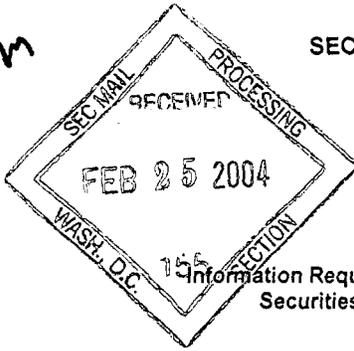


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SECURITIES



ON

04002755

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

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

BB 2/26

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2001
Estimated average burden Hours per response.....	12.00

SEC FILE NUMBER
8- 65332

REPORT FOR THE PERIOD BEGINNING 01/01/03

AND ENDING 12/31/03

MM/DD/YYYY

MM/DD/YYYY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mercury Capital Markets, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

100 Field Point Road

(No. and Street)

Greenwich

CT

06830

(City)

(State)

(Zip Code)

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

Malcolm MacLean

203-769-2984

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Larry D. Liberfarb, P.C.

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

11 Vanderbilt Avenue

Norwood

MA

02062

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its properties

FOR OFFICAL USE ONLY

PROCESSED

MAR 03 2004

THOMSON
FINANCIAL

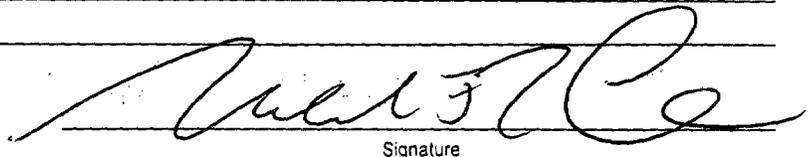
*Claims for exemption from the requirements that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17-a-8(e)(2)

SEC 1410 (05-01) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

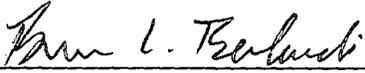
Handwritten signature

OATH OR AFFIRMATION

I, Malcolm MacLean, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mercury Capital Markets, LLC, as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principle officer or director has any proprietary interest in any account classified solely as that of A customer, except as follows:


Signature

Member _____
Title _____


Notary Public

BRIAN L. BERLANDI
Notary Public, State of Connecticut
No. 136044
Commission Expires: September 30, 20 08

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c2-3.
- (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).

MERCURY CAPITAL MARKETS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2003

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

To the Member of
Mercury Capital Markets, LLC
Greenwich, CT

We have audited the accompanying statement of financial condition of Mercury Capital Markets, LLC as of December 31, 2003, and the related statements of income, changes in member's equity, and cash flows for the year then ended that you are filing 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements referred to above present fairly, in all material respects, the financial position of Mercury Capital Markets, LLC as of December 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Norwood, Massachusetts
February 10, 2004

MERCURY CAPITAL MARKETS, LLC
STATEMENT OF FINANCIAL CONDITION

December 31, 2003

ASSETS

Cash	\$ 137,877
Furniture, equipment, and leasehold improvements, at cost, less accumulated depreciation and amortization of \$212	2,926
Other assets	<u>16,020</u>
	<u>\$ 156,823</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Accounts payable and accrued expenses	\$ 6,000
Member's equity:	
Member's equity	<u>150,823</u>
	<u>\$ 156,823</u>

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

MERCURY CAPITAL MARKETS, LLC

STATEMENT OF INCOME

For the Year Ended December 31, 2003

Revenues:	
Investment banking	\$ 577,500
Research	152,965
Interest and dividends	920
	<u>731,385</u>
Expenses:	
Employee compensation and benefits	117,544
Communications and data processing	7,606
Occupancy	37,349
Other expenses	77,385
	<u>239,884</u>
Net income	<u>\$ 491,501</u>

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

MERCURY CAPITAL MARKETS, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the Year Ended December 31, 2003

Balance at January 1, 2003	\$ 165,305
Net income	491,501
Proceeds from member	197,040
Distributions to member	<u>(703,023)</u>
Balance at December 31, 2003	<u><u>\$ 150,823</u></u>

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

MERCURY CAPITAL MARKETS, LLC

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2003

Cash flows provided by operating activities:	
Net income	\$ 491,501
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation and amortization	4,191
(Increase) decrease in operating assets:	
Receivable from customers	11,800
Other assets	(4,000)
Increase (decrease) in operating liabilities:	
Accounts payable, and accrued expenses	<u>6,000</u>
Net cash provided by operating activities	509,492
Cashflows used for investing activities:	
Purchase of furniture and equipment	(2,589)
Cash flows used for financing activities	
Proceeds from member	197,040
Distributions to member	<u>(703,023)</u>
Net cash used for financing activities	<u>(505,983)</u>
Increase in cash	920
Cash at beginning of the year	<u>136,957</u>
Cash at end of the year	<u><u>\$ 137,877</u></u>
Supplemental cash flow disclosures:	
Interest payments	\$0
Income tax payments	\$0

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

MERCURY CAPITAL MARKETS, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD).

