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

SEC FILE NUMBER
8- 38977

FACING PAGE

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 1/1/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Vantobel Securities Inc

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
 \_\_\_\_\_  
(No. and Street)  
 \_\_\_\_\_  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
 \_\_\_\_\_  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

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

\_\_\_\_\_  
(Address) (City) (State)

SECURITIES AND EXCHANGE COMMISSION  
 RECEIVED  
 MAR - 3 2017  
 DIVISION OF TRADING & MARKETS

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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**Report of Independent Registered Public  
Accounting Firm**

with financial statements and supplemental information as of  
December 31, 2016 of

**Vontobel Securities Ltd, Zurich**

SEC  
Mail Processing  
Section  
MAR 03 2017  
Washington DC  
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To the Board of Directors and Shareholders of  
**Vontobel Securities Ltd, Zurich**

Basle, February 27, 2017

## **Report of the Independent Registered Public Accounting Firm**

We have audited the accompanying statement of financial condition of Vontobel Securities Ltd (the Company) as of December 31, 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Scope**

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 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vontobel Securities Ltd at December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### **Supplementary Information**

The accompanying information contained in Schedules I (computation of net capital under Rule 15c3-1 of the Securities and Exchange Commission) and II (statement regarding Rule 15c3-3) has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. Such information is the responsibility of the Company's management. Our audit procedures included determining whether the 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. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Building a better  
working world

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Ernst & Young Ltd

Ira S. Fitlin  
Licensed audit expert (United States)  
(Auditor in charge)

Rafael Bussmann  
Licensed audit expert (Switzerland)

**Enclosures**

- ▶ Financial statements (statement of financial condition and related statements of comprehensive income, changes in shareholders' equity and cash flows)
- ▶ Schedule I: Computation of net capital under Rule 15c3-1 of the Securities and Exchange Commission
- ▶ Schedule II: Statement regarding Rule 15c3-3

**STATEMENT OF FINANCIAL CONDITION AT DECEMBER 31, 2016**  
 Convenience translation into US dollars (Note 1)

Vontobel Securities Ltd

	<u>2016</u>	<u>2016</u>
	CHF	USD
<b>ASSETS</b>		
Cash and cash equivalents	5'238'160	5'153'894
Prepaid expenses	7'997	7'868
Accounts receivable	26'019	25'600
<b>Total ASSETS</b>	<u><u>5'272'176</u></u>	<u><u>5'187'362</u></u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Liabilities		
Accrued expenses	777'085	764'584
VAT tax payables	5'118	5'036
<b>Total LIABILITIES</b>	<u>782'203</u>	<u>769'620</u>
Shareholder's equity		
Share capital - 2'000 bearer shares of CHF 1'000 each issued outstanding authorised	2'000'000	1'967'826
Additional paid-in capital	7'000'000	6'887'391
Accumulated loss	(4'510'027)	(4'437'475)
<b>Total SHAREHOLDER'S EQUITY</b>	<u>4'489'973</u>	<u>4'417'742</u>
<b>Total LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<u><u>5'272'176</u></u>	<u><u>5'187'362</u></u>

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

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016**  
 Convenience translation into US dollars (Note 1)

Vontobel Securities Ltd

	<u>2016</u>	<u>2016</u>
	CHF	USD
<b>REVENUES</b>		
Commissions	6'967'911	6'855'818
Interest income	0	0
Trading result, net	131	129
Other revenue	10'000	9'839
Total REVENUES	<u>6'978'042</u>	<u>6'865'786</u>
<b>EXPENSES</b>		
Employee compensation and benefits	2'698'307	2'654'899
Communication and IT costs	648'409	637'978
Occupancy and equipment costs	208'810	205'451
Interest expenses	24'685	24'288
Data processing costs	2'465'383	2'425'722
Travel and representation expenses	276'278	271'834
Other expenses	817'038	803'894
Total EXPENSES	<u>7'138'910</u>	<u>7'024'066</u>
Profit (loss) before taxation	(160'868)	(158'280)
Income Taxes	0	0
Net profit (loss)	<u>(160'868)</u>	<u>(158'280)</u>
<b>Other Comprehensive Income</b>		
Total Other Comprehensive Income	<u>0</u>	<u>0</u>
<b>Comprehensive Income (loss)</b>	<u>(160'868)</u>	<u>(158'280)</u>

