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**ANNUAL AUDITED REPORT**

FEB 29 2016 **FORM X-17A-5**

**PART III**

Washington DC

409

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| OMB APPROVAL  |                |
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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 01/01/2015 AND ENDING 12/31/2015  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Marco Polo Securities, Inc.

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

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

30 Vesey Street, 14<sup>th</sup> Floor

(No. and Street)

New York

(City)

New York

(State)

10007

(Zip Code)

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

Jay Gettenberg

(212)-668-8700

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Grassi & Co.

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

488 Madison Avenue, 21<sup>st</sup> Floor

(Address)

New York

(City)

NY

(State)

10022

(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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Dan Ibarra, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Marco Polo Securities, Inc., as of December 31, 2015, 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:

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

Donald Ibarra  
Signature  
PRESIDENT  
Title

[Signature]  
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 Cash Flows.
- (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).

**Marco Polo Securities, Inc.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World)**

**Statement of Financial Condition**

**As of and for the Year Ended December 31, 2015**

**MARCO POLO SECURITIES, INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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GRASSI & CO.

Accountants and Success Consultants®



Accounting, Auditing, Tax, Litigation Support,  
Valuation, Management & Technology Consulting

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of Marco Polo Securities, Inc.  
(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)

We have audited the accompanying statement of financial condition of Marco Polo Securities, Inc. as of December 31, 2015. This financial statement is the responsibility of Marco Polo Securities, Inc.'s management. Our responsibility is to express an opinion on this financial statement 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes 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 presents fairly, in all material respects, the financial position of Marco Polo Securities, Inc. as of December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
February 26, 2016

**MARCO POLO SECURITIES, INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015**

**ASSETS**

**Assets**

|                          |                   |
|--------------------------|-------------------|
| Cash                     | \$ 263,649        |
| Commissions receivable   | 129,338           |
| Due from clearing broker | 109,667           |
| Prepaid and other assets | 6,062             |
| Deferred tax assets      | 139,747           |
|                          | \$ 648,463        |
| <b>Total assets</b>      | <b>\$ 648,463</b> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Liabilities**

|  |               |
|--|---------------|
| Accounts payable and accrued liabilities | \$ 43,115     |
| Intercompany payables                    | 16,547        |
|  | 59,662        |
| <b>Total liabilities</b>                 | <b>59,662</b> |

**Total commitments and contingencies**

**Stockholder's equity**

|   |                   |
|---|-------------------|
| Preferred stock - \$1,000 par value, 1,000 shares authorized;<br>shares issued and outstanding - none | \$ -              |
| Common stock - no par value; 200 shares authorized;<br>100 shares issued and outstanding              | 80,704            |
| Additional paid-in capital  | 55,666            |
| Retained earnings   | 452,431           |
|   | 588,801           |
| <b>Total stockholder's equity</b>   | <b>588,801</b>    |
| <b>Total liabilities and stockholder's equity</b>   | <b>\$ 648,463</b> |

The accompanying notes are an integral part of these financial statements.

**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***ORGANIZATION***

Marco Polo Securities Inc. (the "Company") is a wholly-owned subsidiary of Marco Polo New World, Inc. (the "Parent"). The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC"), a member of FINRA, a member of the Securities Investor Protection Corporation ("SIPC"), and a member of the National Futures Association ("NFA") as an introducing broker.

The Company does not carry accounts for customers, or perform custodial functions, related to securities. The Company's primary business is providing order routing and execution services to the emerging markets as an agency broker, offering investment advisory and banking services, and providing private placement services. The Company is engaged in providing agency brokerage services, which allows it to provide order routing and execution services predominantly to the emerging markets sector utilizing foreign broker dealers ("FBD"), who are registered in their respective countries to execute these transactions. The service is typically provided through technology shared with the Company's Parent. Accordingly, the Company claims exemption from SEC Rule 15c3-3 (k)(2)(ii). The clearance and settlement of the trades will occur through a direct transfer of funds and securities between the Company's customers and their clearing relationship with the executing foreign broker dealers on a DVP/RVP arrangement.

The Company has agreements (the "Agreements") with other U.S. broker dealers (the "clearing brokers") for clearing U.S. and foreign equities. The clearing brokers are member firms and are subject to the rules and regulations of the related regulatory bodies, as well as those of the SEC. Under the terms of the Agreements, the clearing brokers clear brokerage transactions for the Company's customers on a fully-disclosed basis. The Agreements state that the Company will assume customer obligations should a customer of the Company default.

The Company is also engaged in providing "Chaperoning" services to FBD under SEC Rule 15a-6.

**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Company's 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. Actual results could differ from those estimates.

***CASH***

At times, cash may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits.

***ALLOWANCE FOR DOUBTFUL ACCOUNTS***

The Company assesses the financial strength of its customers. Periodically, the Company evaluates its accounts receivable and provides an allowance for doubtful accounts equal to the estimated uncollectible accounts. The Company's estimate is based on a review of the current status of the individual accounts receivable. As of December 31, 2015, no allowance for doubtful accounts was deemed necessary.

***REVENUE RECOGNITION***

Securities transactions and related commission revenue are recorded on a trade-date basis. Technology services revenue are recognized as the service is provided. Investment banking income includes fees earned for financial advisory services, which are recorded as earned in accordance with the underlying agreement. Placement fees are earned at the time the placement is completed.

***INCOME TAXES***

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of (i) taxes payable or refundable for the current year, and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.



