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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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hours per response... 12.00

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

SEC FILE NUMBER
8-39247

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 01/01/2009 AND ENDING 12/31//2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Cathay Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

202 Canal Street, Suite 403

(No. and Street)

New York

New York

10013

(City)

(State)

(Zip Code)

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

Ruserim S. Hasan

212-285-2261

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Wong & Co.

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

57 West 38th Street, 12th Floor, New York, NY 10018

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
FEB 25 2010
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)

OATH OR AFFIRMATION

I, Ruserim S. Hasan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cathay Securities, Inc., as of December 31, 20 09, 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:

N/A

Signature

President

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).

x Certified Public Accountants:Supplementary Report of Internal Control

REPORT OF INDEPENDENT AUDITORS

Board of Directors of
Cathay Securities, Inc.:

We have audited the accompanying statement of financial condition of Cathay Securities, Inc., (the Company) as of December 31, 2009, and the related statements of income, changes in stockholders' 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 and 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. An audit also includes 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 Cathay Securities, Inc. at December 31, 2009, 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 Focus Report 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.



New York, New York
February 19, 2010

CATHAY SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2009

ASSETS

Cash and Cash Equivalents (Note 2)	\$	157,774
Receivable From Broker		128,402
Office Furnishings, Net of Accumulated Depreciation and Amortization of \$95,702 (Note 2)		6,064
Deferred Income Taxes (Note 2 and 3)		15,000
Other Assets		21,840
Total Assets	\$	<u>329,080</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts Payable and Accrued Expenses	\$	14,034
Stockholders' Equity: (Note 4)		
Capital Stock		76,200
Additional Paid-in-Capital		232,300
Retained Earnings		6,546
Total Stockholders' Equity		<u>315,046</u>
Total Liabilities and Stockholders' Equity	\$	<u>329,080</u>

See Auditors' Report and Accompanying Notes

CATHAY SECURITIES, INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2009

REVENUES:

Commission Income, Net (Note 2)	\$ 348,302
Other Income	6,305
Interest Income	<u>26,257</u>
Total Revenues	<u>380,864</u>

EXPENSES:

Salaries	62,360
Payroll Related Expenses	5,594
Occupancy Costs	85,086
Communication Costs	29,133
Equipment Rental	9,706
Office Expense	20,366
Professional Fees	28,799
Computer & Clearing Charges	5,679
Insurance	2,581
Travel & Entertainment	3,500
Error Expense	2,222
Miscellaneous	6,935
Depreciation (Note 2)	<u>3,513</u>
Total Expenses	<u>265,474</u>
Income Before Income Taxes	<u>115,390</u>
Provision for Income Taxes (Notes 2 and 3)	1,634
Net Income	<u><u>\$ 113,756</u></u>

See Auditors' Report and Accompanying Notes

CATHAY SECURITIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$ 113,756
Adjustments to Reconcile Net Loss to Net Cash Generated by Operating Activities:	
Depreciation Expense	3,513
Increase in Receivable From Broker	(464)
Decrease in Other Assets	89
Increase in Accrued Expenses	3,202
Net Cash Provided by Operating Activities	<u>120,096</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Office Equipment	<u>(3,239)</u>
Net Cash Used by Investing Activities	(3,239)

Net Decrease in Cash	<u>116,857</u>
Cash, Beginning of Year	<u>40,917</u>
Cash, End of Year \$	<u><u>157,774</u></u>

Supplemental Disclosure of Cash Flows Information:

Cash Paid During The Year For:	
Corporate Income and Franchise Taxes	\$ 0
Interest Expense	\$ 0

See Auditors' Report and Accompanying Notes

CATHAY SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2009

	Capital Stock	Paid-in Capital	Retained Earnings (Deficit)	Total
Balance, 12-31-2008	\$ 76,200	\$ 232,300	\$ (107,210)	\$ 201,290
Additions	0	0	0	0
Net Income	0	0	113,756	113,756
Balance, 12-31-2009	<u>\$ 76,200</u>	<u>\$ 232,300</u>	<u>\$ 6,546</u>	<u>\$ 315,046</u>

See Auditors' Report And Accompanying Notes

CATHAY SECURITIES, INC.

**COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS PURSUANT
TO RULE 15c3-1 UNDER THE SECURITY EXCHANGE ACT OF 1934**

YEAR ENDED DECEMBER 31, 2009

NET CAPITAL:

Total Stockholders' Equity	\$	315,046
Total Stockholders' Equity Qualified for Net Capital		<u>315,046</u>
Deductions and/or Charges		
Non-Allowable Assets:		
Office Furnishings, Net		(6,064)
Security Deposit		(18,937)
Deferred Income Taxes		(15,000)
Other Assets		<u>(2,903)</u>
		(42,904)
Net Capital Before Haircuts on Securities Positions		<u>272,142</u>
Haircuts on Securities:		
Money Market Fund		<u>(2,274)</u>
	Net Capital \$	269,868

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Minimum Net Capital Required	\$	<u>50,000</u>
	Excess Net Capital	<u>219,868</u>
Excess Net Capital at 1000% (Net Capital less 10% of Total Aggregate Indebtedness)	\$	<u>268,465</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS:

Accounts Payable and Accrued Expense	\$	<u>14,034</u>
	Total Aggregate Indebtedness	14,034
	Percentage of Aggregate Indebtedness to Net Capital	5.20%

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 1 - Organization

Cathay Securities, Inc. (the Company) was incorporated on November 2, 1987 under the laws of the State of New York.

The Company became a registered broker/dealer pursuant to Section 15(b) of the Securities Exchange Act of 1934 on January 27, 1988, and a member of the National Association of Securities Dealers, Inc. on March 28, 1988. The Company conducts all its businesses on a fully disclosed basis. All customer security accounts are carried by Ridge Clearing and Outsourcing Solutions, Inc.

Note 2 - Accounting Policies

The accounting policies and practices of the Company conform with generally accepted accounting principles. The significant policies are summarized below:

Revenue Recognition

Commissions on all securities transactions are recognized when services are performed.

Fixed Assets

Office furnishings are stated at costs and depreciated over their estimated useful lives on a straight-line basis for both financial and federal income tax reporting purposes. Leasehold Improvements are amortized over the term of the office lease.

Depreciation expense, relating to property and equipment, charged to operations for the year ended December 31, 2009 was \$3,513.

Income Taxes

The Company accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ((FASB ASC) 740, "Income Taxes", which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to net operating loss carry forward. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB ASC 740-10-25, which prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 2 - Accounting Policies (continued)

Income Taxes (continued)

The Company does not have any accruals for uncertain tax positions as of December 31, 2009. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

The carrying values of cash, receivable from clearing organization, loans to stockholders, other assets, and accounts payable and accrued expenses approximate fair values due to the short term nature of these financial instruments.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs – Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

The Company did not identify any financial and non financial assets and liabilities that are required to be presented on the balance sheets at fair value.

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 2 - Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Note 3 – Income Taxes

Deferred income tax asset, at December 31, 2009 in the amount of \$15,000 was recognized for operating losses that are available to offset future taxable income.

The Company has about unused operating loss carryforward totaling \$172,000 expiring in various years through 2027. The provision for income taxes for the year ended December 31, 2009 consists of the following:

State and City Income Taxes	\$1,634
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Note 4 - Capital Stock

As of December 31, 2009, the Company had 5,000 shares of no par value common stock authorized and 1,000 shares issued and outstanding.

Note 5 - Commitments

The Company had entered into a five-year office lease agreement expiring on June 30, 2010. The following is a schedule of future minimum rental payments required under the above lease as of December 31, 2009:

Year Ending	Amount
December 31 2010	\$36,147

Note 6 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that aggregate indebtedness shall not exceed fifteen times net capital. In addition, the Company is required to maintain a minimum net capital of \$50,000. At December 31, 2009, the Company's net capital was \$269,868, which was \$219,868 in excess of the required net capital, and the Company's aggregate indebtedness to net capital ratio was 0.05 to 1.

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 6 – Net Capital Requirements (continued)

The Company is exempt from the provisions of 15c3-3 under Securities Exchange Act of 1934 as set forth in the conditions for exemption in paragraph (k)(2)(ii).

There are no material differences between the amounts presented above, which are the amounts based on the accompanying audited financial statements, and the amounts reported in the Company's focus report filed in January, 2010.

Note 7 - Financial Instruments With Off-Balance Sheet Risk

The Company introduces all customer transactions in securities traded in U.S. securities markets to another New York Stock Exchange member firm on a fully disclosed basis. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to non-performance by customer or counterparties.

