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

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

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Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

*KH 5/27

REPORT FOR THE PERIOD BEGINNING 04/01/10 (MM/DD/YY) AND ENDING 03/31/11 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: COMMERCE SECURITIES CORPORATION

OFFICIAL USE ONLY
FIRM I.D. NO.

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

710 North Post Oak Road, Suite 400
(No. and Street)

Houston (City) Texas (State) 77024 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
George Gilman 713-613-2914
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Briggs & Veselka Co.
(Name – *if individual, state last, first, middle name*)

6575 West Loop South, Suite 700, (Address) Bellaire (City) Texas (State) 77401 (Zip Code)

CHECK ONE:

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

[redacted]

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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)

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

KH 5/27

OATH OR AFFIRMATION

I, George Gilman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Commerce Securities Corporation, as of March 31, 20 11, 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:

CANDICE BUTLER
Notary Public, State of Texas
My Commission Expires
April 12, 2014

Candice Butler
Notary Public

George Gilman
Signature

President
Title

This report ** contains (check all applicable boxes):

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [ ] (c) Statement of Income (Loss).
- [ ] (d) Statement of ~~Changes in Financial Condition~~ 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.
- [ ] (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 on Internal Control Required by SEC Rule 17a-5.

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

Commerce Securities Corporation and Subsidiary

Consolidated Statement of Financial Condition

March 31, 2011

CONTENTS

Briggs & Veselka Co.
A PROFESSIONAL CORPORATION
Certified Public Accountants and Business Advisors

To the Board of Directors
Commerce Securities Corporation and Subsidiary
Houston, Texas

Independent Auditors' Report

We have audited the accompanying consolidated statement of financial condition of Commerce Securities Corporation and Subsidiary (the "Company") as of March 31, 2011. The consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated statement of financial condition 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial position of Commerce Securities Corporation and Subsidiary as of March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Briggs & Veselka Co.

Briggs & Veselka Co.
A Professional Corporation
Certified Public Accountants

May 23, 2011

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6575 West Loop South, Suite 700 ■ Bellaire, Texas 77401 ■ www.bvccpa.com

COMMERCE SECURITIES CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2011

ASSETS

Cash and cash equivalents	$	29,263
Investment in equity securities, at fair value		299,655
Furniture and equipment, net of accumulated depreciation of $11,053		1,157
Prepaid expense		164
Deferred federal income tax		5,165
Other assets		8,601
TOTAL ASSETS	$	344,005

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES		
Accrued liabilities	$	1,422
TOTAL LIABILITIES		1,422
STOCKHOLDERS' EQUITY		
Common stock; $1 par value; 1,000,000 shares authorized, 16,175 shares issued and 12,050 shares outstanding		16,175
Additional paid-in capital		110,441
Accumulated other comprehensive loss, net of tax benefit of $4,987		(28,793)
Retained earnings		337,323
Treasury stock, at cost 4,125 shares		(92,563)
TOTAL STOCKHOLDERS' EQUITY		342,583
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	344,005

The accompanying notes are an integral part of this consolidated statement of financial condition.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Commerce Securities Corporation and Subsidiary (the "Company") commenced operations in November 1982 and is a broker/dealer in securities pursuant to the rules and regulations of the National Association of Securities Dealers, Inc. and the Securities and Exchange Commission. The Company's primary business consists of consulting services, private placements and mergers, and acquisitions. During 2002, the Company formed a wholly-owned subsidiary, Commerce Capital Investments, Inc., whose purpose is to hold investments for Commerce Securities Corporation.

Significant Accounting Policies

A. Principles of Consolidation

The consolidated statement of financial condition includes accounts of Commerce Securities Corporation and its subsidiary. All significant intercompany transactions have been eliminated.

B. Cash and Cash Equivalents

Cash and cash equivalents includes cash and highly liquid investments with original maturities of three (3) months or less.

C. Investments

The Company's investment in marketable equity securities are classified as available-for-sale and are carried in the consolidated statement of financial condition at fair value. Realized gains and losses are included in earnings; unrealized holding gains and losses are reported in other comprehensive income (loss).

D. Income Taxes

The Company accounts for income taxes under the assets and liabilities method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated statement of financial condition carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. When applicable, a valuation allowance is established to reduce any deferred tax asset when it is determined that it is "more-likely-than-not" that some portion of the deferred tax asset will not be realized.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

D. Income Taxes (Continued)

Accounting Standard Codification ("ASC") 740, *Accounting for Income Taxes,* prescribes accounting for and disclosure of uncertainty in tax positions. This interpretation defines the criteria that must be met for the benefits of a tax position to be recognized in the consolidated financial statements and the measurement of tax benefits recognized. For the year ended March 31, 2010, the Company did not recognize any interest or penalty expense related to uncertain tax positions or income taxes. The Company does not expect the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve (12) months.

