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

SEC FILE NUMBER
8-18812

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: Corby Capital Markets, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

10 High Street, 6th floor

(No. and Street)

Boston

MA

02110

(City)

(State)

(Zip Code)

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

Michael Reilly

617-406-0220

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Samet & Company PC

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

1330 Boylston Street

Chestnut Hill

MA

02467

(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, Michael Reilly, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Corby Capital Markets, Inc. of December 31, 2011, 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:

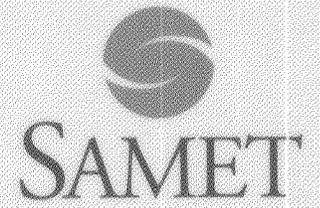
DAVID F. PENDERGAST
Notary Public
Commonwealth of Massachusetts
My Commission Expires
October 31, 2014
Notary Public

Signature: [Handwritten Signature]
Title: PRES.

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).



CORBY CAPITAL MARKETS, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2011

CORBY CAPITAL MARKETS, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2011



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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Corby Capital Markets, Inc.

We have audited the accompanying statement of financial condition of Corby Capital Markets, Inc. (a Delaware corporation) as of December 31, 2011 and the related statements of loss and retained earnings, and cash flows for the year then ended that are filed 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Corby Capital Markets, Inc. as of December 31, 2011 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.

A handwritten signature in cursive script that reads "Samet & Company PC".

Chestnut Hill, Massachusetts
February 24, 2012



CORBY CAPITAL MARKETS, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2011

ASSETS

Cash	\$	109,243
Interest receivable		2,875
Investment securities		794,501
Prepaid expenses and other assets		86,803
Due from related party		14,149
Property and equipment, net		36,501
Notes receivable - employee		43,000
Notes receivable - related party		109,060
Deferred income taxes		<u>248,600</u>
	\$	<u>1,444,732</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Payable to clearing organization	\$	50,665
Accounts and other payables		40,101
Accrued expenses		61,107
Note payable		<u>70,400</u>
		<u>222,273</u>
Stockholders' equity:		
Common stock		9,601
Preferred stock		330,221
Additional paid-in capital		983,950
Retained earnings		<u>196,887</u>
		1,520,659
Treasury stock, 197,500 shares, at cost		<u>(298,200)</u>
Total stockholders' equity		<u>1,222,459</u>
	\$	<u>1,444,732</u>



CORBY CAPITAL MARKETS, INC.

STATEMENTS OF LOSS AND RETAINED EARNINGS

Year Ended December 31, 2011

Revenues:

Principal transactions	\$	1,542,015
Commissions		12,584
Interest and dividends		<u>58,586</u>
		<u>1,613,185</u>

Expenses:

Employee compensation and benefits		1,075,241
Operating expenses		561,934
Floor brokerage, exchange and clearing fees		205,983
Communications and data processing		141,725
Interest		<u>897</u>
		<u>1,985,780</u>

Net loss before provision for income taxes (372,595)

Provision for corporate taxes 3,637

Net loss (376,232)

Retained earnings at beginning of year 596,234

Less: Dividends paid (23,115)

Retained earnings at end of year \$ 196,887



CORBY CAPITAL MARKETS, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

Cash flows from operating activities:	
Net loss	\$ (376,232)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	5,171
Unrealized gain on investments	(2,132)
Changes in operating assets and liabilities:	
Investment securities	425,070
Prepaid expenses and other assets	(20,181)
Due from related party	3,784
Payable to clearing organization	42,476
Accounts payable	36,597
Accrued expenses	<u>(59,717)</u>
Net cash provided by operating activities	<u>54,836</u>
Cash flows from investing activities:	
Purchase of property and equipment	(19,505)
Notes receivable - employee	(43,000)
Notes receivable - related party	<u>(9,060)</u>
Net cash used for investing activities	<u>(71,565)</u>
Cash flows from financing activities:	
Dividends paid to stockholders	<u>(23,115)</u>
Net increase in cash	(39,844)
Cash, beginning of year	<u>78,688</u>
Cash, end of year	\$ <u><u>38,844</u></u>
Supplemental cash flow information:	
Cash paid during the year for:	
Interest	\$ <u><u>897</u></u>
Corporate taxes	\$ <u><u>2,137</u></u>

See notes to financial statements



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 1 **Organization and nature of business**

Corby Capital Markets, Inc. (the "Company"), a Delaware corporation, is a registered broker/dealer in securities located in Boston, Massachusetts. The Company is a registered broker under the Securities and Exchange Act of 1934 and is a member of the Securities Investor Protection Corporation ("SIPC") and Financial Industry Regulatory Authority ("FINRA").

