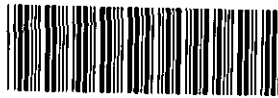


AG*
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SEC 07001290 COMMISSION
Washington, D.C. 20549

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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 12-01-2005 AND ENDING 11-30-2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AGF SECURITIES INC.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
66 WELLINGTON STREET WEST, 31ST FLOOR

(No. and Street)

TORONTO

(City)

ONTARIO

(State)

M5K 1E9

(Zip Code)

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

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

(Name — If individual, state last, first, middle name)

PROCESSED

B

FEB 21 2007

SUITE#3000 BOX 82, ROYAL TRUST TOWER

(Address)

(City)

TD CENTRE, TORONTO

(State)

ONTARIO M5K 1E9

(Zip Code)

THOMSON
FINANCIAL

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
JAN 29 2007
BRANCH OF REGISTRATIONS
AND EXAMINATIONS
02

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 (3-91)

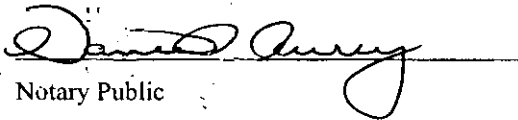
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, **Peter E. Scherer**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of AGF Securities, Inc. as of November 30, 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.



Peter E. Scherer
Chief Financial Officer of AGF Securities, Inc.



Notary Public

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

- (a) Facing Page
- (b) Statement of Financial Condition
- (c) Statement of Income
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity of Partners' of 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 Requirement 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 Rue 15c3-3
- Schedule of Segregation Requirements and Funds in Segregation Pursuant to Commodity Exchange Act
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- (l) An Oath of 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)

**Report of Independent Auditors on Internal Control
Required by SEC Rule 17a-5 – Broker/Dealer**

To The Board of Directors of
AGF Securities, Inc.

In planning and performing our audit of the financial statements of **AGF Securities, Inc.** (the “Company”) as of and for the year ended November 30, 2006, in accordance with Canadian generally accepted auditing standards, we considered the Company’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the “SEC”), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. 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 securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. 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; and
3. Obtaining and maintaining physical possession or control of all 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 control 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 accordance 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 internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, 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 that the Company's practices and procedures were adequate at November 30, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.

PricewaterhouseCoopers LLP

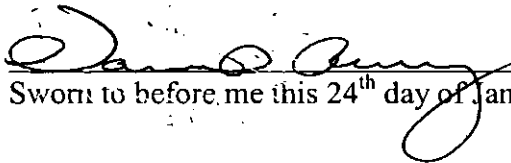
January 25, 2007

AGF SECURITIES, INC.

I have examined the Focus Report, Part II of AGF Securities, Inc. as at November 30, 2006 and affirm that, to the best of my knowledge and belief, it is a true, correct and complete disclosure of the financial condition of AGF Securities, Inc. I affirm that, to the best of my knowledge and belief, neither AGF Securities, Inc. nor any stockholder, officer or director of AGF Securities, Inc. has any proprietary interest in any account classified solely as a customer.



Peter E. Scherer
Chief Financial Officer, AGF Securities, Inc.



Sworn to before me this 24th day of January 2007

AGF SECURITIES, INC.
(Incorporated under the laws of the State of New York)
(a wholly-owned subsidiary of AGF Management Limited)

STATEMENT OF FINANCIAL CONDITION
(stated in United States currency)

November 30, 2006

Assets

Cash and cash equivalents	1,716,882
	\$
Accounts receivable	2,837
Deposit with carrying broker	121,366
Investment in AGF Securities (Canada) Limited	4,070
Income taxes recoverable	1,128
Investments in marketable securities	<u>120,451</u>

Total assets

1,966,734

\$

Liabilities:

Accounts payable and accrued liabilities

96,712

\$

Deferred income taxes

9,586

Total liabilities

106,298

Shareholder's equity:

Common stock (note 3)

25,850

Additional paid-in capital

51,700

Retained earnings

1,782,886

1,860,436

Total liabilities and shareholder's equity

1,966,734

\$

(see accompanying notes to the Financial Statements)

AGF SECURITIES, INC.
STATEMENT OF INCOME
(stated in United States currency)

For the year ended
November 30, 2006

Revenues	
Commissions	\$ 4,863
Interest	36,383
Changes in fair value of investments	<u>18,899</u>
	60,145
Expenses	
Commissions and clearance	1,182
General and administrative expenses	<u>27,523</u>
Income before provision for income taxes	31,440
Income taxes (note 7)	
Current	1,825
Deferred	<u>2,835</u>
	4,660
Net income for the year	\$ <u>26,780</u>

(see accompanying notes to the Financial Statements)

AGF SECURITIES, INC.

