

DEC 30 2008



08033276

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER

8- 65175-06139

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 10/01/07 AND ENDING 9/30/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: NUMIS SECURITIES, INC.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
275 Madison Avenue, Suite 4100

FIRM I.D. NO.

(No. and Street)

New York, NY 10016

(City)

(State)

(Zip Code)

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

WILL ROBINS

212-277-7302

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PRICEWATERHOUSE COOPERS LLC

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

300 MADISON AVENUE

NEW YORK

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

JAN 16 2009

THOMSON REUTERS

B

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)

OATH OR AFFIRMATION

I, WILL ROBINS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NUMIS SECURITES INC, as of SEPTEMBER 30, 2008, 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:

VERONICA D. DE LOS SANTOS
Notary Public, State of New York
No. 01DE6066570
Qualified in Queens County
Commission Expires March 3, 2010

Veronica D. De Los Santos

Notary Public

William Robins

Signature

CEO

Title

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).

**NUMIS SECURITIES, INC.  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
PURSUANT TO RULE 17A-5 OF THE SECURITIES AND  
EXCHANGE COMMISSION  
SEPTEMBER 30, 2008**

NUMIS SECURITIES, INC.  
INDEX  
SEPTEMBER 30, 2008

	<u>Page(s)</u>
<b>Report of Independent Auditor</b>	1
<b>Financial Statements</b>	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12
<b>Supplemental Schedules</b>	
Schedule I – Computation of Net Capital	13
Schedule II – Computation for Determination of Reserve Requirements for Broker-Dealers	14

PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Center  
300 Madison Avenue  
New York NY 10017  
Telephone (646) 471 3000  
Facsimile (813) 286 6000

**Report of Independent Auditors**

To the Stockholder and Board of Directors of  
Numis Securities, Inc.

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in stockholder's equity, and cash flows present fairly, in all material respects, the financial position of Numis Securities, Inc. (the "Company") at September 30, 2008, 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. 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 audits. We conducted our audit of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedule I and Schedule II 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.

*PricewaterhouseCoopers LLP*

December 15, 2008

**NUMIS SECURITIES, INC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF SEPTEMBER 30, 2008**

<b>Assets</b>	
Cash and cash equivalents	\$ 1,199,287
Receivables from customers and deposits with broker	5,402,600
Fixed assets, net of accumulated depreciation	832,322
Security deposit and other	<u>590,534</u>
 Total assets	 <u>\$ 8,024,743</u>
 <b>Liabilities and stockholder's equity</b>	
<b>Liabilities</b>	
Payable to parent	\$ 957,443
Income taxes payable	275,409
Accounts payable and accrued expenses	<u>1,589,504</u>
 Total liabilities	 <u>2,822,356</u>
 <b>Stockholder's equity</b>	
Common Stock \$1.00 par value; 100 shares authorized, issued and outstanding	100
Additional paid-in capital	6,063,409
Accumulated deficit	<u>(861,122)</u>
 Total stockholder's equity	 <u>5,202,387</u>
 Total liabilities and stockholder's equity	 <u>\$ 8,024,743</u>

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

**NUMIS SECURITIES, INC**  
**STATEMENT OF OPERATIONS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Revenues</b>	
Commissions	\$ 11,397,030
Research Income	881,076
Foreign currency exchange loss, net	(352,433)
Other	<u>106,425</u>
 Total revenues	 <u>12,032,098</u>
 <b>Expenses</b>	
Employee compensation	4,032,198
Intercompany service fee	3,892,725
Professional fees	796,985
Clearance fees	547,278
Travel and entertainment	517,439
Occupancy	359,310
Information services	256,997
Depreciation	213,804
Communication services	194,521
Other	<u>40,028</u>
 Total expenses	 <u>10,851,285</u>
 Income before tax	 1,180,813
Income tax net (note 7)	<u>281,046</u>
 Net income	 <u>\$ 899,767</u>

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

**NUMIS SECURITIES, INC**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, beginning of year	100	\$ 4,788,409	\$ (1,760,889)	\$ 3,027,620
Capital contributions	-	1,275,000	-	1,275,000
Net income	-	-	899,767	899,767
Balance, end of year	<u>100</u>	<u>\$ 6,063,409</u>	<u>\$ (861,122)</u>	<u>\$ 5,202,387</u>

