

SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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 1/1/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: DB Securities Services NJ Inc.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

100 Plaza One  
(No. and Street)

Jersey City  
(City)

NJ  
(State)

07311  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Ralph Mattone 201-593-3305

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

KPMG LLP

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

345 Park Avenue  
(Address)

New York  
(City)

NY  
(State)

10154  
(Zip Code)

CHECK ONE:

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

**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 exemption. See Section 240.17a-5(e)(2).

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Washington, DC  
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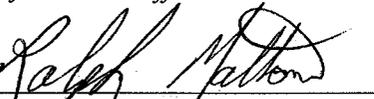
OATH OR AFFIRMATION

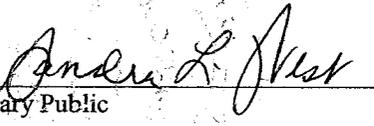
We the undersigned officers and directors of DB Securities Services NJ Inc., do hereby affirm that, to the best of our knowledge and belief, the attached financial statements as of December 31, 2008 and supplementary schedules are true and correct, and that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer except as follows:

Accounts of officers, directors and employees are included in receivables from and payable to customers, since they are subject to the same terms and regulations and, in the aggregate, are not significant.

In addition, as allied members of the New York Stock Exchange, Inc., we do hereby certify that the attached financial statements as of December 31, 2008 and supplementary schedules will promptly be made available to those DB Securities Services NJ Inc. members and allied members whose signatures do not appear below.

  
\_\_\_\_\_  
Marc Pfeffer  
Chief Executive Officer

  
\_\_\_\_\_  
Ralph Mattone  
Chief Financial Officer

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

SANDRA L. WEST  
Notary Public, State Of New York  
No. 01WE4942401  
Qualified in New York County  
Commission Expires September 19, 2010

Subscribed and sworn to before me  
this 27th day of February 2009

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 or 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 15c3-3 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) Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 and CFTC Regulation 1.16

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

OATH OR AFFIRMATION

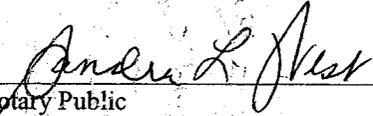
We the undersigned officers and directors of DB Securities Services NJ Inc., do hereby affirm that, to the best of our knowledge and belief, the attached financial statements as of December 31, 2008 and supplementary schedules are true and correct, and that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer except as follows:

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Marc Pfeffer  
Chief Executive Officer

  
\_\_\_\_\_  
Ralph Mattone  
Chief Financial Officer

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

SANDRA L. WEST  
Notary Public, State Of New York  
No.01WE4942401  
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- (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 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
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**DB SECURITIES SERVICES NJ INC.**  
(A Wholly Owned Subsidiary of Deutsche Bank Securities Inc.)

Statement of Financial Condition

December 31, 2008

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154

## Independent Auditors' Report

The Board of Directors and Stockholder  
DB Securities Services NJ Inc.:

We have audited the accompanying statement of financial condition of DB Securities Services NJ Inc., (the Company) as of December 31, 2008. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 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 of a statement of financial condition also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of DB Securities Services NJ Inc. as of December 31, 2008, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 27, 2009

**DB SECURITIES SERVICES NJ INC.**  
(A Wholly Owned Subsidiary of Deutsche Bank Securities Inc.)

Statement of Financial Condition

December 31, 2008

(In thousands)

**Assets**

Cash and cash equivalents	\$ 25,866
Receivable from affiliates	23,346
Property, plant, and equipment (net of accumulated depreciation of \$4,424)	294
Other assets	<u>1,975</u>
Total assets	<u>\$ 51,481</u>

**Liabilities and Stockholder's Equity**

Payable to affiliates	\$ 3,866
Income taxes payable	7,160
Accounts payable and other	<u>12,825</u>
Total liabilities	23,851
Total stockholder's equity	<u>27,630</u>
Total liabilities and stockholder's equity	<u>\$ 51,481</u>

See accompanying notes to statement of financial condition.

