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

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

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 04/01/05 AND ENDING 03/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Intercapital Securities LLC

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

Harborside Financial Center, 1100 Plaza Five

(No. and Street)

Jersey City  
(City)

New Jersey  
(State)

07311  
(Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Philip Curry (212) 341-9746

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PricewaterhouseCoopers LLP

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

300 Madison Avenue  
(Address)

New York  
(City)

New York 10017  
(State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

**JUN 22 2006**

**THOMSON  
FINANCIAL**

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\*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)

*Handwritten signature/initials*

OATH OR AFFIRMATION

I, Philip Curry, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Intercapital Securities LLC, as of March 31st, 2006, 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:

None

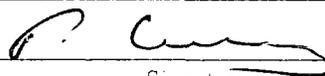
MEREDITH E. MASTERS

Notary Public of New Jersey

Commission Expires Aug. 15, 2008

Meredith E. Masters

Notary Public



Signature

Chief Financial Officer

Title

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 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 15c3-3 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).

**Intercapital Securities LLC**

Statement of Financial Condition

March 31, 2006

**Intercapital Securities LLC**

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**March 31, 2006**

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PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Center  
300 Madison Avenue  
New York NY 10017  
Telephone (646) 471 3000  
Facsimile (813) 286 6000

**Report of Independent Auditors**

To the Member of  
Intercapital Securities LLC

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Intercapital Securities LLC (the "Company") at March 31, 2006 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

May 25, 2006

**Intercapital Securities LLC**  
**Statement of Financial Condition**  
**March 31, 2006**

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*(dollars in thousands)*

**Assets**

Cash and cash equivalents	\$ 6,978
Receivable from brokers and dealers and clearing brokers	6,298
Securities owned, held at clearing broker, at estimated fair value	5,991
Prepaid expenses and other assets	408
	<u>\$ 19,675</u>

**Liabilities and Member's Equity**

**Liabilities**

Securities sold, but not yet purchased, at estimated fair value	7,063
Payable to brokers and dealers	1,085
Accrued expenses and accounts payable	2,078
Payable to affiliates	94
	<u>10,320</u>

Contingencies (Note 8)

Member's equity	9,355
	<u>\$ 19,675</u>

The accompanying notes are an integral part of this financial statement.

*(dollars in thousands)*

**1. Organization**

Intercapital Securities LLC (the "Company") is a Delaware limited liability company. The Member is Garban LLC a subsidiary of ICAP Broking Holdings North America LLC ("IBHNA"). IBHNA has two Members: ICAP North America Inc. ("INAI") and First Brokers Holdings Inc. ("FBHI").

The Company is an indirect wholly owned subsidiary of ICAP plc, a public company registered in the United Kingdom that engages principally in money and securities broking throughout the world.

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, Inc. ("NASD"). The Company, headquartered in New Jersey, acts as a broker-dealer of collateralized mortgage obligations, other asset-backed corporate debt securities, over the counter corporate bonds, U.S. Treasuries, agencies and equities.

**2. Summary of Significant Accounting Policies**

The preparation of the statement of financial condition in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

Cash and cash equivalents at March 31, 2006 include approximately \$6,978 invested in a short-term highly liquid money market mutual fund. The Company considers short-term interest bearing investment with initial maturity of three months or less to be cash equivalents.

Securities transactions are recorded on a trade date basis.

Securities owned, held at clearing broker, and securities sold, but not yet purchased, are recorded at estimated fair value. Securities owned, held at clearing broker primarily consists of corporate obligations, U.S. government obligations and preferred securities and securities sold, but not yet purchased primarily consists of corporate obligations and U.S government obligations. Securities owned may be pledged as collateral and may be rehypothecated by the clearing broker.

The Company is party to Tax Sharing Agreements ("the Agreements") with INAI and FBHI. As a single member limited liability company, it is not treated as a separate taxable entity. INAI and FBHI allocate to the Company its share of the consolidated federal tax expense or benefits based upon the principles of separate company calculation as though the Company was treated as a separate tax payer. The change in deferred assets or liabilities and the taxes currently receivable or payable are calculated and recorded on the Statement of Financial Condition. The net tax receivable or payable is settled with INAI and FBHI on a regular basis.

All financial assets and financial liabilities are stated at amounts which approximate fair value.

*(dollars in thousands)*

**3. Receivable from Brokers and Dealers**

Receivable from brokers and dealers represents amounts in accounts at clearing brokers.

**4. Net Capital Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule (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. At March 31, 2006, the Company had net capital of approximately \$7,488 which was approximately \$7,343 in excess of its required net capital of \$145. The Company's ratio of aggregate indebtedness to net capital was .29 to 1.

The Company is exempt from the provisions of SEC Rule 15c3-3 (the "Rule"), as amended, as the Company's activities are limited to those set forth in the conditions for exemption appearing in clause (i) of subparagraph (k)(2) of the Rule.

**5. Employee Benefits**

The Company participates in an affiliate's trustee profit sharing plan (the "Plan") covering substantially all of its employees, under which Company contributions are made at the discretion of management.

**6. Financial Instruments With Off-Balance-Sheet Risk and Concentration of Credit Risk**

In the normal course of business, the Company, as a riskless principal, executes transactions between undisclosed principals. If the riskless principal transactions do not settle because of failure by either counterparty to perform, the Company may be required to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the security at the time of discharge is different from the contract amount of the transaction. However, the Company does not anticipate nonperformance by counterparties in the above situation.

In the normal course of its operations, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company believes the risk of loss is remote.

The contractual amount of purchase and sale transactions at March 31, 2006 was approximately \$6,540 for both purchases and sales which have not yet reached settlement date. Substantially all of these transactions have settled.

**7. Transactions With Affiliates**

The Company entered into an agreement with an indirect wholly owned subsidiary of ICAP plc, whereby the subsidiary provides them with shared occupancy, fixed assets and administrative (including finance, human resources, operations, legal and electronic data processing functions)

*(dollars in thousands)*

services. Amounts receivable from and payable to affiliates are non-interest bearing and due on demand. Affiliates of IBHNA provide clearing services for the Company.

**8. Contingencies**

The Company is involved in litigation arising in the ordinary course of its business. Management believes, based upon consultation with outside legal counsel, that the outcome of these matters will not have a material adverse effect on the Company's financial condition.