

19  
4/18



06007033

SEC

MISSION

BB 3/29/06

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response..... 12.00

SEC FILE NUMBER  
8-65905

# 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

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mid-Market Securities, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

24 James Road

(No. and Street)

Mount Kisco

NY

10549

(City)

(State)

(Zip Code)

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

Robert W. Wien

212-400-4048

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

Kaplan, Paul M.

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

570 W. Mt. Pleasant Avenue

Livingston, NJ 07039

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED  
JUN 15 2006  
THOMSON  
FINANCIAL

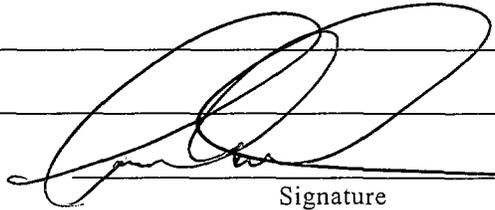
**FOR OFFICIAL USE ONLY**

\*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)

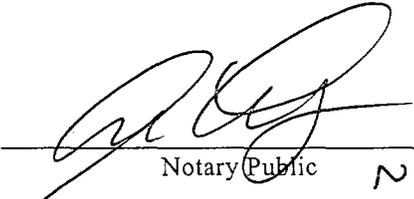
BB  
6/15

OATH OR AFFIRMATION

I, Robert W. Wien, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mid-Market Securities, LLC, as of December 31, 2005, 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:

  
Signature

President and CEO  
Title

  
Notary Public

NY County 02LU5059090  
Exp. April 22, 2008

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 15c3-1 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.
- (o) Independent auditor's report on internal accounting control

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

**MID-MARKET SECURITIES, LLC**

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

**SEC FILE NO. 8-65905**

**YEAR ENDED DECEMBER 31, 2005**

**AND**

**INDEPENDENT AUDITORS' REPORT**

---

# MID-MARKET SECURITIES, LLC

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Condition	2
Statement of Income	3
Statement of Change in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7
<b>Supplementary Information</b>	
Schedule I- Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 17a-5	8
Independent Auditor's Report on Internal Control Structure Required by Rule 17a-5	9-10



PAUL KAPLAN, MBA  
CERTIFIED PUBLIC ACCOUNTANT

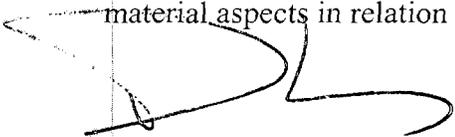
To the Members  
Mid-Market Securities  
Mount Kisco, NY

I have audited the accompanying statement of financial condition of Mid-Market Securities, LLC as of December 31, 2005, and the related statements of operations, changes in the 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted an audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-Market Securities, LLC as of December 31, 2005 and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on in Schedule I 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.



Paul M. Kaplan  
Certified Public Accountant  
Livingston, NJ  
February 20, 2006

**MID-MARKET SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2005**

ASSETS

Cash	\$	18,894
Other assets		<u>1,500</u>
	\$	<u>20,394</u>

LIABILITIES AND MEMBER'S EQUITY

**Liabilities**

Accounts payable	\$	126
Commitments and Contingent Liabilities		
Member's Equity	\$	<u>20,268</u>
	\$	<u>20,394</u>

See notes to financial statements.

**MID-MARKET SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2005**

REVENUES	
Consulting Income	\$ 215,200
Interest Income	<u>83</u>
	<u>215,283</u>
EXPENSES	
Compensation	169,427
Regulatory fees	14,513
Other operating expenses	<u>24,105</u>
	<u>208,045</u>
NET INCOME	<u>\$ 7,238</u>

See notes to financial statements

**MID-MARKET SECURITIES, LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
YEAR ENDED DECEMBER 31, 2005**

BALANCE, January 1, 2005	\$ 14,530
Member's distributions	(1,500)
Net income	<u>7,238</u>
BALANCE, December 31, 2005	<u>\$ 20,268</u>

See notes to financial statements

**MID-MARKET SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2005**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net profit	\$ 7,238
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease in prepaid expense	330
Increase in accounts payable	<u>126</u>
Net cash used in operating activities	<u>\$ 7,694</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Member distributions	<u>(1,500)</u>
Net cash used in financing activities	<u>(1,500)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Security deposit	<u>(1,500)</u>
Net cash used in investing activities	<u>(1,500)</u>
 NET INCREASE IN CASH	 4,694
 CASH - beginning of the year	 <u>14,200</u>
 CASH - end of the year	 <u>\$ 18,894</u>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>	
 Cash paid during year for interest	 <u>\$ -0-</u>

See notes to financial statements

**MID-MARKET SECURITIES, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**OPERATIONS:**

MID-MARKET SECURITIES, LLC, organized in 2003 is a broker dealer registered with the Securities Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company operates in New York. The Company has an infinite life.

