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

Washington, DC
125

| SEC FILE NUMBER |
|-----------------|
| 8-53256 |

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: Desjardins Securities International inc.

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO. |

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

1170, Peel Street, suite 300

(No. and Street)

Montreal, Quebec, Canada

(City)

(State)

(Zip Code)

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

Antonio Lombardi

514-985-1847

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Price Waterhouse Coopers LLP

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

1250, Rene Levesque Street, suite 200 Montreal, Quebec, Canada

(Address)

(City)

(State)

(Zip Code)

H3B 2G4

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)

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OATH OR AFFIRMATION

I, Antonio Lombardi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Desjardins Securities International inc. 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

Antonio Lombardi Signature

FINOP

Title

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).



February 20, 2012

Desjardins Securities International Inc.
1170, Peel Street
Suite 300
Montréal, Quebec H3B 0A9

In planning and performing our audit of the financial statements and supplemental schedules of Desjardins Securities International Inc. for the year ended December 31, 2011 (on which we issued our report dated February 20, 2012 we considered its internal control, including control activities for safeguarding securities, 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 controls of Desjardins Securities International Inc.

Also, as required by rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures followed by Desjardins Securities International Inc. (including tests of compliance with 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 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by Desjardins Securities International Inc. in making quarterly securities examinations, counts, verifications and comparisons, and the recording of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System because Desjardins Securities International Inc. does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of Desjardins Securities International Inc. 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 internal controls and of the practices and procedures and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "SEC") above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which Desjardins Securities International Inc. has responsibility are safeguarded against loss from unauthorized acquisition, 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., Chartered Accountants
1250 René-Lévesque Boulevard West, Suite 2800, Montréal, Quebec, Canada H3B 2G4
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca*

"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of the internal controls or such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of Desjardins Securities International Inc.'s internal control would not necessarily disclose all matters in Desjardins Securities International Inc.'s internal control 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 Desjardins Securities International Inc.'s internal control and its operations (including control activities for safeguarding securities) that we consider to be material weaknesses as defined above.

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

PricewaterhouseCoopers LLP

Chartered Accountants

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Washington, DC
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**DESJARDINS SECURITIES
INTERNATIONAL INC.**

Financial Statements

December 31, 2011

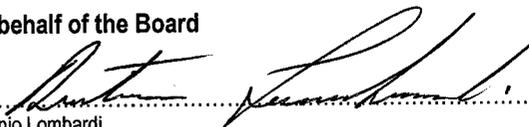
(in US dollars)

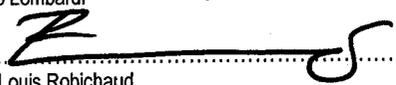
DESJARDINS SECURITIES INTERNATIONAL INC.**Balance sheets**
as at December 31
(in US dollars)

| | 2011 | 2010 |
|--|---------------------|---------------------|
| Asset | | |
| Cash and cash equivalent | \$ 3,926,678 | \$ 2,464,943 |
| Amounts receivable | | |
| From brokers and financial institutions | 2,730,510 | 1,937,799 |
| Deposits | 100,000 | 100,000 |
| From parent company, without interest or reimbursement terms | - | 74,071 |
| Others | 431,405 | 48,374 |
| | <u>3,261,915</u> | <u>2,160,244</u> |
| Deferred tax asset (note 3) | 836 | 946 |
| | <u>\$ 7,189,429</u> | <u>\$ 4,626,133</u> |
| Liabilities | | |
| Amounts payable | | |
| To parent company, without interest or reimbursement terms | \$ 1,699,373 | \$ - |
| Income taxes payables | 141,715 | 62,761 |
| Others | 4,762 | 3,241 |
| | <u>1,845,850</u> | <u>66,002</u> |
| Shareholder's equity (note 4) | 5,343,579 | 4,560,131 |
| | <u>\$ 7,189,429</u> | <u>\$ 4,626,133</u> |

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

On behalf of the Board


....., Financial Officer
Antonio Lombardi


....., Director
Pierre-Louis Robichaud

DESJARDINS SECURITIES INTERNATIONAL INC.**Statements of profit and comprehensive income****for the years ended December 31**

