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SECURITIES  
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Washington, D.C. 20549

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

SEC FILE NUMBER  
8- 68607

**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: MPS Fixed Income *KCC*  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
101 Park Avenue, 14th Floor  
(No. and Street)  
New York NY 10178  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Ernst & Young LLP  
(Name - if individual, state last, first, middle name)  
5 Times Square New York NY 10036  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

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\*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, Charlie Peterson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MPS Fixed Income, 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:

Charlie A. Peterson  
Signature

Chief Financial Officer  
Title

Marisol Beyk  
Notary Public

**MARISOL BEYK**  
Notary Public - State of New York  
No. 01BE6144946  
Qualified in Bronx County  
My Commission Expires May 1, 2014

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).

FEB 29 2012

MPS Fixed Income LLC  
Statement of Financial Condition

December 31, 2011

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## Report of Independent Registered Public Accounting Firm

The Member of  
MPS Fixed Income LLC

We have audited the accompanying statement of financial condition of MPS Fixed Income LLC (the "Company") as of December 31, 2011. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this 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 Company'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 Company'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 position of MPS Fixed Income LLC at December 31, 2011, in conformity with U.S. generally accepted accounting principles.

February 28, 2012



MPS Fixed Income LLC  
Statement of Financial Condition

December 31, 2011

**Assets**

Cash	\$ 800,000
	<u>\$ 800,000</u>

**Member's Equity**

Member's equity	\$ 800,000
	<u>\$ 800,000</u>

*See notes to statement of financial condition.*

# MPS Fixed Income LLC

## Notes to Statement of Financial Condition

December 31, 2011

### 1. Organization and Description of Business

MPS Fixed Income LLC (the "Company") was formed April 15, 2010 as a wholly owned subsidiary of First New York Securities L.L.C. ("FNYS"). The Company's application for membership in the Financial Industry Regulatory Authority ("FINRA") was approved on May 6, 2011. On August 1, 2011, FNYS underwent a restructuring pursuant to which the Company became a wholly-owned subsidiary of FNY Capital Management Fund GP LP, a Delaware limited partnership, and affiliate of FNYS.

The Company is a broker-dealer in securities registered with the Securities and Exchange Commission (the "SEC") and is a member of FINRA.

The Company has not yet commenced operations.

### 2. Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Company.

#### Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are stated in U.S. dollars. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statement of financial condition and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

The Company maintains cash balances in a bank account which exceeds federally insured limits. The Company has not experienced any losses in such account. In the event of a financial institution's insolvency, recovery of cash and securities may be limited.

FEB 29 2012

## MPS Fixed Income LLC

### Notes to Statement of Financial Condition (continued)

#### 3. Regulatory Requirements

The Company is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1). The Company has elected to compute net capital pursuant to Rule 15c3-1 which requires that the Company maintain minimum net capital, as defined, of 2% of aggregate debit items computed in accordance with Rule 15c3-3, as defined, or \$250,000, whichever is greater. At December 31, 2011, the Company had net capital of \$800,000, which exceeded the requirement by \$550,000.

The Company is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph k(2)(ii) of such Rule) under the Securities Exchange Act of 1934 as an introducing broker or dealer that carries no customer accounts, promptly transmits any customer funds and securities to the clearing broker or dealer, and does not otherwise hold funds or securities of customers.

#### 4. Subsequent Events

Subsequent events have been evaluated through the date of issuance and management has determined that no subsequent events occurred that would require disclosure in the financial statements or accompanying notes.