Note 2 **Summary of significant accounting policies**

Revenue recognition

The Company recognizes revenue from the following primary sources: (1) principal transactions and (2) commissions. Revenue from principal transactions represents realized and unrealized gains (losses) from trading securities. Revenue from principal transactions is recognized on the settlement date. Commission revenues represent amounts received for brokering security transactions and are recorded on a trade-date basis.

Customer accounts

The Company's customer accounts are carried on the books of National Financial Services Corporation ("NFSC"), on a fully disclosed basis. The Company is therefore exempt from the customer reserve requirements under SEC Rule 15c3-3.

Investment securities

Security positions resulting from proprietary trading are reported at fair value in accordance with the fair value standards. Realized gains or losses are computed based on specific identification of the securities sold and are included in revenue. Security transactions are recorded on a trade date basis.

Property and equipment

Property and equipment is stated at cost. Depreciation is calculated by the straight-line method using estimated useful lives of the related assets. Normal repair and maintenance costs are expensed as incurred.

Deferred income taxes

The Company accounts for income taxes using an asset and liability approach. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 2 **Summary of significant accounting policies (continued)**

Deferred income taxes (continued)

Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period plus or minus the net change in the deferred tax assets or liabilities.

Tax positions

The Financial Accounting Standards Board (“FASB”) has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company’s income tax returns. The Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. If the Company incurs interest or penalties as a result of unrecognized tax benefits the policy is to classify interest accrued with interest expense and penalties thereon with operating expenses. The Company’s income tax filings are subject to audit by various taxing authorities. The Company’s federal and state income tax returns are generally open for examination for the past 3 years.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include those used in determining the valuation allowance for the deferred tax asset.

Fair value

Accounting standards provide a common definition of fair value and establish a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Company’s financial assets reflected in the financial statements at fair value include its investment securities (see Notes 3 and 12).



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 2 **Summary of significant accounting policies (continued)**

Subsequent events

The Company has evaluated subsequent events through February 24, 2012, which is the date the financial statements were available to be issued.

Note 3 **Investment securities**

Original cost and market values of debt securities at December 31, 2011 are as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Debt Securities -			
Municipal Bonds	\$ 763,846	\$ 765,423	\$ 1,577
Equity	\$ 28,523	\$ 29,078	\$ 555

Revenue from principal transactions for the year ended December 31, 2011 includes \$2,132 in unrealized gain on trading securities held at December 31, 2011.

Note 4 **Property and equipment**

At December 31, 2011, property and equipment consisted of the following:

	<u>Estimated Useful Life</u>	<u>Amount</u>
Furniture and fixtures	5 and 7 years	\$460,456
Computer and telephones	5 years	<u>128,017</u>
		588,473
Less accumulated depreciation		<u>551,972</u>
		<u>\$ 36,501</u>

Depreciation expense for the year ended December 31, 2011 was \$5,171.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 5 Payable to clearing organization

The Company contracted with NFSC to act as their clearing agent. In connection with this agreement, NFSC has required the Company to maintain a deposit of \$50,000. At December 31, 2011, payable to clearing organization consisted of the following:

Cash, including deposit	\$ 473,026
Due to clearing organization	<u>(523,691)</u>
	\$ <u>(50,665)</u>

Note 6 Note payable

During the year ended December 31, 2011, the Company reached an agreement in principle with FINRA to resolve an enforcement action against the Company for a violation concerning the Municipal Securities Rulemaking Board (MSRB). This enforcement action totaled \$100,000 and is included in Licenses, fines and taxes in the Schedule of Operating Expenses. In connection with this agreement, during 2011 the Company paid an initial amount totaling \$25,000 along with issuing a note payable for the remaining balance. This note is being paid in monthly installments of \$2,300 and is accruing interest at 6.25% per annum. The final payment is due in October 2014. Principal payments amount to \$23,827, \$25,359 and \$21,214 during the years ending December 31, 2012, 2013, and 2014 respectively.

