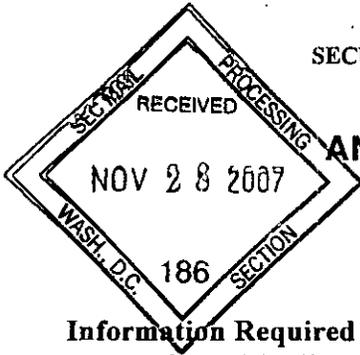




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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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

SEC FILE NUMBER  
8- 20061

**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 10/01/2006 AND ENDING 09/30/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: METZLER SECURITIES GMBH  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
18, Grosse Gallusstrasse

OFFICIAL USE ONLY  
11-07830  
FIRM I.D. NO.

(No. and Street)

Frankfurt am Main

Germany

60311

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Michael Klaus (0049-69) 2104-591  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young AG, Wirtschaftsprüfungsgesellschaft

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

3-5, Mergenthaler Allee

Eschborn

Germany

65760

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**  
**JAN 18 2008**  
**THOMSON FINANCIAL**

**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 currently valid OMB control number.

OATH OR AFFIRMATION

I, Michael Klaus, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Metzler Securities GmbH, as of September, 20 07, 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:

N/A

November 20, 2007

[Handwritten Signature]
Signature

Executive Officer
Title

[Handwritten Signature]
Notary Public



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

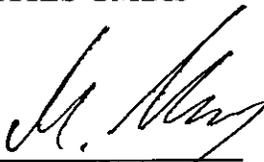
- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(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 of 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.

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

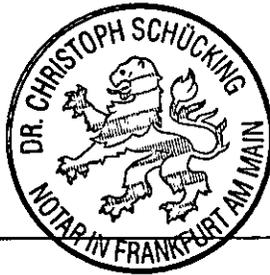
AFFIRMATION

We hereby represent that, to the best of our knowledge and belief, the financial statements and schedules contained in the audit report on the fiscal year ended September 30, 2007 are true and correct and complete.

**METZLER SECURITIES GMBH**

  
  
\_\_\_\_\_  
Jochen Diehl                      Michael Klaus  
Executive Officers

Subscribed and sworn to before me this 20<sup>th</sup> day of November, 2007.



  
\_\_\_\_\_  
Notary

## **Report of Independent Auditors**

The Board of Directors  
Metzler Securities GmbH

We have audited the accompanying statements of financial condition of Metzler Securities GmbH (the "Company", a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA) as of September 30, 2007 and 2006, and the related statements of operations and comprehensive income (loss), changes in shareholder's equity, and cash flows for the years then ended. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included 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 financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Metzler Securities GmbH at September 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in the accompanying schedules 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audits 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.

Eschborn/Frankfurt am Main, November 21, 2007

Ernst & Young AG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft



Heist  
Wirtschaftsprüfer



Wenner  
Wirtschaftsprüfer

**Metzler Securities GmbH**  
(a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA)  
**Statements of Financial Condition**

	<b>September 30, 2006 USD '000</b>	<b>September 30, 2007 USD '000</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	302	3,019
Marketable securities:		
Available-for-sale securities	2,110	0
Deferred tax asset	0	198
Other current assets	55	88
	<hr/>	<hr/>
Total Assets	2,467	3,305
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	114	181
Payable to affiliates	5	7
	<hr/>	<hr/>
Total Current Liabilities	119	188
<b>SHAREHOLDER'S EQUITY</b>		
Common shares	3,366	3,366
Additional paid in capital	2,950	2,950
Accumulated deficit	(2,720)	(2,248)
Accumulated other comprehensive income (loss):		
Accumulated unrealized losses on marketable securities	(3)	0
Accumulated foreign currency translation losses	(1,245)	(951)
	<hr/>	<hr/>
Total Shareholder's Equity	2,348	3,117
	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities and Shareholder's Equity	2,467	3,305