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

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016**  
Convenience translation into US dollars (Note 1)

Vontobel Securities Ltd

	<b>Total</b>	<b>Paid-in Capital</b>	<b>Share Capital</b>	<b>Accumulated</b>
	<b>CHF</b>	<b>CHF</b>	<b>2016</b>	<b>Loss</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
Beginning balance January 1, 2016	4'650'841	7'000'000	2'000'000	(4'349'159)
Net profit (loss)	(160'868)	0	0	(160'868)
Ending balance December 31, 2016	<u>4'489'973</u>	<u>7'000'000</u>	<u>2'000'000</u>	<u>(4'510'027)</u>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Beginning balance January 1, 2016	4'646'195	6'993'007	1'998'002	(4'344'814)
Impact of exchanges rate movements on opening balances	(70'173)	(105'616)	(30'176)	65'619
Net profit (loss)	(158'280)	0	0	(158'280)
Ending balance December 31, 2016	<u>4'417'742</u>	<u>6'887'391</u>	<u>1'967'826</u>	<u>(4'437'475)</u>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016**

Convenience translation into US dollars (Note 1)

## Vontobel Securities Ltd

	<u>2016</u>	<u>2016</u>
	CHF	USD
Cash flows from operating activities		
Net profit (loss)	(160'868)	(158'280)
Adjustments to reconcile net loss to Net cash used in operating activities:		
Effect of exchange rate changes on cash	0	(82'939)
Changes in operating assets and liabilities:		
Increase in prepaid expenses	(2'129)	(2'095)
Increase in account receivable	(5'600)	(5'510)
Decrease in accrued expenses	(92'739)	(91'247)
Increase in accrued taxes	2'442	2'403
Net cash provided by (used in) operating activities	<u>(258'894)</u>	<u>(337'668)</u>
Net cash provided by (used in) operating activities	(258'894)	(337'668)
Cash and cash equivalents at beginning of year	5'497'054	5'491'562
Cash and cash equivalents at end of year	<u>5'238'160</u>	<u>5'153'894</u>
Difference		
Additional cash flow information		
Cash paid during the year for:		
Income taxes	0	0
Interest payments	24'685	24'288

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



## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 – Summary of significant accounting policies

#### *Nature of business*

Vontobel Securities Ltd (the Company) is a wholly-owned subsidiary of Vontobel Holding Ltd (the Holding or the Parent); both are incorporated in Zurich, Switzerland. The Company operates as a registered broker / dealer in the United States and provides, on an agency basis, introducing brokerage services to US institutional investors primarily in European securities. The New York branch of the Company which has been liquidated as of December 2002 has been re-established as of November 16, 2006 in the course of the acquisition of the equity brokerage and corporate finance units of Lombard Odier Darier Hentsch & Cie. by Bank Vontobel Ltd (the Bank). Vontobel Securities Ltd has mainly brokerage and services agreements with the Bank and the Holding whereby the Bank executes transactions and provides related clearing, custodial and administrative services. Bank Vontobel Ltd renders various services including management support & controlling, corporate identity and project tasks. Costs are allocated on the basis of cost center allocation, i.e. according to effective consumption or full time equivalents. Vontobel Securities Ltd is a broker / dealer registered with the SEC and the Financial Industry Regulatory Authority (FINRA).

#### *Basis of presentation*

The financial statements are presented in accordance with accounting principles generally accepted in the United States ("US GAAP"). The Company's functional and reporting currency is that of its parent, Swiss francs. These financial statements are expressed in US dollars for the reader's convenience based on the exchange rate as at December 31, 2016 of CHF 1.01635 per USD 1.00. This convenience translation should not be construed as representation that the Swiss francs amounts could be converted to US dollars at this rate.

#### *Use of estimates in the preparation of financial statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The amount of current and deferred taxes is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

### *Cash flows*

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Presented in the statement of cash flows is the effect of exchange rate changes on the (opening) cash balance.

### *Revenue recognition*

Commissions are recorded on a trade date basis. Interest income is recorded as earned.

