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SECURITIES AND EXCHANGE COMMISSION  
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PART III

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FACING PAGE

Washington, DC  
110

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 1/1/2011 AND ENDING 12/31/2011

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

STANDARD CREDIT SECURITIES INC.

OFFICIAL USE ONLY  
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
75 PARK PLACE, 4<sup>TH</sup> FLOOR

NEW YORK, NEW YORK 10007  
(City) (No. and Street) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JUDITH A. RICCIARDI (212) 791-4500  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Ernst & Young LLP

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

5 Times Square New York New York 10036-6523  
(Address) (City) (State) (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 the exemption. See section 240.17a-5(e)(2).

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## OATH OR AFFIRMATION

I, **Judith A. Ricciardi**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Standard Credit Securities Inc.**, as of **December 31, 2011** 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:

MELANIE JEUNE  
Notary Public, State of New York  
No. 02JE6159324  
Qualified in New York County  
Commission Expires May 11, 2015



Signature

Financial & Operations Principal  
Title

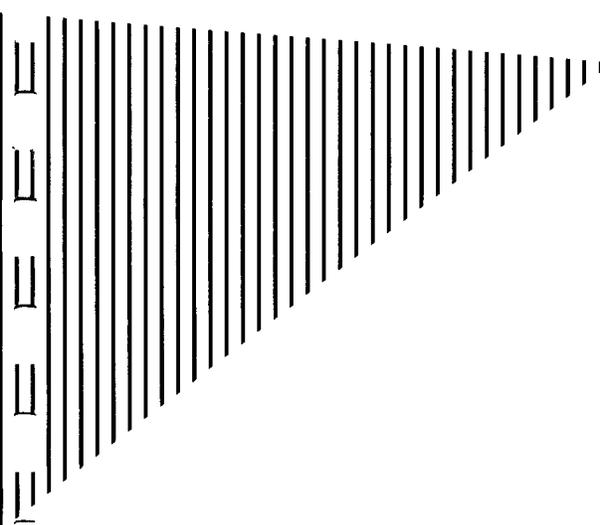


Notary Public

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).



STATEMENT OF FINANCIAL CONDITION

Standard Credit Securities, Inc.  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)  
December 31, 2011  
With Report of Independent  
Registered Public Accounting Firm

Ernst & Young LLP

Standard Credit Securities, Inc.  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

Statement of Financial Condition

December 31, 2011

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## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder of  
Standard Credit Securities, Inc.

We have audited the accompanying statement of financial condition of Standard Credit Securities, Inc. (the "Company") as of December 31, 2011. 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. 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit 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 statement of financial condition, assessing the accounting principles used and significant estimates made by management, and 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 Standard Credit Securities, Inc. at December 31, 2011, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 27, 2012

**Standard Credit Securities, Inc.**  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

**Statement of Financial Condition**

December 31, 2011

**Assets**

Cash	\$ 7,083,324
Commissions receivable	660,101
Deposit at clearing broker	100,000
Deferred tax asset	110,825
Prepaid expenses and other assets	11,760
Total assets	<u>\$ 7,966,010</u>

**Liabilities and stockholder's equity**

Liabilities:

Accrued expenses	\$ 268,467
Due to affiliates	827,772
Total liabilities	<u>1,096,239</u>

Stockholder's equity:

Common stock, \$1.00 par value; 1,000 shares authorized 100 shares issued and outstanding	100
Additional paid-in capital	2,935,617
Retained earnings	3,934,054
Total stockholder's equity	<u>6,869,771</u>
Total liabilities and stockholder's equity	<u>\$ 7,966,010</u>

*The accompanying notes are an integral part of the statement of financial condition.*

**Standard Credit Securities, Inc.**  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

**Notes to Statement of Financial Condition**

December 31, 2011

**1. Organization**

Standard Credit Securities, Inc. (“SCS” or the “Company”) is a Delaware corporation and a wholly-owned subsidiary of Standard Credit Holdings, Inc. (the “Parent”), a wholly-owned subsidiary of Tradition (North America), Inc. (“TNA”), which is, in turn, a wholly-owned subsidiary of Tradition Service Holdings S.A. (“TSH”), a company organized in Switzerland. TSH is a wholly-owned subsidiary of Compagnie Financière Tradition, a company also organized in Switzerland.

The Company is a registered broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (“FINRA”). SCS is an inter-dealer broker of corporate fixed income securities. All transactions are cleared through Pershing, LLC (the “Clearing Broker”).

**2. Significant Accounting Policies**

**Basis of Accounting**

The accompanying statement of financial condition of the Company has been prepared in accordance with accounting principles generally accepted in the United States and in accordance with Accounting Standards Codification (“ASC”) as set forth by the Financial Accounting Standards Board.

The following paragraphs describe our significant accounting policies, including the changes to our accounting policies effective January 1, 2011.

**Use of Estimates**

The preparation of the statement of financial condition in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing the statement of financial condition and accompanying notes are reasonable; however, actual results could differ from those estimates.

Standard Credit Securities, Inc.  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

Notes to Statement of Financial Condition (Continued)

**2. Significant Accounting Policies (continued)**

**Revenue Recognition**

The Company provides brokerage services from either agency or matched riskless principal transactions. Revenues from these transactions are recorded as follows:

*Agency Commissions* – The Company charges commissions for executing transactions between buyers and sellers on an agency basis. Commissions revenues are recognized on a trade date basis.

