

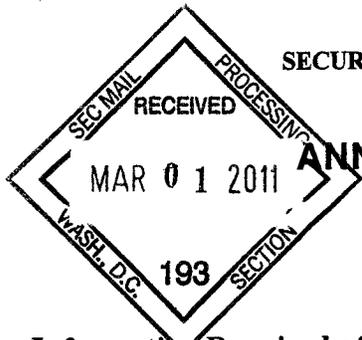
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UNIT
SECURITIES AND
Washington, D.C. 20549

11019786

OMB APPROVAL
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hours per response... 12.00



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

SEC FILE NUMBER
8- 34415

**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: **Israel A. Englander & Co., LLC**
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
666 Fifth Avenue, 9th Floor

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street) **New York** **New York** **10103**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Kevin Golden **212.841.4568**
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
McGladrey & Pullen, LLP

(Name - if individual, state last, first, middle name)
1185 Avenue of the Americas, **New York** **New York** **10036**
(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)

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OATH OR AFFIRMATION

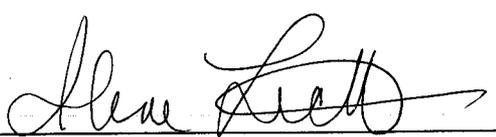
I, Kevin Golden, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Israel A. Englander & Co., LLC, as of December 31, 20 10, are true and correct. I further swear (or affirm) that neither the company 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

 CFO

 Title



 Notary Public

ILENE LICHT
 Notary Public, State of New York
 No. 01LI6137473
 Qualified in New York County
 My Commission Expires Nov. 28, 2013

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 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. (Bound under separate cover)
- (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).

Contents

Independent Auditor's Report	1
Statement of Financial Condition	2
Notes to Statement of Financial Condition	3 - 7

Independent Auditor's Report

To the Members of
Israel A. Englander & Co., LLC
New York, New York

We have audited the accompanying statement of financial condition of Israel A. Englander & Co., 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Israel A. Englander & Co., LLC as of December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

New York, New York
February 26, 2011

Israel A. Englander & Co., LLC

**Statement of Financial Condition
December 31, 2010**

ASSETS

Cash and Cash Equivalents	\$ 2,926,145
Receivable From Clearing Organizations, Net	2,177,402
Floor Brokerage Receivables, Net	3,835,308
Securities Owned, at Fair Value	80,554
Property and Equipment (net of accumulated depreciation and amortization of \$949,716)	852,024
Other Assets	<u>2,068,344</u>
Total assets	<u><u>\$ 11,939,777</u></u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:	
Accrued compensation	\$ 3,981,183
Accounts payable	781,966
Capital lease	532,419
Other liabilities	<u>17,348</u>
Total liabilities	5,312,916
Members' Equity	<u>6,626,861</u>
Total liabilities and members' equity	<u><u>\$ 11,939,777</u></u>

See Notes to Statement of Financial Condition.

Israel A. Englander & Co., LLC

Notes to Statement of Financial Condition

Note 1. Organization

Israel A. Englander & Co., LLC (the "Company") is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the Securities Investor Protection Corporation ("SIPC"), NYSE Alternext US LLC (a/k/a NYSE Amex Options - formerly the American Stock Exchange), the Chicago Board Options Exchange, NYSE Arca, Inc., the International Securities Exchange, Nasdaq, BATS, Nasdaq OMX PHLX, the Boston Options Exchange and the National Futures Association. The Company provides floor brokerage execution services to qualified institutional investors.

The Company became an LLC as of November 1, 2010. All assets, liabilities and operational licenses were transferred to the LLC on this date from Israel A. Englander & Co., Inc. (the "Corp."), an S-Corporation. The LLC entity was created to give the Company greater flexibility within its corporate structure. The LLC is wholly owned by the Corp. and is treated as a disregarded entity for tax purposes for the year then ended.

Note 2. Significant Accounting Policies

The Company follows accounting standards established by the Financial Accounting Standards Board (the "FASB") to ensure consistent reporting of financial condition, results of operations, and cash flows. References to accounting principles generally accepted in the United States of America ("GAAP") in these notes are to the FASB Accounting Standards Codification, sometimes referred to as the "Codification" or "ASC."

The Company has defined cash and cash equivalents as highly liquid investments with original maturities of less than 90 days that are not held for sale in the ordinary course of business.

Commissions and related brokerage and clearing expenses are recorded on a trade-date basis.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Property and equipment is stated at cost less accumulated depreciation and amortization. The Company depreciates computer equipment and furniture and fixtures using the straight-line method over the estimated useful life of the asset, which is typically between three and seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset and the remaining term of the lease.

Securities owned traded on a national securities exchange, or reported on the Nasdaq national market, are stated at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price, and call options written, for which the last quoted asked price is used.

The Company evaluates subsequent events for potential recognition and/or disclosure through the date that the financial statements are issued.

