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SECURITIES AND EXCHANGE COMMISSION

UNITED STATES



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SECURITIES AND EXCHANGE  
Washington, D.C.

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

DIVISION OF MARKET REGULATION

SEC FILE NUMBER

8- 19988

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 01/01/2010 AND ENDING 12/31/2010  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Harris Associates Securities L.P.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

2 N. LaSalle Street, Suite 500

(No. and Street)

Chicago

IL

60602-3790

(City)

(State)

(Zip Code)

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

Thomas E. Herman

(312) 621-0600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PricewaterhouseCoopers LLP

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

One North Wacker Drive, 9th Floor, Chicago

IL

60606

(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

I, Thomas E. Herman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Harris Associates Securities L.P., 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:

No exceptions



Sarah E. Grimm  
Notary Public

Tom Herman  
Signature

CFO and Treasurer of  
Title  
Harris Associates Inc.  
General Partner

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.
- (o) Independent Auditor's report of internal controls

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

# Harris Associates Securities L.P.

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December 31, 2010

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## Report of Independent Auditors

To the Board of Directors and Partners of  
Harris Associates Securities L.P.

In our opinion, the accompanying statement of financial condition and the related statement of income, changes in partners' capital and cash flows present fairly, in all material respects, the financial position of Harris Associates Securities L.P. ("HASLP") at December 31, 2010, and the results of its operations, the changes in its partners' capital and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of HASLP's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

HASLP is a majority owned subsidiary of Harris Associates L.P. ("HALP") and, as disclosed in the footnotes to the financial statements, has extensive transactions and relationships with HALP. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

February 2, 2011

**Harris Associates Securities L.P.**  
**Statement of Financial Condition**  
**December 31, 2010**

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**Assets**

Cash	\$	203,716
Investments		174,839
Other assets		43,665
Receivable from limited partner		2,500
Total assets	\$	<u>424,720</u>

**Liabilities and Partners' Capital**

Liabilities

Payable to limited partner	\$	60,865
Accounts payable and accrued expenses		<u>25,967</u>
Total liabilities		86,832

Partners' capital

Partners' capital		<u>337,888</u>
Total liabilities and partners' capital	\$	<u>424,720</u>

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

**Harris Associates Securities L.P.**  
**Statement of Income**  
**Year Ended December 31, 2010**

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**Revenues**

Interest income	\$	303
Total revenues		<u>303</u>

**Expenses**

Administrative fees to limited partner	\$	710,335
Other expenses		<u>103,991</u>
Total expenses		<u>814,326</u>
Net loss	\$	<u>(814,023)</u>

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

**Harris Associates Securities L.P.**  
**Statement of Changes in Partners' Capital**  
**Year Ended December 31, 2010**

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	<b>General Partner</b>	<b>Limited Partner</b>	<b>Total</b>
<b>Capital, December 31, 2009</b>	\$ 6,520	\$ 645,391	\$ 651,911
Capital contributions	5,000	495,000	500,000
Net loss	(8,140)	(805,883)	(814,023)
<b>Capital, December 31, 2010</b>	<u>\$ 3,380</u>	<u>\$ 334,508</u>	<u>\$ 337,888</u>

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

**Harris Associates Securities L.P.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2010**

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<b>Cash flows from operating activities</b>	
Net loss	\$ (814,023)
Adjustments to reconcile net loss to net cash used in operating activities:	
Decrease in investments	23,302
Increase in other assets	(579)
Increase in receivable from limited partner	(2,500)
Increase in payable to limited partner	2,782
Decrease in accounts payable and accrued expenses	<u>(1,435)</u>
Net cash used in operating activities	<u>(792,453)</u>
<b>Cash flows from financing activities</b>	
Capital contributions	<u>500,000</u>
Net cash provided by financing activities	<u>500,000</u>
Net decrease in cash	(292,453)
<b>Cash</b>	
Beginning of year	<u>496,168</u>
End of year	<u>\$ 203,716</u>

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

**Harris Associates Securities L.P.**  
**Notes to Financial Statements**  
**December 31, 2010**

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**1. Nature of Operations and Summary of Significant Accounting Policies**

Harris Associates Securities L.P. ("HASLP"), a Delaware limited partnership, is a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). The general (1%) and limited (99%) partners of HASLP are Harris Associates, Inc. ("HAI") and Harris Associates L.P. ("HALP"), respectively, which are both wholly owned subsidiaries of Natixis Global Asset Management L.P. The net income or loss of HASLP is allocated to the partners in proportion to their ownership interests.

HASLP is a limited purpose broker-dealer whose sole business is acting as a distributor of The Oakmark Funds. The Oakmark Funds do not charge loads or 12b-1 fees to shareholders. HASLP does not earn any revenues or commissions through distribution of these mutual funds.