**DB SECURITIES SERVICES NJ INC.**  
(A Wholly Owned Subsidiary of Deutsche Bank Securities Inc.)

Notes to Statement of Financial Condition

December 31, 2008

**(1) Organization**

DB Securities Services NJ Inc. (the Company) is a wholly owned subsidiary of Deutsche Bank Securities Inc. (the Parent). The Parent is a wholly owned subsidiary of Taunus Corporation, which is a direct subsidiary of Deutsche Bank AG (the Bank), a German corporation. The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company was incorporated on November 21, 2006 under the laws of the State of New York and commenced operations on January 15, 2007 (inception) in the State of New Jersey. On June 25, 2008, the Company opened a branch office in Jacksonville, Florida. The Company provides financial and operational services to its Parent and other affiliates.

The Company, like other securities firms, is directly affected by general economic and market conditions, including fluctuations in volume and price levels of securities, changes in interest rates, and demand for investment banking, securities brokerage, and other services, all of which have an impact on the Company's financial statements as well as its liquidity.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The Company's statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America, which require 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. Actual results could differ from those estimates.

**(b) Cash and Cash Equivalents**

The Company defines cash equivalents as short-term, highly liquid securities and interest-earning deposits with original maturities of three months or less.

**(c) Foreign Currency Translation**

Assets and liabilities denominated in non-U.S. dollar currencies are translated into U.S. dollar equivalents using year-end spot foreign exchange rates.

**(d) Property, Plant, and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of furniture, fixtures, equipment, and computer software is computed using the straight-line method over their estimated useful lives of three to seven years. Leasehold improvements are amortized on a straight-line basis over the terms of the leases or the estimated useful lives of the improvements, whichever is shorter.

**DB SECURITIES SERVICES NJ INC.**  
(A Wholly Owned Subsidiary of Deutsche Bank Securities Inc.)

Notes to Statement of Financial Condition

December 31, 2008

**(e) Income Taxes**

The results of the Company are included in the consolidated U.S. federal income tax return, and certain combined and unitary tax returns of its parent, the Taunus Corporation. Pursuant to a tax sharing agreement, income taxes are computed on a separate company basis. In addition, the Company files tax returns in certain states on a stand alone basis.

The Company provides for income taxes on all transactions that have been recognized in the statement of financial condition in accordance with SFAS No. 109, *Accounting for Income Taxes*. Accordingly, deferred taxes are adjusted to reflect the tax rates at which future taxable amounts will likely be settled or realized. The effects of tax rate changes on future deferred tax liabilities and deferred tax assets, as well as other changes in income tax laws, are recognized in the period during which such changes are enacted. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not. Deferred tax assets are included in other assets on the statement of financial condition.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB statement No. 109 (FIN 48)*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. On January 1, 2007 the Company adopted FIN 48. There was no impact on adoption.

**(3) Related-Party Transactions**

The Parent, the Bank and other affiliates provide services to the Company including management, consulting, information technology, and research. Concurrently, the Company provides certain administrative support to the Parent, the Bank and other affiliates.

The following table sets forth related party assets and liabilities as of December 31, 2008 (in thousands):

Assets:	
Cash and cash equivalents	\$ 25,866
Receivable from affiliates	<u>23,346</u>
Total assets	<u>\$ 49,212</u>
Liabilities:	
Payable to affiliates	<u>\$ 3,866</u>
Total liabilities	<u>\$ 3,866</u>

**DB SECURITIES SERVICES NJ INC.**  
(A Wholly Owned Subsidiary of Deutsche Bank Securities Inc.)

Notes to Statement of Financial Condition

December 31, 2008

**(4) Retirement Plans**

**(a) *Defined Benefit Pension Plan***

Along with other affiliates of Deutsche Bank Americas Holding Corp. (DBAH), the Company participates in the DBAH Cash Account Pension Plan. The plan is a tax-qualified, noncontributory defined benefit cash account pension plan that covers substantially all employees who have completed one full year of service and were hired on or before December 31, 2004. An employee's pension account is credited each year with 6.5% of base pay plus bonus amounts up to 75% of base pay up to IRS limits. Accounts are also credited each year with an interest credit equivalent to the annual rate of interest of 30-year U.S. Treasury securities. The funding policy has been to contribute at least the amount required to satisfy the Employee Retirement Income Security Act of 1974 minimum funding requirements.

