

SECURITIES AND EXCHANGE COMMISSION  
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SECURITIES

COMMISSION

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 FILE NUMBER  
8-67369

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 01/01/2007 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Swedbank First Securities, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
570 Lexington Ave. 35th Fl.  
(No. and Street)

New York, NY 10022  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Melissa Keller 212-906-0839  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Sax Macy Fromm & Co. PC  
(Name - if individual, state last, first, middle name)

855 Valley Road Clifton NJ 07013  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**  
MAY 20 2008  
THOMSON REUTERS

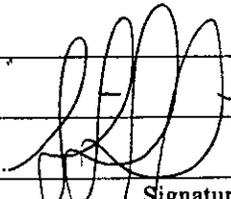
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

5/19

OATH OR AFFIRMATION

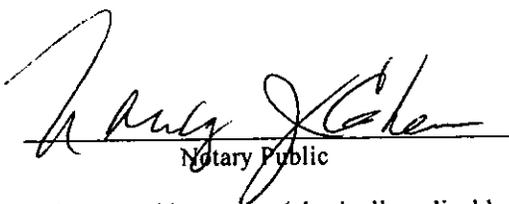
I, Anders Lindquist, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Swedbank First Securities, LLC, as of May, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

President and CEO

Title



Notary Public

*Nancy J. Cohen*  
Notary Public State of NY  
No 01C06134863  
Qualified in New York County  
My Commission Expires 10/11/09

5/12/08

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. - Exempt from Rule
- (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).

**Swedbank First Securities, LLC**

Report Pursuant to Rule 17a-5  
Financial Statements

Year Ended December 31, 2007

**Swedbank First Securities, LLC**

Report Pursuant to Rule 17a-5

Index to Financial Statements

Year Ended December 31, 2007

	Page
Independent Auditors' Report .....	1
Statement of Financial Condition .....	2
Statement of Operations .....	3
Statement of Changes in Members' Capital .....	4
Statement of Changes in Subordinated Liabilities.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements .....	7
Supplementary Information:	
Independent Auditors' Report on Supplementary Information .....	10
Schedule of Minimum Capital Requirements .....	11
Schedule for Determination of the Reserve Requirements Under Exhibit A of Rule 15(c) 3-3 .....	12
Independent Auditors' Report on Internal Control over Financial Reporting .....	13



## Independent Auditors' Report

To the Board of Directors of  
**Swedbank First Securities, LLC:**

We have audited the accompanying statement of financial condition of **Swedbank First Securities, LLC** as of December 31, 2007, and the related statements of operations, changes in members' capital, changes in subordinated liabilities, and cash flows for the year 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 audit.

We conducted our audit 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 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 audit provides 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 Swedbank First Securities, LLC as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedule of Minimum Capital Requirements and Schedule for Determination of the Reserve Requirements 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 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.

*Sax Macy Fromm & Co., PC*  
Sax Macy Fromm & Co., PC  
Certified Public Accountants

Clifton, New Jersey  
February 12, 2008

**Swedbank First Securities, LLC**

## Statement of Financial Condition

December 31, 2007

**Assets****Current Assets:**

Cash and cash equivalents	\$ 1,261,497	
Deposit with clearing organization	51,080	
Accounts receivable from clearing brokers	609,644	
Prepaid expenses and other current assets	<u>39,157</u>	
<b>Total Current Assets</b>		<b>\$ 1,961,378</b>

**Property and Equipment:**

Equipment	236,299 <sup>✓</sup>	
Furniture and fixtures	18,523 <sup>✓</sup>	
Leasehold improvements	<u>9,300<sup>✓</sup></u>	
<b>Total</b>	<u>264,122</u>	
Less: Accumulated depreciation	<u>95,149</u>	
<b>Net Property and Equipment</b>		<b>168,973</b>