The Company's exposure to credit risk associated with the non-performance of customers and counterparties in fulfilling their contractual obligations pursuant to these securities transactions can be directly impacted by volatile trading markets, which may impair the customer's or counterparty's ability to satisfy their obligations to the Company.

In the event of non-performance the Company may be required to purchase or sell financial instruments at unfavorable market prices resulting in a loss to the Company. The Company does not anticipate non-performance by customers and counterparties in the above situations.

The Company seeks to control the aforementioned risks by requiring customers or counterparties to maintain collateral in compliance with regulatory requirements, the clearing broker's guidelines and industry standards. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral, or to reduce positions, when necessary. The Company also has a policy of reviewing the credit standing of each customer and counterparty with which it conducts business.

Note 9 – Subsequent Events

The Company's management has performed subsequent events procedures through February 19 2010, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5

Board of Directors of
Cathay Securities, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of Cathay Securities, Inc. (the Company), for the year ended December 31, 2009, we considered its internal control including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17-a5(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
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T if the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control structure and the practices and procedures referred 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 of procedures are to provide management with reasonable but not absolute assurance that assets for which 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 or 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

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 misstatement 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 accounting principles generally accepted in the United States of America 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. However, we noted no matters involving internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that the 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 December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the 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 should not be used any other purposes.

New York, New York
February 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM
X-17A-5

FOCUS REPORT
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)
PART IIA 12

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

CATHAY SECURITIES, INC. 13

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

202 CANAL ST, SUITE 403 20

(No. and Street)

NEW YORK 21 NY 22 10013 23

(City)

(State)

(Zip Code)

SEC. FILE NO.

8-39247 14

FIRM ID NO.

21821 15

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/09 24

AND ENDING (MM/DD/YY)

12/31/09 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

30

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

32

34

36

38

31

OFFICIAL USE

33

35

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39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ?

YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

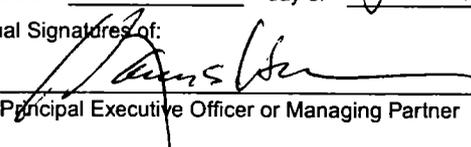
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EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 25th day of January 20 10

Manual Signatures of:

1)  Principal Executive Officer or Managing Partner

2) _____ Principal Financial Officer or Partner

3) _____ Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f (a))

FINRA

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER CATHAY SECURITIES, INC.	N	3																	
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STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/09 99

SEC FILE NO. 8-39247 98

Consolidated 198

Unconsolidated 199

ASSETS

Allowable

Non-Allowable

Total

1. Cash \$	157,774 200		\$	157,774 750
2. Receivables from brokers or dealers:				
A. Clearance account	295			
B. Other	14,722 300	\$	550	14,722 810
3. Receivables from non-customers	355		600	830
4. Securities and spot commodities owned, at market value:				
A. Exempted securities	418			
B. Debt securities	419			
C. Options	420			
D. Other securities	113,680 424			
E. Spot commodities	430			113,680 850
5. Securities and/or other investments not readily marketable:				
A. At cost \$	130			
B. At estimated fair value	440	610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities \$	150			
B. Other securities \$	160			
7. Secured demand notes:	470	640		890
Market value of collateral:				
A. Exempted securities \$	170			
B. Other securities \$	180			
8. Memberships in exchanges:				
A. Owned, at market \$	190			
B. Owned, at cost		650		
C. Contributed for use of the company, at market value		660		900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships				
	480	670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization.				
	490	6,064 680		6,064 920
11. Other assets	535	36,840 735		36,840 930
12. Total Assets	\$ 286,176 540	\$ 42,904 740		\$ 329,080 940