(in US dollars)

| | 2011 | 2010 |
|---|-------------------|-------------------|
| Revenue | | |
| Commissions | \$ 2,836,348 | \$ 2,101,481 |
| Investment income | (107,737) | 74,812 |
| Net interest expense | (22,403) | (10,454) |
| Other | 335,821 | 356,107 |
| | <u>3,042,029</u> | <u>2,521,946</u> |
| Operations and administration | | |
| Management fees | 861,039 | 1,357,206 |
| Other operating and administrative expenses | 1,083,709 | 621,494 |
| | <u>1,944,748</u> | <u>1,978,700</u> |
| Profit before income taxes | 1,097,281 | 543,246 |
| Income tax expense ^(note 3) | 313,834 | 154,947 |
| Profit and comprehensive income | <u>\$ 783,448</u> | <u>\$ 388,299</u> |

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

DESJARDINS SECURITIES INTERNATIONAL INC.**Statements of changes in shareholder's equity****for the years ended December 31****(in US dollars)**

| | Share capital | | Retained earnings | | Total |
|--|----------------------|-----------|--------------------------|-----------|------------------|
| As at December 31, 2009 | \$ 3,214,763 | \$ | 957,069 | \$ | 4,171,832 |
| Comprehensive income | - | | 388,299 | | 388,299 |
| Balance as at December 31, 2010 | \$ 3,214,763 | \$ | 1,345,368 | \$ | 4,560,131 |
| Comprehensive income | - | | 783,448 | | 783,448 |
| Balance as at December 31, 2011 | \$ 3,214,763 | \$ | 2,128,816 | \$ | 5,343,579 |

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

DESJARDINS SECURITIES INTERNATIONAL INC.
Statements of cash flows
for the years ended December 31
(in US dollars)

| | 2011 | 2010 |
|--|---------------------|---------------------|
| Operating activities | | |
| Net income | \$ 783,448 | \$ 388,299 |
| Non-cash items (note 6) | 111 | 148 |
| Net changes in operating assets and liabilities (note 6) | (1,095,268) | (1,518,595) |
| | <u>311,709</u> | <u>(1,130,148)</u> |
| Financing activities | | |
| Change in amounts payable to parent company | <u>1,773,444</u> | <u>(645,560)</u> |
| | 1,773,444 | (645,560) |
| Increase (decrease) in cash and cash equivalents during the year | 1,461,735 | (1,775,708) |
| Cash and cash equivalents, beginning of year | <u>2,464,943</u> | <u>4,240,651</u> |
| Cash and cash equivalents, end of year | \$ 3,926,678 | \$ 2,464,943 |

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

DESJARDINS SECURITIES INTERNATIONAL INC.

Notes to the Financial Statements

for the years ended December 31

(in US dollars)

1. DESCRIPTION OF BUSINESS

The Company, incorporated on January 24, 2001 under the Canada Business Corporations Act, operates a full-service securities brokerage business.

The Company is a member of the Financial Industry Regulatory Authority (FINRA) and is registered as a broker-dealer with the US Securities and Exchange Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in accordance with US 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

b) Transactions

Transactions and related revenues and expenses are recorded on a trade date basis.

c) Financial instruments

Financial assets are classified in one of the following categories: "held for trading", "available for sale" or "loans and receivables". Financial liabilities are classified in the category "held for trading" or in the category "others".

Financial assets and liabilities held for trading and available for sale assets are carried at fair value in the balance sheet. Changes in the fair value of held for trading assets and liabilities are recognized in earnings in the period they occur while changes in available for sale assets are recognized in other comprehensive income until they are derecognized. Loans and receivables and financial liabilities in the others category are carried at amortized cost under the effective interest rate method.

Trading securities

Trading securities are classified as held for trading. Fair value is determined based on market prices for traded securities. The valuation of over-the-counter fixed income securities is subject to, among others, security liquidity, the width of the bid/ask spread and the relative range of market price adjustments and current return. Change in fair value is recognized in earnings in the period it occurs.

DESJARDINS SECURITIES INTERNATIONAL INC.

Notes to the Financial Statements
for the years ended December 31
(in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) **Financial instruments (continued)**

Fair value

The fair value of a financial instrument on initial recognition corresponds to the transaction price, i.e. the fair value of the consideration given or received between companies in a competitive market.

Subsequent to initial recognition, the fair values of financial instruments quoted on an active market are based on bid prices for financial assets and on ask prices for financial liabilities.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and when the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

d) **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash, and money market investments.

e) **Foreign currency translation**

The Company's monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the year-end exchange rate. The Company's revenue and expenses denominated in foreign currencies are translated at the exchange rate in effect at the transaction dates. Translation gains and losses are included in earnings.

f) **Income taxes**

The Company uses the tax liability method to account for income taxes. Under this method, deferred tax assets or liabilities are determined for all temporary differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates expected to apply in the years in which the assets are expected to be realized or the liabilities settled. Income tax assets are recognized when it is more likely than not that they will be realized.

g) **Comparatives figures**

Certain prior period comparative figures have been reclassified to conform to the current period's presentation.

