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

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

SEC FILE NUMBER
8 40605

FEB 29 2012

FACING PAGE

Washington, DC
123
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 01/01/11 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: RAFFEY CAPITAL MARKETS, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

59 HILTON AVENUE

(No. and Street)

GARDEN CITY, NY 11530

(City)

(State)

(Zip Code)

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

STEPHEN P. SPRAGUE (646) 572-3444

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BECHER, DELIA TORRE, GITTO & COMPANY

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

76 NORTH WALNUT STREET, RIDGEWOOD, NJ 07450

(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 141D (05-01)

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OATH OR AFFIRMATION

I, STEPHEN P. SPRAGUE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RAFFERTY CAPITAL MARKETS, LLC, as 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:

[Signature]
Signature

CFO

Title

2/28/12

[Signature]
Notary Public

JACQUELIN J BHOLA
Notary Public - State of New York
NO. 01BH6231521
Qualified in Kings County
My Commission Expires 11/29/14

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 15c3-3 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).

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Washington, DC
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Rafferty Capital Markets, LLC

Financial Statements

December 31, 2011

 **BECHER
DELLA TORRE
GITTO & COMPANY**
Certified Public Accountants
A PROFESSIONAL CORPORATION

Rafferty Capital Markets, LLC
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December 31, 2011

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BECHER
DELLA TORRE
GITTO & COMPANY

Certified Public Accountants
A PROFESSIONAL CORPORATION

76 North Walnut Street
Ridgewood, New Jersey 07450
201-652-4040
fax: 201-652-0401
www.bdgcpa.com

February 28, 2012

Independent Auditor's Report

To the Member of
Rafferty Capital Markets, LLC:

We have audited the accompanying statement of financial condition of Rafferty Capital Markets, LLC (the "Company") as of December 31, 2011, and the related statements of income, changes in member's equity, 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 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 Rafferty Capital Markets, LLC 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedule I required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and 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 State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Becher, Della Torre, Gitto & Company

Ridgewood, New Jersey

Rafferty Capital Markets, LLC
Statement of Financial Condition
As of December 31, 2011

Assets

Cash	\$ 19,930,978
Loans receivable from affiliates	47,768,463
Deposits with clearing organizations	290,900
Securities owned, at market	27,743,623
Prepaid expenses and accounts receivable, net of allowance of \$0	4,311,490
Total assets	<u>\$ 100,045,454</u>

Liabilities and Member's Equity

Liabilities	
Accrued expenses	<u>\$ 1,885,936</u>
Total liabilities	1,885,936
Member's equity	<u>98,159,518</u>
Total liabilities and member's equity	<u>\$ 100,045,454</u>

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

Rafferty Capital Markets, LLC
Statement of Income
For the year ended December 31, 2011

Revenues	
Commission income	\$ 6,820,777
Trading gains, net	468,692
Fee income	545,077
Interest and dividends	739,035
Other income	<u>300,000</u>
Total revenues	<u>8,873,581</u>
Expenses	
Employee compensation and benefits	7,243,715
Data processing costs	663,878
Clearing and execution expenses	1,507,079
Communications	810,941
Occupancy	666,355
Regulatory fees	195,449
Other operating expenses	<u>1,017,925</u>
Total expenses	<u>12,105,342</u>
Net loss from continuing operations	(3,231,761)
Discontinued Operations	
Income from operations of discontinued business	6,155,918
Gain on disposal of business	<u>70,287,605</u>
	<u>76,443,523</u>
Net income	<u><u>\$ 73,211,762</u></u>

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

Rafferty Capital Markets, LLC
Statement of Changes in Member's Equity
For the year ended December 31, 2011

Beginning member's equity	\$ 24,947,756
Net income	<u>73,211,762</u>
Ending member's equity	<u><u>\$ 98,159,518</u></u>

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

Rafferty Capital Markets, LLC
Statement of Cash Flows
For the year ended December 31, 2011

Cash flows from operating activities	
Net income	<u>\$ 73,211,762</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Loans receivable from affiliates	(37,425,093)
Deposits with clearing organizations	503,620
Investment in marketable securities	(18,668,108)
Prepaid expenses and accounts receivable, net	(883,260)
Accrued expenses	(7,143,503)
Payable to clearing organizations	<u>(183,130)</u>
Total adjustments	(63,799,474)
Net cash provided by operating activities	<u>9,412,288</u>
Cash, beginning of year	<u>10,518,690</u>
Cash, end of year	<u><u>\$ 19,930,978</u></u>

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

Rafferty Capital Markets, LLC
Notes to Financial Statements
December 31, 2011

Note 1 – Organization and Nature of Business

Rafferty Capital Markets, LLC (the “Company”) was formed as a New York Limited Liability Company on October 16, 2000. The Company is a registered broker-dealer pursuant to Section 15(b) of the Securities Exchange Act of 1934, as amended. The Company also provides mutual fund distribution and underwriting services in fifty states, and is a member of the FundServ System of the National Securities Clearing Corp.

Note 2 – Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual events and results could differ from those estimates.