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER CATHAY SECURITIES, INC.	as of <u>12/31/09</u>
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STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING,
NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS
LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ <u>1045</u>	\$ <u>1255</u>	\$ <u>1470</u>
14. Payable to brokers or dealers:			
A. Clearance account	<u>1114</u>	<u>1315</u>	<u>1560</u>
B. Other	<u>1115</u>	<u>1305</u>	<u>1540</u>
15. Payable to non-customers	<u>1155</u>	<u>1355</u>	<u>1610</u>
16. Securities sold not yet purchased, at market value		<u>1360</u>	<u>1620</u>
17. Accounts payable, accrued liabilities, expenses and other	14,034 <u>1205</u>	<u>1385</u>	14,034 <u>1685</u>
18. Notes and mortgages payable:			
A. Unsecured	<u>1210</u>		<u>1690</u>
B. Secured	<u>1211</u>	<u>1390</u>	<u>1700</u>
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders \$	<u>970</u>		
2. Includes equity subordination (15c3-1(d)) of	<u>980</u>		
B. Securities borrowings, at market value from outsiders \$		<u>1410</u>	<u>1720</u>
C. Pursuant to secured demand note collateral agreements		<u>1420</u>	<u>1730</u>
1. from outsiders \$	<u>1000</u>		
2. includes equity subordination (15c3-1(d)) of	<u>1010</u>		
D. Exchange memberships contributed for use of company, at market value		<u>1430</u>	<u>1740</u>
E. Accounts and other borrowings not qualified for net capital purposes	<u>1220</u>	<u>1440</u>	<u>1750</u>
20. TOTAL LIABILITIES	\$ <u>14,034</u> <u>1230</u>	\$ <u>1450</u>	\$ <u>14,034</u> <u>1760</u>

<u>Ownership Equity</u>			
21. Sole proprietorship			\$ <u>1770</u>
22. Partnership (limited partners)	\$ <u>1020</u>		<u>1780</u>
23. Corporation:			
A. Preferred stock			<u>1791</u>
B. Common stock		76,200	<u>1792</u>
C. Additional paid-in capital		232,300	<u>1793</u>
D. Retained earnings		6,546	<u>1794</u>
E. Total		315,046	<u>1795</u>
F. Less capital stock in treasury		()	<u>1796</u>
24. TOTAL OWNERSHIP EQUITY			\$ <u>315,046</u> <u>1800</u>
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ <u>329,080</u> <u>1810</u>

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

CATHAY SECURITIES, INC.

as of

12/31/09

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	315,046	3480	
2. Deduct ownership equity not allowable for Net Capital			3490	
3. Total ownership equity qualified for Net Capital		315,046	3500	
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520	
B. Other (deductions) or allowable credits (List)			3525	
5. Total capital and allowable subordinated liabilities	\$	315,046	3530	
6. Deductions and/or charges:				
A. Total non-allowable assets from				
Statement of Financial Condition (Notes B and C)	\$	42,904	3540	
B. Secured demand note deficiency			3590	
C. Commodity futures contracts and spot commodities-proprietary capital charges			3600	
D. Other deductions and/or charges			3610	
		(42,904)	3620	
7. Other additions and/or allowable credits (List)			3630	
8. Net Capital before haircuts on securities positions	\$	272,142	3640	
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):				
A. Contractual securities commitments	\$		3660	
B. Subordinated securities borrowings			3670	
C. Trading and investment securities:				
1. Exempted securities			3735	
2. Debt securities			3733	
3. Options			3730	
4. Other securities			3734	
D. Undue concentration			3650	
E. Other (List)		2,274	3736	
		(2,274)	3740	
10. Net Capital	\$	269,868	3750	

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

CATHAY SECURITIES, INC.

as of

12/31/09

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	936	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	50,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	50,000	3760
14. Excess net capital (line 10 less 13)	\$	219,868	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	209,868	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	14,034	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	
19. Total aggregate indebtedness	\$	14,034	3840
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	%	5.20	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1(d)	%	0.00	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870	
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880	
24. Net capital requirement (greater of line 22 or 23)	\$	3760	
25. Excess net capital (line 10 less 24)	\$	3910	
26. Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	\$	3920	

NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of the memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER CATHAY SECURITIES, INC.
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For the period (MMDDYY) from 10/01/09 3932 to 12/31/09 3933
Number of months included in this statement _____ 3931

REVENUE

STATEMENT OF INCOME (LOSS)

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	<u>3935</u>
b. Commissions on listed option transactions		<u>2,437</u> <u>3938</u>
c. All other securities commissions		<u>54,454</u> <u>3939</u>
d. Total securities commissions		<u>56,891</u> <u>3940</u>
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		<u>3945</u>
b. From all other trading		<u>3949</u>
c. Total gain (loss)		<u>3950</u>
3. Gains or losses on firm securities investment accounts		<u>3952</u>
4. Profits (losses) from underwriting and selling groups		<u>3955</u>
5. Revenue from sale of investment company shares		<u>3970</u>
6. Commodities revenue		<u>3990</u>
7. Fees for account supervision, investment advisory and administrative services		<u>3975</u>
8. Other revenue		<u>4,273</u> <u>3995</u>
9. Total revenue	\$	<u>61,164</u> <u>4030</u>

