



12010425

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: April 30, 2013
Estimated average burden
hours per response..... 12.00

19
3/10

AB
4/4

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
FEB 29 2012
REGISTRATIONS BRANCH
11

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

SEC FILE NUMBER
8- 66276

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 01-01-2011 AND ENDING 12-31-2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TRADEWORX SECURITIES, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

10 BROAD STREET, 3RD FLOOR

(No. and Street)

RED BANK

(City)

NJ

(State)

07701

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CHAWLA GROUP CPA'S, LLC

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

2182 - D GLADSTONE CT, GLENDALE HEIGHTS, IL 60139

(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

RM
2

*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)

OATH OR AFFIRMATION

I, CHRISTOPHER RAY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TRADEWORX SECURITIES, LLC, as of DECEMBER 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:



Notary Public 02/28/2012



Signature
President, CCO

Title

SUSAN T. DOUGLAS
Notary Public, New Jersey
My Commission Expires November 24, 2013

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.

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

Tradeworx Securities, LLC

Audit Report

December 31, 2011

TRADEWORX SECURITIES, LLC

INDEX TO FINANCIAL STATEMENTS

	Page No.
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Management Internal Control Letter	9

Chawla Group CPAs, LLC

2182-D Gladstone Ct., Glendale Heights, IL 60139
(630) 622-0045 Fax: (630) 622-0048

INDEPENDENT AUDITOR'S REPORT

To the Members
Tradeworx Securities, LLC

We have audited the accompanying balance sheet of Tradeworx Securities, LLC (the Company) as of December 31, 2011, and the related statement of operations, changes in member's equity, and cash flows for the year ending December 31, 2011. 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 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 Tradeworx Securities, LLC as of December 31, 2011 and the statement of Operations, changes in member's equity and its cash flows for the period January 1, 2011 through December 31, 2011 in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The computation of net capital listed in the accompanying notes is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is additional 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.

Chawla Group CPAs, LLC

Chawla Group CPAs, LLC
Glendale Heights, Illinois
February 19, 2012

**TRADEWORX SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2011**

ASSETS

CURRENT ASSETS

Cash at Bank \$ 37,678

TOTAL CURRENT ASSETS 37,678

OTHER ASSETS

Prepaid Fees \$ 440

TOTAL OTHER ASSETS 440

TOTAL ASSETS \$ 38,118

LIABILITIES

Accounts Payable \$ 9,000

TOTAL LIABILITIES 9,000

MEMBER'S EQUITY

Equity 29,118

TOTAL MEMBER'S EQUITY 29,118

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 38,118

See notes to financial statements

**TRADEWORX SECURITIES, LLC
STATEMENT OF OPERATIONS
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

REVENUES

Referral Fees	<u>0</u>
TOTAL REVENUES	\$ <u>0</u>

EXPENSES

Professional Fees	21,596
Insurance	6,034
Rent	4,486
Fees and Registration	2,171
Telephone and Data Processing	2,127
Utilities	557
TOTAL EXPENSES	\$ <u>36,971</u>

NET INCOME(LOSS)	\$ <u><u>(36,971)</u></u>
-------------------------	----------------------------------

TRADEWORX SECURITIES, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Beginning Balance	\$	41,089
Additions		25,000
Net Income(Loss)		(36,971)
Ending Balance	\$	<u>29,118</u>

See notes to financial statements

TRADEWORX SECURITIES, LLC
STATEMENT OF CASH FLOWS
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$	(36,971)
Adjustments to reconcile net income to net cash:		
(Increase) decrease in:		
Prepaid Fees	(286)	
Increase (decrease) in:		
Accounts payable	550	
		<u>(36,707)</u>
NET CASH USED BY OPERATIONS		
CASH FLOW FROM FINANCING ACTIVITIES		
Member's Equity Addition	25,000	
NET CASH USED BY FINANCING		
		<u>25,000</u>
NET INCREASE (DECREASE) IN CASH		
		<u>(11,707)</u>
CASH AND CASH EQUIVALENTS - BEGINNING		
	\$	49,385
CASH AND CASH EQUIVALENTS - ENDING		
		<u><u>37,678</u></u>

See notes to financial statement.

