

SECURITIES COMMISSION



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 01/01/2006 AND ENDING 12/31/2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER: Willis Securities, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

7 Hanover Square

(No. and Street)

New York

(City)

NY

(State)

10004

(Zip Code)

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

Mr. Steven Tompson, President Willis Securities

(212) 344-8888

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

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

424 Church Street

(Address)

Nashville

(City)

TN

(State)

37219

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

PROCESSED

MAR 19 2007

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).

AB
3/17

Willis Securities, Inc.

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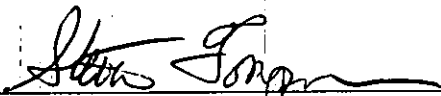
This report contains (check all applicable boxes):

- Independent Auditors' Report
- (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
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors (Not applicable.)
- Notes to Financial Statements
- (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934
- (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934 (Not applicable.)
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934 (Not applicable.)
- (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3.
- (k) A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (Not applicable.)
- (l) An Oath or Affirmation
- (m) Copy of the SIPC Supplemental Report (Not required.)
- (n) A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit (Supplemental Report on Internal Control)
- (o) Unconsolidated Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges Pursuant to Section 4d(2) Under the Commodity Exchange Act (Not applicable.)
- (p) Unconsolidated Schedule of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to Regulation 30.7 Under the Commodity Exchange Act (34) (Not applicable.)

() (q) Unconsolidated Schedule of Segregation Requirements and Funds in Segregation for Commodity Dealer Options Accounts Pursuant to Regulation 32.6 of the Commodity Futures Trading Commission. (34) (Not applicable.)

OATH OR AFFIRMATION

I, Steven Tompson, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedule pertaining to Willis Securities, Inc., for the year ended December 31, 2006, are true and correct and such financial statements and supplemental schedule will be made available promptly to all members and allied members of the New York Stock Exchange, Inc. in our organization. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

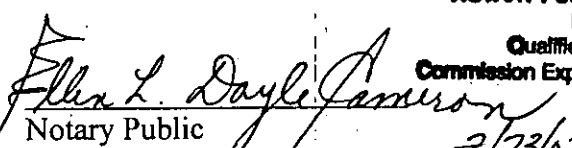


Steven Tompson, President

2/23/07

Date

ELLEN L. DOYLE CAMERON
NOTARY PUBLIC, STATE OF NEW YORK
No. 31-4505238
Qualified in New York County
Commission Expires 7/31/09



Notary Public
2/23/07

Willis Securities, Inc.
(A Wholly Owned Subsidiary of
Willis North America Inc.)

*Financial Statements as of and for the Year
Ended December 31, 2006, Supplemental
Schedule as of December 31, 2006,
Independent Auditors' Report, and
Supplemental Report on Internal Control*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Willis Securities, Inc.
New York, New York

We have audited the following financial statements of Willis Securities, Inc., (a wholly owned subsidiary of Willis North America Inc.) (the "Company") for the year ended December 31, 2006, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934:

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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 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of Willis Securities, Inc., at December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplemental schedule of Willis Securities, Inc., as of December 31, 2006, is presented for the purpose 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:

Computation of Net Capital for Brokers and Dealers Pursuant to
Rule 15c3-1 Under the Securities and Exchange Act of 1934

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This schedule is the responsibility of the Company's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

February 16, 2007

WILLIS SECURITIES, INC.
(A Wholly Owned Subsidiary of Willis North America Inc.)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 1,624,215
Certificates of deposit	600,000
Commissions receivable	6,611
Prepaid expenses and other assets	<u>11,903</u>

TOTAL ASSETS

\$ 2,242,729

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Payable to the Parent	\$ 122,742
Accounts payable, accrued expenses, and other liabilities	<u>117,398</u>

Total liabilities

240,140

STOCKHOLDER'S EQUITY:

Common stock, \$1 par value; (1,000 shares authorized, issued and outstanding)	1,000
Additional paid-in capital	219,000
Retained earnings	<u>1,782,589</u>

Total stockholder's equity

2,002,589

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$ 2,242,729

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

WILLIS SECURITIES, INC.
(A Wholly Owned Subsidiary of Willis North America Inc.)

