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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC Mail Processing
Section

SEC FILE NUMBER
8-65866

FEB 28 2011

**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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: COMPASS POINT RESEARCH & TRADING, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

3000 K STREET, NW, SUITE 340

(No. And Street)

WASHINGTON

DC

20007

(City)

(state)

(Zip Code)

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

ESTEE DORFMAN FOSTER

(781)780-7069

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MARCUM LLP

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

53 STATE STREET, 38TH FLOOR

BOSTON

MA

02109

(Address)

(City)

(state)

Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240-17a-5(e)(2).

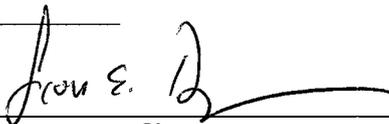
SEC 1410 (06-02)

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OATH OR AFFIRMATION

AM

I SCOTT DREYER swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of COMPASS POINT RESEARCH & TRADING, 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:



Signature
CEO

Title



Notary Public

my Commission Expires April 14, 2015

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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

COMPASS POINT RESEARCH AND TRADING, LLC

CONTENTS

| | |
|----------------------------------------------------------------------------------------|-------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statement of Financial Condition..... | 2 |
| Statement of Income..... | 3 |
| Statement of Members' Equity | 4 |
| Statement of Cash Flows..... | 5 |
| Notes to Financial Statements | 6-10 |
| Report on Internal Control Required by SEC Rule 17a-5 | 11-12 |
| Supplementary Information | |
| Schedule I: | |
| Computation of Net Capital Pursuant to Rule 15c3-1 | 13 |
| Schedule II: | |
| Computation for Determination of Reserve Requirements Pursuant to SEC Rule 15c3-3..... | 14 |
| Schedule III: | |
| Information Relating to Possession or Control Requirements Under Rule 15c3-3..... | 15 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Compass Point Research and Trading, LLC

We have audited the accompanying statement of financial condition of Compass Point Research and Trading, LLC (the "Company") as of December 31, 2010 and the related statements of income, members' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass Point Research and Trading, LLC as of December 31, 2010 and the results of its income 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 the accompanying schedules I, II, and III is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Schedules I, II, and III are 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 our 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.

Marcum LLP

Boston, Massachusetts
February 24, 2011

COMPASS POINT RESEARCH AND TRADING, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2010

Assets

| | |
|----------------------------------------|--------------|
| Cash and cash equivalents | \$ 2,396,507 |
| Receivable from clearing organizations | 904,054 |
| Other accounts receivable | 19,689 |
| Property and equipment, net | 161,862 |
| Deposit with clearing broker | 250,000 |
| Prepaid expenses | 107,153 |
| Other assets | 152,296 |

Total Assets \$ 3,991,561

Commitments and Contingencies (Note 4)

Liabilities and Members' Equity

Liabilities

| | |
|---------------------------------------|------------|
| Accounts payable and accrued expenses | \$ 136,940 |
| Accrued commissions | 236,226 |

Total Liabilities 373,166

Members' Equity 3,618,395

Total Liabilities and Members' Equity \$ 3,991,561

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

COMPASS POINT RESEARCH AND TRADING, LLC

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2010

| | |
|--------------------------------------------|----------------------------|
| Revenues | |
| Commissions | \$ 10,185,297 |
| Investment banking | 1,015,878 |
| Reimbursed expenses | 265,144 |
| Other revenue | 66,420 |
| Interest and dividend income | 18,107 |
| Total Revenues | <u>11,550,846</u> |
| General and Administrative Expenses | |
| Employee compensation and benefits | 5,855,064 |
| Clearing costs | 947,247 |
| Communications | 47,940 |
| Occupancy cost | 305,377 |
| Other operating expenses | 1,798,979 |
| Total Expenses | <u>8,954,607</u> |
| Net Income | <u><u>\$ 2,596,239</u></u> |

