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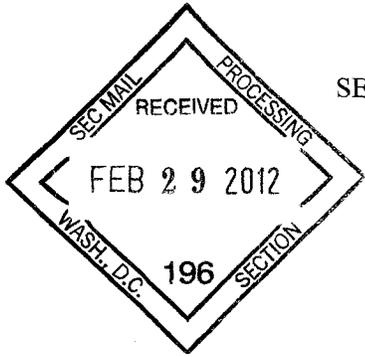
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-51866

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 01/01/11 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Aqua Securities, L.P.

OFFICIAL USE ONLY
FIRM ID. NO.

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

110 East 59th Street
(No. and Street)
New York New York 10022
(City) (State) (Zip Code)

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

Thomas Battaglia 212-294-7849
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT REGISTERED PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young, LLP
(Name - if individual, state last, first, middle name)
5 Times Square, New York New York 10036-6530
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

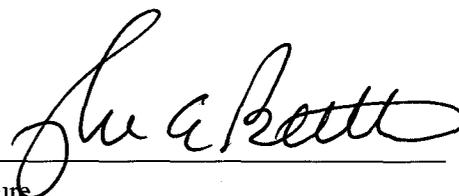
FOR OFFICIAL USE ONLY

*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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AFFIRMATION

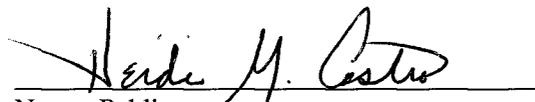
I, Thomas Battaglia, affirm that, to the best of my knowledge and belief the accompanying statement of financial condition pertaining to Aqua Securities, L.P. (the "Partnership"), as of December 31, 2011, is true and correct. I further affirm that neither the Partnership nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.



Signature

Chief Financial Officer

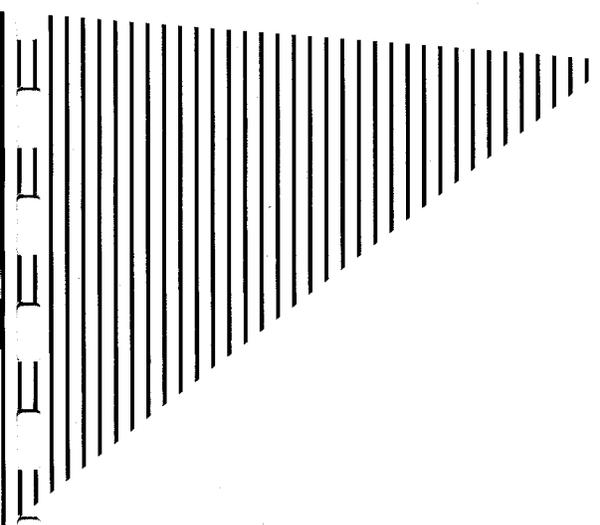
Title



Notary Public

Heidi M. Castro
Notary Public, State of New York
01CA6094353
Qualified In New York County
Commission Expires

6/16/15



STATEMENT OF FINANCIAL CONDITION

Aqua Securities, L.P.
December 31, 2011
With Report of Independent Registered
Public Accounting Firm

Ernst & Young LLP

 **ERNST & YOUNG**

Aqua Securities, L.P.

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<input type="checkbox"/> (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.	
<input type="checkbox"/> (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.	
<input type="checkbox"/> (k) A Reconciliation between the audited and Statements of Financial Condition with respect to methods of consolidation.	
<input checked="" type="checkbox"/> (l) An Affirmation.	
<input type="checkbox"/> (m) A copy of the SIPC Supplemental Report.	
<input type="checkbox"/> (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.	
<input type="checkbox"/> (o) Supplementary Report on Internal Control	

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

Report of Independent Registered Public Accounting Firm

To the Partners of
Aqua Securities, L.P.

We have audited the accompanying statement of financial condition of Aqua Securities, L.P. (the "Partnership") as of December 31, 2011. The statement of financial condition is the responsibility of the Partnership's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. We were not engaged to perform an audit of the Partnership's internal control over financial reporting. Our audit included 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 Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Aqua Securities, L.P. at December 31, 2011 in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

February 27, 2012

Aqua Securities, L.P.