Securities Transactions

Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers’ securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Company maintains its cash in accounts that at times may exceed federally insured limits. The Company had approximately \$2,750,000 of uninsured cash balances at December 31, 2011.

Rafferty Capital Markets, LLC
Notes to Financial Statements (continued)
December 31, 2011

Note 2 – Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Company provides for estimated losses on accounts receivable, using the allowance method, based on prior bad debt experience and a review of existing receivables. The Company has evaluated its accounts receivable at December 31, 2011 and has written off all accounts deemed to be uncollectible. Accordingly, there is no allowance for doubtful accounts at December 31, 2011.

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Note 3 – Discontinued Operations

In October 2011, the Company sold a significant portion of its business for a net gain of approximately \$70.3 million. The business lines sold included the Company's brokerage desks for U.S. Treasuries, U.S. Agencies, mortgages, repo, corporate bonds, taxable municipal bonds, and the J.J. Kenny Drake tax-exempt municipal bond brokerage group. The operating results of the discontinued operations are summarized as follows for the year ended December 31, 2011:

Revenue	\$ 41,461,798
Expenses	<u>35,305,880</u>
Income from discontinued operations	6,155,918
Gain on disposal of discontinued operations	<u>70,287,605</u>
Net income from discontinued operations	<u>\$ 76,443,523</u>

After the sale of the discontinued operations, the Company retained the operating lease on certain office space used by the discontinued operations and the Buyer became a subtenant under this lease. In addition, the Buyer assumed the operating lease on certain office space used by the discontinued operations and the Company became a subtenant under that lease for office space required for its continuing operations. These tenant and subtenant relationships are expected to terminate during 2012 when the continuing operations of the Company relocate to other office space.

Rafferty Capital Markets, LLC
Notes to Financial Statements (continued)
December 31, 2011

Note 3 – Discontinued Operations (continued)

Under a separate Transition Services Agreement, the Company has entered into an agreement with the Buyer to provide continuing transition services for a period of three months to be renewed automatically for three successive thirty-day periods, unless terminated. At the end of the third automatic renewal, the agreement shall automatically expire. The income earned from this agreement is reported as “Other Income” in the accompanying statement of income.

The Company has no other continuing involvement with the discontinued operations—there is no ability to influence operations or financial policies, no retained risk associated with the discontinued operations, and no ability to restrict other entities from benefiting through associations with these discontinued operations.

Note 4 – Securities Owned, at Market

Marketable securities owned are considered trading securities by management. At December 31, 2011 marketable securities consisted of equity securities in the amount of \$4,705,987 and fixed income securities in the amount of \$23,037,636.

Note 5 – Fair Value

Fair Value Measurement

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Rafferty Capital Markets, LLC
Notes to Financial Statements (continued)
December 31, 2011

Note 5 – Fair Value (continued)

- Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following table represents the Company’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

Fair Value Measurement on a Recurring Basis
As of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Netting and Collateral</u>	<u>Total</u>
ASSETS					
Financial instruments owned:					
Corporate Bonds	\$ 2,016,421	\$ -	\$ -	\$ -	\$ 2,016,421
Mortgage Back Securities	994,395	-	-	-	994,395
Municipal Bonds	17,989,714	-	-	-	17,989,714
Collateralized Mortgage Obligations	1,586,938	-	-	-	1,586,938
Equities	5,122,833	-	33,322	-	5,156,155
TOTALS	<u>\$ 27,710,301</u>	<u>\$ -</u>	<u>\$ 33,322</u>	<u>\$ -</u>	<u>\$ 27,743,623</u>

Note 6 – Transactions with Related Entities

Transactions with its member and other affiliates that share common ownership consisted of the following:

Loans receivable from affiliates, January 1, 2011	\$ 10,343,370
Costs paid by Company for the benefit of affiliates	4,846,704
Costs paid by affiliates for the benefit of the Company	(2,721,611)
Cash paid by the Company to affiliates	39,700,000
Cash paid by affiliates to the Company	<u>(4,400,000)</u>
Loans receivable from affiliates, December 31, 2011	<u>\$ 47,768,463</u>

Loans payable and loans receivable from affiliates do not bear interest and are payable on demand.

Rafferty Capital Markets, LLC
Notes to Financial Statements (continued)
December 31, 2011

Note 7 – Income Taxes

As a limited liability company, the Company does not pay income taxes at the entity level. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Company's member includes the Company's taxable income in its income tax return.

Note 8 – Net Capital Requirement

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2011, the Company had net capital of \$42,890,627, which was \$42,740,627 in excess of its required net capital (the greater of 6 2/3% of aggregate indebtedness or \$150,000). The Company's aggregate indebtedness to net capital ratio as of December 31, 2011 was 0.044 to 1.

Note 9 – Employee Benefit Plan

The Company has a qualified retirement savings plan covering eligible full-time employees.

Note 10 – Financial Transactions with Off-Balance-Sheet Risk

In the normal course of business, the Company's activities involve the execution, settlement and financing of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other party to a securities transaction is unable to fulfill its contracted obligations and the Company has to purchase or sell financial instruments underlying the contract at a loss.