*See accompanying notes to financial statements.*

**Metzler Securities GmbH**  
(a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA )  
**Statements of Operations and Comprehensive Income (Loss)**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>September 30,</b>	<b>September 30,</b>
	<b>2006</b>	<b>2007</b>
	<b>USD '000</b>	<b>USD '000</b>
<b>Revenues</b>		
Commissions	440	416
Interest and other income	92	164
Realized gains on marketable securities	222	0
<b>Total Revenues</b>	<b>754</b>	<b>580</b>
<b>Expenses</b>		
External audit fees	38	94
Commission and clearance fees	88	83
Administration fees	25	42
Bookkeeping fees	25	34
Realized losses on marketable securities	3	24
Other operating expenses	90	29
<b>TOTAL EXPENSES</b>	<b>269</b>	<b>306</b>
<b>Income (Loss) before income taxes</b>	485	274
Deferred income tax benefit	0	198
<b>NET INCOME (LOSS)</b>	<b>485</b>	<b>472</b>
<b>Other Comprehensive Income (Loss)</b>		
Unrealized gains (losses) on marketable securities, net	(89)	3
Foreign currency translation adjustment	23	294
<b>Comprehensive Income (Loss)</b>	<b>419</b>	<b>769</b>

*See accompanying notes to financial statements.*

**Metzler Securities GmbH**  
 (a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA)  
**Statements of Changes in Shareholder's Equity**  
 Year ended September 30, 2007

	Common Shares	Additional paid in capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)		Total Shareholder's Equity
				Accumulated unrealized gains (losses) on marketable securities	Accumulated foreign currency translation adjustment	
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
<b>Balance at October 1, 2005</b>	3,366	2,950	(3,205)	86	(1,268)	1,929
Net Income			485			485
Other Comprehensive Income				(89)	23	(66)
<b>Balance at September 30, 2006</b>	3,366	2,950	(2,720)	(3)	(1,245)	2,348
Net Income			472			472
Other Comprehensive Income				3	294	297
<b>Balance at September 30, 2007</b>	3,366	2,950	(2,248)	0	(951)	3,117

*See accompanying notes to financial statements*

**METZLER SECURITIES GMBH**  
(a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA)  
**STATEMENT OF CASH FLOWS**

	Year Ended September 30, 2006 USD '000	Year Ended September 30, 2007 USD '000
<b>Operating Activities</b>		
Net income	485	472
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Deferred tax expense (benefit)	0	(198)
Losses on the disposal of current financial assets	0	24
Changes in operating assets and liabilities		
Other assets	(19)	(33)
Payable to affiliates	(1)	2
Accounts payable	29	67
<b>Net cash provided by (used in) operating activities</b>	<b>494</b>	<b>334</b>
<b>Investing Activities</b>		
Proceeds from sale/maturity of marketable securities	3,829	2,340
Purchase of marketable securities	(4,323)	0
<b>Net cash provided by (used in) investing activities</b>	<b>(494)</b>	<b>2,340</b>
Effect of exchange rate differences on cash	9	43
<b>Net increase in cash and cash equivalents</b>	<b>9</b>	<b>2,717</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>293</b>	<b>302</b>
<b>Cash and cash equivalents at end of year</b>	<b>302</b>	<b>3,019</b>
<b>Supplementary disclosures of cash flow information</b>		
Income taxes paid	0	0
Interest paid	0	0

*See accompanying notes to financial statements.*

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

**1. Operations**

Metzler Securities GmbH (the "Company") is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 and has been a corporate member of the Philadelphia Stock Exchange Inc. since October 1974. The Company is a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA, Frankfurt am Main, Germany (the "Parent"). The Company acts as a broker-dealer for United States or German institutional customers seeking to sell or purchase German, other European or United States securities. These securities are listed in Germany, other European countries or the United States or traded in the German, another European or the U.S. over-the-counter markets. Trades are settled on a payment against delivery basis. Accordingly, the Company does not hold cash or securities for the account of its customers.

The Company is a corporation with limited liability under German law with 100 % of its capital held by the Parent, a privately held investment bank based in Frankfurt am Main, Germany. The Company's office is in Frankfurt am Main, Germany. The Company has no branches.

The Company has entered into separate clearing arrangements for its United States and German transactions.

Revenues 2007 are derived from six customers as opposed to eleven customers in 2006.

Metzler Securities GmbH is a member of the Securities Investor Protection Corporation and carries Stock Broker's Blanket Bonds.

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

**2. Accounting Policies and Procedures**

**Basis of Presentation**

The accompanying financial statements have been prepared on the basis of accounting principles generally accepted in the United States ("US GAAP") and include the accounts of Metzler Securities GmbH. The Company has no subsidiary or investee operations.