Investment Banking

Investment banking revenues include fees arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on offering date, sales concessions on settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Depreciation

Depreciation is provided on a straight-line basis using estimated useful lives of ten years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Income Taxes

The Company operates as a limited liability company. It is a wholly owned subsidiary of Mercury Partners, LLC. As such, the company files combined federal and state income tax returns with its parent Company. The Company's income or loss and credits are passed through to the members of the parent company, and reported on their individual income tax returns.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

MERCURY CAPITAL MARKETS, LLC

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2003

NOTE 1 - 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 requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from these estimates

NOTE 2 - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Major classifications of fixed assets are as follows:

Furniture and equipment	\$ 1,990
Leasehold improvements	<u>1,148</u>
	3,138
Less accumulated depreciation	<u>212</u>
	\$ 2,926

Depreciation expense for the year ending December 31, 2003 was \$184.

NOTE 3 - NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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 Company had net capital of \$129,519, which was \$29,519 in excess of its required net capital of \$100,000. The Company's net capital ratio was .05 to 1.

MERCURY CAPITAL MARKETS, LLC

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2003

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company received the benefit of \$197,040 of expenses paid on its behalf by Mercury Partners', LLC. The operating expenses are based on an allocation of the parent company's expenses. The allocated expenses include rent expense in the amount of \$37,349. At December 31, 2003 the Company did not owe any monies to the parent company.

Since these entities are under common control, operating results or financial position of the Company could differ significantly from those that would have been obtained if the entities were autonomous.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Company maintains cash in bank accounts in excess of the established limit insured by the Federal Deposit Insurance Corporation (FDIC).

MERCURY CAPITAL MARKETS, LLC

SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2003

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

**Independent Auditor's Report on
Supplementary Information Required by Rule 17a-5 of the
Securities and Exchange Commission**

To the Member of
Mercury Capital Markets, LLC
Greenwich, CT

We have audited the accompanying financial statements of Mercury Capital Markets, LLC for the year ended December 31, 2003, and have issued our report thereon dated February 10, 2004. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Norwood, Massachusetts
February 10, 2004

SCHEDULE I

MERCURY CAPITAL MARKETS, LLC

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL
PURSUANT TO RULE 15c3-1

DECEMBER 31, 2003

AGGREGATE INDEBTEDNESS:

Accounts payable and accrued expenses \$ 6,000

NET CAPITAL:

Member's equity \$ 150,823

ADJUSTMENTS TO NET CAPITAL:

Other assets (16,020)

Property and equipment, net (2,926)

Haircuts (2,358)

Net Capital, as defined \$ 129,519

NET CAPITAL REQUIREMENT \$ 100,000

NET CAPITAL IN EXCESS OF REQUIREMENT \$ 29,519

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL 4.63%

Reconciliation with Company's computation of net capital:

Net capital as reported in Company's Part IIA (unaudited)

FOCUS Report \$ 135,518

Net audit adjustments (10,897)

Decrease in non-allowables and haircuts 4,898

Net capital per above \$ 129,519

SCHEDULE II

MERCURY CAPITAL MARKETS, LLC

**COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS FOR BROKER/DEALERS UNDER
RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

DECEMBER 31, 2003

Mercury Capital Markets, LLC is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5

To the Member of
Mercury Capital Markets, LLC

In planning and performing our audit of the financial statements of Mercury Capital Markets, LLC (the Company), for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g). Because the Company does not carry security accounts for customers or perform custodial functions relating to customers securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).
2. Making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
4. Obtaining and maintaining physical possession or control of fully paid and excess margin securities of customers as required by rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial

statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

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


Larry D. Liberfarb, P.C.
Norwood, Massachusetts
February 10, 2004