### *Recent accounting pronouncements*

In May 2014, the FASB issued a new standard related to the "Revenue from Contracts with Customers" which amends the existing accounting standards for revenue recognition. The standard requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This standard is applicable for fiscal year beginning after December 15, 2017 and for interim periods within those years and early adoption is not permitted. The Company expects to adopt this standard on January 1, 2018. The Company evaluated the impact of the adoption of this standard on its financial statements and concludes that it has no effect on the company's financial statement and disclosures.

### **Note 2 – Taxation**

In Switzerland, taxes are assessed on the Company's net equity (capital) and on the Company's income. The income tax rate is graduated in proportion to the ratio of income before taxation to capital. The following taxes (capital taxes) are recognized within other expenses:

	<u>2016</u> CHF	<u>2016</u> USD
Swiss taxes	7'577	7'455
US taxes	<u>168</u>	<u>165</u>
Total	<u><u>7'745</u></u>	<u><u>7'620</u></u>

**Note 3 – Expiry date of losses carried forward and net deferred tax assets**

	2016	2016
	CHF	USD
Swiss losses carried forward		
Loss fiscal year 2010 (expires 2017)	(726'700)	(715'010)
Loss fiscal year 2011 (expires 2018)	(2'038'974)	(2'006'173)
Loss fiscal year 2012 (expires 2019)	(2'946'566)	(2'899'165)
Loss fiscal year 2013 (expires 2020)	(422'768)	(415'967)
Loss fiscal year 2016 (expires 2023)	(160'868)	(158'280)
<b>Total Swiss operating losses carried forward</b>	<b>(6'295'876)</b>	<b>(6'194'594)</b>
	2016	2016
	CHF	USD
US losses carried forward		
Loss fiscal year 2006 (expires 2026)	(67'946)	(66'853)
Loss fiscal year 2007 (expires 2027)	(763'267)	(750'988)
Loss fiscal year 2008 (expires 2028)	(1'056'124)	(1'039'134)
Loss fiscal year 2009 (expires 2029)	(1'134'155)	(1'115'910)
Loss fiscal year 2010 (expires 2030)	(1'612'230)	(1'586'294)
Loss fiscal year 2011 (expires 2031)	(1'984'960)	(1'953'028)
Loss fiscal year 2012 (expires 2032)	(2'380'928)	(2'342'626)
Loss fiscal year 2013 (expires 2033)	(2'170'882)	(2'135'959)
Loss fiscal year 2014 (expires 2034)	(909'478)	(894'847)
Loss fiscal year 2015 (expires 2035)	(1'298'708)	(1'277'816)
Loss fiscal year 2016 (expires 2036)	(1'436'816)	(1'413'702)
<b>Total US operating losses carried forward</b>	<b>(14'815'493)</b>	<b>(14'577'157)</b>
	2016	2016
	CHF	USD
Gross deferred tax assets Swiss	1'341'113	1'319'538
Valuation allowance Swiss	(1'341'113)	(1'319'538)
Gross deferred tax assets Foreign	5'778'042	5'685'091
Valuation allowance Foreign	(5'778'042)	(5'685'091)
<b>Net deferred tax assets</b>	<b>0</b>	<b>0</b>

The Company recognizes deferred tax assets related to tax losses that can be carried forward to be utilized against profits in future years. Net deferred tax assets after valuation allowance of CHF 0 (USD 0) as of 31 December 2016 are recognized. The full valuation allowance of the Company is the result of its historical cumulative loss position. In general, Swiss tax losses can be carried forward for seven years and US federal tax losses for 20 years.

**Note 4 – Commitments**

No material lease commitments to third parties exist at December 31, 2016. However, the Company has entered into service level agreements with the Bank, the Holding and Vontobel Asset Management Inc., New York, for transaction and management services (Note 6).

**Note 5 – Related party transactions**

The Company is involved in significant financing and other transactions, and has significant related party balances with affiliates.

The following table sets forth the Company's related party assets and liabilities as of December 31, 2016.

ASSETS	CHF	USD
Cash and cash equivalents	2'242'044	2'205'976
Prepaid expenses	7'997	7'868
Total assets	<u>2'250'041</u>	<u>2'213'844</u>
LIABILITIES	CHF	USD
Accrued expenses	184'849	181'875
Total liabilities	<u>184'849</u>	<u>181'875</u>

Included in the statement of operations are expenses resulting from various securities transactions and financing activities with certain affiliates, as well as fees for administrative services performed for the Company under the terms of various agreements.