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

COMPASS POINT RESEARCH AND TRADING, LLC

STATEMENT OF MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2010

| | Managing Member | Member | Total Members' Equity |
|-----------------------------------|----------------------------|-------------------|--------------------------------------|
| Balance, January 1, 2010 | \$ 2,609,968 | \$ 652,491 | \$ 3,262,459 |
| Net income | 2,076,991 | 519,248 | 2,596,239 |
| Member distributions | <u>(1,975,903)</u> | <u>(264,400)</u> | <u>(2,240,303)</u> |
| Balance, December 31, 2010 | <u>\$ 2,711,056</u> | <u>\$ 907,339</u> | <u>\$ 3,618,395</u> |

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

COMPASS POINT RESEARCH AND TRADING, LLC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

Cash Flows from Operating Activities

| | |
|-----------------------------------------------------------------------------------|--------------|
| Net income | \$ 2,596,239 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 34,215 |
| Changes in operating assets and liabilities | |
| Deposit with clearing organization | 250,000 |
| Receivable from clearing organization | (177,382) |
| Securities owned | 742,593 |
| Prepaid expenses and other assets | (174,893) |
| Accounts payable and accrued expenses | (45,471) |
| Accrued commissions | 22,211 |
| Deferred revenue | (115,000) |

Net Cash Provided by Operating Activities

3,132,512

Cash Flows from Investing Activities

| | |
|-------------------------------------|-----------|
| Purchases of property and equipment | (127,956) |
|-------------------------------------|-----------|

Net Cash Used In Investing Activities

(127,956)

Cash Flows from Financing Activities

| | |
|----------------------|-------------|
| Member distributions | (2,240,303) |
|----------------------|-------------|

Net Cash Used In Financing Activities

(2,240,303)

Net Increase in Cash and Cash Equivalents

764,253

Cash and Cash Equivalents - Beginning

1,632,254

Cash and Cash Equivalents - Ending

\$ 2,396,507

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

COMPASS POINT RESEARCH AND TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 1 – NATURE OF ORGANIZATION

Compass Point Research and Trading, LLC (the “Company”) is a registered broker dealer organized under the laws of the state of Delaware. The Company is registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and the securities commissions of appropriate states. The Company is a full service, fully disclosed, introducing broker-dealer.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

COMMISSIONS

Revenues are generated as a result of the purchase and sale of investment securities and related products. All commission revenues and related commission expenses are recorded on a settlement date basis; amounts recognized do not differ materially from those that would have been recognized on a trade date basis.

INVESTMENT BANKING

Investment banking revenues include gains, losses, and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on offering date, sales concessions on settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

REIMBURSED EXPENSES

The Company includes all reimbursed expenses in gross revenue because the Company is the primary obligator, has discretion in selecting a supplier, and bears all the credit risk of paying the supplier prior to receiving reimbursement from the customer.

CASH AND CASH EQUIVALENTS

The Company considers all cash and money market instruments with a maturity of ninety days or less to be cash equivalents. The Company maintains its demand deposits in what management believes to be high credit quality financial institutions. Balances at times may exceed federally insured limits.

COMPASS POINT RESEARCH AND TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

INCOME TAXES

The Company is treated as a partnership for federal and state income tax purposes. Consequently, members are taxed individually on their proportionate share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement. Therefore, the financial statements do not reflect a provision for federal income taxes. The Company is taxed at a rate of 9.975% of its apportioned taxable income in Washington D.C. Current and deferred state income taxes are not material.

For all open tax years and for all major taxing jurisdictions, the Company has concluded that there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. No interest expense or penalties have been recognized as of or for the period ended December 31, 2010. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2010.

SECURITIES TRANSACTIONS

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis.

RECEIVABLE FROM AND DEPOSITS WITH CLEARING ORGANIZATIONS

The Company has an agreement with a clearing organization to execute and clear, on a fully disclosed basis, customer accounts of the Company. In accordance with this agreement, the Company is required to maintain a cash deposit of \$250,000.