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

**NUMIS SECURITIES, INC**  
**STATEMENT OF CASH FLOWS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Cash flows from operating activities</b>	<b>\$ 899,767</b>
Net income	899,767
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	213,804
Foreign currency exchange loss	352,433
Decrease/(increase) in operating assets:	
Receivables from customers and deposits with broker	(2,866,357)
Due from parent	1,730,989
Security deposit and other expense	(467,905)
Increase/(decrease) in operating liabilities:	
Payable to parent	753,868
Income taxes payable	275,409
Accounts payable and accrued expenses	<u>(471,146)</u>
Net cash provided in operating activities	<u>420,862</u>
<b>Cash flows from investing activities</b>	<b><u>(775,948)</u></b>
Purchases of fixed assets	<u>(775,948)</u>
Cash used in investing activities	<u>(775,948)</u>
<b>Cash flows from financing activities</b>	<b><u>1,275,000</u></b>
Capital contributions	<u>1,275,000</u>
Cash provided by financing activities	<u>1,275,000</u>
Net increase in cash	919,915
<b>Cash and cash equivalents</b>	
Beginning of year	<u>\$ 279,372</u>
End of year	<u>\$ 1,199,287</u>
<b>Supplemental disclosures of cash flow information</b>	
Cash paid for interest	\$ 2,300
Cash paid for income taxes	\$ 5,637

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

**NUMIS SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Note 1 - Description of Business:**

Numis Securities, Inc. (the "Company"), a Delaware corporation incorporated on October 17, 2003, is a wholly owned subsidiary of Numis Securities Limited ("the Parent"). The Company commenced its operations on October 23, 2003, and received its license from the Securities and Exchange Commission (the "SEC") on February 18, 2004. The Parent is in the investment banking and institutional stock-brokerage business, and is a wholly owned trading subsidiary of Numis Corporation Plc ("Plc"). Plc is a listed United Kingdom stock company traded on the Alternative Investments Market of the London Stock Exchange ("LSE").

The Company is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). The Company was established to provide securities brokerage services to United States customers trading in United Kingdom securities.

**Note 2 - Significant Accounting Policies:**

*Basis of Presentation*

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

*Cash and cash equivalents*

Cash and cash equivalents consist of unrestricted cash balances held with one major financial institution and cash equivalents of \$62,387 held with another major financial institution. As of September 30, 2008, the cash held at bank exceeded the Federal Deposit Insurance Company (FDIC) insurance limits.

*Fixed Assets*

Fixed assets consist of office equipment, furniture, technology equipment, and leasehold improvements stated at cost, less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are three years for office equipment and technology equipment, and seven years for furniture. Amortization of leasehold improvements is computed on a straight-line basis over the shorter of the useful life and the lease term.

*Receivables from customers and deposits with Broker*

Receivables from customers and deposits with broker represent payments receivable from customers for research services provided by the Company and cash balances on deposit with, and commissions and interest receivable from, the Company's clearing broker. The Company is subject to credit risk should the clearing broker be unable to pay the balance reflected on the statement of financial condition, however, the Company does not anticipate non-performance by this counterparty. The carrying value approximates the fair value as the balance is short-term and bears interest at prevailing short-term interest rates.

*Commissions*

Commission revenues and related expenses are recorded on a trade-date basis as securities transactions occur.

NUMIS SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

**Note 2 - Significant Accounting Policies (Cont'd):**

***Research Income***

In addition to brokerage commissions, the Company earns compensation in the form of direct payment for research and other brokerage services. Revenue is recognized when earned and the amount is determinable based upon information provided by the customer.

***Foreign Currency Transactions***

The Company's reporting and functional currency is the U.S. dollar. Certain of the Company's revenues earned and expenses incurred are denominated and settled in foreign currencies.

The Company's assets and liabilities denominated in a foreign currency are translated using exchange rates at the end of the year. Revenues and expenses are translated at average month rates for the year. The impact of translation gains and losses on assets and liabilities is included as a component in the statement of income.

***Income Taxes***

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS 109"). Deferred tax assets and liabilities are provided using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to amounts that more likely than not will not be realized.

***Use of Estimates and Indemnifications***

The preparation of the 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 income and expense during the period. These estimates and assumptions are based on judgment and available information, and, consequently, results could be materially different from these estimates.