E. State Margin Taxes

The Company is subject to the state of Texas margin tax, which applies to legal entities conducting business in Texas. At March 31, 2011, the Company did not have an accrual for margin tax as no tax was due.

F. Furniture and Equipment

Furniture and equipment are stated at cost. The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is calculated on the straight-line method for financial reporting purposes and on the accelerated methods for income tax purposes.

G. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated statement of financial condition and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Fair Value Measurements

The Company adheres to the provisions of ASC 820, *Fair Value Measurements and Disclosures,* which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. Adoption of the ASC 820 fair value provisions did not have a material impact on the Company's consolidated financial position.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

H. Fair Value Measurements (Continued)

Under ASC 820, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.

- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At March 31, 2011, the Company has Level 1 marketable securities which are measured at fair value on a recurring basis *(Note 2)*. Unrealized gains and losses are included in other comprehensive income, net of the related tax effect.

I. Recent Accounting Pronouncements – Accounting Standards Not Yet Effective

Receivables – Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses

In July 2010, the FASB issued ASU No. 2010-20: *Receivables – Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. This standard requires companies to improve their disclosures about the credit quality of their financing receivables and the credit reserves held against them. The guidance covers trade accounts receivables, financing receivables, loans, loan syndications, factoring arrangements, and standby letters of credit. The disclosures are effective for annual reporting periods ending on or after December 15, 2011. The Company will adopt the provisions of this update in 2011. Management is currently assessing the potential impact that the adoption of this new authoritative guidance could have on the Company's consolidated financial statements.

NOTE 2 – INVESTMENT IN EQUITY SECURITIES

The cost and fair value of the Company's marketable securities classified as available-for-sale, which are valued using Level 1 inputs (*Note 1H*) at March 31, 2011 are as follows:

	Cost	Unrealized Loss	Estimated Fair Value
EQUITY SECURITIES	$ 333,435	$ (33,780)	$ 299,655

NOTE 3 – INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated statement of financial condition carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment date.

The deferred taxes at March 31, 2011, consist of a deferred tax asset of $5,165 relating primarily to temporary differences arising from unrealized gains on investment securities.

The Company's effective tax rate differs from the statutory rate of thirty-four percent (34%) primarily due to the effect of graduated income tax rates.

NOTE 4 – MINIMUM CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c-3-1), 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, and retained earnings may be restricted as to payment of dividends if this ratio exceeds 10 to 1. At March 31, 2011, the Company had computed regulatory net capital of $256,670, which exceeded its required net capital of $5,000 by $251,670. The Company's aggregate indebtedness to net capital ratio was less than one percent (.55%).

NOTE 5 – LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS

As of March 31, 2011, the Company had no liabilities subordinated to claims of general creditors.

NOTE 6 – CONCENTRATIONS

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash investments. The Company maintains its cash balances in financial institutions, which at times exceed the amount insured by the Federal Deposit Insurance Corporation ("FDIC").

Effective November 9, 2010, the FDIC issued a Final Rule providing unlimited insurance coverage of noninterest-bearing transaction accounts for the period from December 31, 2010 through December 31, 2012. Effective July 21, 2010, the standard maximum deposit insurance amount ("SMDIA") of $250,000 was made permanent. The SMDIA of $250,000 currently applies to all interest-bearing accounts. From time to time, the Company's cash balances may exceed the insured limit. Management periodically assesses the financial condition of the financial institutions and believes that any possible credit risk is minimal. At March 31, 2011, the Company held no uninsured cash balances with financial institutions that exceed the federally insured limit.

NOTE 7 – EXEMPTION PROVISIONS

The Company has claimed an exemption from Rule 15c3-3 under Section (k)(2)(i), in which it carries no margin accounts, promptly transmits all customer funds and delivers securities received, does not otherwise hold funds or securities for, or owe money or securities to, customers, and effectuates all financial transactions with customers through one or more bank accounts, each designated as "special account for the exclusive benefit of customers of Commerce Securities Corporation."

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 23, 2011, the date which the consolidated financial statements were available to be issued. No events were noted which would require disclosure in the footnotes to the consolidated financial condition.

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