

12/31/25

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

OMB APPROVAL  
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hours per response..... 12.00

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

SEC FILE NUMBER  
8- 53113



11021071

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: Harpeth Securities, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

424 Commerce Street, Suite 2900

(No. and Street)

Nashville

(City)

Tennessee

(State)

37219-2334

(Zip Code)

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

Charles W. Byrge II

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Frasier, Dean & Howard, PLLC

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

3310 West End Ave., Suite 550 Nashville

(Address)

Tennessee

(State)

37203

(Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
MAR 2 2011  
REGISTRATIONS BRANCH  
03

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)

12/31/11

OATH OR AFFIRMATION

I, Charles W. Byrge II, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Harpeth 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:

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

Charles W Byrge  
Signature  
CEO & President  
Title

[Signature]  
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 Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- N/A  (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  (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).

# HARPETH SECURITIES

LLC

MEMBER: NASD, SIPC

February 25, 2011

Securities and Exchange Commission  
Registrations Branch  
Mail Stop 8031  
100 F Street, NE  
Washington, DC 20549

SEC Mail Processing  
Section

MAR 02 2011

Washington, DC  
110

Dear SEC Representative:

Please find enclosed two copies of the Annual Audited Report for Harpeth Securities, LLC for the 2010 fiscal year. The SEC form X-17A-5, Part III is included in the report. If you have any questions or need any additional information, please contact me at (615) 296-9845 or via e-mail at the address listed below.

Regards,

Chris Decker

(615) 296-9845 Office  
(615) 296-9855 Fax  
[chris@harpethcapital.com](mailto:chris@harpethcapital.com)

**HARPETH SECURITIES, LLC**

**FINANCIAL STATEMENTS**

**December 31, 2010**



**FRASIER, DEAN & HOWARD, PLLC**

**CERTIFIED PUBLIC ACCOUNTANTS**

SEC Mail Processing  
Section

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Washington, DC  
110

**HARPETH SECURITIES, LLC**

**FINANCIAL STATEMENTS**

**December 31, 2010**

# HARPETH SECURITIES, LLC

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FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

**INDEPENDENT AUDITOR'S REPORT**

To the Member of  
Harpeth Securities, LLC

We have audited the accompanying statement of financial condition of Harpeth Securities, LLC (the "Company") as of December 31, 2010, and the related statements of operations, changes in member's 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harpeth Securities, LLC as of December 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in pages 11 – 15 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 and 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.

*Frasier, Dean & Howard, PLLC*

Nashville, Tennessee  
February 21, 2011

**HARPETH SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2010**

**Assets**

Cash and cash equivalents	\$ 11,801
Loan receivable from member	1,336
Prepays	<u>305</u>
<b>Total assets</b>	<b><u><u>\$ 13,442</u></u></b>

**Liabilities and Member's Equity**

Accounts payable	\$ 4,850
Member's equity	<u>8,592</u>
<b>Total liabilities and member's equity</b>	<b><u><u>\$ 13,442</u></u></b>

See accompanying notes.

**HARPETH SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
**For the year ended December 31, 2010**

Revenues:	<u>\$ -</u>
Expenses:	
Management fees	9,000
Office expenses	6,000
Licenses and subscriptions	5,967
Legal and professional	4,850
Taxes	1,515
Regulatory fees	1,235
Other	<u>44</u>
Total Expenses	<u>28,611</u>
Net loss	<u><u>\$ 28,611</u></u>

See accompanying notes.

**HARPETH SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**For the year ended December 31, 2010**

	<u>Member Contributions</u>	<u>Accumulated Earnings (Deficit)</u>	<u>Total Member's Equity</u>
Balances at December 31, 2009	\$ 26,594	\$ 10,609	\$ 37,203
Net loss	-	(28,611)	(28,611)
Balances at December 31, 2010	<u>\$ 26,594</u>	<u>\$ (18,002)</u>	<u>\$ 8,592</u>

See accompanying notes.

**HARPETH SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2010**

Cash flows from operating activities:	
Net loss	\$ (28,611)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	28,397
Accounts payable	<u>4,850</u>
Net cash provided by operating activities	<u>4,636</u>
Net increase in cash and cash equivalents	4,636
Cash and cash equivalents, beginning of year	<u>7,165</u>
Cash and cash equivalents, end of year	<u><u>\$ 11,801</u></u>

See accompanying notes.

**HARPETH SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

Harpeth Securities, LLC (the “Company”) was formed effective June 28, 2000 to operate as a broker-dealer on an introducing firm basis in accordance with the rules and regulations set forth by the Financial Industry Regulatory Authority (“FINRA”). It operates as a Tennessee limited liability company (LLC), and its sole member is Harpeth Capital, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

The Company considers all short-term, highly liquid investments with an original maturity date of three months or less when purchased to be cash and cash equivalents.

**Income taxes**

The Company is treated as a partnership for federal income tax purposes and does not incur federal income taxes. Instead, its earnings and losses are included in the returns of the members and taxed depending on their tax situations. Accordingly, the financial statements do not reflect a provision for federal income taxes. The Company is subject to certain state franchise and excise taxes.

The Company has adopted FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements. This interpretation prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended December 31, 2007 through December 31, 2010. Adoption of this pronouncement had no impact on the Company’s financial statements.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**HARPETH SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent events**

The Organization evaluated subsequent events through February 21, 2011, when these financial statements were available to be issued. The Company is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 3 – LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

The Company has no borrowings under subordination agreements at December 31, 2010.