Expanded disclosure is presented, in accordance with recent FASB guidance, to provide the users of the financial statements with an enhanced understanding of the use of derivative instruments, and how derivative and hedging activities affect financial position, performance and cash flows.

Israel A. Englander & Co., LLC

Notes to Statement of Financial Condition

Note 3. Receivable From Clearing Organizations, Net

Receivable from clearing organizations, net represents cash held at several clearing brokers at December 31, 2010.

Note 4. Floor Brokerage Receivables, Net

Floor brokerage receivables, net represent amounts receivable by the Company from various major financial institutions for floor brokerage execution services. These amounts are shown on the statement of financial condition net of an allowance for doubtful accounts of \$38,750.

Note 5. Related Party Transactions

Millennium Operations, LLC ("Operations"), a limited liability company, provided personnel and general and administrative expenses to the Company through May 1, 2010.

A minority shareholder of the Company is the managing member of Millennium Management, L.L.C.

At December 31, 2010, the Company has interest-bearing receivables from employees in the amount of \$1,264,828, which is included in other assets on the statement of financial condition. Interest charged for the receivable is calculated based on a formula using the prime interest rate and was \$30,853 for the year ended December 31, 2010.

The members withdrew \$685,715 during the year.

Note 6. Other Liabilities

Other liabilities include amounts relating to general and administrative expenses from operations.

Note 7. Net Capital Requirement

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 (the "Rule"), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. The Company has elected to compute its net capital under the alternative method permitted by the Rule which requires, among other things, that the Company maintain minimum net capital, as defined, of \$250,000. At December 31, 2010, the Company had net capital of \$1,607,333, which exceeded its requirement by \$1,357,333.

Certain advances, dividend payments and other equity withdrawals are restricted by the provisions of the rules of the Securities and Exchange Commission.

Under the clearing arrangements with the clearing broker, the Company is required to maintain certain minimum levels of capital and comply with other financial ratio requirements. At December 31, 2010, the Company was in compliance with all such requirements.

Note 8. Income Taxes

The Company is treated as a disregarded entity for tax purposes for the year ended December 31, 2010. Since the entity is disregarded, the Company is taxed based on the ownership of the entity. The Company is wholly owned by the Corp.; therefore, it is not subject to federal taxation. The Company is subject to certain state and local taxes. The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether tax

Israel A. Englander & Co., LLC

Notes to Statement of Financial Condition

Note 8. Income Taxes (Continued)

positions are "more likely than not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ended December 31, 2010, management has determined that there are no uncertain tax positions. The Company is not subject to examination by U.S. federal and state tax authorities for tax years before 2007.

The provision for state and local income taxes for the year ended December 31, 2010 is as follows:

State	\$	3,800
Local		<u>4,960</u>
Total	\$	<u><u>8,760</u></u>

Note 9. Fair Value of Financial Instruments

As described in Note 2, the Company records its investments at fair value. Guidance provided by the FASB Accounting Standards Codification Topic 820 ("ASC 820"), *Fair Value Measurements and Disclosures*, defines fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and provides for disclosure requirements for fair value measurements. Fair value is the price that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In addition, ASC 820 requires enhanced disclosure about fair value measurements. The adoption of ASC 820 did not have a material impact on the Company's financial statements. The securities owned are classified as Level 1 in the fair value hierarchy

Note 10. Derivative Financial Instruments

In the normal course of business, the Company utilizes derivative contracts in connection with its trading activities. The Company does not make investments in derivative contracts. The Company may periodically clear through its error account a derivative transaction executed as an agent in error. Similarly, the Company may periodically facilitate customer portfolio positioning by buying or selling derivative contracts in the Company's proprietary account. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Company's primary underlying risk for its derivative activities and exposure is equity price risk.

Notes to Statement of Financial Condition

Note 10. Derivative Financial Instruments (Continued)

Options: The Company is subject to equity price risk in the normal course of pursuing its trading activities. The Company may enter into option contracts to speculate on the price movements of the financial instrument underlying the option, or for use as an economic hedge against certain equity positions held in the Company's portfolio holdings. Option contracts give the Company the right, but not the obligation, to buy or sell within a limited time, a financial instrument at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

Options written obligate the Company to buy or sell within a limited time, a financial instrument at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. Options written by the Company may expose the Company to market risk of an unfavorable change in the financial instrument underlying the written option.

The Company is exposed to counterparty risk from the potential that a seller of an option contract does not sell or purchase the underlying asset as agreed upon under the terms of the option contract. The maximum risk of loss from counterparty risk to the Company is the fair value of the contracts and the premiums paid to purchase its open option contracts. The Company considers the credit risk of the intermediary counterparty to its option transactions in evaluating potential credit risk.

Impact of Derivatives on the Statement of Financial Condition and the Statement of Operations: The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as derivative contracts at December 31, 2010. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. The following table also identifies the net gain and loss amounts included in the statement of operations as net gain (loss) within commissions, net for the year ended December 31, 2010.