As a consequence of past restructuring efforts and the closure of its New York office in fiscal year 2003, the Company now serves its United States customers from its Frankfurt office. The number of trades executed for its United States customers has decreased to 274 in fiscal year 2007, compared to 589 in fiscal year 2006. The Company was established to offer a range of services not necessarily offered by its competitors.

**Cash Equivalents**

The Company defines cash equivalents as highly liquid deposits not held for sale in the ordinary course of business, which have original purchased maturities of three months or less.

**Revenue Recognition**

The Company acts as a broker-dealer in German, other European and United States securities and recognizes revenue at the trade date. The Company only accepts institutional customers such as banks, brokers or other financial institutions.

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

**Use of Estimates**

The process of preparing financial statements requires the use of estimates on the part of management. The estimates used by management are based on the Company's historical experiences combined with management's understanding of current facts and circumstances. Actual results could differ from those estimates.

**Marketable Securities**

Marketable security transactions are recorded on a trade-date basis. Securities are classified as available for sale and are recorded at fair value in the financial statements. Realized gains and losses are reflected in revenues in the period during which the disposal occurs.

Declines in the fair value of available-for-sale securities are classified as other-than-temporary when impairments persist for several periods and management does not expect market values to reach historical cost within the next fiscal year. The cost basis of the related security is then written down to its current fair value and a realized loss is recognized in current earnings. Subsequent increases in fair value are accounted for as unrealized gains in other comprehensive income.

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

**Accrued Expenses**

Accrued expenses are recognized when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**Foreign Currencies**

The Company's functional currency is the Euro. All of the Company's assets and liabilities as well as all of its revenues and expenses are denominated in Euro.

Monetary assets and liabilities denominated in currencies other than the Euro are translated at exchange rates in effect at the balance sheet date. Revenues and expenses denominated in currencies other than the Euro are translated at the prevailing exchange rate at the transaction date or at an average for the period.

For SEC requirements the reporting currency used in the accompanying financial statements is the USD. The Company translates its financial statements and accounts for transactions denominated in foreign currency as follows: Revenue and expense figures have been translated using average exchange rates over the reported time periods. The Company's shareholder's equity is recorded at historical exchange rates. Assets and liabilities are translated at exchanges rates in effect at the balance sheet dates.

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

**Deferred tax assets and liabilities**

Deferred tax assets and liabilities are recognized for the expected future tax consequences of existing differences between financial reporting and tax reporting bases of assets and liabilities, and loss or tax credit carry-forwards using enacted tax rates expected to be in effect at the time these differences are realized. Valuation allowances are recorded for deferred tax assets where it is more likely than not that such assets will not be realized.

**Comprehensive Income**

Comprehensive income is defined as the change in equity of a company during a period from non-owner sources. Comprehensive income for fiscal year 2007 and fiscal year 2006 consists of net income, currency translation adjustments and unrealized gains (losses) on marketable securities.

**3. Related Party Transactions**

The Company executes purchases and sales of German, other European and United States securities through the Parent and third parties. Included in "Commissions and clearance fees" are commissions and clearance fees paid to third parties for execution and settlement services of USD 83,296 in fiscal year 2007 (Fiscal year 2006: USD 88,027).

All commissions and clearance fees in fiscal year 2007 and fiscal year 2006 were paid to Bankhaus Metzler for execution and settlement services based on a clearing agreement dated August 19, 2004.

Metzler Securities GmbH  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

Notes to Financial Statements

The Company had an uncommitted line of credit with the Parent totaling EUR 1.7 million to finance short-term cash needs with an interest rate of 6.75 % p.a. The line of credit expired at February 28, 2007. At September 30, 2006, respectively, no amounts were outstanding under this line of credit.

#### 4. Income Taxes

Income tax expense included in the statement of operations consists of the following:

	Year Ended September 30, 2006 USD '000	Year Ended September 30, 2007 USD '000
Current income tax expense (benefit)	0	0
Deferred income tax expense (benefit)	0	(198)
<b>Total income tax expense (benefit)</b>	<b>0</b>	<b>(198)</b>

The actual tax expense for both the fiscal year 2006 and fiscal year 2007 differs from the amount that would be computed by applying the statutory German tax rate to pre-tax income (loss) due to the deferred tax income recorded for the existing net operating loss carry-forwards.