**Other Assets:**

Organizational costs		<u>3,333</u>
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<b>Total Assets</b>		<b><u><u>\$ 2,133,684</u></u></b>
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**Liabilities and Members' Capital****Current Liabilities:**

Accounts payable	\$ 48,884	
Accrued expenses and other current liabilities	<u>253,276</u>	
<b>Total Current Liabilities</b>		<b>\$ 302,160</b>

<b>Subordinated Liabilities</b>		<b>1,000,000</b>
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<b>Members' Capital</b>		<b><u>831,524</u></b>
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<b>Total Liabilities and Members' Capital</b>		<b><u><u>\$ 2,133,684</u></u></b>
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*The Accompanying Notes are an Integral Part of these Financial Statements.*



**Swedbank First Securities, LLC****Statement of Operations**

· Year Ended December 31, 2007

**Revenues:**

Commission income	\$ 1,901,114	
Private placement income	1,398,840	
Research services income	237,797	
Interest income	40,115	
Other income	35,000	
Total Revenues		\$ 3,612,866

**Expenses:**

Registered representative salaries and benefits	2,042,010	
Administrative salaries and benefits	395,617	
Clearing fees	436,893	
Occupancy costs	221,173	
Communication expenses	267,576	
Depreciation and amortization	84,317	
Professional fees	132,464	
Travel and entertainment	215,220	
Interest expense	29,192	
Other expenses	97,404	
Total Expenses		<u>3,921,866</u>

**Net (Loss) Before Income Taxes** (309,000)

**Income Taxes** 325

**Net Loss** \$ (309,325)

*The Accompanying Notes are an Integral Part of these Financial Statements.*



**Swedbank First Securities, LLC**  
**Statement of Changes in Members' Capital**

Year Ended December 31, 2007

<b>Members' Capital at Beginning of Year</b>	<b>\$ 1,140,849</b>
Net loss	<u>(309,325)</u>
<b>Members' Capital at End of Year</b>	<b><u>\$ 831,524</u></b>

*The Accompanying Notes are an Integral Part of these Financial Statements.*



# Swedbank First Securities, LLC

## Statement of Changes in Subordinated Liabilities

Year Ended December 31, 2007

<b>Subordinated Borrowings at December 31, 2006</b>	\$ ---
Issuance of subordinated notes	<u>1,000,000</u>
<b>Subordinated Borrowings at December 31, 2007</b>	<u><u>\$ 1,000,000</u></u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*



# Swedbank First Securities, LLC

## Statement of Cash Flows

Year Ended December 31, 2007

### Cash Flows From Operating Activities:

Net (loss)		\$ (309,325)
Adjustments to reconcile net (loss) to net cash (used for) operating activities:		
Depreciation and amortization	\$ 84,317	
(Increase) in assets:		
Deposit with clearing organization	(1,080)	
Accounts receivable from clearing brokers	(603,679)	
Prepaid and other current assets	(34,452)	
Increase (decrease) in liabilities:		
Accounts payable	47,524	
Accrued expenses and other current liabilities	<u>(446,073)</u>	
Net adjustments to reconcile net (loss) to net cash (used for) operating activities		<u>(953,443)</u>
Net Cash (Used for) Operating Activities		<u>(1,262,768)</u>

### Cash Flows From Investing Activities:

Additions to property and equipment		(101,941)
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### Cash Flows From Financing Activities:

Proceeds from subordinated borrowings		<u>1,000,000</u>
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### Net Decrease in Cash and Cash Equivalents

(364,709)

### Cash and Cash Equivalents at Beginning of Year

1,626,206

### Cash and Cash Equivalents at End of Year

\$ 1,261,497

### Cash Paid During the Year for:

Interest		<u>\$ ---</u>
Income taxes		<u>\$ 500</u>

The Accompanying Notes are an Integral Part of these Financial Statements.