Note 7 Retirement plan

The Company sponsors a 401(k) and profit sharing plan covering all eligible employees. The plan allows participants to defer a portion of their salary, subject to the Internal Revenue Code. Company contributions to the plan are discretionary and the Company has the right to amend, modify or terminate the plan. The Company contributed \$23,244 to the plan during the year ended December 31, 2011.

Note 8 Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets and net operating loss carryforwards for federal and state purposes.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 8 **Income taxes (continued)**

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2011 are as follows:

	<u>Amount</u>
Deferred tax liabilities:	
Depreciable assets	\$ <u>(36,400)</u>
Deferred tax assets:	
Net operating loss	400,800
Less valuation allowance	<u>(115,800)</u>
Deferred tax asset	<u>285,000</u>
Net deferred tax asset	\$ <u>248,600</u>

The net deferred tax asset (liability) is comprised of:

Federal	\$ 253,500
State	<u>(4,900)</u>
	\$ <u>248,600</u>

The provision for income taxes consisted of the following for the year ended December 31, 2011:

	<u>Amount</u>
Federal:	
Deferred	\$ 43,600
State:	
Current	3,637
Deferred	<u>(43,600)</u>
	\$ <u>3,637</u>

The valuation allowance was established to reduce the deferred tax asset to the amount that will more likely than not be realized. This reduction is necessary due to uncertainty as to the Company's ability to utilize all of its net operating loss carryforwards before they expire. There was an increase in the valuation allowance amounting to \$72,800 for the year ended December 31, 2011.

The Company has available net operating loss carryforwards of approximately \$1,044,000 for federal and \$428,000 for state tax purposes. The federal net operating losses can be used to offset future taxable income and expire on various dates through December, 2031. The state net operating losses can be used to offset future taxable income and expire on various dates through December, 2016.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 8 **Income taxes (continued)**

The difference between the income tax expense and the amount expected based on applying the federal and state income tax rates to pre-tax income is primarily caused by estimates of the valuation allowance related to the net operating losses.

Note 9 **Commitments and contingencies**

The Company leases its corporate office premises under a non-cancellable operating lease, as amended, which commenced on October 14, 2010 and expires on October 31, 2015 with annual fixed rent of \$102,114 payable in monthly installments of \$8,510. In addition to monthly rent, the Company is responsible for its share of real estate taxes and operating expenses. Rent expense charged to operations for the year ended December 31, 2011 was \$61,572, net of the amount charged to Corby Asset Management, LLC, a related party (see Note 13).

Future minimum lease payments, excluding real estate taxes and operating expenses, under the operating lease for the years ending after December 31, 2011 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 102,114
2013	102,114
2014	102,114
2015	<u>85,095</u>
	<u>\$ 391,437</u>

Note 10 **Net capital requirements**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital balance and requires that the Company's ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

At December 31, 2011, the Company had net capital of \$634,705 which was \$534,705 in excess of its required net capital. The company's net capital ratio was 33%.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 11 **Stockholders' equity**

Common stock

At December 31, 2011, the Company had 1,300,000 shares of \$0.01 par value common stock authorized, 1,022,634 shares issued and 825,134 shares outstanding. Common shares are voting and dividends are paid at the discretion of the Board of Directors. The Company did not declare any dividends during the year ended December 31, 2011. All common shares are restricted from transfer without the Company being offered the first right to repurchase shares at a price determined in accordance with the stockholders agreement.

Preferred stock

At December 31, 2011, the Company had 330,221 shares of \$1.00 par value, 7% preferred stock authorized, issued and outstanding. The Company paid dividends of \$23,115 for the year ended December 31, 2011.

Voting

Each holder of outstanding shares of the common stock shall be entitled to one vote per share. The holders of preferred stock shall not be entitled to voting rights. There is no cumulative voting.