DESJARDINS SECURITIES INTERNATIONAL INC.**Notes to the Financial Statements****for the years ended December 31**

(in US dollars)

3. INCOME TAXES**a) Income tax expense**

| | 2011 | | 2010 |
|----------|-------------------|----|----------------|
| Current | \$ 313,722 | \$ | 154,799 |
| Deferred | 111 | | 148 |
| | <u>\$ 313,834</u> | \$ | <u>154,947</u> |

Earnings are subject to Canadian income taxes. The effective tax rate on earnings varies from year to year according to the changes in the combined statutory income tax rate. The provision for income taxes in the statement of earnings differs from the amount that would have been arrived at by applying the Canadian statutory tax rate as a result of the following:

| | 2011 | | 2010 |
|--|-------------------|----|----------------|
| Income taxes at the Canadian combined statutory rate of 28.4 % (29.9% in 2010) | \$ 311,396 | \$ | 156,600 |
| Changes in income taxes resulting for the following: | | | |
| Non-deductible expenses and other | 1,337 | | 750 |
| Previous year adjustment | 1,101 | | (2,403) |
| | <u>\$ 313,834</u> | \$ | <u>154,947</u> |

b) Deferred tax asset

The net deferred tax asset includes the following:

| | 2011 | | 2010 |
|---------------------------|--------|----|------|
| Deferred tax asset | | | |
| Fixed assets | \$ 836 | \$ | 946 |

DESJARDINS SECURITIES INTERNATIONAL INC.

Notes to the Financial Statements
for the years ended December 31
(in US dollars)

4. SHAREHOLDER'S EQUITY

a) Authorized share capital

- An unlimited number of voting and participating Class A shares, without par value.
- An unlimited number of non-voting, participating Class B shares, convertible to Class D shares, without par value.
- An unlimited number of voting, non-participating Class C shares, without par value.
- An unlimited number of non-voting, non-participating Class D shares, non-cumulative dividend of 1% per month, without par value.
- An unlimited number of non-voting, non-participating Class E shares, non-cumulative dividend of 1% per month, without par value.
- An unlimited number of non-voting, non-participating Class F shares, non-cumulative dividend of 8% per year, without par value.
- An unlimited number of non-voting, non-participating Class G shares, non-cumulative dividend of 8% per year, without par value.

b) Share capital issued

| | 2011 | | 2010 |
|---------------------------------|--------------|----|-----------|
| 4,075,000 Class A common shares | \$ 3,214,763 | \$ | 3,214,763 |

c) Capital management

Common shareholder's equity consists of common shares and retained earnings. Capital management contributes to the Company's profitability as regulatory capital is allocated to key activities for which precise profitability objectives and criteria have been established, which include an allocation process for capital margin limits, oversight and appropriate reporting in the form of liquidity, capital and profitability tests as per the regulation in force. The Company strives to maintain an optimal level of capital to support its activities while generating an attractive and competitive return for its shareholder, in relation to industry standards and the Company's risk profile.

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15 c3 - 1, which requires the maintenance of minimum net capital equal to the greater of \$100,000 or 6 2/3% of aggregate indebtedness, both as defined by the Rule. The ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. As at December 31, 2011, the Company had net capital of \$1,189,544 which exceeds the required net capital of \$122,515 by \$1,067,029.

DESJARDINS SECURITIES INTERNATIONAL INC.

Notes to the Financial Statements

for the years ended December 31

(in US dollars)

5. RELATED PARTY TRANSACTIONS

Desjardins Securities International Inc. is a wholly owned subsidiary of Desjardins Securities Inc., which is an entity of the Mouvement des caisses Desjardins du Québec. The Company has concluded transactions with parent company and other entities included in the Mouvement des caisses Desjardins.

These transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The transactions and balances with these entities are the following:

| | 2011 | | 2010 |
|--|-------------|----|-----------|
| Management fees (parent company) | \$ 861,039 | \$ | 1,357,206 |
| Cash | 902,285 | | 457,638 |
| Amounts receivable (payable) to parent company | (1,699,373) | | 74,071 |

6. SUPPLEMENTARY INFORMATION

| | 2011 | | 2010 |
|--|--------------|----|-------------|
| Non-cash items | | | |
| Deferred tax | \$ 111 | \$ | 148 |
| Net changes in operating assets and liabilities | | | |
| Amounts receivable from brokers and financial institutions | \$ (792,711) | \$ | (1,631,093) |
| Other amounts receivable | (383,032) | | (31,325) |
| Other amounts payable | 1,520 | | (45,510) |
| Income taxes | 78,955 | | 189,333 |
| | (1,095,268) | | (1,518,595) |
| Interest paid | \$ 2,111 | \$ | 34,530 |
| Income taxes paid | 66,317 | | (35,565) |

DESJARDINS SECURITIES INTERNATIONAL INC.

Notes to the Financial Statements
for the years ended December 31
(in US dollars)

7. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Company purchases and sells, for itself and for its clients, a variety of financial instruments to earn commission revenue. Each agreement or contract exposes the Company to varying degrees of liquidity, credit and market risk.

a) Liquidity risk

Liquidity risk is related to the difficulty or impossibility of quickly converting the Company's assets into cash in order to efficiently fulfill its financial obligations, particularly in order to fulfill the offsetting requirement and clients' requests for funds.

The following table presents financial liabilities by residual contractual maturity:

| | 2011 | | | | | Total |
|-----------------------------|-------------------|------------------|--------------|------------------|------|--------------|
| | Payable on demand | Less than 1 year | 1 to 5 years | 5 years and more | | |
| Advance from parent company | \$ 1,699,373 | \$ - | \$ - | \$ - | \$ - | \$ 1,699,373 |
| Amounts payable | \$ 4,762 | \$ - | \$ - | \$ - | \$ - | \$ 4,762 |

| | 2010 | | | | | Total |
|-----------------------------|-------------------|------------------|--------------|------------------|------|----------|
| | Payable on demand | Less than 1 year | 1 to 5 years | 5 years and more | | |
| Advance from parent company | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Amounts payable | \$ 3,241 | \$ - | \$ - | \$ - | \$ - | \$ 3,241 |

b) Credit risk

Credit risk principally relates to the failure by a client to honour its contractual obligations or to an unfavourable market fluctuation that would prevent the Company from realizing its guarantees in full. This risk is managed in accordance with the credit policies established by management. Most of these transactions are standardized contracts executed in recognized markets and subject to daily settlement of the various margins.

Credit risk concentration arises when the Company holds securities from a same issuer (or group of issuers). As at December 31, 2011 and 2010, the Company had no significant concentration.

c) Market risk

Market risk relates to the risk of variations in the fair value of financial instruments due to fluctuations in the parameters associated with that value, including interest rates, currencies, credit spreads and volatility.

As at December 31, 2011 and 2010, the Company is not significantly exposed to market risk given its holdings, if any, are in the money market.

DESJARDINS SECURITIES INTERNATIONAL INC.

Notes to the Financial Statements
for the years ended December 31
(in US dollars)

8. SCHEDULE OF COMPUTATION OF NET CAPITAL

The differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2011 Part IIA Focus filing are due to year end adjustments to the exchange rate used to convert share capital, to the income tax calculations, and reversal to revenue.

| | 2011 | 2010 |
|--|---------------------|---------------------|
| Total shareholders' equity | \$ 5,343,579 | \$ 4,560,131 |
| Deduct non-allowable assets | | |
| Cash deposit with parent company | 742,903 | 304,529 |
| Receivable from parent company | - | 74,071 |
| Due from brokers and financial institutions | 2,651,603 | 1,725,981 |
| Other receivables | 431,405 | 48,374 |
| Deferred tax asset | 836 | 946 |
| Total non-allowable assets | 3,826,747 | 2,153,901 |
| Other deductions – Insurance deductible margin on securities position and foreign exchange margin | 327,288 | 335,241 |
| Net capital | 1,189,544 | 2,070,989 |
| Computation of aggregate indebtedness to net capital requirement | | |
| Required minimum net capital: the greater of \$100,000 or 6 2/3% of aggregate indebtedness \$122,515 (\$100,000 in 2010) | 122,515 | 100,000 |
| Excess net capital | \$ 1,067,029 | \$ 1,970,989 |
| Ratio: Aggregate indebtedness to net capital | 1.5449 to 1 | 1.0319 to 1 |

The Company is exempt from the reserve requirements of Rule 15c3-3 of the Security and Exchange Act under paragraph (k) (2) (ii) of that Rule.