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUES:	
Commissions	\$ 1,979,206
Interest income	<u>23,025</u>
Total revenues	<u>2,002,231</u>
EXPENSES:	
Employee compensation and benefits	1,067,895
Regulatory and professional fees	215,737
Other operating expenses	<u>449,382</u>
Total expenses	<u>1,733,014</u>
INCOME BEFORE TAXES	269,217
PROVISION FOR INCOME TAXES	<u>104,982</u>
NET INCOME	<u>\$ 164,235</u>

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

WILLIS SECURITIES, INC.
(A Wholly Owned Subsidiary of Willis North America Inc.)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 164,235
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in commissions receivable	1,108
Decrease in payable to Parent	(96,286)
Decrease in accounts payable, accrued expenses, and other liabilities	(3,097)
Increase in prepaid expenses and other assets	17,985
	<u>83,945</u>
Net cash provided by operating activities	<u>83,945</u>
Cash at beginning of the year	\$ 1,440,269
Cash at end of the year	<u>\$ 1,524,214</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—	
Cash paid during the year for income taxes	<u>\$ 238,166</u>

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

WILLIS SECURITIES, INC.
(A Wholly Owned Subsidiary of Willis North America Inc.)

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
 FOR YEAR ENDED DECEMBER 31, 2006**

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
BALANCE—December 31, 2005	\$ 1,000	\$ 219,000	\$ 1,618,354	\$ 1,838,354
Net income	—	—	164,235	164,235
BALANCE—December 31, 2006	<u>\$ 1,000</u>	<u>\$ 219,000</u>	<u>\$ 1,782,589</u>	<u>\$ 2,002,589</u>

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

WILLIS SECURITIES, INC.
(A Wholly Owned Subsidiary of Willis North America Inc.)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

1. ORGANIZATION

Willis Securities, Inc. (the "Company") is a broker-dealer registered under the Securities Exchange Act of 1934. The Company, a wholly owned subsidiary of Willis North America Inc. (the "Parent"), was incorporated as CBL Equities, Inc. in 1977 with business commencing in 1984. CBL Equities, Inc. was discontinued in 1998 and remained dormant until 2001 when it was renamed Willis Equities, Inc. Willis Equities, Inc. reapplied for registration as a broker-dealer in 2001 and received its license in 2002. The Company was renamed Willis Securities, Inc. in 2003. The Company transacts with another broker-dealer who carries such accounts on a fully disclosed basis. Accordingly, the Company is exempt from Rule 15c3-3 under the Securities Exchange Act of 1934.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The balance sheet represents the operating assets and liabilities of the Company. All revenues and expenses in the statement of operations have been taken from the separate records or identified costs maintained by the Company with the exception of the allocation of certain expenses incurred by the Parent for the benefit of the Company. The Parent provides the Company with management, accounting, and record keeping services and allocates a relevant portion of these costs to the Company. Therefore, the Company's results of operations may not be representative of those if it had been operated as a stand-alone entity.

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition—Revenues consist principally of override commissions from the sale of variable annuities and mutual fund shares and are recorded based on the trade date of the related security transaction as reported by the clearing broker-dealer. The Company does not handle or maintain customer funds as these funds are given directly to the insurance carriers or mutual fund vendors.

Income Taxes—The Company files a separate state income tax return and is included in the consolidated federal and unitary state income tax returns filed by the Parent. The policy of the consolidated group is to allocate its consolidated tax provision or benefit, if any, to the members of the consolidated group based on their respective contributions to consolidated taxable income for financial reporting purposes.

Comprehensive Income—The Company accounts for comprehensive income in accordance with Statement of Financial Accounting Standards ("SFAS") No. 130, *Reporting Comprehensive Income*. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income for the years ended December 31, 2006 and 2005, is equal to net income as reported.

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 reported amounts of certain 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.

Credit Risk and Concentration of Credit Risk—In the normal course of business, the Company's customer activities involve the execution of securities transactions through its clearing broker-dealer, who carries such accounts on a fully disclosed basis. As the agreement between the Company and the broker-dealer provides the Company as obligated to assume any exposure related to non-performance of its customers, these activities may expose the Company to off balance sheet credit risk, in the event the customer is unable to fulfill its contracted obligations.

Fair Value of Financial Instruments—At December 31, 2006, the Company had financial instruments including cash and cash equivalents, certificates of deposit, commissions receivable and accounts payable. The carrying value of these financial instruments approximated their estimated fair values because of the short maturity of these instruments.