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as the contracts refer to potential claims that have not yet occurred. However, management expects the risk of loss to be remote.

***Share-Based Compensation***

Certain employees of the Company are permitted to participate in Plc's Restricted Stock Plans for Employees of Numis Securities Inc. ("the plans"). The plans are accounted for in accordance with Statement of Financial Accounting Standards No. 123 R ("SFAS 123R"), Share-Based payment. SFAS123R requires companies to recognize an expense for stock-based compensation in the statement of

. NUMIS SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

**Note 2 - Significant Accounting Policies (Cont'd):**

operations. The Company has recorded compensation expense on a straight-line basis over the vesting period of the awards. The resulting liability is included in Payable to Parent on the statement of financial condition.

*New Accounting Pronouncements*

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109, ("FIN 48") which is effective for non-public companies for fiscal years beginning after December 15, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and 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. The standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company is evaluating what impact, if any, the adoption of FIN48 will have on its financial statements.

In June 2007, the Emerging Issues Task Force issued EITF 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards ("EITF 06-11"), which is effective for fiscal years beginning after December 15, 2007. EITF 06-11 states that a realized income tax benefit from dividends or dividend equivalents that are charged to retained earnings and are paid to employees for equity classified nonvested equity shares, nonvested equity shares units, and outstanding equity share options should be recognized as an increase to additional paid-in capital. The amount recognized in additional paid-in capital for the realized income tax benefits available to absorb tax deficiencies on share-based payment awards. The Company is currently evaluating what impact, if any, the adoption of EITP 06-11 had on its financial statements.

**Note 3 - Fixed Assets:**

As of September 30, 2008, fixed assets consist of the following:

Furniture, fixtures and leasehold improvements	\$ 663,141
Technology equipment	<u>320,292</u>
	983,433
Accumulated depreciation	<u>(151,111)</u>
Fixed assets, net	<u>\$ 832,322</u>

**Note 4 - Commitments and Contingencies:**

The Company is obligated under a noncancelable lease for office space which expires on July 31, 2018. The lease is subject to escalation based on certain costs incurred by the landlord. Occupancy expense for the year ended September 30, 2008 was \$359,310 and is included in the statement of income.

**NUMIS SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Note 4 - Commitments and Contingencies (Cont'd):**

Minimum future annual rental commitments under the operating lease are as follows:

Year Ending	
September 30, 2009	\$ 524,669
September 30, 2010	534,036
September 30, 2011	553,715
September 30, 2012	575,198
September 30, 2013	585,827
Thereafter	<u>3,059,031</u>
	<u>\$5,832,476</u>

**Note 5 - Related Party Transactions:**

In the course of its business, the Company acts as agent for the Parent's clients. In return for these services the Company receives commission revenues from the Parent in accordance with terms of the allocation methodology established in the July 2004 agreement, as amended in November 2007. The allocation is primarily linked to the level of work performed by the Company. For the fiscal year ended September 30, 2008 approximately \$4,739,769 of commissions were earned under this agreement, which is included in commissions in the statement of operations.

The Parent receives a service fee for each transaction that is booked by Numis based on the Parent's detailed cost analysis on services performed. For the year ended September 30, 2008, the intercompany service fee expense under such agreement was \$3,892,725, which is included in the statement of operations.

As of September 30, 2008 the Company has a payable balance to the Parent of \$957,443 in relation to these related party transactions.

**Note 6 - Clearing Fee Agreement:**

The Company has an agreement with its clearing broker. As part of the agreement, the Company maintains a deposit account with the clearing broker and is subject to certain termination fees in the event the agreement is terminated by either party without cause upon ninety days prior notice. The termination fee is defined in the agreement as a reasonable and determinable amount agreed upon by both parties. The Company does not intend to terminate the agreement during this period and as such has not recognized any liability or expense related thereto.

**Note 7 - Income Taxes:**

The deferred tax assets are comprised of the following:

**NUMIS SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Note 7 - Income Taxes (Cont'd):**

Deferred	
Federal	\$ 205,297
State and local	<u>118,640</u>
	323,937
Less: Valuation allowance	<u>(323,937)</u>
	<u>\$ -</u>

The Company files a Federal, New York State and New York City tax return.

