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

SEC FILE NUMBER

8 - 66523

**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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
**Base Securities, LLC**

OFFICIAL USE ONLY

**PROCESSED**

FIRM ID. NO.

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

**MAR 07 2008**

1233 West Loop South, Suite 1275

(No. and Street)

**THOMSON  
FINANCIAL**

Houston  
(City)

Texas  
(State)

77027  
(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\*

**Phillip V. George, PLLC**

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

2300 Honey Locust Drive  
(Address)

Irving  
(City)

Texas  
(State)

**SEC  
Wall Pro 63  
Sec 17a-5  
FEB 28 2008  
Washington, DC  
101**

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)

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*JP*  
3/6/08

OATH OR AFFIRMATION

I, Ricardo de la Garza Emerich, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Base Securities, LLC, as of December 31, 2007, 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



Rosario Ugalde  
Notary Public

[Signature]  
Signature  
FINOP  
Title

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or 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 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 the internal control as required by SEC rule 17a-5.

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

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PHILLIP V. GEORGE, PLLC  
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

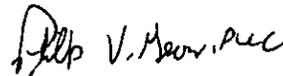
To the Members  
Base Securities, LLC

We have audited the accompanying statement of financial condition of Base Securities, LLC as of December 31, 2007, and the related statements of income, changes in members' 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. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Base Securities, LLC as of December 31, 2007, 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 information contained 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PHILLIP V. GEORGE, PLLC

Irving, Texas  
February 21, 2008

**BASE SECURITIES, LLC**  
**Statement of Financial Condition**  
**December 31, 2007**

**ASSETS**

Cash	\$ 55,830
Receivable from clearing broker/dealer	1,101,590
Receivable from FCM	76,919
Clearing deposit	100,000
Deposit with FCM	20,000
Prepaid expenses	24,401
Property and equipment, net	<u>5,262</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,384,002</u></u></b>

**LIABILITIES AND MEMBERS' EQUITY**

**Liabilities**

Accounts payable	\$ 22,226
Commissions payable	<u>32,567</u>
Total Liabilities	<u>54,793</u>
Members' Equity	<u>1,329,209</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u><u>\$ 1,384,002</u></u></b>

**BASE SECURITIES, LLC**  
**Statement of Income**  
**Year Ended December 31, 2007**

<b>Revenue</b>	
Securities commissions	\$ 461,722
Commodities commissions	2,682,884
Other income	44,732
Interest income	<u>17,805</u>
TOTAL REVENUE	<u>3,207,143</u>
<b>Expenses</b>	
Compensation and related costs	1,578,113
Clearing and other charges	16,618
Communications	56,231
Occupancy and equipment	14,685
Professional fees	89,369
Services fees	16,500
Other expenses	<u>55,626</u>
TOTAL OPERATING EXPENSES	<u>1,827,142</u>
Income before provision for income taxes	<u>1,380,001</u>
Current tax expense - federal	399,599
Current tax expense - state	<u>19,240</u>
Total provision for income taxes	<u>418,839</u>
NET INCOME	<u><u>\$ 961,162</u></u>

**BASE SECURITIES, LLC**  
**Statement of Changes in Members' Equity**  
**Year Ended December 31, 2007**

Members' equity, December 31, 2006	\$ 368,047
Net income	<u>961,162</u>
Members' equity, December 31, 2007	<u>\$ 1,329,209</u>

**BASE SECURITIES, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2007**

<b>Cash flows from operating activities:</b>	
Net income	\$ 961,162
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,041
Change in assets and liabilities	
Increase in receivable from clearing broker/dealer	(977,829)
Decrease in receivable from FCM	67,116
Increase in prepaid expenses	(22,901)
Increase in accounts payable	14,093
Increase in commissions payable	<u>4,743</u>
Net cash used in operating activities	<u>48,425</u>
Change in assets and liabilities	
Purchase of property and equipment	<u>(6,486)</u>
Net increase in cash	41,939
Cash at beginning of year	<u>13,891</u>
<b>CASH AT END OF YEAR</b>	<b><u><u>\$ 55,830</u></u></b>

**Supplemental Disclosures of Cash Flow Information:**

Cash paid during the year for:

Interest	<u>\$ 409</u>
Income taxes	<u><u>\$ 424,000</u></u>

**BASE SECURITIES, LLC**  
**Notes to Financial Statements**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies**

Nature of Business:

Base Securities, LLC (Company) was organized in February 2004 as a Texas limited liability company. The Company is registered with the Securities and Exchange Commission (SEC) as a broker/dealer in securities. The Company is a member of the Financial Industry Regulatory Authority (FINRA) and is registered as an introducing broker with the Commodities Futures Trading Commission (CFTC) and the National Futures Association. The Company's customers are primarily high net worth individuals located in Mexico.

The Partnership operates pursuant to section (k)(2)(ii) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. The Partnership does not hold customer funds or securities, but as an introducing broker or dealer, will clear all transactions on behalf of customers on a fully disclosed basis through a clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

The Company introduces all customers on a fully disclosed basis to a futures commission merchant (FCM) and promptly transmits all customer funds to the FCM. The FCM carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a FCM.

Significant Accounting Policies:

Use of 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.

Cash Equivalents

Money market funds and highly liquid investments, generally government obligations and commercial paper, with an original maturity of three months or less that are not held for sale in the ordinary course of business are reflected as cash equivalents in the accompanying statement of financial condition and for purposes of the statement of cash flows.

