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

SEC  
Mail Processing  
Section

FEB 27 2014

SEC FILE NUMBER
8-50745

Washington DC

**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 01/01/13 AND ENDING 12/31/13  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **BNP Paribas Investment Services, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**201 South Biscayne Boulevard, Suite 1800**

(No. and Street)

**Miami**

(City)

**Florida**

(State)

**33131**

(Zip Code)

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

**Gabriel Duarte**

**(305) 533-4152**

(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)

**NY**

(State)

**10017**

(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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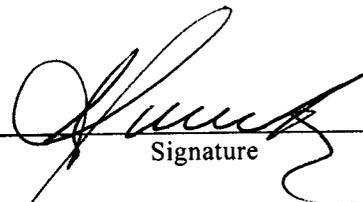
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**AFFIRMATION**

I, **Gabriel Duarte**, affirm that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **BNP Paribas Investment Services, LLC**, as of **December 31, 2013**, are true and correct. I further 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Chief Financial Officer & FINOP  
\_\_\_\_\_  
Title



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).

SEC  
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FEB 27 2014

Washington DC  
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# **BNP Paribas Investment Services, LLC**

(A wholly owned subsidiary of BNP Paribas)  
**Statement of Financial Condition**  
December 31, 2013



# **BNP Paribas Investment Services, LLC**

(A wholly owned subsidiary of BNP Paribas)

**Statement of Financial Condition**

**December 31, 2013**

# BNP Paribas Investment Services, LLC

(A wholly owned subsidiary of BNP Paribas)

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December 31, 2013

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## Independent Auditor's Report

To Board of Directors and Members of  
BNP Paribas Investment Services, LLC:

We have audited the accompanying statement of financial condition of BNP Paribas Investment Services, LLC (the "Company") as of December 31, 2013.

### *Management's Responsibility for the Statement of Financial Condition*

Management is responsible for the preparation and fair presentation of the statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a statement of financial condition that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement of financial condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the statement of financial condition in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of BNP Paribas Investment Services, LLC at December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

February 26, 2014

**BNP Paribas Investment Services, LLC**  
(A wholly owned subsidiary of BNP Paribas)  
**Statement of Financial Condition**  
**December 31, 2013**

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**Assets**

Cash and cash equivalents	\$	-
Cash segregated under federal regulations		280,011
Receivable from clearing brokers		1,336,255
Prepaid expenses and other assets		<u>91,702</u>
Total assets	\$	<u>1,707,968</u>

**Liabilities and Members' Equity**

Liabilities

Payable to affiliates	\$	88,845
Accrued expenses and other liabilities		<u>28,250</u>
Total liabilities		<u>117,095</u>

Members' equity

Membership certificates		7,767,819
Accumulated deficit		<u>(6,176,946)</u>
Total members' equity		<u>1,590,873</u>
Total liabilities and members' equity	\$	<u>1,707,968</u>

The accompanying notes are an integral part of this Statement of Financial Condition.

# **BNP Paribas Investment Services, LLC**

(A wholly owned subsidiary of BNP Paribas)

## **Notes to Statement of Financial Condition**

**December 31, 2013**

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### **1. Organization and Nature of Business**

BNP Paribas Investment Services, LLC (the "Company") is a Delaware limited liability corporation whose members consist of BNP Paribas ("BNPP" or "Parent") (98%-owner) and French American Banking Corporation (2%-owner), a wholly owned subsidiary of the Parent. The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Association ("FINRA").

The Company is engaged in introducing transactions and accounts of customers and clears all of its transactions on a fully disclosed basis through an unaffiliated clearing broker, Pershing LLC ("Pershing") and two affiliated entities, BNP Paribas Prime Brokerage, Inc. and BNP Paribas Securities Corp. The clearing agreement with BNP Paribas Securities Corp was terminated in December 2013. All clearing brokers are registered broker-dealers. The Company is authorized under a FINRA membership agreement to engage in several types of services including executing principal and agency transactions for other affiliated entities and direct retail clients, primarily high net worth individuals. All clients are fully disclosed to all clearing brokers. The Company's principal office is in Miami, Florida.

### **2. Significant Accounting Policies**

#### **Basis of Presentation**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. The actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

The Company classifies demand deposits with an affiliated bank as cash and cash equivalents. At December 31, 2013, the balance was zero.

#### **Cash Segregated Under Federal Regulations**

The Company is required by its primary regulators, to segregate cash and qualified securities to satisfy rules regarding the protection of customer assets in a special reserve bank account.

#### **Receivable from Clearing Brokers**

The Company maintains cash and a clearing deposit in accounts at the clearing brokers and has receivables for commissions and fees on transactions processed during the month. Such receivables from the clearing brokers are reported on the Company's Statement of Financial Condition.