<u>Options</u>	<u>Amount of Loss</u>
Hedge relationship	\$ (21,487)
Not designated as a hedge relationship	<u>(135,394)</u>
	<u>\$ (156,881)</u>

The loss on options in the hedge relationship is offset by profit in the related stock position of \$25,864 resulting in a net profit of \$14,378.

Note 11. Concentration of Credit Risk

The Company clears its securities transactions through a major financial services firm. In addition, the Company provides execution services for various major financial institutions. These activities may expose the Company to off-balance-sheet risk in the event that the institution is unable to fulfill its obligation and the Company has to purchase or sell the securities at a loss.

Note 12. Commitments

The Company has three operating lease agreements for office space that expire on May 31, 2013. For the year ended December 31, 2010, rent expense was \$570,725 and is included in general and administrative expenses on the statement of operations.

Israel A. Englander & Co., LLC

Notes to Statement of Financial Condition

Note 12. Commitments (Continued)

Future minimum lease payments are as follows:

Year ending December 31,

2011	\$ 560,703
2012	540,184
Thereafter	<u>213,325</u>
	<u>\$ 1,314,212</u>

The Company has entered into capital lease agreements for computer and telephone equipment. Minimum lease payments have been capitalized and the related assets and obligations have been recorded. The assets are depreciated on the straight-line method over their useful lives.

Future minimum capital lease payments are as follows:

Year ending December 31,

2011	\$ 191,437
2012	191,437
2013	184,216
2014	<u>101,563</u>
	<u>\$ 668,653</u>

Israel A. Englander & Co., LLC

Statement of Financial Condition

December 31, 2010

Israel A. Englander & Co., LLC

Agreed-Upon Procedures Report Related to
Israel A. Englander & Co., LLC
SIPC Assessment Reconciliation

December 31, 2010

Stephen Tobias
Israel A. Englander & Co., LLC
666 Fifth Avenue, 9th Floor
New York, NY 10103

Attention: Stephen Tobias

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 [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2010, which were agreed to by Israel A. Englander & Co., LLC (the "Company"), the Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and these other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company'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 payments in Form SIPC-7 with respective cash disbursement record entries, noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 Part III for the year ended December 31, 2010, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2010, noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences.
4. Proved the mathematical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to, and did not, conduct an examination, 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.

McGladrey & Pullen, LLP

New York, New York
February 26, 2011

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

PBC

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

M&P auditor reviewed and
recalculated SIPC-7. M&P
auditor traced SIPC-6 payment
to <9308>.

For the fiscal year ended December 31, 2010
(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

034415 FINRA Dec
ISRAEL A ENGLMAA & CO LLC #19
666 5th Avenue 9th Floor
New York, NY 10103

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Kevin Golden - 1-212-841-4568

2. A. General Assessment (item 2e from page 2)	Agrees to page 2	\$ 66,483.28
B. Less payment made with SIPC-6 filed (exclude interest)	Agrees to <9308>	(35,939.53)
<u>9/8/2010</u> Date Paid		
C. Less prior overpayment applied		(0)
D. Assessment balance due or (overpayment)		30,543.75
E. Interest computed on late payment (see instruction E) for <u>0</u> days at 20% per annum		0.00
F. Total assessment balance and interest due (or overpayment carried forward)		\$ 30,543.75
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)		\$ 30,543.75
H. Overpayment carried forward		(0)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

ISRAEL A. ENGLMAA & CO. LLC
(Name of Corporation, Partnership or other organization)
[Signature]
(Authorized Signature)
CFO
(Title)

Dated the 16 day of February, 2011

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions:

Disposition of exceptions:

WORKING COPY

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning January 31, 2011
and ending December 31, 2011
Eliminate cents

Item No. 2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030) Agrees to <9309.1> \$ 28,029,440

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. Agrees to <9309.1> _____
 - (2) Net loss from principal transactions in securities in trading accounts. 165,594
 - (3) Net loss from principal transactions in commodities in trading accounts. _____
 - (4) Interest and dividend expense deducted in determining item 2a. _____
 - (5) Net loss from management of or participation in the underwriting or distribution of securities. _____
 - (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities. _____
 - (7) Net loss from securities in investment accounts. _____
- Total additions 165,594

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from 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. _____
- (2) Revenues from commodity transactions. _____
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. Agrees to <9309.1> 1,601,739
- (4) Reimbursements for postage in connection with proxy solicitation. _____
- (5) Net gain from securities in investment accounts. _____
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date. _____
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act). _____
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C): _____

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income: \$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ _____

Enter the greater of line (i) or (ii): _____

Total deductions 1,601,739

2d. SIPC Net Operating Revenues \$ 26,593,29

2e. General Assessment @ .0025 Recalculated \$ 66,483.28

(to page 1, line 2.A.)