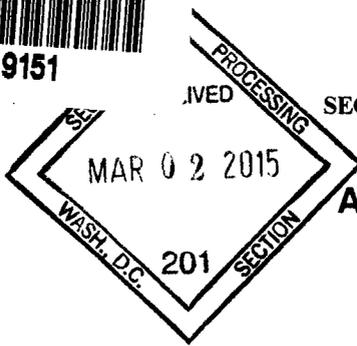




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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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

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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 1/1/2014 AND ENDING 12/31/2014 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KOREA INVESTMENT & SECURITIES AMERICA, INC.

OFFICIAL USE ONLY FIRM I.D. NO.

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

1350 AVENUE OF THE AMERICAS, SUITE 1110

(No. and Street)

NEW YORK

NY

10019

(City)

(State)

(Zip Code)

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

DONG EUN KIM

212-314-0685

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

SEJONG LLP

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

2050 CENTER AVENUE, SUITE 415

FORT LEE

NJ

07024

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- [X] 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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**Korea Investment & Securities America, Inc.**

(A Wholly Owned Subsidiary of  
Korea Investment & Securities Co., Ltd.)

Statement of Financial Condition

December 31, 2014

(With Report of Independent Registered Public Accounting Firm Thereon)

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors  
of Korea Investment & Securities America, Inc.

We have audited the accompanying statement of financial condition of Korea Investment & Securities America, Inc. (a Delaware corporation), (a wholly owned subsidiary of Korea Investment & Securities Co., Ltd.), as of December 31, 2014, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements. Korea Investment & Securities America, Inc.'s management is responsible for this financial statement. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (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. The company is not required to have, nor were we engaged to perform, an audit of its 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 purposes 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 position, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above present fairly, in all material respects, the financial position of Korea Investment & Securities America, Inc. as of December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

SEJONG LLP

Fort Lee, New Jersey  
February 26, 2015

**Korea Investment & Securities America, Inc.**  
(A Wholly Owned Subsidiary of  
Korea Investment & Securities Co., Ltd.)

Notes to Statement of Financial Condition

December 31, 2014

**(1) Description of Business**

Korea Investment & Securities America, Inc. (the "Company") was incorporated on April 18, 2000 under the laws of the State of Delaware to conduct a securities business in the United States of America. The Company, a wholly owned subsidiary of Korea Investment & Securities Co., Ltd. (the "Parent"), a Korean corporation, is a registered broker and dealer in securities under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Company engages primarily in broker and dealer transactions of Korean securities. Its principal customers are institutions in the U.S. investing in emerging markets.

The Company clears all transactions on a fully disclosed basis through the Parent. Accordingly, the Company does not carry customers' accounts and does not receive, deliver, or hold cash or securities in connection with such transactions. The Company claims exemption from SEC rule 15c3-3 under Paragraph (k)(2)(i).

**(2) Summary of Significant Accounting Policies**

**(a) Use of Estimates**

The preparation of statement of financial condition 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 liabilities at the date of the statement of financial condition during the reporting period. Actual results could differ from those estimates.

**(b) Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement 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 those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**(c) Fixed Assets**

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line method over the estimated useful lives of the respective asset, ranging from five to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of their useful lives or terms of their related leases.

**Korea Investment & Securities America, Inc.**  
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Notes to Statement of Financial Condition

December 31, 2014

**(3) Net Capital Requirements**

The Company, as a registered broker and dealer in securities, is subject to the Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934. Such rule prohibits the Company from engaging in any securities transactions whenever its "aggregate indebtedness", as defined, exceeds 15 times its "net capital", as defined. Under such rule, and the related rules of FINRA, the Company may be required to reduce its business if its net capital ratio exceeds 12 to 1, and it may be prohibited from expanding its business if its net capital ratio exceeds 10 to 1.

At December 31, 2014, the Company had a minimum net capital requirement of \$250,000, which increased from \$100,000 during the year. The Company had a service agreement ("Chaperoning arrangement") with the Parent, which was regarded as a foreign broker-dealer under SEC Rule 15a-6(a)(3). SEC requires registered broker and dealers that enter into a service agreement with a foreign broker-dealer to maintain a minimum net capital of \$250,000. At December 31, the Company had net capital of \$3,522,774, which exceeded the minimum requirement by \$3,272,774. The Company's percentage of aggregate indebtedness to net capital was 3.18%.

