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SEC FILE NUMBER
8-48651

Washington  
 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 01/01/16 AND ENDING 12/31/16  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

KBFG Securities America Inc. (Formerly Hyundai Securities (America), Inc.)

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

1370 Avenue of the Americas, Suite 1900  
 (No. and Street)

New York NY 10019  
 (City) (State) (Zip Code)

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

Linda Grimm (212) 897-1685  
 (Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

WithumSmith+Brown, PC  
 (Name - if individual, state last, first, middle name)

465 South Street, Suite 200 Morristown NJ 07960-6497  
 (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). SEC 1410 (3-91)

Handwritten signature

# **KBFG Securities America Inc. and Subsidiary**

**(Formerly Hyundai Securities (America), Inc.)**

**Consolidated Financial Statements and  
Supplementary Schedules**

**Pursuant to Rule 17a-5 under the  
Securities Exchange Act of 1934**

**December 31, 2016**

**KBFG Securities America Inc. and Subsidiary  
(Formerly Hyundai Securities (America) Inc.)**

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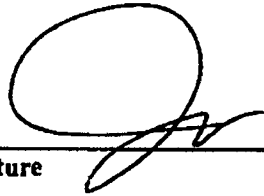
**This report \*\* contains (check all applicable boxes):**

- Report of Independent Registered Public Accounting Firm.
- Facing Page.
- Statement of Financial Condition.
- Statement of Operations.
- Statement of Changes in Stockholder's Equity.
- Statement of Cash Flows.
- Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable)
- Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 (included with item (g)) and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- An Affirmation.
- A copy of the SIPC Supplemental Report.
- Independent Accountants Report on Statement of Exemption from Rule 15c3-3.
- Statement of Exemption from Rule 15c3-3.

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

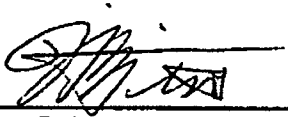
**AFFIRMATION**

I, Hyung-Jin Song, affirm that, to the best of my knowledge and belief, the accompanying consolidated financial statements and supplemental schedules pertaining to KBFG Securities America Inc. and Subsidiary for the year ended December 31, 2016, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Chief Compliance Officer  
Title



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

**BYOUNGJON JUN**  
Notary Public, State of New York  
Registration #01JU6339792  
Qualified In New York County  
Commission Expires April 4, 20 20

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
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**December 31, 2016**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and Management of  
KBFG Securities America Inc. and Subsidiary  
(formerly Hyundai Securities (America), Inc.)

We have audited the accompanying consolidated statement of financial condition of KBFG Securities America Inc. and Subsidiary (formerly Hyundai Securities (America), Inc.) (the "Company"), as of December 31, 2016, and the related consolidated statements of operations, changes in stockholder's equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial condition of KBFG Securities America Inc. and Subsidiary (formerly Hyundai Securities (America), Inc.) as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information, the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and the Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplementary information is the responsibility of the Company's management. Our audit procedures included determining whether the supplementary information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplementary information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*WithumSmith+Brown, PC*

February 23, 2017

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Consolidated Statement of Financial Condition**  
**December 31, 2016**

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**Assets**

Cash	\$ 4,206,818
Time deposits	2,039,469
Investment in private company, at fair value	13,097,786
Receivable from parent	23,713
Receivable from broker-dealers	5,430
Equipment (net of accumulated depreciation of \$8,621)	4,776
Other assets	50,900
Total assets	<u>\$ 19,428,892</u>

**Liabilities and Stockholder's Equity**

Unearned revenue	\$ 120,000
Accounts payable and accrued expenses	<u>108,820</u>
	228,820
Common stock - \$.01 par, 1000 shares authorized; 220 shares issued and outstanding	2
Additional paid-in capital	31,999,998
Accumulated deficit	<u>(12,799,928)</u>
Total stockholder's equity	<u>19,200,072</u>
Total liabilities and stockholder's equity	<u>\$ 19,428,892</u>