The following table sets forth the Company's related party expenses for the year ended December 31, 2016.

	2016	2016
	CHF	USD
Interest expenses	61	60
Data processing costs	2'465'229	2'425'571
Occupancy and equipment costs	208'810	205'451
Communication and IT costs	390'772	384'486
Other expenses	518'990	510'641
Employee compensation and benefits	31'348	30'844
	<u>3'615'210</u>	<u>3'557'053</u>

The Company earned CHF 966'210 (USD 950'667) in commission fees from the Bank for acting as the introducing broker in accordance with their brokerage and service agreement. In addition, the company earned CHF 10'000 (USD 9'839) in rental income for a parking lot from a member of its key management.

Company cash accounts in the amount of CHF 2'242'044 (USD 2'205'976) are held at the Bank; interest is based on rates paid from the Bank to third-parties for similar accounts. This year's interest income from the Bank amounts to CHF 0 (USD 0).

#### **Note 6 – Net capital requirements**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital of the greater of 6.67% of aggregated indebtedness (as defined) or USD 250'000 and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid in the resulting net capital ratio would exceed 10 to 1). At December 31, 2016, the Company had net capital (as defined) of USD 2'341'223 of which USD 2'091'223 was in excess of its required net capital (as defined) of USD 250'000. The Company's net capital ratio (as defined) was 0.33 to 1.

#### **Note 7 – Financial instruments with off balance sheet risks**

In the normal course of business, the Company executes, as agent, transactions on behalf of customers. If the agency transactions do not settle because of failure to perform by either the customer or the counterparty, the Company may be required to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the fair value of the security is different from the contract amounts of the transaction. The Company does not anticipate non-performance by customers or counterparties in the above situations. However, the Company's policy is to monitor its market exposure and counterparty risk and has not recorded a contingent liability in the financial statements for these indemnifications.

#### **Note 8 – Cash and cash equivalents**

As at December 31, 2016 cash and cash equivalents include demand deposits with banks. These are stated at face value.

**Note 9 – Accrued expenses**

Accrued expenses include compensation and benefits related expenses in the amount of CHF 463'877 (USD 456'415). The remainder includes accruals for audit, consulting and administrative expenses.

**Note 10 – Other expenses**

Other expenses include administrative and service expenses from affiliates and other business expenses.

**Note 11 – Employee Benefits and post-employment benefits**

For employees in Switzerland the Company participates in the pension plan of the sister company. The Company accounts for its participation in this single employer plan as a multiemployer plan. In 2016, the Company made the following contributions to the plan:

	2016	2016
	CHF	USD
<b>Contribution</b>	124'043	122'048

Additionally, the company participates in a defined contribution pension plan for its employees located outside of Switzerland. Contributions are paid by the employer. During the year 2016 the Company made the following contributions to this plan:

	2016	2016
	CHF	USD
<b>Contribution</b>	63'508	62'486

The Company's expense related to the pension plan is included in employee compensation and benefits expense in the accompanying statement of operations.

**Note 12 – Subsequent events**

No events have occurred since the balance sheet date that affect the relevance of the information provided in the year 2016 financial statements and would therefore need to be disclosed.

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2016**

<b>Net Capital</b>	USD
Shareholder's equity	4'417'742
Less: non-allowable assets and deductions and charges	
Non-allowable assets	
Cash and cash equivalents	(1'844'487)
Prepaid expenses	(7'868)
Accounts receivable	(25'600)
Net capital before haircuts	<u>2'539'787</u>
Less: haircuts on foreign currency assets	<u>(198'564)</u>
Net capital	<u>2'341'223</u>
<b>Computation of basic net capital requirement</b>	
Aggregate indebtedness	
Accrued expenses	764'584
Liabilities for taxes	5'036
Total aggregate indebtedness	<u>769'620</u>
Minimum net capital required (greater of USD 250'000 or 6 2/3% of aggregate indebtedness)	250'000
Excess net capital	<u><u>2'091'223</u></u>
Net capital ratio	<u><u>0.33 to 1</u></u>

The Company has classified USD 1'844'487 of its cash balance at the Bank as non-allowable, because this cash is not used to settle operational liabilities.


There were no material differences between the above computation of net capital and the computation included in the Company's unaudited Form's X-17A-5 Part II Focus report as of December 31, 2016.