*Matched Principal* – The Company earns revenue from principal transactions on the spread between the buy and sell price of the security that is brokered. In matched principal transactions, the Company simultaneously agrees to buy securities from one customer and sell them to another customer. The revenues from these transactions are recognized on trade date.

**Deposit at Clearing Broker**

Cash on deposit with the Clearing Broker represents the minimum balance required to be maintained in order to utilize clearing services. This balance is subject to withdrawal restrictions such that the Company would be prohibited from doing business with the Clearing Broker if the minimum cash or security balance on deposit is not maintained.

**Income Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the statement of financial condition carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related differences are expected to be recovered or settled. To the extent it is more-likely-than-not that the deferred tax assets will not be recognized, a valuation allowance is established to offset their benefit.

Tax positions are recognized in the statement of financial condition only when it is more-likely-than-not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of expense or benefit that will more-likely-than-not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amount recognized in the statement of financial condition.

Standard Credit Securities, Inc.  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

Notes to Statement of Financial Condition (Continued)

**2. Significant Accounting Policies (continued)**

**Commissions Receivable**

Commissions receivable primarily represents amounts due from the Clearing Broker.

**3. Related Party Transactions**

TNA and an affiliate provide various services to the Company under a space sharing agreement and, in turn, charge an administration fee. The administration fee is allocated proportionately based on the percentage of revenue generated by SCS and an affiliate. These services include overhead expenses for rent, utilities, and administrative support. Due to affiliates on the statement of financial condition includes \$827,772 under this arrangement, as well as the current month's income tax allocation.

**4. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission's ("SEC") Uniform Net Capital Rule 15c3-1 (the "Rule"), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. The Company elected to compute its net capital under the alternative method permitted by the Rule, which requires the Company to maintain minimum net capital, as defined, of \$250,000.

The Rule provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital would be less than 120% of the minimum net capital requirement. In addition, certain advances, payments of dividends and other equity withdrawals are subject to certain notification requirements and restriction provisions of the Rule. At December 31, 2011, the Company had net capital of \$6,703,071, which was \$6,453,071 in excess of its required net capital of \$250,000.

The Company does not carry the accounts of customers and is exempt from SEC Rule 15c3-3 under subparagraph (k)(2)(ii).

**5. Concentration of Credit Risk**

At December 31, 2011, the financial instrument that potentially subjects the Company to concentration of credit risk is cash of \$7,083,324. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, non-interest bearing accounts are fully insured by the Federal Deposit Insurance Corporation ("FDIC"). The entire balance is on deposit with a major financial institution, and is fully insured by the FDIC.

Standard Credit Securities, Inc.  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

Notes to Statement of Financial Condition (Continued)

**6. Commissions Receivable and Deposit at Clearing Broker.**

Commissions receivable represent amounts due from the Clearing Broker and customers, which primarily consist of securities firms. At December 31, 2011, approximately \$638,000 in commissions receivable is concentrated with the Clearing Broker and \$22,000 is concentrated with one customer. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The Company's policy is to monitor the credit standing of each counterparty with which it conducts business.

The Company is required to maintain a deposit at its Clearing Broker in order to conduct its business. At December 31, 2011, the deposit at the Clearing Broker consisted of cash of \$100,000.

**7. Guarantees**

The Company has agreed to indemnify the Clearing Broker for losses that it may sustain from customer accounts introduced by the Company. At December 31, 2011, there were no customer balances maintained by the Clearing Broker and therefore, no balances were subject to such indemnification. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions.

**8. Financial Instruments**

The Company values financial assets and liabilities at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. As of December 31, 2011, there were no financial assets or liabilities measured at fair value.

**9. Income Taxes**

The Company accounts for income taxes in accordance with the liability method. Under the liability method, tax rates are applied to cumulative temporary differences based on when and how they are expected to affect the tax return.

The Company is included in the federal and combined state and local income tax returns of TNA. The Company calculates its income tax expense as though it filed a separate tax return.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For financial reporting purposes, the net deferred tax asset of \$110,825,

**Standard Credit Securities, Inc.**  
(A Wholly-Owned Subsidiary of Standard Credit Holdings, Inc.)

**Notes to Statement of Financial Condition (Continued)**

**9. Income Taxes (Continued)**

which is primarily due to a litigation accrual, at December 31, 2011 is reflected in the statement of financial condition. The deferred tax asset at December 31, 2011 is reflected without reduction for a valuation allowance. The principal reasons for the difference between the Company's effective income tax rate and the statutory federal income tax rate relates to state and local taxes.

The Company is required to make its the evaluation of tax positions taken or expected to be taken to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year. The Company accounts for any reserves as a component of income tax expense. As of and during the year ended December 31, 2011, the Company did not have any liabilities, interest or penalties related to uncertain tax positions. As of December 31, 2011, TNA's tax returns for 2008 through 2010 are subject to examination by tax authorities.

**10. Contingencies**

The Company has been named a defendant in certain lawsuits and other legal proceedings. After considering all relevant facts and the advice of counsel, in the opinion of management such litigation will not, in the aggregate, have a material adverse effect on the Company's financial position or results of operations.

**11. Subsequent Events**

The Company has evaluated subsequent events through the date this statement of condition was available to be issued and has noted no significant events since the date of the statement of financial condition.

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