COMPASS POINT RESEARCH AND TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLE FROM AND DEPOSITS WITH CLEARING ORGANIZATIONS (CONTINUED)

The balances shown as receivable from clearing organizations consists of commissions receivable due in connection with Company's normal transactions involving the trading of securities. The Company considers all receivables to be collectible, therefore no allowance for doubtful accounts has been provided.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 24, 2011, the date the financial statements were available to be issued and concluded there were no material subsequent events requiring disclosures.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

| | |
|--------------------------------|-------------------|
| | 2010 |
| Leasehold improvements | \$ 104,489 |
| Computer equipment | 66,446 |
| Phone system | 33,850 |
| Furniture | 2,385 |
| Office equipment | 2,163 |
| | <u>209,333</u> |
| Less: accumulated depreciation | (47,471) |
| | <u>\$ 161,862</u> |

Depreciation expense for the year ended December 31, 2010 was \$34,215.

COMPASS POINT RESEARCH AND TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 4 – COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

In June 2010, the Company entered into an operating lease for office space in Washington, DC with a term of three years expiring in 2013. Previously, the Company had office space in Washington, DC as a tenant-at-will. As part of the lessor's requirement for leasing the office space, the Company is required to maintain a security deposit of approximately \$75,000 with the landlord, which is included in other assets in the Statement of Financial Condition. In addition, the Company has an operating lease for office equipment with an expiration date in 2014.

Future minimum lease payments under all operating leases are as follows:

| | Office Space | Office Equipment |
|-------|-------------------|---------------------|
| 2011 | \$ 307,000 | \$ 6,600 |
| 2012 | 319,280 | 6,600 |
| 2013 | 135,200 | 6,600 |
| 2014 | - | 3,850 |
| Total | <u>\$ 761,480</u> | <u>\$ 23,650</u> |

LITIGATION AND CLAIMS

The Company is subject to claims and litigation in the normal course of business. The Company believes, based on currently available information, that results of claims and litigation in the aggregate will not have a material adverse effect on the Company's financial condition.

NOTE 5 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company's customers execute securities transactions through the Company. These activities may expose the Company to off balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

COMPASS POINT RESEARCH AND TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 5 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK (CONTINUED)

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of corporations and institutions. The Company's transactions are collateralized and are executed with and on behalf of institutional banks, including other brokers and dealers and other financial institutions.

The Company introduces all customer transactions in securities traded on U.S. securities markets to another 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 customers or counter parties. The Company monitors clearance and settlement of all customer transactions on a daily basis.

The Company's exposure to credit risk associated with the non-performance of customers and counter parties 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 counter party'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 counter parties in the above situations.

The Company seeks to control the aforementioned risks by requiring customers or counter parties to maintain collateral in compliance with regulatory requirements, clearing broker's guidelines, and industry standards. The Company has a policy of reviewing the credit standing of each customer and counter party with which it conducts business.

NOTE 6 - NET CAPITAL REQUIREMENTS

As a registered broker dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2010, the Company had net capital of \$3,177,331, which was \$3,077,331 in excess of its required net capital of \$100,000 and its ratio of aggregate indebtedness to net capital was 0.11 to 1.

REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors and Members of
Compass Point Research and Trading, LLC

In planning and performing our audit of the financial statements of Compass Point Research and Trading, LLC (the "Company") as of and for the year ended December 31, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial

statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010 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 is not intended to be and should not be used by anyone other than these specified parties.

Marcus LLP

Boston, Massachusetts
February 24, 2011

COMPASS POINT RESEARCH AND TRADING, LLC

COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT TO RULE 15c3-1

YEAR ENDED DECEMBER 31, 2010

SCHEDULE I

| | | <u>Audited</u> <u>Net Capital</u> |
|----------------------------------------------------------------------|----------------|--------------------------------------|
| Net capital | | |
| Total members' equity | | \$ 3,618,395 |
| Less: non-allowable assets from the Statement of Financial Condition | | |
| Other accounts receivables | | (19,689) |
| Property and equipment, net | | (161,862) |
| Prepaid expenses | | (107,153) |
| Other assets (including petty cash of \$64) | | <u>(152,360)</u> |
| Net capital before haircuts on securities | | 3,177,331 |
| Less: haircuts on securities | | <u>--</u> |
| Net capital | | 3,177,331 |
| Minimum net capital requirement: | | |
| 1/15 x aggregate indebtedness | \$ 24,173 | |
| or minimum dollar net capital requirement | <u>100,000</u> | <u>100,000</u> |
| Excess net capital | | <u>\$ 3,077,331</u> |
| Aggregate indebtedness | | <u>\$ 362,594</u> |
| Percentage of aggregate indebtedness to net capital | | <u>11.41%</u> |

There were no material reconciling items per this report and the most recent quarterly filing by the Company of Part II of the Focus Report with respect to the computation of the Net Capital Pursuant to Rule 15c3-1.