**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

---

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*INCOME TAXES (CONTINUED)*

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported, if based on the weight of the available positive and negative evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

ASC Topic 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise'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. ASC Topic 740 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company has no unrecognized tax benefits at December 31, 2015. The Company's U.S. federal and state income tax returns prior to the year ended December 31, 2012 are not subject to examination.

The Company recognizes interest and penalties associated with tax matters, if applicable, as part of other expenses. The Company did not recognize any interest or penalties associated with tax matters for the year ended December 31, 2015.

The Company files its tax return on a consolidated basis with the Parent entity, Marco Polo New World. The Company accounts for income taxes in these standalone financial statements as if separate income tax returns were filed in accordance with ASC Topic 740. However, the obligation to the IRS, if any, belongs to the Parent.

*SUBSEQUENT EVENTS*

The Company has evaluated subsequent events to determine if events or transactions, occurring through the date the financial statement was available to be issued, require adjustment to or disclosure in the financial statement.

**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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**NOTE 2 - DUE FROM CLEARING BROKER**

The Company has a clearing agreement with a clearing broker, which will provide the clearing and depository operations for the Company's security transactions.

Pursuant to the clearing agreement, the Company maintained deposit balances at both Pershing and FC Stone INTL. These balances are presented as due from clearing broker in the statement of financial condition. As of December 31, 2015, the balance was \$109,668.

The Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

Marco Polo Securities incurs monthly costs as reimbursable expenses to its wholly-owned parent, Marco Polo New World. The costs are associated primarily with wages and technology incurred at the parent level, for which the Company incurs an intercompany balance. As of December 31, 2015, the balance owed from Marco Polo Securities to Marco Polo New World was \$16,547 in excess of the amount charged.

**NOTE 4 - INCOME TAXES**

***INCOME TAX PROVISION***

The income tax provision consists of the following:

|                     | Year Ended<br><u>December 31, 2015</u> |
|---------------------|--|
| Current             |  |
| Federal             | \$ (81,000)                            |
| Deferred            |  |
| Federal             | 93,000                                 |
| State               | 27,500                                 |
| Foreign Tax Credit  | <u>139,746</u>                         |
| Total               | 260,246                                |
| Valuation allowance | <u>(139,746)</u>                       |
| Deferred Tax Asset  | \$139,246                              |

**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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**NOTE 4 – INCOME TAXES (CONTINUED)**

*INCOME TAX PROVISION (CONTINUED)*

The Company's foreign source income was subject to \$21,929 of withholding tax in foreign jurisdiction upon remittance to the United States. The Company receives U.S. federal tax credit for foreign taxes paid. Accordingly, these withholding tax credits can be used to reduce the Company's current federal income tax expense on foreign source income.

The Company's deferred tax assets are comprised of net operating losses of approximately \$260,246, expiring 2035 and foreign tax credits of \$139,746.

In assessing the realization 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 periods in which temporary differences, representing net future deductible amounts, became deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. After consideration of all of the information available, management believes that it is more likely than not that a valuation allowance is required in the amount of \$139,746.

The expected tax expense based on the U.S. federal statutory rate is reconciled with actual tax expense as follows:

|  | Year Ended<br><u>December 31, 2015</u> |
|--|--|
| U.S. federal statutory rate                        | 34.0%                                  |
| State and local income tax, net of federal benefit | 9.0                                    |
| Other permanent differences                        | 1.0                                    |
| Reversing standalone provision adjustments         | <u>(58.6)</u>                          |
| Income Tax Provision                               | <u>(14.6%)</u>                         |

**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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**NOTE 5 – FOREIGN WITHHOLDING TAX CREDIT**

The Company has international customers who reside in non-U.S. jurisdictions. The local governments in these regions require foreign withholding taxes to be made as a subset of remitting payment for services. These withholding taxes are a direct reduction of the amount paid to the Company. As such, the Company records these short payments as foreign tax withholding credits (assets), which can be used to offset corporate tax obligation on its entity tax return at year end. As of December 31, 2015, the foreign tax withholding credit was \$139,746.

**NOTE 6 - OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK**

As a non-clearing broker, the Company does not hold customer cash or securities. Its customer transactions are processed by a clearing firm on a fully-disclosed basis. In conjunction with this arrangement, the Company is contingently liable for any unsecured debit balances in the customer accounts introduced by the Company. These customer activities may expose the Company to off-balance sheet credit risk in the event the introduced customer is unable to fulfill its contractual obligations. The Company seeks to control such credit risk by monitoring its exposure to the risk of loss daily, on an account-by-account basis. At December 31, 2015, the Company is not responsible for any unsecured debits. Its customers' securities transactions are cleared through other broker-dealers and the majority, if not all of them, are on a DVP/RVP basis and no securities are held at its clearing firm.

**NOTE 7 - INDEMNIFICATIONS**

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees, and administrators, against specified potential losses in connection with them acting as an agent of, or providing services to, the Company. The Company also indemnifies some customers against potential losses incurred in the event specified third-party service providers, including sub-custodians and third-party brokers, improperly execute transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statement for these indemnifications.

**MARCO POLO SECURITIES INC.**  
**(A Wholly-Owned Subsidiary of Marco Polo New World, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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**NOTE 8 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn, or cash dividends paid, if the resulting net capital ratio would exceed 10 to 1. The Company is also subject to the net capital requirements of CFTC Regulation 1.17 and requirements of the National Futures Association.

At December 31, 2015, the Company has regulatory net capital of \$316,492, which exceeds the Company's minimum regulatory net capital requirement of \$250,000 (which is net capital requirement of the SEC Rule 15c3-1) by \$66,492. The Company's ratio of aggregate indebtedness to net capital is .189 to 1 as of December 31, 2015.