of Segregation Requirements and Funds in Segregation Pursuant to Commodity Exchange Act
- (l) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- (m) An Oath or Affirmation
- (n) A Copy of the SIPC Supplemental Report
- (o) Independent Auditors' Report on Internal Control Structure Required by SEC Rule 17a-5
- (p) A Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit

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

**HANDELSBANKEN MARKETS SECURITIES, INC.**  
(A Wholly Owned Subsidiary of Svenska Handelsbanken AB)

Statement of Financial Condition

December 31, 2004

**Assets**

Cash and cash equivalents	\$ 5,210,780
Receivable from brokers and dealers	680,923
Receivable from customers	38,281
Furniture and equipment, at cost, less accumulated depreciation of \$87,899)	105,139
Deferred tax assets, net	504,462
Deferred compensation	191,667
Income taxes receivable	21,428
Other assets	<u>54,934</u>
	<u>\$ 6,807,614</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:

Due to affiliates	\$ 350,755
Payable to brokers and dealers	38,281
Income taxes payable	11,500
Accounts payable and accrued expenses	<u>988,390</u>
	<u>1,388,926</u>

Commitments and contingent liabilities

Subordinated borrowings	<u>2,000,000</u>
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Stockholder's equity:

Common stock \$0.01 par value; 1,000 shares authorized, issued and outstanding 1,000 shares	10
Additional paid in capital	2,599,990
Retained earnings	<u>818,688</u>
Total stockholder's equity	<u>3,418,688</u>
Total liabilities and stockholder's equity	<u>\$ 6,807,614</u>

See accompanying notes to the financial statements.