Note 11 – Contingencies

During the year ended December 31, 2011 a claim was asserted against the Company arising out of the alleged delayed settlement of certain securities transactions. The Company's management disputes the asserted claim and management's position is that the claim will be resolved in favor of the Company. As of the audit opinion date, no litigation has commenced in connection with the claim and legal counsel has represented that it is not possible to predict whether the claim will result in any liability on part of the Company or, if so, the amount of any such liability. Consequently, no provision has been made in the accounts for any liability for this claim.

Rafferty Capital Markets, LLC
Notes to Financial Statements (continued)
December 31, 2011

Note 12 – Commitments

Operating Leases

The Company rents office space under non-cancelable operating lease agreements expiring through 2014. Certain leases are subject to rental increases. The Company is also required to pay its pro-rata share of utilities, real estate taxes and other costs under certain leases.

As of December 31, 2011, minimum annual future rental payments under the operating leases, excluding utilities and other operating costs, follows:

Year ending December 31,

2012	521,687
2013	75,240
2014	75,240

Rent expense including utilities and other occupancy costs for the year ended December 31, 2011 was approximately \$1,305,000 (approximately \$639,000 of which was included in expenses from discontinued operations).

Note 13 – Subsequent Events

The Company has evaluated subsequent events through February 28, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule I

Rafferty Capital Markets, LLC

Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2011

Total member's equity	\$ 98,159,518
Non-allowable assets	(52,079,953)
Aged fails-to-deliver	<u>-</u>
Net capital before haircuts on securities positions	46,079,565
Haircuts on securities (computed, where applicable, pursuant to rule 15c-3-1[f])	<u>(3,188,938)</u>
Net capital	<u>\$ 42,890,627</u>
Aggregate indebtedness:	
Accounts payable and accrued expenses	<u>\$ 1,885,936</u>
Computation of basic net capital requirement:	
6 2/3% of aggregate indebtedness	<u>\$ 125,729</u>
Minimum net capital required:	<u>\$ 150,000</u>
Excess net capital	<u>\$ 42,740,627</u>
Excess net capital at 1000%	<u>\$ 42,702,033</u>
Ratio: Aggregate indebtedness to net capital	<u>0.044 to 1</u>

Reconciliation with Company's Computation
(Included in Part IIA of Form X-17A-5 as of December 31, 2011)

Net capital, as reported by Company (unaudited)	\$ 42,890,627
Adjustments:	<u>-</u>
Net capital (per above)	<u>\$ 42,890,627</u>



BECHER
DELLA TORRE
GITTO & COMPANY

Certified Public Accountants
A PROFESSIONAL CORPORATION

76 North Walnut Street
Ridgewood, New Jersey 07450
201-652-4040
fax: 201-652-0401
www.bdgcpa.com

To the Member of
Rafferty Capital Markets, LLC:

In planning and performing our audit of the financial statements of Rafferty Capital Markets, LLC (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 (or aggregate debits) and net capital under Rule 17a-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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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.

To the Member of
Rafferty Capital Markets, LLC
Page 2

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *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 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 17-a-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.

Becher, Della Torre, Gitto & Company

Becher, Della Torre, Gitto & Company, CPAs
Ridgewood, NJ
February 28, 2012



BECHER
DELLA TORRE
GITTO & COMPANY

Certified Public Accountants
A PROFESSIONAL CORPORATION

76 North Walnut Street
Ridgewood, New Jersey 07450
201-652-4040
fax: 201-652-0401
www.bdgcpa.com

To the Member of Rafferty Capital Markets, LLC
33 Whitehall Street, 10th Floor
New York, NY

Gentlemen:

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 Rafferty Capital Markets, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Rafferty Capital Markets, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Rafferty Capital Markets, LLC's management is responsible for the Rafferty Capital Markets, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries 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 Forms SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

To the Member of Rafferty Capital Markets, LLC
Page 2

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.

Becher, Della Torre, Gitto & Company

February 28, 2012

SIPC-7

(33-REV 7/10)

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

General Assessment Reconciliation

For the fiscal year ended 12-31, 2011

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

040605 FINRA DEC
RAFFERTY CAPITAL MARKETS LLC 66
33 WHITEHALL ST 10TH FL
NEW YORK NY 10004-2112

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

- 2. A. General Assessment (item 2e from page 2) \$ 123,545
- B. Less payment made with SIPC-6 filed (exclude interest) (82,578)
- 7-20-11
Date Paid
- C. Less prior overpayment applied (_____)
- D. Assessment balance due or (overpayment) 40,967
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 40,967
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 40,967
- H. Overpayment carried forward \$(_____)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Rafferty Capital Markets LLC
(Name of Corporation, Partnership or other organization)

Maggi Rully
(Authorized Signature)

Asst to the CFO
(Title)

Dated the 16 day of February, 2012.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations _____ Documentation _____ Forward Copy _____

Exceptions:

Disposition of exceptions:

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

Amounts for the fiscal period
beginning 1-1, 2011
and ending 12-31, 2011

Item No.

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

Eliminate cents
\$ 50,036,378

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

617,544

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ _____

Enter the greater of line (i) or (ii)

Total deductions

617,544
\$ 49,417,834

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

\$ 123,545
(to page 1, line 2.A.)