The Company files its German tax returns on a calendar year basis. Deferred tax assets consist primarily of net operating loss carry-forwards ("NOL carry-forwards") available for German tax purposes. These NOL carry-forwards totaled Euro 412,209 for German Corporation Tax and Euro 398,408 for German Trade Tax as of September 30, 2007. As the Company shows a history of unlimited utilization of tax losses carried forward due to profits for the last three years and it presented a projection of taxable profits in future years, it seems feasible that existing tax loss carry forwards will be utilized within the foreseeable future. A valuation allowance is therefore not shown for deferred tax assets as of September 30, 2007.

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

**5. Marketable Securities**

Marketable securities are considered available for sale and are reported at fair value at each balance sheet date. The changes in fair values during fiscal years 2006 and 2007 were recognized as unrealized gains in other comprehensive income as far as the corresponding securities were still held by the Company at the respective balance sheet date.

The aggregate cost, fair values and net unrealized holdings gains and losses by type of securities as of September 30, 2007 and 2006, respectively, are as follows:

<b>September 30, 2007</b> <b>(In USD '000)</b>	<b>Cost</b>	<b>Unrealized gains/(losses)</b>	<b>Estimated fair value</b>	<b>Changes in unrealized gains/(losses)</b>
German public issuer bonds, with a maturity within one year	0	0	0	3
US government bonds	0	0	0	0
Other marketable securities	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

<b>September 30, 2006</b> <b>(In USD '000)</b>	<b>Cost</b>	<b>Unrealized gains/(losses)</b>	<b>Estimated fair value</b>	<b>Changes in unrealized gains/(losses)</b>
German public issuer bonds, with a maturity within one year	2,113	(3)	2,110	(3)
US government bonds	0	0	0	(3)
Other marketable securities	0	0	0	(83)
<b>Total</b>	<b>2,113</b>	<b>(3)</b>	<b>2,110</b>	<b>(89)</b>

**Metzler Securities GmbH**  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

**Notes to Financial Statements**

During fiscal year 2007, marketable securities with a fair value of USD 2,339,535 matured, resulting in a realized loss of USD 23,584 in fiscal year 2007. During fiscal year 2006, marketable securities with a fair value of USD 4,052,051 were sold or matured, resulting in a net realized gain of USD 221,732.

The value of the German public issuer bonds as indicated in the Statement of Financial Condition contains accrued interest totaling USD 104 as of September 30, 2006.

**6. Net Capital and Cash Reserve Requirements**

The Company, as a registered broker-dealer in securities, is subject to the Uniform Net Capital Rule of the SEC. This rule prohibits the Company from engaging in any securities transactions whenever its aggregate indebtedness, as defined by regulations, exceeds 1,500 % (fifteen times) its net capital, as defined by regulations. At September 30, 2007, the Company was required to maintain minimum net capital of the higher of USD 12,519, equaling 7 % of the total aggregate indebtedness, or USD 100,000. Aggregate indebtedness was USD 187,792 and regulatory net capital was USD 2,194,735 resulting in a ratio of approximately 8.6 %.

Advances to affiliates, repayment of subordinated liabilities, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the net capital rules of the SEC and NASD.

Pursuant to the cash reserve requirements of SEC Rule 15c3-3, the Company may be required to deposit funds in a special reserve bank account for the exclusive benefit of customers. Since September 30, 2003, the Company is exempted from this rule.

Metzler Securities GmbH  
(a 100% subsidiary of B. Metzler seel. Sohn & Co. KGaA)

Notes to Financial Statements

**7. Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk**

In the normal course of its business, the Company's customer activities involve the execution and settlement of various securities transactions. Should either the client or broker fail to perform, the Company may be required to complete the transaction at prevailing market prices. The Company and its Parent monitor the credit standing of counter-parties with whom they conduct business on a periodic basis in order to control the risks associated with these activities. Trades pending at September 30, 2007 were settled without adverse effect on the Company's financial statements.

