

AD
4/14



08031417

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response..... 12.00

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

SEC Mail Processing
Section

SEC FILE NUMBER
8-39399

MAR 28 2008

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Commerzbank Capital Markets Corporation

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

FIRM I.D. NO.

2 World Financial Center

(No. and Street)

New York
(City)

New York
(State)

10281
(Zip Code)

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

Mathew Kennedy

(212) 703-4066

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

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

300 Madison 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.

PROCESSED

APR 21 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.

AD
4/14

OATH OR AFFIRMATION

I, Matthew Kennedy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Commerzbank Capital Markets Corporation of December 31, 2007, are true and correct. I further swear (or affirm) th 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:

Michael A. Mastino
Notary Public - State of New York
No. 01146124760
Qualified in Manhattan County, Certified in New York County
Term Expires March 28, 2007

Matthew Kennedy
Signature

Chief Executive Officer
Title

Michael A. Mastino
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).



Commerzbank Capital Markets Corporation

(A wholly owned subsidiary of Commerzbank AG)

Statement of Financial Condition

December 31, 2007

Commerzbank Capital Markets Corporation
(A wholly owned subsidiary of Commerzbank AG)
Index
December 31, 2007

	Page(s)
Report of Independent Auditors	1
Statement of Financial Condition	2
Notes to Statement of Financial Condition.....	3-6

Report of Independent Auditors

To the Board of Directors of
Commerzbank Capital Markets Corporation

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Commerzbank Capital Markets Corporation ("the Company") at December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. 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 of this statement 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



March 25, 2008

Commerzbank Capital Markets Corporation
 (A wholly owned subsidiary of Commerzbank AG)
Statement of Financial Condition
December 31, 2007

(in thousands)

Assets	
Cash	\$ 5,081
Cash segregated under federal and other regulations	100
Receivable from brokers, dealers and clearing organizations	4,033
Due from affiliates	4,572
Securities owned, at fair value	124,217
Securities owned, pledged with affiliates, at fair value	2,475
Accrued interest receivable	1,370
Furniture, fixtures and leasehold improvements, (at cost less accumulated depreciation of \$1,236 and amortization of \$502)	734
Other assets	<u>3,757</u>
Total assets	<u>\$ 146,339</u>
Liabilities and Stockholder's Equity	
Payables to brokers, dealers, and clearing organizations	\$ 3,000
Due to affiliates	1,823
Accrued expenses	4,382
Other liabilities	<u>17,258</u>
Total Liabilities	<u>26,463</u>
Common stock	25,000
Additional paid in capital	45,152
Retained Earnings	<u>49,724</u>
Stockholder's equity	<u>119,876</u>
Total liabilities and stockholder's equity	<u>\$ 146,339</u>

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

Commerzbank Capital Markets Corporation

(A wholly owned subsidiary of Commerzbank AG)

Notes to Statement of Financial Condition

December 31, 2007

1. Organization

Commerzbank Capital Markets Corporation (the "Company"), a Delaware corporation, is a registered broker-dealer and investment advisor with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA", formerly known as "National Association of Securities Dealers"). The Company is wholly owned by Commerzbank AG (the "Parent"), a German bank. The Company's principal business is providing investment services to its customers and affiliates. The Company acts as agent for the sale of foreign exchange, fixed income, European listed equities and derivative products. Some of these products are issued by the Parent. The Debt Capital Markets group performs as co-manager in traditional bond underwriting. The Company's Alternative Investment Strategies Group provides due diligence, portfolio management, financial control, risk management, operations and compliance.

2. Significant Accounting Policies

Securities transactions are recorded on a trade date basis.

Securities owned are stated at quoted market values with unrealized gains and losses reflected in the statement of operations.

All financial instruments are stated at fair value or amounts that approximate fair value due to their short-term nature or are at mark to market.

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to the Company beginning January 1, 2008. Based on its current analysis, the Company has determined that the adoption of SFAS 157 is not expected to have a material impact on the Company's financial statements.

Furniture and fixtures are depreciated on the straight-line method over the estimated useful life of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the terms of the leases to which they relate.

Cash and cash equivalents consist of cash and highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business. At December 31, 2007, there are no cash equivalents and the majority of the cash is held with one major financial institution.

The Company uses the asset and liability method of accounting for income taxes, which requires the recognition of deferred tax assets and liabilities at current statutory rates. Future tax benefits attributable to temporary differences are recognized to the extent that management believes realization is more likely than not.

The preparation of financial statements in conformity 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commerzbank Capital Markets Corporation
(A wholly owned subsidiary of Commerzbank AG)
Notes to Statement of Financial Condition
December 31, 2007

3. Related Party Transactions

In the normal course of business, the Company executes and clears securities transactions on behalf of and through its Parent and affiliated entities. In addition, the Company has entered into several service level agreements with the New York branch office of the Parent to provide various support services.