The provision for income taxes is as follows:

Federal	\$ 596,708
State and local	<u>344,836</u>
	941,544
Less NOL benefits	<u>(660,498)</u>
Total Income tax expense	<u>\$ 281,046</u>

At September 30, 2008, the Company has recorded a deferred tax asset of \$323,937. A valuation allowance is recognized against deferred tax assets if it is more likely than not such asset will not be realized in future years. Accordingly, a valuation allowance of \$323,937 has been recorded against the deferred tax asset in accordance with the realization criteria established by SFAS 109. The ultimate realization of a deferred tax asset is dependent upon the generation of future taxable income. Due to the difficulty in assessing the level of future taxable gains against which the deferred tax assets could be utilized, a valuation allowance for the full amount of the deferred tax asset has been recorded. In addition, current market conditions could adversely affect income.

The effective tax rate differs from the statutory federal tax rate primarily due to the effect of net operating loss carry forwards ("Carryforwards") utilized during the year ended September 30, 2008. These Carryforwards, amounting to approximately \$1,470,000, offset \$660,498 of income tax expense otherwise due on taxable income for the year ended September 30, 2008. The Company currently has no net operating loss carry forwards available to offset future federal, state and local taxable income.

**Note 8 - Restricted Stock Plan:**

*a) Details of restricted stock plans*

During the year ended September 30, 2007 the Company had approved a plan (USRSP #1) under which selected employees were awarded a share purchase option to buy Numis Corporation stock on the LSE. During the year ended September 30, 2008 the Company approved and made further awards pursuant to two additional plans USRSP #2 and USRSU #1.

The terms of the second USRSP plan (USRSP #2) are similar to the first USRSP plan: if the purchase option is exercised within the allotted exercise period, the shares are purchased at the price set on the

NUMIS SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

Note 8 - Restricted Stock Plan (Cont'd):

grant date and the employee is allocated a like number of matching shares at no further cost to the employee. Both matching shares and the purchased shares are then subject to vesting periods. For USRSP #1, this vesting period is five years; for USRSP #2, there is a graded vesting schedule with 33.33% of the shares awarded vesting on each of the third, fourth and fifth anniversaries of the relevant share purchase date. For both USRSP plans unvested matching shares are forfeited in the event of voluntary termination or termination for cause. Under the terms of both plans, employees may finance the purchase of shares with a loan from Numis Corporation with repayments, including interest, made over the vesting period. In the event of non-payment of the loan, matching shares and the purchased shares that relate to any unpaid loan balance are forfeited. Dividends that would otherwise be earned on the matching shares under both USRSP plans are credited to the recipients' balance of matching shares in the form of dividend equivalent units (DEUs) as dividends fall due.

The USRSU #1 differs to both the USRSP plans; in that shares are awarded to employees in the form of restricted stock units, that will vest over a three year graded vesting schedule provided that the employee remains employed with the Company. There is no requirement to purchase shares and consequently no matching shares. The awards under the USRSU do not qualify for DEUs.

*b) Awards during the current fiscal year*

There were 181,575 matching shares outstanding at the beginning of the current fiscal year that had been awarded under USRSP #1, with a weighted average price of \$5.13. No further awards were made under this plan, however an additional 6,634 matched units were allotted to participants in lieu of dividends on their matching shares (DEUs), with a weighted average price of \$4.07. No shares that had been awarded under the USRSP #1 vested during the fiscal year. As of September 30, 2008 there were 188,209 matching shares outstanding with a weighted average exercise price of \$5.09.

Compensation expense related to the USRSP #1 plan amounted to \$197,424 for the year ended September 30, 2008, which is included in the statement of income. As of September 30, 2008 there was \$559,758 of total unrecognized compensation cost related to nonvested matching shares granted under the Plan. That cost is expected to be recognized over a weighted average period of 4 years.

There were no matching shares outstanding under USRSP #2 at the beginning of the fiscal year. In July 2008, 1,052,291 purchase options were offered and issued with a weighted exercise price of \$3.45, and a like number of matching shares were issued upon the exercise of the option. At grant date, the fair value of the option to purchase shares within the allotted exercise period was calculated to be \$75,000, which is included as compensation cost in the statement of income. No shares that had been awarded under the USRSP #2 vested during the fiscal year. As of September 30, 2008 there were 1,052,291 matching shares outstanding with a weighted average exercise price of \$3.45.