See Independent Auditors' Report

COMPASS POINT RESEARCH AND TRADING, LLC

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3**

YEAR ENDED DECEMBER 31, 2010

SCHEDULE II

The Company is exempt from the reserve requirements pursuant to Rule 15c3-3 under paragraph (k)(2)(ii).

COMPASS POINT RESEARCH AND TRADING, LLC

**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3**

YEAR ENDED DECEMBER 31, 2010

SCHEDULE III

Information relating to possession or control requirements is not applicable to Compass Point Research and Trading, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

COMPASS POINT RESEARCH AND TRADING, LLC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

SEC Mail Processing
Section

FEB 28 2011

Washington, DC
110

COMPASS POINT RESEARCH & TRADING, LLC

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES RELATED
TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Board of Directors and Members of
Compass Point Research & Trading, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2010, which were agreed to by Compass Point Research & Trading, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, and other designated examining authorities, solely to assist you and the other specified parties in evaluating Compass Point Research & Trading, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Compass Point Research & Trading, LLC's management is responsible for Compass Point Research & Trading, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payment and accrued amount in Form SIPC-7 with respective cash disbursement records entries (SIPC-7 worksheet calculating the annual assessment and the accrued assessment expense, copy of cancelled check for payment including related bank statement and traced the accrued expense to the trial balance), noting no differences;
2. Compared the audited Form X-17A-5 for the year ended December 31, 2010, as applicable, with the Form SIPC-7 for the year ended December 31, 2010, noting no differences in the amounts reported on such forms;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers (summary worksheet reconciling the SIPC-7 to the quarterly trial balances), noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers (manual recalculation of SIPC-7 and SIPC-7 worksheet supporting the adjustments), noting no differences; and

5. Noted there was no overpayment to be applied to the current assessment when compared with Form SIPC-7 on which it was originally computed. We were not engaged to and did not conduct an examination of the Company's compliance with the applicable instructions to Form SIPC-7, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Marcus LLP

Boston, Massachusetts
February 24, 2011

COMPASS POINT RESEARCH & TRADING, LLC

SCHEDULE OF ASSESSMENT AND PAYMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

General assessment \$ 27,195

Less: payments made:

| <u>Date Paid</u> | <u>Amount</u> | |
|------------------|---------------|--------|
| 7/28/10 | \$ 14,662 | 14,662 |

Interest on late payment(s) --

Total assessment balance and interest due \$ 12,533

Payment with this Form SIPC-7 \$ 12,533

COMPASS POINT RESEARCH & TRADING, LLC
DETERMINATION OF SIPC NET OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2010

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------|
| Total revenue | | \$11,550,846 |
| Additions | | -- |
| Total revenue | | <u>11,550,846</u> |
| Deductions: | | |
| Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts and from transactions in security futures products | | -- |
| Revenues from commodity transactions | | -- |
| Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions | | 404,690 |
| Reimbursements for postage in connection with proxy solicitation | | -- |
| Net gain from securities in investment accounts | | -- |
| 100% of commissions and markups earned from transactions in certificates of deposit, treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date | | -- |
| Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business | | -- |
| Other revenue not related either directly or indirectly to the securities business | | 265,144 |
| Greater of: | | |
| Total interest and dividend expense but not in excess of total interest and dividend income | \$ 3,198 | |
| Forty percent of interest earned on customers securities accounts | -- | 3,198 |
| Total deductions | | <u>673,032</u> |
| SIPC net operating revenues | | <u>\$10,877,814</u> |
| General assessment @ .0025 | | <u>\$ 27,195</u> |