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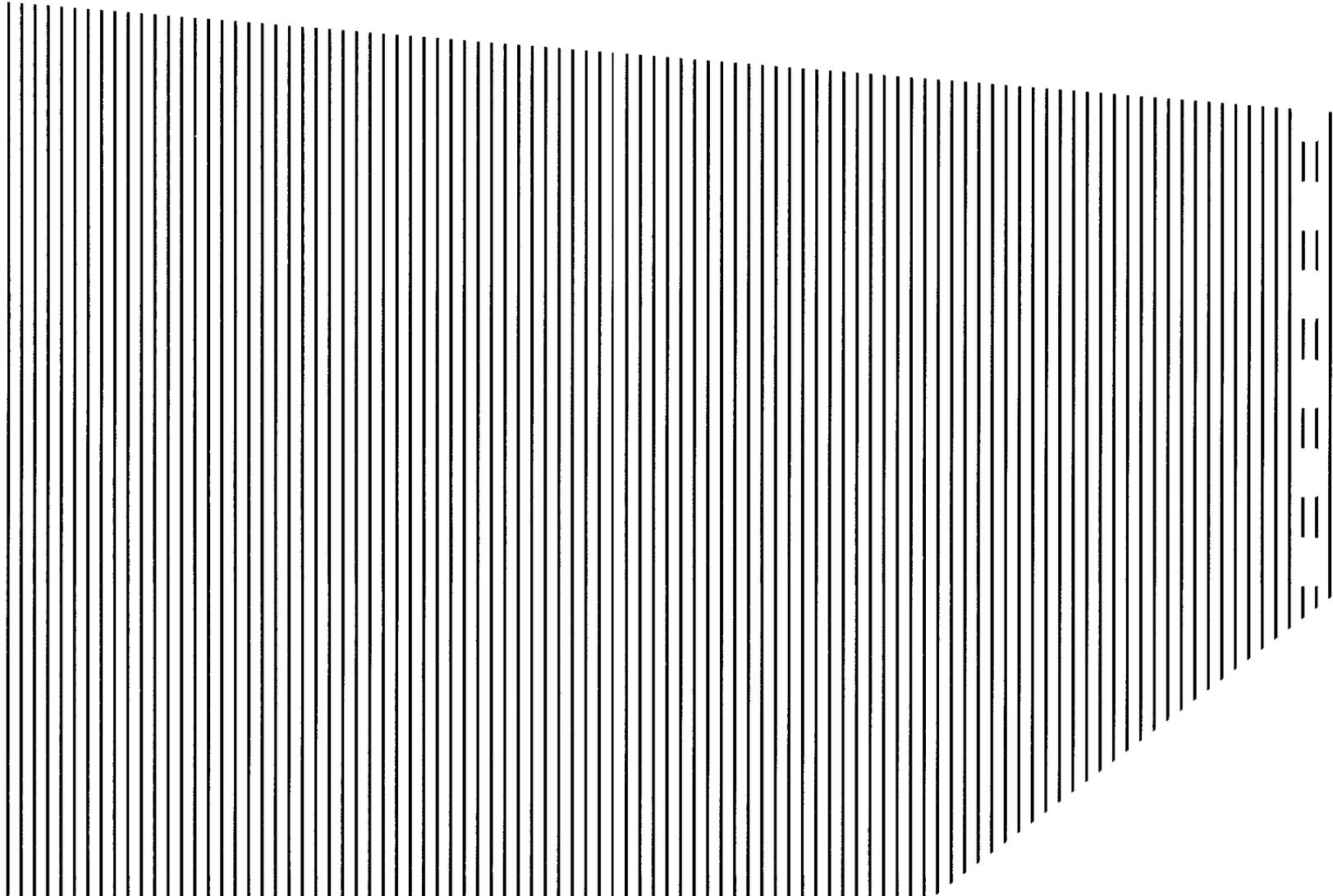
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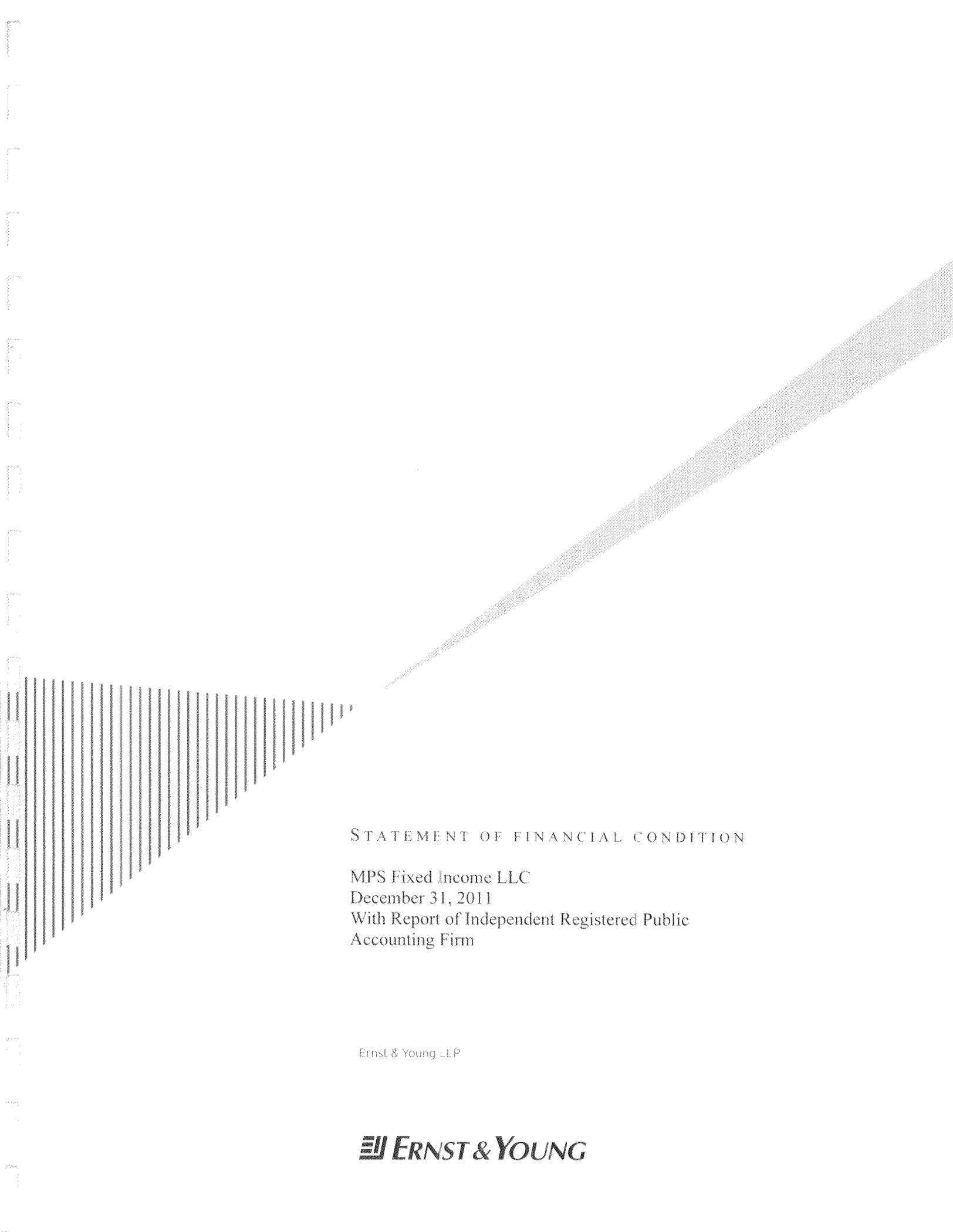
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STATEMENT OF FINANCIAL CONDITION

MPS Fixed Income LLC  
December 31, 2011  
With Report of Independent Registered Public  
Accounting Firm

Ernst & Young LLP

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