The following is a summary of significant accounting policies followed in the preparation of HASLP's financial statements.

**Income Taxes**

As a partnership, HASLP is not subject to federal income taxes.

**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 reporting period. Actual results could differ from those estimates.

**Security Valuation**

HASLP follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820 ("Topic 820"), Fair Value Measurements and Disclosures. Under Topic 820, various inputs are used in determining the value of each HASLP's investments. These inputs are prioritized into three broad levels as follows:

Level 1 — quoted prices in active markets for identical securities

Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, and others)

Level 3 — significant unobservable inputs (including HASLP's own assumptions in determining the fair value of investments)

Observable inputs are those based on market data obtained from independent sources, and unobservable inputs reflect HASLP's own assumptions based on the best information available. The input levels are not necessarily an indication of risk or liquidity associated with investing in those securities.

As of December 31, 2010, HASLP owned money market funds worth \$325 and U.S. Treasury Bills worth \$174,839. The U.S. Treasury Bills were classified as Level 2 valuations due to their valuation at amortized cost. HASLP did not own any securities classified as Level 3.

**2. Related Parties**

HASLP has entered into an agreement with HALP whereby HALP provides substantially all administrative services, including personnel and occupancy, and charges HASLP a monthly administrative fee of the total amount incurred by HALP on behalf of HASLP for these expenses.

**Harris Associates Securities L.P.**  
**Notes to Financial Statements**  
**December 31, 2010**

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**3. Net Capital Requirements**

HASLP is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Net capital and aggregate indebtedness change daily. At December 31, 2010, HASLP had net capital of \$195,842 and a minimum net capital requirement of \$5,789. The ratio of aggregate indebtedness to net capital was .44 to 1.

**4. Exemption from SEC Rule 15c3-3**

HASLP claims exemption from the provisions of SEC Rule 15c3-3 because its transactions are limited to distribution of registered investment companies and it does not hold customer funds or securities.

**5. Commitment and Contingencies**

In the normal course of business, HASLP enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. HASLP's maximum exposure is unknown, as any such exposure would result from future claims that may be, but have not yet been, made against HASLP, based on events which have not yet occurred. However, based on experience, management believes the risk of loss from these arrangements to be remote.

**6. Subsequent Events**

No subsequent events have been identified for disclosure in this period.

## **SUPPLEMENTAL SCHEDULES**

**Harris Associates Securities L.P.**  
**Computation of Net Capital Pursuant to Rule 15c3-1**  
**Under the Securities Exchange Act of 1934**  
**December 31, 2010**

**Schedule I**

<b>Net capital</b>	
Partners' capital qualified for net capital	\$ 337,888
Deductions and/or charges	
Broker's blanket bond excess deductible	95,000
Haircuts on investments	881
Non-allowable assets	<u>46,165</u>
Net capital	<u>\$ 195,842</u>
Total aggregate indebtedness	<u>\$ 86,832</u>
<b>Computation of basic net capital requirements</b>	
Minimum net capital required (6 2/3% of aggregate indebtedness)	(A) \$ 5,789
Minimum dollar net capital requirement	(B) \$ 5,000
Net capital requirement (greater of (A) or (B))	<u>\$ 5,789</u>
Excess net capital (net capital, less net capital requirement)	<u>\$ 190,054</u>
Excess net capital at 1,000 percent (net capital less 10% of aggregate indebtedness)	<u>\$ 187,159</u>
Ratio: Aggregate indebtedness to net capital	<u>.44 to 1</u>

The above information is in agreement in all material respects with the unaudited FOCUS Report, Part IIA, filed by HASLP on January 12, 2011.

**Harris Associates Securities L.P.**  
**Computation for Determination of Reserve Requirements**  
**and Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3 Under the**  
**Securities Exchange Act of 1934**  
**December 31, 2010**

**Schedule II**

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HASLP's transactions are limited to distribution of registered investment companies and it does not hold customer funds or securities. Accordingly, HASLP claims exemption from SEC Rule 15c3-3 based on (k)(1)(a) of the Rule.

The above information is in agreement in all material respects with the unaudited FOCUS Report, Part IIA, filed by HASLP on January 12, 2011.



**Report of Independent Auditors on Internal Control Pursuant to SEC Rule 17a-5(g)(1)  
To the Board of Directors and Partners of**

Harris Associates Securities L.P.

In planning and performing our audit of the financial statements of Harris Associates Securities L.P. (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 (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

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

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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



A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at 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.

  
February 2, 2011



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# **Harris Associates Securities L.P.**

**(A Subsidiary of Harris Associates L.P.)**

**Financial Statements**

**December 31, 2010**