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers		<u>11,600</u> <u>4120</u>
11. Other employee compensation and benefits		<u>10,245</u> <u>4115</u>
12. Commissions paid to other brokers-dealers		<u>4140</u>
13. Interest expense		<u>4075</u>
a. Includes interest on accounts subject to subordination agreements	<u>4070</u>	
14. Regulatory fees and expenses		<u>4195</u>
15. Other expenses		<u>48,383</u> <u>4100</u>
16. Total expenses	\$	<u>70,228</u> <u>4200</u>

NET INCOME

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	<u>(9,064)</u> <u>4210</u>
18. Provision for Federal income taxes (for parent only)		<u>(15,000)</u> <u>4220</u>
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		<u>4222</u>
a. After Federal income taxes of	<u>4238</u>	
20. Extraordinary gains (losses)		<u>4224</u>
a. After Federal income taxes of	<u>4239</u>	
21. Cumulative effect of changes in accounting principles		<u>4225</u>
22. Net income (loss) after Federal income taxes and extraordinary items	\$	<u>5,936</u> <u>4230</u>

MONTHLY INCOME

23. Income (current month only) before provision for Federal Income taxes and extraordinary items		<u>3,491</u> <u>4211</u>
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER CATHAY SECURITIES, INC.

For the period (MMDDYY) from 10/01/09 to 12/31/09

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	309,110	4240
A. Net income (loss)		5,936	4250
B. Additions (includes non-conforming capital of	\$	4262	4260
C. Deductions (includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (from item 1800)	\$	315,046	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$	4300	
A. Increases		4310	
B. Decreases		4320	
4. Balance, end of period (from item 3520)	\$	4330	

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER CATHAY SECURITIES, INC.	as of <u>12/31/09</u>
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Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based :

- A. (k) (1) - Limited business (mutual funds and/or variable annuities only) \$ 4550
- B. (k) (2) (i) - "Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k) (2) (ii) - All customer transactions cleared through another broker-dealer on a fully disclosed basis.
 Name(s) of Clearing Firm(s) - Please separate multiple names with a semi-colon
Ridge Clearing & Outsourcing Solutions 4335 X 4570
- D. (k) (3) - Exempted by order of the Commission 4580

**Ownership Equity and Subordinated Liabilities maturing or proposed to be
withdrawn within the next six months and accruals, (as defined below),
which have not been deducted in the computation of Net Capital.**

Type of Proposed Withdrawal or Accrual (See below for code to enter)	Name of Lender or Contributor	Insider or Outsider ? (In or Out)	Amount to be with- drawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
<u>4600</u>	<u>4601</u>	<u>4602</u>	<u>4603</u>	<u>4604</u>	<u>4605</u>
<u>4610</u>	<u>4611</u>	<u>4612</u>	<u>4613</u>	<u>4614</u>	<u>4615</u>
<u>4620</u>	<u>4621</u>	<u>4622</u>	<u>4623</u>	<u>4624</u>	<u>4625</u>
<u>4630</u>	<u>4631</u>	<u>4632</u>	<u>4633</u>	<u>4634</u>	<u>4635</u>
<u>4640</u>	<u>4641</u>	<u>4642</u>	<u>4643</u>	<u>4644</u>	<u>4645</u>
<u>4650</u>	<u>4651</u>	<u>4652</u>	<u>4653</u>	<u>4654</u>	<u>4655</u>
<u>4660</u>	<u>4661</u>	<u>4662</u>	<u>4663</u>	<u>4664</u>	<u>4665</u>
<u>4670</u>	<u>4671</u>	<u>4672</u>	<u>4673</u>	<u>4674</u>	<u>4675</u>
<u>4680</u>	<u>4681</u>	<u>4682</u>	<u>4683</u>	<u>4684</u>	<u>4685</u>
<u>4690</u>	<u>4691</u>	<u>4692</u>	<u>4693</u>	<u>4694</u>	<u>4695</u>
TOTAL			\$ <u>4699</u>		

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2) (iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION
- 1. Equity Capital
 - 2. Subordinated Liabilities
 - 3. Accruals
 - 4. 15c3-1(c) (2) (iv) Liabilities