**BASE SECURITIES, LLC**  
**Notes to Financial Statements**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)**

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of five to seven years.

Income Taxes

The Company has elected to be taxed as a corporation for Federal income tax purposes.

Security Transactions

Security transactions and the related commission revenue and expenses are recorded on a trade date basis.

Commodities Transactions

Commodity transactions and the related commission revenue and expenses are recorded on a trade date basis.

**Note 2 - Transactions with Clearing Broker Dealer and FCM**

The agreement with the clearing broker/dealer provides for clearing charges at a fixed rate multiplied by the number of tickets traded by the Company. The agreement also requires the Company to maintain a minimum of \$100,000 as a deposit in an account with the clearing broker/dealer.

The agreement with the FCM requires the Company to maintain a minimum of \$20,000 as a deposit in an account with the FCM.

**BASE SECURITIES, LLC**  
**Notes to Financial Statements**

**Note 3 - Net Capital Requirements**

The Company is subject to the SEC uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company is also subject to the net capital provisions of Regulation 1.10(d)(2) of the Commodity Futures Trading Commission Act of 1974, and is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2007, the Company had net capital and net capital requirements of \$1,202,627 and \$100,000, respectively. The Company's net capital ratio was 0.05 to 1.

**Note 4 - Property and Equipment**

Property and equipment consists of office equipment at a cost of \$8,356, less accumulated depreciation of \$3,094. Depreciation expense for the year totaled \$2,041 and is reflected in the accompanying statement of income as occupancy and equipment costs.

**Note 5 - Income Taxes**

The Company files its income tax return using the cash basis method of accounting. Under this method, the Company's current year taxable income was partially offset by prior years net operating loss carryforward of \$196,000, resulting in the income tax provision differing from the expense that would result from applying federal statutory rates to income before income taxes

**Note 6 - Office and Administrative Services Agreement**

The Company entered into an office and administrative services agreement (Agreement) with a third party (Service Company) effective February 15, 2005. Under the Agreement, the Service Company provides management and back office services, personal property and office space for the Company and incurs general expenses for benefit of the Company. Rent and service fees paid to the Service Company totaled \$11,208 and \$16,500, respectively, for the year ended December 31, 2007. The Agreement had an initial one year term and shall be automatically for successive one year terms unless terminated by either party upon thirty days written notice.

**BASE SECURITIES, LLC**  
**Notes to Financial Statements**

**Note 7 - Off-Balance-Sheet Risk and Concentration of Credit Risk**

As discussed in Note 1, the Company's customers' securities transactions are introduced on a fully disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker/dealer.

The Company is responsible for the credit risk of the customers it introduces to, and which are carried on a fully disclosed basis on the books of, its clearing FCM. The Company's customers are primarily individual investors. To reduce its risk, the Company requires its customers to meet, at a minimum, the greater of the margin requirements established by each of the exchanges at which contracts are traded or the margin requirement established by its clearing FCM. Margin is a good faith deposit from the customer which reduces risk to the Company of failure on behalf of the customer to fulfill any obligations under these contracts. In addition, the Company monitors its exposure to the risk of loss daily on an account-by-account basis and adjusts margin requirements as needed. Under certain circumstances, customers may be required to deposit additional funds, securities or other collateral. In order to reduce the risk of loss, the Company may satisfy margin requirements by liquidating certain customer positions. Management believes that the margin deposits and collateral held at December 31, 2007, were adequate to minimize the risk of material loss which could be created by positions held at that time.

The Company has a receivable from and clearing deposit held by or due from the Company's clearing broker/dealer totaling of \$1,201,590, or approximately 87%, of its total assets.

**Schedule I**

**BASE SECURITIES, LLC**  
**Computation of Net Capital and Aggregate Indebtedness**  
**Pursuant to Rule 15c3-1**  
**December 31, 2007**

Total members' equity qualified for net capital	<u>\$ 1,329,209</u>
Deductions and/or charges	
Non-allowable assets:	
Receivable from FCM	76,919
Deposit with FCM	20,000
Prepaid expenses	24,401
Property and equipment, net	<u>5,262</u>
Total deductions and/or charges	<u>126,582</u>
<b>Net Capital</b>	<u><u>\$ 1,202,627</u></u>
Aggregate indebtedness	
Accounts payable	\$ 22,226
Commissions payable	<u>32,567</u>
Total aggregate indebtedness	<u><u>\$ 54,793</u></u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$100,000 or 6 2/3% of aggregate indebtedness)	<u><u>\$ 100,000</u></u>
Net capital in excess of minimum requirement	<u><u>\$ 1,102,627</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>0.05 to 1</u></u>

Note: The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2007 as filed by Base Securities, LLC on Form X-17A-5. Accordingly, no reconciliation is deemed necessary.

**PHILLIP V. GEORGE, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY  
SEC RULE 17A-5(G)(1)**

To the Members  
Base Securities, LLC

In planning and performing our audit of the financial statements of Base Securities, LLC (the Company), as of and for the year ended December 31, 2007 in accordance with auditing standards generally accepted in the United States of America, 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 on 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 (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 such practices and procedures that we 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 securities, we 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 and 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

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 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 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 conformity 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 and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

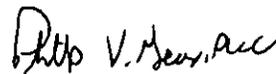
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the Company's financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second 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, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

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



PHILLIP V. GEORGE, PLLC

Irving, Texas  
February 21, 2008