TRADEWORX SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A: DESCRIPTION OF BUSINESS

Tradeworx Securities, LLC (the "Company") is a broker- dealer registered with the Securities and Exchange Commission(SEC). The Company is also a member of the Financial Industry Regulatory Authority. (FINRA). The Company's operations consist primarily of developing and licensing software, to be utilized by third party broker dealers.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Referral Fees Revenue

Referral fees are received monthly and recognized as earned. Fees are based on terms of the client agreements. There was no referral fees revenue earned in the year 2011.

Income Taxes

No provision for federal and state income taxes has been recorded because the Company, as a limited liability company, has elected to be taxed as a partnership. Accordingly, the individual member reports the Company's income or loss on the member's income tax return.

The Company prepares partnership calendar year U.S. and state information tax returns and reports to the members their allocable shares of the Company's income, expenses and trading gains or losses. In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 (FIN 48) entitled "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109." FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity before being measured and recognized in the financial statements. FIN 48 became effective as of January 1, 2007 and had no impact on the Company's financial statements.

NOTE C: NET CAPITAL REQUIREMENT

The Company is a member of the Financial Industry Regulatory Authority, and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. At December 31, 2011, the Company's net capital was \$28,678, which was \$23,678 in excess of its minimum requirement of \$5,000. (See Note H)

NOTE D: MAJOR CUSTOMERS

There was no revenue earned in the year 2011.

NOTE E: CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash balance in financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$ 250,000. Management does not anticipate any losses as a result of this concentration.

NOTE F: RELATED PARTY TRANSACTIONS

Persuant to an administrative service agreement between the Company and its parent, Tradeworx Inc. The company pays a monthly administrative fee for utilizing certain resource of the parent. The Company was charged \$13,052 for the year ended December 31, 2011 for the use of the office, utilities, etc. The Company is wholly owned by Tradeworx Inc.

NOTE G: EXEMPTION FOR RULE 15c3-3

The Company is exempt from the SEC Rule 15c-3-3 pursuant to the exemptive provisions of subparagraph (k)(2)(i). The Company does maintain a Special Reserve Bank Account for the Exclusive Benefit of Customers. There was no balance in the Special Reserve Bank Account as of December 31, 2011.

NOTE H: COMPUTATION OF NET CAPITAL

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES
AND EXCHANGE COMMISSIONS**

December 31, 2011

Member's equity		29,118
Less non-allowable assets		
Other		<u>(440)</u>
Net Capital		<u><u>28,678</u></u>
Aggregate indebtedness		9,000
Computes minimum net capital required (6 2/3% of Aggregate indebtedness)		600
Minimum Net Capital Required (under SEC Rule 15c3-1)		5,000
Excess net capital (91,865 - 5,000)		<u><u>23,678</u></u>
Percentage of Aggregate indebtedness to net capital		
	<u>9,000</u>	
	28,678	<u>31.38%</u>

There are no differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part II- A filing as of December 31, 2011

Chawla Group CPAs, LLC

2182-D Gladstone Ct., Glendale Heights, IL 60139
(630) 622-0045 Fax: (630) 622-0048

To the Members of
Tradeworx Securities, LLC

In planning and performing our audit of the financial statements of Tradeworx Securities, LLC (the "Company") for the period January 1, 2011 through December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control structure, including procedures for safeguarding customer and firm assets, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Corporation that we considered relevant to the objectives stated in making (1) the periodic computations of minimum financial requirements pursuant to SEC Rule 15c3-1.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 above mentioned objectives. Two of the objectives of an internal control structure 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 preparation of financial statements in conformity with generally accepted accounting principles. Regulations lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However we noted no matters involving the internal control structure including procedures for safeguarding customer and firm assets 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, 2011 to meet the SEC's objectives.

This report is intended solely for the use of management and other regulatory agencies that rely on SEC's Regulations and should not be used for any other purpose.

Chawla Group CPAs, LLC

Chawla Group CPAs, LLC
Glendale Heights, Illinois
February 19, 2012

FEB 29 2012

Washington, DC
123