Dividends

Dividends on preferred stock, when declared by the Board of Directors, shall be in preference to the common stock and shall accrue on a cumulative basis at a rate of 7% per annum, payable semi-annually. Dividends on common stock may be declared by the Board of Directors, and shall only be paid once the semi-annual dividend, and all dividends in arrears, are paid on preferred stock. The Board of Directors declared \$23,115 of dividends on the preferred stock for the year ended December 31, 2011 of which \$1,927 remained unpaid and included in accrued expenses on the accompanying statement of financial condition as of December 31, 2011. No dividends were declared on the common stock for the year ended December 31, 2011.

Liquidation preference

In the event of a liquidation, dissolution or winding-up of the Company, the holders of preferred stock shall be entitled to receive, in preference to common shareholders, payment of the par value of the preferred shares held by them, plus all accrued but unpaid dividends. After payment of all preferential amounts, holders of common stock shall be entitled to receive the remaining funds.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 11 **Stockholders' equity (continued)**

Put option

Any stockholder shall have the right to offer to the other stockholders all, but not less than all, of the shares owned by them. The purchase of such shares by the other stockholders shall be pro rata to their holdings of shares at that time. If the other stockholders decide not to purchase the shares, the stockholder shall have the right to sell to the Company all, but not less than all, of the shares at a price to be determined in accordance with the stockholders agreement.

Stock Option Plan

During 1996, the Company's stockholders approved the 1996 Stock Option Plan (the "Plan") that was adopted to secure for the Company and its shareholders the benefits arising from stock ownership by employees, officers and directors of, and consultants or advisors to, the Company who are expected to contribute to the Company's future growth and success. Under the terms of the Plan, options granted may be either incentive stock options or nonqualified stock options.

The Plan currently reserves 200,000 shares of common stock for grants and provides that the term of each award be determined by the Board of Directors charged with administering the Plan. The exercise price, determined by the Board of Directors, for incentive and nonqualified stock options, shall not be less than 100% of the fair market value of such stock on the date of the grant. No stock options were outstanding as of December 31, 2011.

Note 12 **Fair value measurements**

The Company has adopted fair value reporting for certain financial assets and liabilities recognized or disclosed in the financial statements on a recurring basis (at least annually). Accounting standards define fair value 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. Accounting standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 12 **Fair value measurements (continued)**

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. These inputs reflect the Company's assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table summarizes the valuation of the Company's financial assets at December 31, 2011:

<u>Financial Asset</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities	<u>\$794,501</u>	<u>\$794,501</u>	\$ -	\$ -

The investment securities measured using level 1 inputs are valued based on readily available market prices (see Note 3).

Note 13 **Related party transactions**

Due from related party

In 2006, certain stockholders of the Company, along with others, formed Corby Asset Management, LLC ("CAM"). CAM provides investment strategies and advice to clients. The Company and CAM have entered into an agreement whereby the Company pays certain shared expenses and is reimbursed quarterly. During the year ended December 31, 2011, the Company paid shared expenses of \$87,786. The amount due from CAM under the cost sharing agreement totaled \$14,149 as of December 31, 2011.

Notes receivable from related party

During 2006 the Company granted CAM an unsecured note receivable for \$100,000. The note bears interest at 6% per annum, payable monthly, and had an original due date of December 1, 2009. The maturity date of the note, as amended, was extended to December 1, 2014. As of December 31, 2011, the amount due from CAM under the note agreement was \$75,000, and interest earned on the note for the year ended December 31, 2011 was \$4,500.



CORBY CAPITAL MARKETS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 13 **Related party transactions (continued)**

Notes receivable from related party (continued)

On June 23, 2009, the Company issued CAM an unsecured promissory note in the amount of \$25,000. The note receivable bears interest at 5% per annum, payable monthly, with unpaid principal due on June 23, 2014. The balance due under the note agreement was \$25,000 as of December 31, 2011. Interest income of \$1,250 was earned on the note for the year ended December 31, 2011.

On December 1, 2011, the Company issued CAM an unsecured promissory note in the amount of \$9,060. The note bears interest at 5% per annum and is repayable in 36 monthly installments of \$272 including interest, with the final payment due in December 2014.

Interest receivable of \$2,875 on the accompanying statement of financial condition represents interest due on the notes receivable from CAM as of December 31, 2011.