Statement of Financial Condition

December 31, 2011

(In Thousands)

Assets

Cash	\$	5,639
Receivables from related broker-dealer		344
Receivables from related parties		79
Prepaid expenses		36
Fixed assets, net		1,163
Intangible assets, net		41
Total assets	\$	<u>7,302</u>

Liabilities, subordinated borrowings and partners' capital

Accounts payable and accrued liabilities	\$	146
Payables to related broker-dealer		27
Payables to related parties		<u>4,145</u>
Total liabilities		4,318
Subordinated borrowings		2,000
Partners' capital:		
Limited partners		1,032
General partner		<u>(48)</u>
Total partners' capital		984
Total liabilities, subordinated borrowings and partners' capital	\$	<u>7,302</u>

See notes to the statement of financial condition.

Aqua Securities, L.P.

Notes to Statement of Financial Condition

December 31, 2011

(In Thousands)

1. General and Summary of Significant Accounting Policies

Description of Business

Aqua Securities, L.P. (the "Partnership") is a limited partnership organized under the laws of the State of Delaware. The Partnership is 50.49% owned by Cantor Fitzgerald Securities ("Cantor Securities"), a limited partner which is a wholly owned subsidiary of Cantor Fitzgerald, L.P. ("Cantor"); 48.51% owned by BGC Partners, L.P. ("BGC Partners"), a limited partner; and 1% owned by Aqua Securities Holdings, LLC ("Holding Company"), the general partner, which is owned 51% by Cantor and 49% by BGC Partners. All partners collectively have contributed financial, professional and technology assets to the Partnership. The Partnership principally engages in business as a provider of electronic access to new pools of block liquidity for institutions, brokers and hedge funds.

The Partnership operates an Alternative Trading System ("ATS") to provide anonymous access to pools of block and basket liquidity to institutional buy-side and sell-side firms. The ATS' participants consist of broker-dealers and qualified institutional buyers within the meaning of the Securities and Exchange Commission ("SEC") Rule 144(a) (1). Only equity securities are traded via the ATS.

Basis of Presentation

The statement of financial condition is presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which includes industry practices.

Use of Estimates

Management makes estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure of contingent assets and liabilities. Management believes that the estimates utilized in preparing the statement of financial condition are reasonable. Estimates, by their nature, are based on judgment and available information. As such, actual results could differ materially from the estimates included in this statement of financial condition.

Aqua Securities, L.P.

Notes to Statement of Financial Condition (continued)

December 31, 2011

(In Thousands)

1. General and Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Partnership derives its revenues primarily through commissions from brokerage services. Commissions are derived from agency brokerage transactions, whereby the Partnership connects buyers and sellers in the over-the-counter ("OTC") and exchange markets and assists in the negotiation of the price and other material terms of transactions. Commission revenues and the related expenses are recognized on a trade date basis.

Fixed Assets, Net

Fixed assets are recorded at historical cost and depreciated over their estimated economic useful lives, generally three to five years, using the straight-line method. Leasehold improvements are recorded at cost and amortized over their estimated economic useful lives or the remaining lease term, whichever is shorter.

Intangible Assets, Net

Intangible assets consist of costs incurred in connection with the filing and registration of patents. Capitalized costs related to the filing of patents are generally amortized on a straight-line basis over their estimated useful lives not to exceed three years. As of December 31, 2011, accumulated amortization was \$60.

Income Taxes

The Partnership is taxed as a U.S. partnership. Under applicable federal and state laws, the taxable income or loss of a general partnership is allocated to each partner based upon its ownership interest. Each partner's tax status, in turn, determines the appropriate income tax for its allocated share of taxable income or loss. The Partnership is subject to the Unincorporated Business Tax ("UBT") in the City of New York for which it records an income tax provision.

Receivables from and Payables to Related Broker-Dealer

Receivables from and Payables to related broker-dealer primarily represent amounts due on undelivered securities.

Aqua Securities, L.P.

Notes to Statement of Financial Condition (continued)

December 31, 2011

(In Thousands)

2. Fixed Assets, Net

Fixed assets, net consisted of the following:

	<u>December 31,</u> <u>2011</u>
Software, including software development costs	\$ 3,949
Computer and communication equipment	118
Leasehold improvements and other fixed assets	<u>14</u>
	4,081
Less: accumulated depreciation and amortization	<u>2,918</u>
Fixed assets, net	<u><u>\$ 1,163</u></u>

In accordance with FASB guidance for *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, the Partnership capitalizes qualifying computer software costs incurred during the application development stage and amortizes them over their estimated useful life of three years on a straight-line basis. At December 31, 2011, unamortized software development costs were \$1,115.