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

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2016**

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**Revenues**

Commissions	\$ 286,054
Research income	26,308
Interest income	24,251
Loss on investment in private company	(638,578)
Other revenue	172,055
Total net revenues	<u>(129,910)</u>

**Expenses**

Employee compensation and benefits	588,923
Professional fees	254,618
Occupancy	198,864
Communications	168,978
Travel and entertainment	116,482
Other expenses	153,979
Total expenses	<u>1,481,844</u>
Net loss before taxes	(1,611,754)
Income taxes	<u>6,500</u>
Net loss	<u>\$ (1,618,254)</u>

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



**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Consolidated Statement of Changes in Stockholder's Equity**  
**Year Ended December 31, 2016**

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	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Number of shares</u>	<u>Amount</u>			
Balances, January 1, 2016	220	\$ 2	\$ 31,999,998	\$ (11,181,674)	\$ 20,818,326
Net loss				(1,618,254)	(1,618,254)
Balances, December 31, 2016	<u>220</u>	<u>\$ 2</u>	<u>\$ 31,999,998</u>	<u>\$ (12,799,928)</u>	<u>\$ 19,200,072</u>

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

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2016**

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<b>Cash flows from operating activities</b>	
Net loss	\$ (1,618,254)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation	4,465
Decrease (increase) in operating assets:	
Time deposits	28,187
Investment in private company, at fair value	638,578
Receivable from broker-dealers	3,000,000
Receivable from parent	(20,192)
Other assets	(7,144)
(Decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>(3,307)</u>
Net cash provided by operating activities	<u>2,022,333</u>
Net increase in cash	2,022,333
<b>Cash</b>	
Beginning of year	<u>2,184,485</u>
End of year	<u>\$ 4,206,818</u>
<b>Supplemental cash flow activity</b>	
Interest paid	\$ 1,795
Taxes paid	<u>\$ 6,500</u>

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

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**1. Nature of Operations**

KBFG Securities America, formerly Hyundai Securities (America), Inc. (the "Company") is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is principally involved in the brokerage of U.S. and Korean securities and also engages in underwriting activities. The Company is a subsidiary of KB Securities Co., Ltd. (the "Parent"), located in Seoul, South Korea. During 2016, equity interests in the Parent company were acquired by KB Financial Group Inc. ("KB"), resulting in KB becoming an indirect owner of the Company. The acquisition rationale for KB is the diversification of its business portfolio.

The Company has a wholly-owned inactive subsidiary which, at December 31, 2016, had no assets and no liabilities, and no income or expenses for the year then ended.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

These consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") which requires 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 consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Cash**

The Company's checking and savings accounts are held by two financial institutions and therefore are subject to the credit risk at those financial institutions.

The Company also holds two time deposits with two different banks for investment purposes which are included in time deposits on the consolidated statement of financial condition.

The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

**Revenue Recognition**

Securities transactions and the related revenues are recorded on a trade-date basis. Commission income is recorded when earned.

**Unearned Revenue**

Unearned revenue represents unaccrued value of amounts received in advance of future services to be provided.

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

**Valuation of Investments and Valuation Processes**

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company.

Unobservable inputs reflect the Company’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

**Valuation of Investments and Valuation Processes (continued)**

value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

**Investment in Private Company**

The investment in the private company is valued, as a practical expedient, utilizing the net asset valuations provided by the underlying private investment company, without adjustment, when the net asset valuations of the investments are calculated in a manner consistent with GAAP for investment companies. The Company applies the practical expedient to its investments in private companies on an investment-by-investment basis, and consistently with the Company's entire position in a particular investment, unless it is probable that the Company will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the Company will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Company considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

The Company adopted the guidance issued in ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share practical expedient and related disclosures.

At December 31, 2016, the Company had an investment in a Private Company of \$13,097,786 measured using net asset value as a practical expedient, which was categorized in the fair value hierarchy.

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

**Translation of Foreign Currency**

The Company adheres to the accounting and reporting requirements in accordance with GAAP relating to "Foreign Currency Translation." The Company's functional currency is the United States dollar. Assets and liabilities denominated in nonfunctional currencies are translated into U.S. dollar amounts at the year-end exchange rate. Purchases and sales of investments, and income and expenses that are denominated in nonfunctional currencies are translated into U.S. dollar amounts on the transaction date. Adjustments arising from currency translation are reflected in the consolidated statement of operations.