Recent Accounting Pronouncements—In June 2006, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation ("FIN") No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, Accounting for Income Taxes*. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The company has not completed the process of evaluating the impact that will result from adopting FIN No. 48 on January 1, 2007. the company is therefore unable to disclose the impact that adopting FIN No. 48 will have on its financial position, results of operations, and cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement provides enhanced guidance for measuring fair value under the current accounting standards within generally accepted accounting principles that require or permit entities to measure asset and liabilities in this matter. SFAS No. 157 also provides for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurement on earnings. SFAS No. 157 does not expand the use of fair value in any new circumstances. This statement is effective for fiscal years beginning after November 15, 2007. The Company has not completed the process of evaluating the impact that will result from adopting SFAS No. 157 on January 1, 2008. The Company is therefore unable to disclose the impact that adopting SFAS No. 157 will have on its financial position, results of operations, and cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option For Financial Assets and Liabilities*. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 also provides entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This statement is effective for fiscal years beginning after November 15, 2007. The Company has not completed the process of evaluating the impact that will result from adopting SFAS No. 159 on January 1, 2008. The Company is therefore unable to disclose the impact that adopting SFAS No. 159 will have on its financial position, results of operations, and cash flows.

3. INCOME TAXES

At December 31, 2006, the provision for income taxes consists of the following:

Current:	
Federal	\$ 89,034
State	15,948
	<hr/>
	\$ 104,982

The provision for income tax differs from the amount computed using the statutory federal income tax rate primarily as a result of state income taxes.

4. DUE TO PARENT-RELATED PARTY TRANSACTIONS

The Parent provides the Company with management, accounting, and record keeping services and allocates these costs to the Company. The Company recorded \$368,844 of allocated management and administration expense for the year ended December 31, 2006, and such amount is included in other operating expenses in the accompanying Statement of Income. In addition, income taxes are paid directly by the Parent and are allocated to the Company (see Note 2). At December 31, 2006, the Company owes the Parent \$105,880 for these costs.

The Company's employees participate in the Willis North America Inc. Pension Plan, (the "Plan") a defined benefit pension plan. Employees became eligible for the Plan upon completion of one-year service and upon reaching age 21. No accrual has been recorded relating to this benefit plan in the accompanying financial statements as it is anticipated that the projected benefit will be principally funded by the Parent. Contributions to the Plan are included in the employee compensation and benefits allocation described above.

5. NET CAPITAL REQUIREMENTS

The Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (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 8 to 1 for the first twelve months after commencing business as a broker or dealer and 15 to 1 thereafter. The Company had \$240,140 in aggregate indebtedness at December 31, 2006. At December 31, 2006, the Company had net capital of \$1,910,096, which was \$1,894,087 in excess of required net capital, and its ratio of aggregate indebtedness to net capital was 0.13 to 1.

6. CONCENTRATION OF CREDIT RISK

The Company's override commission revenues of \$1,979,206 are generated through an agreement with a broker-dealer. The Company recorded commission receivable of \$6,611 from the broker-dealer as of December 31, 2006.

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WILLIS SECURITIES, INC.
(A Wholly Owned Subsidiary of Willis North America Inc.)

**SCHEDULE I—COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS
PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS OF DECEMBER 31, 2006**

Net capital—	
Total stockholder's equity	\$ 2,002,003
Deductions:	
Non-allowable assets from statement of financial condition—	
Cash on deposit with Parent	(52,079)
Other assets	(37,828)
Haircuts on securities	<u>(2,000)</u>
Net capital	<u>\$ 1,910,096</u>
Aggregate indebtedness—	
Total liabilities	<u>\$ 239,768</u>
Computation of basic net capital requirement:	
Minimum net capital required	<u>\$ 15,985</u>
Excess net capital	<u>\$ 1,894,111</u>
Ratio of aggregate indebtedness to net capital	0.13 to 1
Reconciliation with the Company's computation (included in Part IIA of Form X-17A-5 as of December 31, 2005):	
Net capital as reported in the Company's Part IIA (unaudited) FOCUS report	<u>\$ 1,910,096</u>
Net capital per above	<u>\$ 1,910,096</u>

Deloitte.

Deloitte & Touche LLP
Suite 2400
424 Church St.
Nashville, TN 37219
USA
Tel: +1 615 259 1800
www.deloitte.com

February 16, 2007

Willis Securities, Inc.
7 Hanover Square
New York, New York

In planning and performing our audit of the financial statements of Willis Securities, Inc., (a wholly owned subsidiary of Willis North America Inc.) (the "Company"), for the year ended December 31, 2006 (on which we issued our report dated February 16, 2007), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

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 internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve Securities and Exchange Commission's (the "Commission") 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 acquisition, 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's 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 the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 of performing their assigned functions. However, we noted no matters involving the Company's internal control and its operation (including 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 Commission 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 December 31, 2006, to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, the New York Stock Exchange, 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.

Yours truly,

Deloitte & Touche LLP

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