**NOTE 4 – FEE INCOME**

The Company, at times, receives partial compensation for its services in the form of warrants to purchase shares in various start-up companies. As of December 31, 2010, the Company was due or has received such warrants. Due to the lack of operating data and start-up nature of these ventures, the Company does not record an asset or commission income relating to these transactions until warrants are sold and cash is actually received. Warrants received are generally paid to the Company's member or affiliates as additional compensation or management fees.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

Harpeth Capital, LLC provides personnel, office facilities and equipment to the Company under an expense agreement extending for a term of one year ending March 31, 2011. The agreement is renewable every year upon mutual agreement of both parties. Office expense and management fees totaled \$6,000 and \$9,000, respectively, for the year ended December 31, 2010. Substantially different results could occur if the Company operated independently.

Compensation expense, when incurred, reflects amounts paid for services rendered by employees of Harpeth Capital, LLC.

Loan receivable from member of \$1,336 at December 31, 2010 represents amounts loaned to Harpeth Capital, LLC.

**NOTE 6 – NET CAPITAL REQUIREMENTS**

The Company 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. At December 31, 2010, the Company had net capital of \$6,951, which was \$1,951 in excess of its required net capital of \$5,000.

**SUPPLEMENTARY INFORMATION**

**HARPETH SECURITIES, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**December 31, 2010**

**Schedule I**

Computation of basic net capital requirement:

Total member's equity	\$ 8,592
Total nonallowable assets	<u>(1,641)</u>
Net capital, agrees with amount reported in Part IIA of Form X-17a-5 unaudited FOCUS report	<u>\$ 6,951</u>
Minimum net capital requirement (6 2/3% of indebtedness)	<u>\$ 323</u>
Minimum dollar net capital requirement of reporting broker	<u>\$ 5,000</u>
Greater of above amounts	<u>\$ 5,000</u>
Excess net capital	<u>\$ 1,951</u>
Net capital less 120% of minimum dollar net capital requirement	<u>\$ 951</u>

**HARPETH SECURITIES, LLC**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**PURSUANT TO RULE 15c3-3**  
**December 31, 2010**

**The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(i) of the Rule.**

**HARPETH SECURITIES, LLC**  
**INFORMATION RELATING TO THE POSSESSION OR CONTROL**  
**REQUIREMENTS UNDER RULE 15c3-3**  
**December 31, 2010**

**The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(i) of the rule.**

**HARPETH SECURITIES, LLC**  
**RECONCILIATION OF NET CAPITAL UNDER RULE 15c3-1 AND THE**  
**COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS**  
**UNDER EXHIBIT A OF RULE 15c3-3**  
**December 31, 2010**

**The net capital computed on page 10 and the Company's computation of net capital on its December 31, 2010 Focus Report – Part IIA agree. As a result, no reconciliation is necessary.**

**The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(i) of the rule.**

**HARPETH SECURITIES, LLC**  
**RECONCILIATION BETWEEN THE AUDITED AND UNAUDITED**  
**STATEMENTS OF FINANCIAL CONDITION WITH RESPECT TO**  
**METHODS OF CONSOLIDATION**  
**December 31, 2010**

**Not Applicable**



**FRASIER, DEAN & HOWARD, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
REQUIRED BY SEC RULE 17a-5**

To the Member of  
Harpeth Securities, LLC  
Nashville, TN

In planning and performing our audit of the financial statements of Harpeth Securities, 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 compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

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 previously 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 previously.

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 member, management, the SEC, 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.

*Frasier, Dean & Howard, PLLC*

Frasier, Dean & Howard, PLLC  
Nashville, Tennessee  
February 21, 2011



**F R A S I E R , D E A N & H O W A R D , P L L C**

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

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

To the Member of  
Harpeth Securities, LLC  
Nashville, Tennessee

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 Harpeth Securities, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Harpeth Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Harpeth Securities, LLC's management is responsible for Harpeth Securities, 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 payments in Form SIPC-7 with respective cash disbursement records entries (check register) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 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 arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences (if applicable).

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.

*Frasier, Dean & Howard, PLLC*

February 21, 2011

**SIPC-7**

(33-REV 7/10)

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

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12/31, 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:

053113 FINRA DEC  
HARPETH SECURITIES LLC 16\*16  
FIFTH THIRD CENTER  
424 CHURCH ST STE 2900  
NASHVILLE TN 37219-2334

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.

Chris Decker 615-296-9845

2. A. General Assessment (item 2a from page 2) \$ 0.00

B. Less payment made with SIPC-6 filed (exclude interest) 0.00

Date Paid

C. Less prior overpayment applied (150.00)

D. Assessment balance due or (overpayment) (150.00)

E. Interest computed on late payment (see instruction E) for      days at 20% per annum 0.00

F. Total assessment balance and interest due (or overpayment carried forward) \$ (150.00)

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as F above)

\$ 0.00

H. Overpayment carried forward

\$( 150.00 )

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.

Harpeth Securities, LLC

(Name of Corporation, Partnership or other organization)

Charles W. Boyd

(Authorized Signature)

Chief Compliance Officer

(Title)

Dated the 18 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:

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

Amounts for the fiscal period  
beginning 12/31, 2010  
and ending 12/31, 2010  
Eliminate cents

Item No.:

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 0.00

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (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

0.00

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.
- (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).

0.00

(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

2d. SIPC Net Operating Revenues

\$ 0.00

2e. General Assessment @ 0025

\$ 0.00

(to page 1, line 2.A.)