Operating in the securities industry subjects the Company to economic and political trends and conditions.

**ESTIMATES:**

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**INCOME TAXES:**

The Company is organized as a limited liability company ("LLC") whereby the member accounts for the Company's earnings, losses, deductions and credits on their individual income tax returns. Accordingly, these statements do not include any provision of Federal and state income taxes.

**MEMBER EQUITY**

In accordance with the Operating Agreement, the member has made an initial capital contribution to the Company in cash. Additional capital contribution shall be required only with written consent of the member. No interest shall be due from the Company on any capital contribution of its member. Net income and net losses in respect to each fiscal year of the Company shall be allocated to the member, on the last day of such fiscal year. The member shall have no liability or obligation for any debts, liabilities or obligations of the Company beyond the member's capital contribution or obligation to make a capital contribution, except as expressly required by applicable law.

**NOTE 2: OTHER ASSET**

Other asset consist of the following  
Security deposit

\$ 1,500

**MID-MARKET SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3: COMMITMENTS AND CONTINGENCIES**

The Company has no operating leases for vehicles, equipment or office facilities.

**NOTE 4: REGULATORY REQUIREMENTS**

As a registered broker-dealer, the Company is subject to the net capital provisions of rule 15c3-1 of the Securities Exchange Act of 1934, which requires that the Company's aggregate indebtedness shall not exceed fifteen times net capital, as defined, under such provision. At December 31, 2005 the Company had net capital of \$18,768 which exceeded requirements by \$13,768. The ratio of aggregate indebtedness to net capital was 0 to 1.

**SUPPLEMENTARY INFORMATION**

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

**As of December 31, 2005**

SCHEDULE 1  
MID-MARKET SECURITIES, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2005

COMPUTATION OF NET CAPITAL

Total member's equity	<u>\$ 20,268</u>
-----------------------	------------------

Total capital	20,268
---------------	--------

Deductions and/or charges	
Non-allowable assets	<u>1,500</u>

NET CAPITAL	<u>\$ 18,768</u>
-------------	------------------

COMPUTATION OF AGGREGATE INDEBTNESS

Accounts payable, accrued expenses and other Liabilities included in aggregate indebtedness	<u>\$ 126</u>
--	---------------

AGGREGATE INDEBTNESS	<u>\$ 126</u>
----------------------	---------------

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital require (greater than 62/3% of aggregate Indebtedness or minimal net capital requirement)	<u>\$ 5,000</u>
--	-----------------

EXCESS NET CAPITAL	<u>\$ 13,768</u>
--------------------	------------------

EXCESS NET CAPITAL AT 1,000 PERCENT	<u>\$ 18,755</u>
-------------------------------------	------------------

RATIO: AGGREGATE INDEBTNESS TO NET CAPITAL	<u>\$ 0 to 1</u>
--	------------------

Reconciliation with Company's computation (included in Part II  
of Form X-17A-5 as of December 31, 2005)

Net capital, as reported in Company's Part II (Un-audited) Focus report	<u>\$ 18,768</u>
--	------------------

Net capital, as included in this report	<u>\$ 18,768</u>
---	------------------



PAUL KAPLAN, MBA  
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
REQUIRED BY RULE 17A-5 OF THE SECURITIES AND EXCHANGE  
COMMISSION

To the Member  
Mount Kisco, N.Y.

In planning and performing my audit of the financial statements of Mid-Market Securities, LLC for the year ended December 31, 2005, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), I have made a study of the practices followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a) (11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. 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 Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 the assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that the 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 objectives of the practices and procedures listed in the preceding paragraph.



PAUL KAPLAN, MBA  
CERTIFIED PUBLIC ACCOUNTANT

Mid-Market Securities, LLC  
Mount Kisco, NY  
Page 2

Because of the inherent limitations in internal control or the practice 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 subjected to the risk that they may become inadequate because of changes in conditions of that the effectiveness of their design and operation may deteriorate.

My consideration of internal control would not necessarily disclose all matters in internal control that might be considered weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level of risk that error 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 if performing their assigned functions. However, I noted no matters involving the internal control activities for safeguarding securities that I consider to be material weaknesses are defined above.

I 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 the 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 that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the information and the use of management, the SEC, 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 specific parties.

Paul M. Kaplan  
Certified Public Accountant  
Livingston, NJ  
February 20, 2006