**STATEMENT REGARDING Rule 15c3-3  
AS OF DECEMBER 31, 2016**

The Company is exempt from the provision of Rule 15c3-3 of the Securities Exchange Act of 1934 in accordance with Section (k) (2) (i) of that rule.

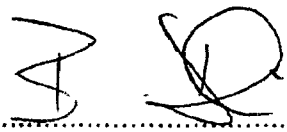
Vontobel Securities AG

Roger Studer  
Chairman of the Board of Directors



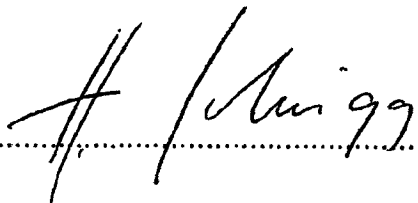
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Beat Dünki  
Chief Executive Officer



.....

Hanspeter Schiegg  
Chief Financial Officer



.....



**Report of Independent Registered Public  
Accounting Firm on Applying Agreed-Upon  
Procedures**

As per December 31, 2016

**Vontobel Securities AG, Zurich**



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CH-4002 Basle

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To the Board of Directors and Management of  
**Vontobel Securities Ltd, Zurich**

Basle, February 27, 2017

## **Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures**

We have performed the procedures enumerated below, which were agreed to by the Board of Directors, management of Vontobel Securities Ltd (the Company), and the Securities Investor Protection Corporation (SIPC), set forth in the Series 600 Rules of SIPC. We performed the procedures solely to assist the specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2016. The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards of the Public Company Accounting Oversight Board (United States) and American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. Compared the assessment payments made in accordance with the General Assessment Payment Form (Form SIPC-6) and applied to the General Assessment calculation on Form SIPC-7 with respective cash disbursement record entries.

**No findings were found as a result of applying the procedure.**

2. Compared the amounts reported in the audited financial statements required by SEC Rule 17a-5 with the amounts reported in Form SIPC-7 for the fiscal year ended December 31, 2016.

**No findings were found as a result of applying the procedure.**

3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers.

**No findings were found as a result of applying the procedure.**

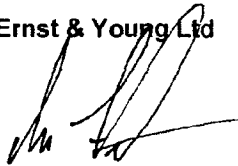
4. Verified the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the schedules and working papers supporting the adjustments.

**No findings were found as a result of applying the procedure.**

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the fiscal year ended December 31, 2016. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

**Ernst & Young Ltd**



Ira S. Fitlin  
Certified Public Accountant (United States)



Rafael Bussmann  
Certified Public Accountant (Switzerland)

**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

as per December 31, 2016

**Vontobel Securities Ltd, Zurich**



Ernst & Young Ltd  
Aeschengraben 9  
P.O. Box  
CH-4002 Basel

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## Board of directors and Management

### Vontobel Securities Ltd, Zurich

Basel, February 27, 2017

#### Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying exemption report, in which (1) Vontobel Securities Ltd (the Company) identified the following provision of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(i) (the "exemption provision") and (2) the Company stated that it met the identified exemption provision throughout the most recent fiscal year ended December 31, 2016 without exception. Management is responsible for compliance with the exemption provision 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 provision. 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 provision set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, other regulatory agencies that rely on Rule 17a-5 under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and other recipients specified by Rule 17a-5(d)(6) and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young Ltd

Ira S. Fitlin  
Licensed audit expert (United States)  
(Auditor in charge)

Rafael Bussmann  
Licensed audit expert (Switzerland)



**Vontobel Securities Ltd. - Exemption Report**

Vontobel Securities Ltd. is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, Vontobel Securities Ltd. states the following:

1. Vontobel Securities Ltd. claimed an exemption from 17 C.F.R §240.15c3-3 under the following provisions of 17 C.F.R §240.15c3-3 (k):
  - (2) (i) "Special Account for the exclusive benefit of customers" maintained – for the months from January 2016 to December 2016;
2. Vontobel Securities Ltd. met the identified exemption provisions throughout the most recent fiscal year without exception.

We affirm that, to our best knowledge and belief, this Exemption Report is true and correct.

Zurich, February 27, 2017

A handwritten signature in black ink, appearing to read "B. Düнки".

Beat Düнки  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "H. Schiegg".

Hanspeter Schiegg  
Chief Financial Officer