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Washington, D.C. 20549

| OMB APPROVAL                                     |                  |
|--|------------------|
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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5** (A)  
**PART III**  
*revised*  
**FACING PAGE**

| SEC FILE NUMBER |
|-----------------|
| 8- 38377        |

SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
 AUG 8 2006  
 BRANCH OF REGISTRATIONS AND EXAMINATIONS

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 January 1, 2005 AND ENDING December 31, 2005  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **TFS SECURITIES, INC.**

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO.     |

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

437 Newman Springs Road

(No. and Street)

Lincroft

(City)

NJ

(State)

**PROCESSED**  
**SEP 20 2006**  
**THOMSON FINANCIAL**

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Thomas P. Hyland (732) 758-9300

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Holland & company

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

411 Pompton Ave.,

(Address)

Cedar Grove

(City)

NJ

(State)

07009

(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)

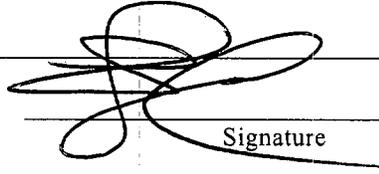
SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

*Handwritten signature*

OATH OR AFFIRMATION

I, Thomas P. Hyland, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TFS SECURITIES, INC., 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

  
Notary Public

SWORN TO AND SUBSCRIBED  
BEFORE ME ON THIS DATE

AUG 4 2006

LINDA HYLAND-RASH  
Notary Public of New Jersey  
Commission Expires 6/6/2007

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.

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

**TFS SECURITIES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

|                                      | Common<br>Stock | Additional<br>Paid in Capital | Retained<br>Earnings |
|--------------------------------------|-----------------|-------------------------------|----------------------|
| Beginning Balance at January 1, 2005 | 80,400          | \$ 70,000                     | \$ 67,810            |
| Add: Shareholder Contributions       |                 |                               | 0                    |
| Net Income                           |                 |                               | 708                  |
| Less: Distributions to Shareholders  |                 |                               | 0                    |
| Ending Balance at December 31, 2005  | 80,400          | \$ 70,000                     | \$ 68,518            |

\*See Accountants Report and accompanying Notes to Financial Statements.