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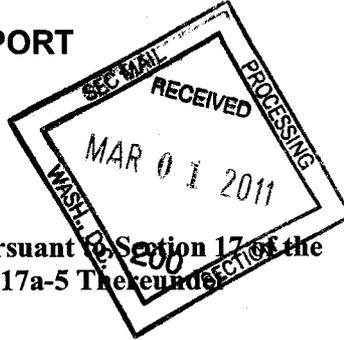
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
Hours per response . . . 12.00



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



SEC FILE NUMBER  
8 - 67174

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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 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER:

DAVIS SECURITIES LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

475 PARK AVENUE SOUTH, 29<sup>TH</sup> FLOOR  
(No. And Street)

NEW YORK, NY 10016  
(City) (State) (Zip Code)

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

ERIC M. DAVIS (212) 796-8440  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

FULVIO & ASSOCIATES, LLP ATTN: JOHN FULVIO, CPA  
(Name - if individual state last, first, middle name)

5 West 37<sup>th</sup> Street, 4<sup>th</sup> 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.

**PUBLIC**

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 basis for the exemption. See section 240.17a-5(e)(2)

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

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OATH OR AFFIRMATION

I, ERIC M. DAVIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DAVIS SECURITIES LLC, as of DECEMBER 31, 2010, 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:

\_\_\_\_\_  
\_\_\_\_\_

GAIL CLEMENT  
NOTARY PUBLIC, STATE OF NEW YORK  
QUALIFIED IN NASSAU COUNTY  
NO. 01CL6201857  
MY COMMISSION EXPIRES 03-02-2013

  
\_\_\_\_\_  
Signature

CEO & MANAGING MEMBER  
\_\_\_\_\_  
Title

 1/7/11  
\_\_\_\_\_  
Notary Public

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 or 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 previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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

DAVIS SECURITIES LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2010

PUBLIC

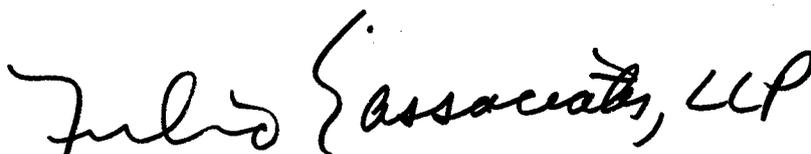
INDEPENDENT AUDITORS' REPORT

To the Members of  
Davis Securities LLC:

We have audited the accompanying statement of financial condition of Davis Securities LLC (the "Company"), as of December 31, 2010 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Davis Securities LLC as of December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.



New York, New York  
February 23, 2011

DAVIS SECURITIES LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2010

ASSETS

Cash and cash equivalents	\$ 243,458
Fixed assets, at cost (net of accumulated depreciation of \$233,258)	35,617
Due from broker	86,484
Other assets	<u>22,232</u>
 TOTAL ASSETS	 <u>\$ 387,791</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ <u>72,088</u>
 Total liabilities	 <u>72,088</u>

Members' equity	<u>315,703</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 387,791</u>
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The accompanying notes are an integral part of this financial statement.

DAVIS SECURITIES LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2010

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Davis Securities LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company was formed on April 8, 2005.

The Company is approved for proprietary trading of securities and acts as an introducing broker. The Company is exempt from SEC rule 15c3-3 under Section k (2) (ii).

The Company records transactions in securities and commission revenue and expenses on a trade-date basis. Dividends and dividends on securities sold, not yet purchased, are accrued on the ex-dividend date.

Securities owned and securities sold, not yet purchased, are stated at fair value with the resulting unrealized gains and losses reflected in principal transactions in the accompanying statement of operations.

No provision for federal and state income taxes has been made for the Company since, as a limited liability company, the Company is not subject to income taxes. The Company's income or loss is reportable by its members on their individual tax returns. The Company is subject to New York City unincorporated business tax.

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which require the use of estimates by management.

Fair Value Measurement – Definition and Hierarchy

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

Level 1 Valuations based on quoted prices available in active markets for identical investments.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

DAVIS SECURITIES LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(continued)

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation Techniques – Equity Securities

The Company values equity securities owned and securities sold, not yet purchased, that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the period. During 2010, all securities owned and securities sold, not yet purchased, were valued using Level 1 inputs. No securities were held at December 31, 2010.

NOTE 2 DUE FROM BROKER

The clearing and depository operations for the Company's security transactions are provided by one broker. For financial reporting purposes amounts due to broker have been offset against amounts due from broker. At December 31, 2010, all amounts due from broker reflected in the statement of financial condition are with this broker. Any securities owned serve as collateral for the amounts due from the broker. Subject to the clearing agreement between the Company and the broker, the broker has the right to sell or re-pledge the collateral. Additionally, investments in securities and securities sold, not yet purchased, are subject to margin requirements.

The Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. As of December 31, 2010, there were no significant unsecured amounts owed to the clearing broker by these customers in connection with normal margin, cash and delivery against payment transactions.

NOTE 3 SECURITIES SOLD, NOT YET PURCHASED, AT FAIR VALUE

The Company may be exposed to risk of loss not reflected in the accompanying statement of financial condition for securities sold, not yet purchased, should the value of such securities rise. At December 31, 2010 no securities sold, not yet purchased were held by the Company.

NOTE 4 RELATED PARTY TRANSACTIONS

The Company conducts security transactions for an affiliated investment partnership and an affiliated registered investment advisor. During the year ended December 31, 2010, the Company earned commission income of \$48,954 and \$4,107, respectively, from these affiliates.

Pursuant to an agreement, the Company reimburses an affiliate entity (the "Affiliate") for rent. Included in rent expense in the statement of operations is \$251,394 charged by the Affiliate for rent and other occupancy expenses.

DAVIS SECURITIES LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(continued)

NOTE 5 FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation. Depreciation is based on the straight-line method over the estimated useful lives of the assets.

Fixed assets consist of the following:

Office equipment	\$ 187,864
Telephone equipment	38,450
Software	25,110
Furniture and fixtures	<u>17,451</u>
Total fixed assets	268,875
Less: Accumulated depreciation	<u>(233,258)</u>
Net fixed assets	<u>\$ 35,617</u>

Depreciation expense for the year ended December 31, 2010 was \$50,189.

NOTE 6 NET CAPITAL REQUIREMENT

The Company is subject to SEC Uniform Net Capital Rule 15c3-1. This Rule requires that the Company maintain minimum net capital, as defined, of 6 2/3% of aggregate indebtedness, as defined, or \$100,000, whichever is greater. At December 31, 2010, the Company had net capital of \$257,611 which exceeded its requirement of \$100,000 by \$157,611.

NOTE 7 COMMITMENTS

The Company leases office space from the Affiliate under a sub-lease agreement which was amended July 1, 2010 and expires August 31, 2012.

Following is a summary of future minimum lease payments:

Year ended December 31,	Amount
2011	\$ 196,974
2012	<u>131,316</u>
Total	<u>\$ 328,290</u>

NOTE 8 SUBSEQUENT EVENTS

Subsequent events have been evaluated and no events have been identified which require disclosure.