The plan was closed to new participants effective December 31, 2004.

**(b) *Postretirement Welfare Plan***

The Company participates, together with other affiliates of DBAH, in an unfunded contributory postretirement health care plan. The plan pays stated percentages of most necessary medical expenses of retirees after a stated deductible has been met.

**(c) *Defined Contribution Plan – Matched Savings Plan***

The Company participates, together with other affiliates of DBAH in a tax-qualified 401(k) plan. Employees are able to contribute from 1%-20% of their eligible compensation on a before-tax or after-tax basis, up to IRS limits. For employees hired before January 1, 2005, after a participant has completed six months of service, the Company matches dollar for dollar up to 5% of eligible compensation, up to a maximum of \$4,000 per year.

Effective January 1, 2005, the plan was amended for employees hired on or after January 1, 2005. Participants who have completed six months of service receive a matching contribution from the Company of up to 4% of eligible compensation. In addition, participants employed less than ten years receive a Company fixed contribution equal to 4% of the first \$100,000 of eligible compensation. Participants employed ten or more years receive a Company fixed contribution equal to 6% of the first \$100,000 of eligible compensation.

**(d) *DB Share-Based Compensation Plans***

The Company participates in various share-based compensation plans of the Bank, including the Restricted Equity Units Plan, the DB Share Scheme and the Global Share Plan, where the Bank grants employees of the Company deferred share awards which provide the right to receive common shares of the Bank at specified future dates.

**DB SECURITIES SERVICES NJ INC.**  
(A Wholly Owned Subsidiary of Deutsche Bank Securities Inc.)

Notes to Statement of Financial Condition

December 31, 2008

The Bank adopted SFAS No. 123(R) effective January 1, 2006. For transition purposes, the Bank elected the modified prospective application method. Under this application method, SFAS 123(R) applies to new awards and to awards modified, repurchased, or cancelled after the required effective date. Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches.

The Bank enters into certain derivative contracts indexed to its common shares in order to hedge the overall cost associated with employee share-based compensation awards. For the year ended December 31, 2008, the Company was allocated approximately \$500 related to its portion of the overall gain realized by the Bank that was attributable to share-based awards granted to the Company's employees. This amount has been reflected as an adjustment to the Company's additional paid-in capital.

**(5) Income Taxes**

Significant components of the Company's deferred tax assets as of December 31, 2008, were as follows (in thousands):

Deferred tax assets:	
Deferred compensation	\$ 172
Pension and post retirement benefits	1,095
Other	<u>7</u>
Gross deferred tax assets	1,274
Valuation allowance	<u>—</u>
Deferred tax assets, net of valuation allowance	\$ <u><u>1,274</u></u>

The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets. The realization of the Company's net deferred tax assets is also impacted by the Bank's continued capital commitment, as well as various strategic initiatives and tax planning strategies.

**(6) Regulatory Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by the Rule, which requires it to maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions, as defined. At December 31, 2008, the Company had net capital of \$5,448,498, which was \$5,198,498 in excess of its required net capital of \$250,000.



KPMG LLP  
345 Park Avenue  
New York, NY 10154

## **Independent Auditors' Report on Internal Control**

The Board of Directors and Stockholder  
DB Securities Services NJ Inc.:

In planning and performing our audit of the financial statements of DB Securities Services NJ Inc. (the Company), as of and for the year ended December 31, 2008 and for the year then ended 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 debits and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities 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 U.S. 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 internal control and 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.



A deficiency in internal control 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 significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the SEC, the Financial Industry Regulatory Authority (FINRA), 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.

KPMG LLP

February 27, 2009