# Supplemental Information

**Metzler Securities GmbH**  
**(a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA)**

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

**September 30, 2007**

(in USD)

<b>Total ownership equity</b>			3,116,936
Deduct ownership equity not allowable for net capital			0
			3,116,936
<b>Total ownership equity qualified for net capital</b>			<b>3,116,936</b>
Add:			
Liabilities subordinated to claims of general creditors allowable in computation of net capital			0
Other (deductions) or allowable credits			0
			0
<b>Total capital and allowable subordinated liabilities</b>			<b>3,116,936</b>
<b>Deductions and/or charges:</b>			
Total nonallowable assets from Statement of Financial Condition*	922,201		
Other deductions and/or charges	0		922,201
			0
<b>Total deductions and/or charges</b>			<b>922,201</b>
Other additions and/or charges			0
			0
<b>Net capital before haircuts on securities positions</b>			<b>2,194,735</b>
<b>Haircuts on securities:</b>			
United States and Canadian government obligations	0		
Stocks and warrants	0		
Other	0		
			0
<b>Total haircuts on securities</b>			<b>0</b>
<b>Net Capital</b>			<b>2,194,735</b>

*\*See attached Statement of Assets Deemed Nonallowable in Computing Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission.*

**Metzler Securities GmbH**  
**(a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA)**

**Computation of Net Capital under Rule 15c3-1**  
**of the Securities and Exchange Commission (continued)**

**September 30, 2007**

(in USD)

**Computation of**

**Basic Net Capital Requirement**

Minimum net capital required (based on Aggregate Indebtedness)	12,519
Minimum dollar net capital requirement of reporting broker or dealer	<u>100,000</u>
Net capital requirement	<u>100,000</u>
Excess net capital	<u>2,094,735</u>

(in USD)

**Computation of Aggregate Indebtedness (AI)**

Total AI liabilities from Statement of Financial Condition	<u>187,792</u>
Total Aggregate Indebtedness	<u>187,792</u>
Percentage of Aggregate Indebtedness to net capital	9%

**Metzler Securities GmbH**  
**(a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA)**

**Computation of Net Capital under Rule 15c3-1**  
**of the Securities and Exchange Commission (continued)**

**September 30, 2007**

**Statement Pursuant to Paragraph (d) (4) of Rule 17a-5:**

The Company's unaudited filing reported the following:

	Unaudited filing	Schedule above	Difference
Net capital	2,194,735	2,194,735	0
Excess net capital	2,094,735	2,094,735	0
Aggregate indebtedness	187,792	187,792	0

**Metzler Securities GmbH**  
**(a subsidiary of B. Metzler seel. Sohn & Co. KGaA)**

**Statement of Assets Deemed Nonallowable**  
**in computing Net Capital under Rule 15c3-1 of the**  
**Securities and Exchange Commission**

**September 30, 2007**

(in USD)

Cash and cash equivalents	635,958
Other current assets	286,243
Securities owned and not readily marketable	<u>0</u>
	<u>922,201</u>

**Metzler Securities GmbH**

**(a subsidiary of B. Metzler seel. Sohn & Co. KGaA)**

**STATEMENT REGARDING RULE 15C3-3**

**September 30, 2007**

Pursuant to a letter from the National Association of Securities Dealers dated June 6, 1995, the Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(i) of that rule.

**Independent Auditors' Supplementary Report  
on Internal Accounting Control  
Required by SEC Rule 17a-5**

## **Independent Auditors' Supplementary Report on Internal Accounting Control Required by SEC Rule 17a-5**

The Board of Directors  
Metzler Securities GmbH

In planning and performing our audit of the financial statements and supplemental schedules of Metzler Securities GmbH, (a 100 % subsidiary of B. Metzler seel. Sohn & Co. KGaA) for the year ended September 30, 2007, we considered its internal controls, 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 controls.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, (the "SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we consider relevant to the objectives stated in rule 17(a)-5g in making the periodic computations of aggregate indebtedness and net capital under rule 17(a)-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in 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 or in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by rule 15(c)3-3.

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 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 controls 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 preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any 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 the internal controls would not necessarily disclose all matters of internal controls 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 errors 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 internal controls, 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 September 30, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of Board of Directors, management, the SEC, the National Association of Securities Dealers, 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.

Eschborn/Frankfurt am Main, November 21, 2007

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Wirtschaftsprüfer

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