STATEMENT OF CHANGE OF FINANCIAL CONDITION
(stated in United States currency)

	<u>For the year ended</u> <u>November 30, 2006</u>
Cash flows from operating activities	
Net income for the year	\$ 26,780
Adjustments to reconcile net income to net cash from operating activities	
Deferred income taxes	2,835
Change in fair value of investments	(18,899)
Change in operating assets and liabilities	
Amount due to carrying broker	(96,546)
Accounts receivable	(503)
Accounts payable and accrued liabilities	95,092
Exercise of NASD warrants	(24,000)
Income taxes payable	34,080
Net cash provided by operating activities	<u>18,839</u>
Balance of cash and cash equivalents, beginning of year	<u>1,698,043</u>
Balance of cash and cash equivalents, end of year	<u>\$ 1,716,882</u>
Supplemental disclosure of cash flow information:	
Income tax recovered during the year	<u>32,190</u>

(see accompanying notes to the Financial Statements)

AGF SECURITIES, INC.
STATEMENT OF SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED
NOVEMBER 30, 2006
(stated in United States currency)

	Total Shareholder's Equity	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance, November 30, 2005	\$1,833,656	\$25,850	\$51,700	\$1,756,106
Net income for the year	26,780	-	-	26,780
Balance, November 30, 2006	<u>\$1,860,436</u>	<u>\$25,850</u>	<u>\$51,700</u>	<u>\$1,782,886</u>

AGF SECURITIES, INC.

**NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2006**

1. Description of Business

AGF Securities Inc. "The Company" is a securities dealer and registered with National Association of Securities Dealers, Inc. (NASD). The Company is a New York Corporation that is a wholly owned subsidiary of AGF Management Limited. As an introducing broker, its primary source of revenues are commissions derived from the purchase and sale of securities.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the year. Actual amounts could differ from these estimates.

Foreign Currency Translation

The accounts of the Company are stated in United States currency. Revenue and expenses occurring in other than United States currency have been translated into United States currency at the rate of exchange prevailing at the dates of the transactions. Asset and liability balances are translated at the rate of exchange prevailing at the year end. Foreign currency gains and losses are included in the general and administrative expenses and are not material.

Income Taxes

The amount of current and deferred taxes payable or refundable 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.

Commissions

Commission revenues and expenses and related clearing expenses are recorded in the accounts on the trade date basis as securities transactions occur.

Investments

The Company's investments in marketable securities, which consist primarily of NASD shares are carried at fair value. Changes in fair value of investments are reflected in the statement of income.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash and overnight deposits and are subject to insignificant risk of changes in value.

3. Share Capital

At November 30, 2006, the share capital consisted of 125,000 authorized common stock with a par value of \$1 per share of which 25,850 shares were issued and fully paid.

4. Net Capital Requirements

As a registered broker-dealer with the Securities and Exchange Commission, the Company is required to maintain minimum net capital as defined, in accordance with the provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, as amended.

As at November 30, 2006, the Company's net capital of \$ 1,738,535 as calculated in accordance with the provisions of Rule 15c 3-1 exceeded required net capital of \$6,447 by \$ 1,732,088 and the ratio of aggregate indebtedness to net capital was 0.06. The Company claims exemption from the provisions of rule 15c 3-3 of the SEC as provided by paragraph K-1 because it is a limited business and neither holds customer funds nor performs custodial functions relating to customer securities.

5. Related Party Transactions

The Company receives commission revenue for providing brokerage services to mutual funds and other assets managed by AGF Funds Inc., a common controlled enterprise. These services are in the normal course of operations and are recorded at the amount of the consideration agreed to by the parties.

6. Fair Value of Financial Instruments

The carrying value of cash, short term deposits, accounts receivable and accounts payable approximate their fair values due to their short-term nature and normal commercial terms and conditions.

7. Income Taxes

a) The Company's effective income tax expense is comprised as follows:

	For the year ended November 30, 2006
Corporate tax expense based on statutory rate	1,825
Deferred	2,835
Effective income tax expense	<u>4,660</u>

b) The tax effect of the temporary difference on investments that gives rise to a future tax liability is \$ 2,835.

Schedule I

A copy of Form X-17A-5, Part II (Focus Report) is available for review at the company's Toronto office and at the Washington office of the Securities and Exchange Commission.

AGF SECURITIES, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 of the Securities and Exchange Commission (stated in United States currency)

	<u>November 30, 2006</u>
Total Shareholder's equity	\$ 1,860,436
Deduct:	
Nonallowable assets	8,036
Other deductions and/or charges	<u>95,000</u>
Net capital before haircuts on securities positions	1,757,400
Deduct: Haircuts on securities	<u>18,865</u>
Net Capital	\$ <u><u>1,738,535</u></u>

Note: No material differences exist between the Net Capital computation above and the computation included in the unaudited focus report Form X-17 A-5 and the Part II Focus filed as at November 30, 2006.

Aggregate Indebtedness:

Total Liabilities	<u>\$ 96,712</u>
Aggregate Indebtedness	<u>\$ 96,712</u>

Computation of basic net capital requirements

Minimum net capital required (higher of 6 ^{2/3} % of aggregate indebtedness or \$6,447)	
Excess net capital	<u>\$1,732,088</u>

Ratio: Aggregate indebtedness to net capital	0.06 to 1
--	-----------

END