Notes receivable – employee

The Company is owed \$43,000 by an employee which is represented by 6 separate promissory notes. The notes are unsecured, bear interest at 6% per annum, and are due May 1, 2012.

Note 14 **Concentration of credit risk**

The Company places its cash in what it believes to be credit-worthy financial institutions. However, cash balances may exceed Federal Deposit Insurance Corporation (“FDIC”) insured levels at various times during the year.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders of
Corby Capital Markets, Inc.

We have audited the financial statements of Corby Capital Markets, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated February 24, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on page 17 is required by Rule 17a-5 under the Securities and Exchange Act of 1934, while the supplementary information contained on page 16 is presented for purposes of additional analysis. The supplementary information is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Samet & Company PC".

Chestnut Hill, Massachusetts
February 24, 2012



CORBY CAPITAL MARKETS, INC.

SCHEDULE OF OPERATING EXPENSES

Year Ended December 31, 2011

Automobile lease	\$ 10,513
Contributions	10,100
Courier	2,264
Depreciation	5,171
Equipment lease	11,230
Insurance	9,921
Legal and professional fees	153,288
Licenses, fines and taxes	102,152
Marketing	52,478
Office expense	15,813
Payroll services	14,453
Postage	1,108
Profit sharing plan contributions	23,244
Rent	61,572
Supplies	29,326
Travel and entertainment	53,991
Utilities	<u>5,310</u>
	\$ <u>561,934</u>



CORBY CAPITAL MARKETS, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO
UNIFORM NET CAPITAL RULE 15c3-1
Year Ended December 31, 2011

Net capital:		
Stockholders' equity		\$ 1,222,459
Deductions and charges:		
Nonallowable assets:		
Interest receivable	\$ 2,875	
Prepaid expenses and other assets	58,568	
Property and equipment, net	36,501	
Due from related party	14,149	
Deferred income taxes	285,000	
Notes receivable - employee	43,000	
Notes receivable - related party	<u>109,060</u>	<u>549,153</u>
Net capital before haircuts on securities positions		673,306
Haircuts on securities:		
Trading and investing securities:		
Debt securities	<u>38,601</u>	<u>38,601</u>
Net capital		\$ <u>634,705</u> *
Aggregate indebtedness:		
Deferred income taxes		\$ 36,400
Accounts payable and other payables		40,101
Accrued expenses		<u>61,107</u>
		\$ <u>137,608</u>
Computation of basic net capital requirement:		
Minimum net capital required		\$ 9,171
Minimum dollar net capital required		100,000
Net capital requirement		100,000
Excess net capital		\$ <u>534,705</u>
Net capital less 120% of minimum dollar net capital required		\$ <u>514,705</u>
Percentage of aggregate indebtedness to net capital		<u>32.77%</u>

* The net capital as reported in the Company's part IIA (unaudited) focus report agrees to the audited net capital as reported above. As such, no reconciliation is necessary at December 31, 2011.



To the Board of Directors and Stockholders of
Corby Capital Markets, Inc.

In planning and performing our audit of the financial statements of Corby Capital Markets, Inc. (the Company) as of and for the year ended December 31, 2011, 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 such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17(a)-3(a)(11) and for 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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements of 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 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 the 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 deficiency in internal control 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 and correct, 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 and 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, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, 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.

Chestnut Hill, Massachusetts
February 24, 2012



CORBY CAPITAL MARKETS, INC.

STATEMENT REGARDING RULE 15c3-3

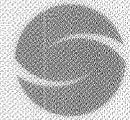
December 31, 2011

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (K)(2)(ii) of that Rule.

CORBY CAPITAL MARKETS, INC.

AGREED-UPON PROCEDURES

December 31, 2011



SAMET

CORBY CAPITAL MARKETS, INC.

AGREED-UPON PROCEDURES

December 31, 2011



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Corby Capital Markets, Inc.
10 High Street, 6th Floor
Boston, MA 02110

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, 2011, which were agreed to by Corby Capital Markets, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Corby Capital Markets Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Corby Capital Markets, Inc.'s management is responsible for the Corby Capital Markets, Inc.'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 (cancelled checks) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, 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.



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.

Summit Compliance PC

Chestnut Hill, Massachusetts
February 24, 2012