Amounts resulting from these and other transactions, at December 31, 2007, which are included in due from affiliates, due to affiliates and other liabilities totaled \$4,572,107, \$1,822,810 and \$1,109,896, respectively.

4. Securities Owned

On December 31, 2007, securities owned, at fair value, consisted of \$122,998,230 government obligations, and \$1,219,206 in mutual funds. At December 31, 2007, securities owned, pledged with affiliates, at fair value, consisted of \$2,474,983 government obligations.

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, 2007, consist of underwriting fee receivable of \$1,032,900, securities failed to deliver of \$3,000,000, and securities failed to receive of \$3,000,000, respectively.

6. Employee Benefit Plans

The Company maintains a 401(k) savings plan which is sponsored by one affiliate, Commerzbank AG New York Branch (the "Branch"), which qualifies under Section 401 (k) of the Internal Revenue Code. Under this plan, employees may defer a portion of their compensation subject to the limitations specified by regulations that govern these types of plans. Beginning January 1, 2006, substantially all employees of the Company participated in a defined benefit plan that is also sponsored by the Branch.

The Company ceased employee contributions to a non-qualified deferred compensation plan (the "Plan") for a select group of employees as of December 31, 2005. The Company created a trust (the "Trust") to invest the amounts deferred under this Plan. The Trust's assets are subject to the claims of the Company's creditors in the event of the Company's insolvency until paid to the Plan's participants. Plan assets of \$1,219,206 are included in securities owned at fair value in the Statement of Financial Condition at December 31, 2007. The Company's corresponding liability under the Plan is included in other liabilities.

7. Income Taxes

The Company files Federal, State and local tax returns.

At December 31, 2007, the Company had a deferred tax asset of \$3,297,217 that is included in other assets in the Statement of Financial Condition. Management believes that it is now more likely than not that the tax benefits will be realized in the future.

Commerzbank Capital Markets Corporation
(A wholly owned subsidiary of Commerzbank AG)
Notes to Statement of Financial Condition
December 31, 2007

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109* ("FIN 48") which would be adopted as of January 1, 2007. FIN 48 requires the Company to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement which could result in the Company recording a tax liability that would reduce net assets. FIN 48 must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to the beginning balance of net assets for that fiscal year.

On February 1, 2008, FASB issued Fin 48-2, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises ("FSP")*, which allows the Company to defer the adoption of FIN 48 until annual periods beginning after December 15, 2007. The Company has elected to take advantage of this deferral and is currently evaluating the impact that the adoption of FIN 48 will have on its financial statements.

8. Net Capital

The Company calculates net capital in accordance with SEC Rule 15c3-1 under the alternative method and is required to maintain minimum net capital, as defined by the SEC and the FINRA. At December 31, 2007, the Company had net capital of \$104,728,100 which was \$103,228,100 in excess of the required minimum of \$1,500,000.

9. Commitments and Contingent Liabilities

The Company is obligated under the terms of a non-cancelable occupancy lease agreement that contains escalation provisions. Subsequently, the Company entered into an agreement to sublet these premises, which ends at the same time as the original occupancy lease in 2013. The Company is also obligated under the terms of two non-cancelable occupancy lease agreements that contain no escalation provisions, one of which is with the Branch and will expire in 2013. The other agreement will expire in 2015. At December 31, 2007 the future minimum rental commitments under these lease agreements are as follows (in thousands):

Years Ending December 31,	Commitment	Deduct Sublease Rentals	Net Rental Commitments
2008	\$ 4,672	\$ 3,900	\$ 772
2009	5,004	3,900	1,104
2010	5,004	3,900	1,104
2011	5,006	3,900	1,106
2012	5,006	3,900	1,106
Thereafter	4,319	3,250	1,069
	<u>\$ 29,011</u>	<u>\$ 22,750</u>	<u>\$ 6,261</u>

The remaining lease commitment with the Branch is \$3,599,966.

Commerzbank Capital Markets Corporation
(A wholly owned subsidiary of Commerzbank AG)
Notes to Statement of Financial Condition
December 31, 2007

10. Restructuring

Commerzbank AG's Board of Directors in 2004 had decided to restructure the securities segment of its business including Commerzbank Capital Markets Corporation by reducing exposure to proprietary securities trading. As a result of this decision, the Company has eliminated several of its proprietary trading desks within the fixed income and equity securities business groups. Infrastructure personnel support has been reduced accordingly to align with the remaining business groups.

Due to the reduction of proprietary trading within the equity securities area, the Company has withdrawn as a member from the New York Stock Exchange and has designated the FINRA as the self-regulatory examination body.

The Company has substantially completed this restructuring during 2005.

END