# Swedbank First Securities, LLC

## Notes to Financial Statements

### Note 1 – Nature of Business:

Swedbank First Securities, LLC ("the Company") is a registered broker-dealer under the Securities and Exchange Act of 1934. The Company is a fully disclosed broker/dealer whereby it does not hold customer funds or securities. The Company is a member of the Financial Industry Regulatory Authority (The "FINRA").

### Note 2 – Summary of Significant Accounting Policies:

- A. Revenue Recognition – The Company recognizes revenues at the time services are rendered.
- B. Property and Equipment – Property and equipment are stated at cost. Major renewal and betterments are capitalized; expenditures for repairs and maintenance are charged to expense. Depreciation is provided generally on a straight-line basis over the estimated service lives of the respective classes of property. Depreciation of leasehold improvements is based on the terms of the respective lease
- C. Use of Estimates – 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 as well as the reported amount of revenue and expenses during the period. Actual results could differ from these estimates.
- D. Income Taxes – The Company is treated as a partnership under the Internal Revenue Code. Taxable income or loss of the Company flows through to the individual members of the Company who are responsible for reporting taxes thereon. Accordingly, the Company records no provision for federal taxes. The Company is subject to the New York City unincorporated business tax.
- E. Cash and Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- F. Intangible Assets – Organization costs are being amortized using the straight-line method over five years

### Note 3 – Deposits with Clearing Organization:

The Company has deposited \$51,080 with Fortis Clearing Americas, as security for its transactions with this agency. The \$51,080 exceeds the minimum deposit required by \$1,080. Interest is paid monthly on the deposit at the average overnight repurchase agreement rate.

### Note 4 – Concentration of Credit Risk:

The Company primarily maintains its cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Balances have at times exceeded FDIC insured limits in 2007.



**Note 5 – Commitments:**

The Company clears all of its securities transactions through clearing brokers on a fully disclosed basis. Pursuant to the terms of the agreements between the Company and the clearing brokers, the clearing brokers have the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations.

As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing brokers, the Company believes that there is no maximum amount assignable to the right. At December 31, 2007, the Company has recorded no liability with regard to the right. The Company paid the clearing brokers no amounts related to these guarantees during the period.

The Company leases office space for its corporate headquarters pursuant to a three-year lease. The Company's rent expense was \$203,472 for the year ended December 30, 2007.

The lease requires annual payments as follows:

<u>Years Ending December 31</u>	
2008	\$ 203,472
2009	203,472
2010	33,912
Total	<u>\$ 440,856</u>

**Note 6 – Economic Dependency:**

For the year ended December 31, 2007, revenue from one customer aggregated \$434,420. There are no amounts due from this customer as of December 31, 2007.

**Note 7 – Subordinated Liabilities:**

Liability under the subordination agreement is as follows:

Subordinated note, to First Securities ASA, (one of the Company's members) at Federal Funds rate plus one percent, due June 30, 2012	<u>\$ 1,000,000</u>
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The interest expense for the year was \$29,192.

The subordinated liability is covered by agreements approved by the FINRA and thus is available in computing net capital under Securities and Exchange Commission's uniform net capital Rule. To the extent that such borrowing is required for the Company's continued compliance with minimum net capital requirements, they may not be paid.



**Note 8 – Related Party Transactions:**

The Company's members provide clearing broker services on a fully disclosed basis to the Company. Included in the statement of financial condition for the year ended December 31, 2007, are accounts receivable of \$473,875 due from the members for client transactions that have been already cleared.

**Note 9 – Net Capital Requirements:**

As a registered broker-dealer, the Company is subject to the minimum net capital requirements pursuant to Uniform Net Capital Rule 15c 3-1 of the Securities Exchange Act of 1934. Under that Rule the Company is required to maintain a minimum net capital, as defined, of the greater of \$100,000 or 6 2/3% of aggregate indebtedness, as defined. Net capital as of December 31, 2007 was \$984,232, which exceeded its requirement by \$884,232.