#### **Income Taxes**

The Company is treated as a partnership for federal, state and local income tax purposes. All taxable items of income, expense, gain and loss pass through the Company to the individual members. Therefore, no income taxes are recorded.

**BNP Paribas Investment Services, LLC**  
(A wholly owned subsidiary of BNP Paribas)  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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Uncertain tax positions, if any, are evaluated in accordance with ASC 740-10-25 "Accounting for Uncertainty in Income Taxes" which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax returns. The Company would include related interest and penalties related to unrecognized tax benefits in Accrued expenses, and other liabilities in the Statement of Financial Condition.

**3. Related Party Transactions**

The Company transacts its securities business with affiliated companies. A summary of significant transactions is as follows:

In 2013, the Company cleared most of its securities transactions on a fully disclosed basis through an affiliated clearing broker. The Company was charged for the clearance and settlement of these transactions. At December 31, 2013, the receivable from affiliated clearing broker was \$368 relating to these fees. At December 31, 2013, the amount payable to affiliated clearing broker was \$2,500.

The Company is charged management fees for administrative duties performed by an affiliate in connection with a service level agreement. At December 31, 2013, the amount payable to affiliate for management fees was \$86,345.

**4. Off Balance Sheet Risk and Concentration of Credit Risk**

The Company clears all of its securities transactions through its clearing brokers on a fully disclosed basis. Pursuant to the terms of the agreement 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.

Although the right of the clearing brokers to charge the Company applies to all trades executed through the clearing brokers, the Company believes that there is no reasonable amount assignable to its obligations pursuant to this right as any such obligation would be based upon the future nonperformance by one or more counterparties. At December 31, 2013, the Company has recorded no liabilities with regard to the right, as it does not currently expect the final outcome of any such matter to have a material adverse effect on the financial statements. In addition, the Company has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations.

A customer's unsettled trade may ultimately expose the Company to off-balance sheet credit risk in the event the customer is unable to fulfill its contractual obligations. The Company and its clearing brokers seek to control the risk associated with its customer activities by making credit inquiries when establishing customer relationships and by monitoring customer trading activity.

**BNP Paribas Investment Services, LLC**  
(A wholly owned subsidiary of BNP Paribas)  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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The Company is involved in various transactions where, in the event the customers failed to perform their obligations under contractual terms, the Company may be exposed to risk. Substantially all of the clearing and depository operations for the Company are performed by its clearing brokers pursuant to a clearance agreement. The clearing brokers review, as considered necessary, the creditworthiness of the customers with which the Company conducts business. The Company's exposure to credit risk is associated with the nonperformance of its customers in fulfilling their contractual obligations pursuant to securities transactions which can be directly affected by volatile securities markets, credit markets and regulatory changes.

**5. Regulatory Requirements**

The Company is subject to the Uniform Net Capital Rule ("Rule 15c3-1") under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not be less than the greater of \$250,000 or 6 2/3% of aggregate indebtedness. At December 31, 2013, the Company had net capital of \$1,499,171 which was \$1,249,171 in excess of the required net capital.

Under the Company's Membership Agreement with FINRA, the Company is required to comply with the Customer Protection Rule ("Rule 15c3-3") for holding customer funds under the Securities Exchange Act of 1934, as the Company accepts checks from customers which are held for longer than 24 hours. Rule 15c3-3 requires the deposit of cash and/or qualified securities, as defined, in a special reserve account for the exclusive benefit of customers. At December 31, 2013, \$280,011 of cash had been segregated in a special reserve account with a third-party bank. At December 31, 2013, the Company was required to maintain a balance in this account in the amount of \$0. In addition, the Company operates pursuant to SEC Rule 15c-3-3(k)(2)(ii), clearing all transactions on a fully disclosed basis through its clearing brokers. The Company does not safe keep customer securities.

**6. Commitments and Contingencies**

**Risks and Uncertainties**

The Company generates a significant portion of its revenues by introducing the domestic and a small number of international customers to its clearing brokers. The revenues generated are transaction based and subject to a variety of financial uncertainties.

**Litigation**

In the normal course of business, the Company may be named as a defendant in legal actions, including arbitrations and lawsuits. Certain of the actual or threatened legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages.

The Company establishes reserves for potential losses that may arise out of litigation to the extent that such losses are both reasonably probable and estimable. Management is not aware of any such matters that will have a material effect on its financial statements.

**BNP Paribas Investment Services, LLC**  
(A wholly owned subsidiary of BNP Paribas)  
**Notes to Statement of Financial Condition**  
**December 31, 2013**

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**7. Subsequent Events**

The Company evaluated subsequent events from January 1, 2014 through February 26, 2014, the date on which the Statement of Financial Condition is issued. No subsequent events have occurred during this period that would require disclosure or adjustments to the Statement of Financial Condition.



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