The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net trading and investment income in the consolidated statement of operations.

**Income Taxes**

The Company follows an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. Accrued interest and penalties related to income tax matters are classified as a component of income tax expense.

In accordance with GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

**Income Taxes (continued)**

the Company recording a tax liability that would reduce stockholder's equity. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. Management's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, ongoing analyses and of changes to tax laws, regulations and interpretations thereof.

The Company files its income tax return in the U.S. federal and various state and local jurisdictions. Any potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, state and local tax laws.

**3. Fair Value Measurements**

Change in Level 3 assets measured at fair value for the year ended December 31, 2016:

<b>Securities owned at fair value:</b>	<b>Beginning balance January 1, 2016</b>	<b>Unrealized Loss</b>	<b>Transfers out of Level 3*</b>	<b>Ending balance December 31, 2016</b>
Investment in private company				
Common shares	\$ 13,736,364	\$ (638,578)	\$ (13,097,786)	\$ -

\*The transfer out of investments in private companies relates to the adoption of ASU 2015-07.

**4. Related Party Transactions**

**Parent**

The Company has a commission sharing agreement with the Parent, in which the Company receives a portion of the gross commission earned in connection with trades executed by the Parent that are introduced by the Company. Receivable from Parent includes commissions due to the Company and balances resulting from such trades. Substantially all of the Company's commission income was derived from transactions executed in accordance with this agreement. At December 31, 2016, the Company had a receivable of approximately \$24,000 which is related to this agreement.

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**4. Related Party Transactions (continued)**

In October 2015, the Company entered into agreements with entities under common control of the Parent to manage two properties purchased in the United States. The fees related to these agreements are recorded in other revenue on the accompanying statement of operations. As of December 31, 2016, the Company has a total of \$120,000 in unearned revenue relating to the two contracts.

**Investment in Private Company**

The investment in private company is a related party under common ownership and control. At December 31, 2016, the underlying assets of the private company consist of approximately \$3.0 million in cash, approximately \$0.6 million in option positions, approximately \$10.5 million due from broker, approximately \$1.5 million in an investment in an offshore fund and \$1.4 million in real estate. The investment also contains derivative liabilities of approximately \$3.4 million and accrued expenses of approximately \$0.5 million. The investment in the offshore fund is not permitted to be redeemed until the fund has completed winding down the Partnership and filed a notice of dissolution on or around the third anniversary of the initial closing date of the fund, which occurred in July of 2012. The General Partner of the fund extended the term for two years, with consent of a majority vote of the Limited Partners.

At December 31, 2016, approximately \$638,600 of unrealized losses is included in loss on investment in private company on the Consolidated Statement of Operations. The private company is a multi-strategy investment company with liquidity events available upon request. The Company does not have any unfunded capital commitments to the investment in the private company as of December 31, 2016. However, in accordance with the limited partnership agreement, the Company is subject to a repurchase clause whereby additional shares may need to be purchased if another investor submits notice to redeem. Under the repurchase clause, the Company also has the right to request the redemption of its investment by providing a 10 day written notice.

**5. Income Taxes**

At December 31, 2016, the Company has federal, state and city net operating loss carryforwards of approximately \$4,355,000 and \$3,750,000 and \$4,031,000 respectively, which begin to expire in 2027. The Company had approximately \$2,103,515 of deferred tax assets generated by the net operating losses as well as other timing differences and unrealized gains on its investment. The current valuation allowance increased by approximately \$370,515 due to changes in net operating loss carryforwards. The ultimate amount of NOL's able to be utilized by the Company in future periods may be limited under Internal Revenue Code Section 382, due to the change in ownership of the Parent Company. For the year ended December 31, 2016, the Company had determined that realization of its deferred tax asset is not likely and therefore has recorded a valuation reserve for the full amount.