**Note 10 – Retirement Plan:**

The Company maintains a retirement plan which covers substantially all employees. The plan is subject to the Employee Retirement Security Act of 1974 (ERISA) and all the requirements of section 401(a) and 401(k) of the Internal Revenue Code. Pre-tax employee contributions are made pursuant to salary deferral agreements. Participants are immediately vested in their voluntary contributions plus actual earning thereon.

**Note 11 – Financial Instruments with Off-Balance Sheet Risk:**

In the normal course of business, the Company, acting as an agent, executes transactions on behalf of its customers. If the agency transactions do not settle because of failure by either the customer or the counterparty to perform, the Company may be required to discharge the obligation of the nonperforming party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contract amount of the transaction.





*Trusted Advisors for Over 50 Years*  
**SAX MACY FROMM & CO., PC**  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## Independent Auditors Report on Supplementary Information

To the Board of Directors of  
**Swedbank First Securities, LLC:**

Our report on our audit of the basic financial statements of **Swedbank First Securities, LLC** for the year ended December 31, 2007 appears on page one. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

*Sax Macy Fromm & Co., PC*  
Sax Macy Fromm & Co., PC  
Certified Public Accountants

Clifton, New Jersey  
February 12, 2008

# Swedbank First Securities, LLC

## Schedule of Minimum Capital Requirements

December 31, 2007

<b>Total Ownership' Capital</b>		<b>\$ 831,524</b>
<b>Add: Additions to Capital:</b>		
Subordinated liabilities - allowable		<u>1,000,000</u>
Total Capital and Allowable Subordinated Liabilities		1,831,524
<b>Less: Non Allowable Assets:</b>		
Accounts receivable	\$ 610,648	
Organizational costs	3,333	
Property and equipment, net	168,973	
Prepaid and other current assets	<u>39,157</u>	
Total Adjustments		<u>822,111</u>
Net Capital Before Haircuts		1,009,413
<b>Haircuts:</b>		
Money market account		<u>(25,181)</u>
<b>Adjusted Net Capital</b>		<b>984,232</b>
<b>Computation of Net Capital Requirements:</b>		
Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 20,144	
Minimum dollar net capital required	<u>100,000</u>	
Net Capital Required (Greater of Above)		<u>100,000</u>
<b>Excess Net Capital</b>		<b>\$ <u>884,232</u></b>
<b>Aggregate Indebtness</b>		<b>\$ <u>302,160</u></b>
<b>Ratio of Aggregate Indebtness to Adjusted Net Capital (\$302,160/\$984,232)</b>		<b><u>30.70%</u></b>

Note: There are no material differences between the above computation and the Company's corresponding unaudited Focus filing as of December 31, 2007.

See Independent Auditors' Report on Supplementary Information.



**Swedbank First Securities, LLC**  
Schedule for Determination of the Reserve Requirements  
Under Exhibit A of Rule 15(c) 3-3

December 31, 2007

The Company is exempt from Rule 15(c)3-3 under paragraph (k)(2)(i). As such, the Company does not hold funds or securities for any customers.

*See Independent Auditors' Report on Supplementary Information.*





## **Independent Auditors' Report on Internal Control over Financial Reporting**

To the Board of Directors of  
**Swedbank First Securities, LLC:**

In planning and performing our audit of the financial statements and supplemental schedules of **Swedbank First Securities, LLC** (the Company) for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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 consideration of control activities for safeguarding securities. This study included 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 (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15(c)3-3. 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 any of the following:

- (1) Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
- (2) 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 conformity 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, error 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 was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

We have separately communicated to you identified deficiencies that we determined to be significant deficiencies. Certain control deficiencies that have been previously communicated to you are not repeated herein.

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, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of Swedbank First Securities, LLC to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of 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.

*Sax Macy Fromm & Co., PC*  
Sax Macy Fromm & Co., PC  
Certified Public Accountants

Clifton, New Jersey  
February 12, 2008

**END**