**(4) Fixed Assets**

Fixed assets, at December 31, 2014 are summarized as follows:

Equipment	\$ 42,539
Furniture and fixtures	31,354
Leasehold improvements	<u>17,735</u>
	91,628
Less accumulated depreciation and amortization	<u>65,214</u>
Fixed assets, net	\$ <u>26,414</u>

**(5) Related Party Transactions**

The Company executes purchases and sales of Korean securities for customers through the Parent. Commissions on Korean equity security transactions for customers are collected by the Parent directly from the customers and remitted periodically to the Company. Related commissions receivable and other receivable from the Parent as of December 31, 2014 amounted to \$48,683 and \$58,031, respectively.

**Korea Investment & Securities America, Inc.**  
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Notes to Statement of Financial Condition

December 31, 2014

**(6) Income Taxes**

The tax effects of temporary differences that give rise to the deferred tax assets at December 31, 2014 are as follows:

Deferred tax assets (liabilities):	
Net operating loss carryforwards	\$1,309,518
Deferred rent	24,052
Alternative minimum tax	5,929
Fixed assets	4,645
Capital loss carryforwards	2,711
Unrealized loss	<u>(49)</u>
Total gross deferred tax assets	1,346,806
Less valuation allowance	<u>1,346,806</u>
Net deferred tax assets	\$ <u>          —</u>

The net change in the valuation allowance for the year ended December 31, 2014 was a decrease of approximately \$189,000. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences. Accordingly, deferred tax assets have been reduced by a valuation allowance.

At December 31, 2014, the Company has net operating loss carryforwards available for federal income tax purpose of approximately \$2,781,000, which expire in various years through December 31, 2033. The Company also has net operating loss carryforwards for states and local tax purposes amounting to approximately \$3,723,000 at December 31, 2014, which expire in various years through December 31, 2033.

FASB ASC 740-10, *Income Taxes*, requires the Company to determine whether it is more likely than not that a tax position will be sustained upon examination by the applicable tax authority based on technical merits of the position. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. New York and New Jersey States and New York City are where the Company is subject to state and local income taxes. The Company remains subject to examination for the year ended December 31, 2013 and for fiscal years ended March 31, 2013 and 2012 for the federal, states, and local jurisdictions.

**Korea Investment & Securities America, Inc.**  
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Notes to Statement of Financial Condition

December 31, 2014

The future minimum lease payments under the non-cancelable operating lease contract as of December 31, 2014 are as follows:

Year ending December 31:	<u>Amount</u>
2015	\$ 160,000
2016	174,000
2017	175,000
2018	175,000
2019	175,000
Thereafter	<u>190,000</u>
	<u>\$ 1,049,000</u>

**(7) Commitment**

As of December 31, 2014, the Company had been obligated under non-cancelable operating lease contract for its office space, which expires through January 2021. The office lease contains a rent escalation clause for increases in property taxes and wage over base rate, and provisions for payments for maintenance and certain other operating costs.

**(8) Off-Balance-Sheet Risk**

The Company clears securities transactions on behalf of customers through the Parent. In connection with these activities, customers' unsettled trades may expose the Company to off-balance-sheet credit risk in the event customers are unable to fulfill their contracted obligations. There were no customers' unsettled trades at December 31, 2014. The Company seeks to control the risk associated with its customer activities by monitoring the creditworthiness of its customers.

**(9) Concentrations of Credit Risk**

Concentrations of credit risk that arise from financial instruments (whether on or off balance sheet) exist for group of counterparties when they have similar economic characteristics that would cause their ability to meet obligations to be similarly affected by economic, industry or geographic factors. There were no significant concentrations of credit risk at December 31, 2014. The Company seeks to control its credit risk and the potential for risk concentration through a variety of reporting and control procedures.

**(10) Subsequent Events**

The Company has evaluated subsequent events from the date of the statement of financial condition through February 26, 2015, the date at which the financial statements were available to be issued, and determined that there were no other items which requires accounting for or disclosure in the statement of financial condition.