**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**6. Net Capital Requirement**

The Company is subject to the SEC 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 that the Company maintain minimum net capital of \$250,000. At December 31, 2016, the Company had net capital of approximately \$6,027,000 which was \$5,777,000 in excess of its required minimum net capital of \$250,000.

**7. Exemption from Rule 15c3-3**

The Company is exempt from SEC Rule 15c3-3 pursuant to the exemptive provisions under sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a “Special Reserve Bank Account for the Exclusive Benefit of Customers” as the Company’s customer securities transactions are handled on its behalf on a delivery-versus payment/receive-versus payment basis through its Parent overseas.

**8. Commitments**

The Company is obligated under an operating lease for its New York office space that expires in January 2022.

Future minimum payments to be made under this lease are due in future years as follows:

<b>Year Ending December 31,</b>	<b>Total Commitments</b>
2017	\$ 170,000
2018	170,000
2019	170,000
2020	170,000
2021	170,000
Thereafter	4,000
	<hr/>
	<b>\$ 854,000</b>

Rent expense under this operating lease for the year ended December 31, 2016 was approximately \$159,000.

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America) Inc.)**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**9. Off-balance Sheet Risk and Concentration of Risk**

In the normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities transactions. These activities may expose the Company to off-balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

From time to time, the Company will maintain balances in several financial institutions that may exceed the Federal Deposit Insurance Corporation ("FDIC") coverage of \$250,000 per account. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash.

The majority of the Company's operations, including the investment in private company, are conducted through the Parent Company, which is located in the Republic of Korea. The Company's performance can be significantly influenced by economic factors and risks inherent in conducting business in foreign countries, including government regulations, currency restrictions and other factors that may significantly affect management's estimates and the Company's performance.

The investment in private fund comprises approximately 67% of the Company's assets.

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America), Inc.)**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2016**

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Stockholder's equity	<u>\$ 19,200,072</u>
Nonallowable assets:	
Investment in private company, at fair value	13,097,786
Receivable from broker-dealer	5,430
Receivable from parent	23,713
Equipment	4,776
Other assets	40,258
	<u>13,171,963</u>
Net capital before haircuts	6,028,109
Haircuts on security positions	<u>1,289</u>
Net capital	<u>6,026,820</u>
Minimum net capital requirement	<u>250,000</u>
Excess net capital	<u>\$ 5,776,820</u>

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's Amended Form X-17A-5, Part II filing.

See Report of Independent Registered Public Accounting Firm

**KBFG Securities America Inc. and Subsidiary**  
**(Formerly Hyundai Securities (America), Inc.)**  
**Computation for Determination of Reserve Requirements and**  
**Information Relating to Possession or Control Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**Year Ended December 31, 2016**

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The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i).

See Report of Independent Registered Public Accounting Firm

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and Management of  
KBFG Securities America Inc. and Subsidiary  
(formerly Hyundai Securities (America), Inc.)

We have reviewed management's statements, included in the accompanying Statement of Exemption from Rule 15c3-3, in which KBFG Securities America Inc. and Subsidiary (formerly Hyundai Securities (America), Inc.) (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provisions") and the Company stated that it met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*WithumSmith+Brown, PC*

February 23, 2017

**KBFG Securities America Inc. and Subsidiary  
(Formerly Hyundai Securities (America), Inc.)  
Statement of Exemption from Rule 15c3-3  
December 31, 2016**

The Company operates under the exemptive provision of SEC Rule 15c3-3(k)(2)(i) in that its transactions with customers are handled on a deliver-vs.-payment/receive-vs.-payment basis through its parent or the transactions are private placements in which the Company does not handle customer cash or securities. The Company does not have any other instances of holding funds or safekeeping securities for its customers. To the best knowledge and belief of the Company it is in compliance with the exemptive provisions of Rule 15c3-3 for the year ended December 31, 2016 without exception.

A handwritten signature in black ink, consisting of a large, rounded initial 'Q' followed by a stylized, cursive flourish.

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Executed by the Person who made the oath  
or affirmation under SEC Rule 17a-5(e)(2)