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM
X-17A-5

FOCUS REPORT
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)
Schedule I
INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5

Report for the Calendar Year 2009
or if less than 12 months

Report for the period beginning 01/01/09 and ending 12/31/09
MM DD YY MM DD YY

SEC FILE NUMBER
8-39247

1. NAME OF BROKER DEALER
CATHAY SECURITIES, INC. N 9
Firm No M M Y Y

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:
NAME : OFFICIAL USE ONLY
NAME :
NAME :
NAME :

3. Respondent conducts a securities business exclusively with registered broker-dealers:
(enter applicable code: 1=Yes 2=No)

4. Respondent is registered as a specialist on a national securities exchange:
(enter applicable code: 1=Yes 2=No)

5. Respondent makes markets in the following securities:
(a) equity securities (enter applicable code: 1=Yes 2=No)
(b) municipals (enter applicable code: 1=Yes 2=No)
(c) other debt instruments (enter applicable code: 1=Yes 2=No)

6. Respondent is registered solely as a municipal bond dealer:
(enter applicable code: 1=Yes 2=No)

7. Respondent is an insurance company or an affiliate of an insurance company:
(enter applicable code: 1=Yes 2=No)

8. Respondent carries its own public customer accounts:
(enter applicable code: 1=Yes 2=No)

9. Respondent's total number of public customer accounts:
(carrying firms filing X-17A-5 Part II only)
(a) Public customer accounts
(b) Omnibus accounts

10. Respondent clears its public customer and/or proprietary accounts:
(enter applicable code: 1=Yes 2=No)

FOCUS REPORT

Schedule I

11. Respondent clears its public customer accounts in the following manner:

(enter a "1" in appropriate boxes)

- (a) Direct Mail (New York Stock Exchange Members Only) 8086
- (b) Self-Clearing 8087
- (c) Omnibus 8088
- (d) Introducing 8089
- (e) Other 8090

If Other please describe:

- (f) Not applicable 8091

12.(a) Respondent maintains membership(s) on national securities exchanges(s):

(enter applicable code 1=Yes 2=No)

8100

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(enter a "1" in appropriate boxes)

- (1) American 8120
- (2) Boston 8121
- (3) CBOE 8122
- (4) Midwest 8123
- (5) New York 8124
- (6) Philadelphia 8125
- (7) Pacific Coast 8126
- (8) Other 8129

13. Employees:

- (a) Number of full-time employees 8101
- (b) Number of full-time registered representatives employed by respondent included in 13(a) ... 8102

14. Number of NASDAQ stocks respondent makes market

8103

15. Total number of underwriting syndicates respondent was a member

8104

Carrying or clearing firms filing X-17A Part II)

16. Number of respondent's public customer transactions:

Actual 8105
Estimate 8106

- (a) equity securities transactions effected on a national securities exchange 8107
- (b) equity securities transactions effected other than on a national securities exchange 8108
- (c) commodity, bond, option and other transactions effected on or off a national securities exchange 8109

FOCUS REPORT

Schedule I

page 3

17. Respondent is a member of the Securities Investor Protection Corporation
(enter applicable code 1=Yes 2=No)

18. Number of branch offices operated by respondent

19. (a) Respondent directly or indirectly controls, is controlled by, or is under
common control with , a U.S. bank (enter applicable code 1=Yes 2=No)

(b) Name of parent or affiliate

(c) Type of institution

20. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank
(enter applicable code 1=Yes 2=No)

21. (a) Respondent is a subsidiary of a registered broker-dealer
(enter applicable code 1=Yes 2=No)

(b) Name of parent

22. Respondent is a subsidiary of a parent which is not a registered broker or dealer
(enter applicable code 1=Yes 2=No)

23. Respondent sends quarterly statements to customers pursuant to
10b-10(b) in lieu of daily or immediate confirmations:
(enter applicable code 1=Yes 2=No)*

24. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed
Securities Done by Respondent During the Reporting Period \$

*Required in any Schedule I filed for the calendar year 1978 and succeeding years

FINRA Miscellaneous Information	
Annual Municipal Income	\$ <input type="text" value="g"/> <input type="text" value="8151"/>

CATHAY SECURITIES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2009
WITH**

**REPORT AND SUPPLEMENTARY REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

SEC
Mail Processing
Section

FEB 25 2010

Washington, DC
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