Compensation expense related to the USRSP #2 plan amounted to \$225,191 for the year ended September 30, 2008, which is included in the statement of income. As of September 30, 2008 there was \$3,078,925 of total unrecognized compensation cost related to nonvested matching shares granted under the Plan. That cost is expected to be recognized over a weighted average period of 3.75 years.

**NUMIS SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Note 8 - Restricted Stock Plan (Cont'd):**

There were no matching shares outstanding under USRSU #1 at the beginning of the fiscal year. In July 2008, 166,328 restricted share units were offered and issued with a weighted exercise price of \$3.09. No shares that had been awarded under the USRSU #1 vested during the fiscal year. As of September 30, 2008 there were 166,328 restricted stock units shares outstanding with a weighted average exercise price of \$3.09.

Compensation expense related to the USRSU #1 plan amounted to \$74,537 for the year ended September 30, 2008, which is included in the statement of income. As of September 30, 2008 there was \$394,676 of total unrecognized compensation cost related to nonvested restricted share units granted under the Plan. That cost is expected to be recognized over a weighted average period of 1.75 years.

**Note 9 - 401(K) Profit Sharing Plan:**

The Company maintains a 401(k) profit sharing plan ("Plan") for the benefit of all eligible employees who meet certain plan requirements. Under the Plan, the Company is required to make a 3% "safe harbor" to all eligible employees who have completed three months of service. Vesting in the 3% Company contribution is immediate. The Company may also elect to make a discretionary profit sharing contribution to the plan regardless of the amount of service completed by the employee during the year. Vesting in such profit sharing contributions is 20% after two years plus an additional 20% per year thereafter. The expense associated with this Plan for the year ended September 30, 2008 was \$54,992.

**Note 10 - Net Capital Requirements:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule ("Rule 15c3-1") which requires the Company to maintain minimum adjusted net capital equivalent to the greater of \$5,000 or 6-2/3% of aggregate indebtedness. Rule 15c3-1 also requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At September 30, 2008, the Company had net capital of \$4,391,863, which exceeded the amount required by \$4,267,638. The ratio of aggregated indebtedness to net capital was .42 to 1. The Company is exempt from the provision of Rule 15c3-3 of the SEC since the Company's activities are limited to those set forth in the conditions for exemption pursuant to subsection k(2)(ii) of this rule.

**NUMIS SECURITIES, INC**  
**COMPUTATION OF NET CAPITAL**  
**SEPTEMBER 30, 2008**

Schedule I

**Computation of net capital**

Total stockholder's equity	\$	5,202,387
Discretionary bonus accrual		958,982
<b>Nonallowable assets</b>		
Research fees receivable		(66,100)
Fixed assets, net of accumulated depreciation		(832,322)
Security deposit and other		(590,534)
Total nonallowable assets		<u>(1,488,956)</u>
Net capital before haircuts on foreign currency		4,672,413
Haircuts on foreign currency		<u>(280,550)</u>
Net capital	\$	<u>4,391,863</u>

**Aggregated indebtedness**

Items included in the statement of financial condition

Accounts payable and accrued expenses	\$	<u>1,863,374</u>
Total aggregate indebtedness		<u>1,863,374</u>

**Computation of basic net capital requirement**

Minimum net capital required (the greater \$ 5,000 or 6-2/3% of aggregate indebtedness)		<u>124,225</u>
Excess net capital	\$	<u>4,267,638</u>

Ratio: Aggregate indebtedness to net capital

.42 to 1

**Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of September 30, 2008)**

Net Capital as reported in the Company's Part II

(Unaudited) FOCUS report	\$	4,581,401
Audit adjustments:		
Additional expenses (net)		<u>(189,538)</u>
Net Capital per above	\$	<u>4,391,863</u>

**NUMIS SECURITIES, INC  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT  
FOR BROKER-DEALERS  
SEPTEMBER 30, 2008**

**Schedule II**

The company is exempted from Rule 15C-3-3 of the SEC under paragraph k(2)(ii) of that Rule.

To the Stockholder and  
Board of Directors of Numis Securities, Inc.:

In planning and performing our audit of the financial statements of Numis Securities, Inc. (the "Company") as of and for the year ended September 30, 2008, 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 (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 making the following:

1. 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; and
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 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 accounting 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 September 30, 2008 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.

*PricewaterhouseCoopers LLP*

December 15, 2008

**END**