3. Related Party Transactions

Under an Administrative Services Agreement, Cantor provides various administrative services to the Partnership, including accounting, tax, legal, human resources and facilities management. Cantor also provides network, data center, server administration support and other technology services. The Partnership is required to reimburse Cantor for the direct (compensation) and indirect costs (rent, maintenance, equipment and communications) of providing these services. The Administrative Services Agreement renews automatically for successive one-year terms unless cancelled upon six months' prior notice by either the Partnership or Cantor.

Cantor Fitzgerald & Co. ("CF&CO") provides clearing and settlement services, under contractual agreements, to the Partnership. In connection with these services, CF&CO collects the brokerage revenue and remits to the Partnership on a monthly basis.

Aqua Securities, L.P.

Notes to Statement of Financial Condition (continued)

December 31, 2011

(In Thousands)

4. Income Taxes

As of December 31, 2011 the Partnership has a deferred tax asset of \$23,291 of NYC UBT net operating losses that can be carried forward 20 years following the loss year subject to certain exceptions. The NYC UBT loss carryforward will begin to expire in the year ended December 31, 2027 if not utilized before then. As of December 31, 2011, the Partnership has a deferred tax asset of \$931 due to the NYC UBT net operating loss carryforwards and depreciation. Deferred tax assets are available for offset against future profits, if and when they arise. At the present time, the Partnership believes that it is more likely than not that the deferred tax asset will not be realized. Accordingly, the Partnership has provided a full valuation allowance against this net deferred tax asset, including \$162 for the current year.

The Partnership has analyzed its tax positions with respect to applicable income tax issues for open tax years (in each respective jurisdiction) and determined no material tax liabilities existed as of December 31, 2011. As of December 31, 2011, the Partnership did not accrue any interest or penalties. Although the Partnership is not currently under examination by the federal, state or local income tax authorities, years ended in December 31, 2008, 2009, and 2010 are open to adjustments by such income tax authorities.

5. Commitments and Contingencies

Legal Matters

In the ordinary course of business, various legal actions are brought and may be pending against the Partnership. The Partnership is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Partnership's business. Any of such actions may result in judgments, settlements, fines, penalties, injunctions or other relief. As of December 31, 2011, no such claims or actions have been brought against the Partnership and therefore no reserves were recorded.

Legal reserves are established in accordance with FASB guidance on *Accounting for Contingencies*, when a material legal liability is both probable and reasonably estimable. Once established, legal reserves are adjusted when additional information becomes available or when an event occurs requiring a change.

Aqua Securities, L.P.

Notes to Statement of Financial Condition (continued)

December 31, 2011
(In Thousands)

5. Commitments and Contingencies (continued)

Risks and Uncertainties

The Partnership generates revenues by providing securities brokerage to institutional customers. Revenues for these services are transaction based. As a result, the Partnership's revenue could vary based on the transaction volume of the global financial markets.

6. Regulatory Requirements

As a registered broker-dealer, the Partnership is subject to the Uniform Net Capital Rule 15c 3-1 under the Securities Exchange Act of 1934 (the "Rule"). The Partnership has elected the aggregate indebtedness method permitted by the Rule which requires that minimum net capital, as defined, be the greater of \$5 or 6 2/3% of aggregate indebtedness. As of December 31, 2011, the Partnership had net capital of \$1,339, which exceeded its minimum capital requirement by \$1,051.

7. Counterparty Credit Risk

The Partnership's exposure to credit risk associated with nonperformance of its clients in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the clients' ability to satisfy their obligations to the Partnership. The Partnership does not anticipate nonperformance by clients in these situations. The Partnership, through CF&CO, seeks to control the aforementioned risk by monitoring counterparty activity daily. In addition, the Partnership has a policy of reviewing, as considered necessary, the credit standing of each client with which it conducts business.

8. Subordinated Borrowings

The Partnership has two subordinated borrowings. The first borrowing is with Cantor Securities in the sum of \$1,020 and the second borrowing is with BGC Partners in the sum of \$980. The current rate of interest on both borrowings is six month LIBOR plus 200 basis points. The scheduled maturity date on both borrowings is September 1, 2013. These borrowings are

Aqua Securities, L.P.

Notes to Statement of Financial Condition (continued)

December 31, 2011

(In Thousands)

8. Subordinated Borrowings (continued)

subordinated to the claims of general creditors, approved by Financial Industry Regulatory Authority (FINRA) and other regulators, and are included in the Partnership's calculation of net capital and the capital requirements of FINRA 4120.

9. Subsequent Events

The Partnership has evaluated subsequent events through the date the statement of financial condition was issued. There have been no material subsequent events that would require recognition in the statement of financial condition or disclosure in the notes to the statement of financial condition.

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