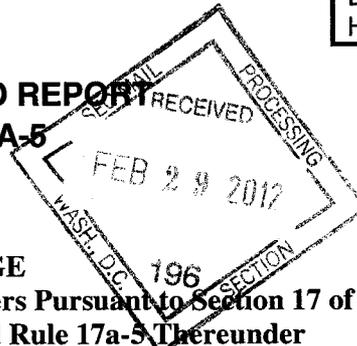




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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



SEC FILE NUMBER
8 - 51565

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:

ISI CAPITAL, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

747 THIRD AVENUE, SUITE 25B

(No. And Street)

NEW YORK,
(City)

NY
(State)

10017
(Zip Code)

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

MARK FRAKER

(212) 972-8300

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report *

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

5 West 37th Street, 4th Floor

(Address)

NEW YORK

(City)

NY

(State)

10018

(Zip Code)

CHECK ONE:

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

PUBLIC

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 basis for the exemption. See section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

4/4

OATH OR AFFIRMATION

I, MARK FRAKER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ISI CAPITAL, 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:

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 14th DAY OF February, 2012
BY MARK R. FRAKER

Mark Fraker
Signature

Carol J. Burton
NOTARY PUBLIC
Notary Public, State of New York
NO. 101806126892
Notary Public
Qualified in Kings County
Commission Expires May 16, 2013

MANAGING MEMBER
Title

This report ** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 or 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 previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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

FULVIO & ASSOCIATES, L.L.P.

JOHN FULVIO, CPA
SUSAN E. VAN VELSON, CPA
KENNETH S. WERNER, CPA

Certified Public Accountants

New York Office:
5 West 37th Street, 4th Floor
New York, New York 10018
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FAX: 203-857-0280

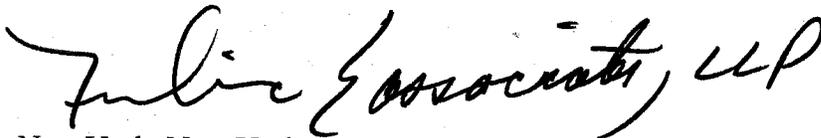
INDEPENDENT AUDITOR'S REPORT

To the Members of
ISI Capital, LLC:

We have audited the accompanying statement of financial condition of ISI Capital, LLC (the "Company"), as of December 31, 2011 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of ISI Capital, LLC as of December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.



New York, New York
February 24, 2012

ISI CAPITAL, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 33,704
Due from broker	150,000
Fixed assets, at cost (net of accumulated depreciation of \$74,679)	7,579
Prepaid expenses	24,090
Security deposit	<u>20,231</u>
TOTAL ASSETS	<u>\$ 235,604</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 21,197
Term loan	<u>6,808</u>
TOTAL LIABILITIES	<u>28,005</u>
Liabilities subordinated to the claims of general creditors	<u>64,000</u>
Members' equity	<u>143,599</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 235,604</u>

The accompanying notes are an integral part of this financial statement.

ISI CAPITAL, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2011

NOTE 1. ORGANIZATION

ISI Capital, LLC (the "Company") was organized on October 21, 1998 in the State of New York as a limited liability company, the Operating Agreement of which expires December 31, 2047. The Company, which began its operations in November 1999, became a registered general securities broker-dealer effective July 26, 1999, is subject to regulation by the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

Under the Company's original Operating Agreement, there were three classes of members: Class A, Class B and Class C. Class A members consist of the original members who formed and capitalized the Company. The Operating Agreement was amended effective January 22, 2001, to provide for Class D members. As of December 31, 2011, there are no Class B, C or D members.

The Operating Agreement provides for Class A members to share profits and distributions in proportion to their membership interests. The Operating Agreement further provides that the Managers, who shall be elected by the vote of Class A members holding at least two-thirds of the membership interest, may allocate to themselves or any member, whether by formula or otherwise, in their sole and absolute discretion, an amount, either as a distribution of profits, an expense of the business, or both, that represents reasonable compensation for services rendered. For the year ended December 31, 2011, these payments in the amount of \$36,000 are included in guaranteed payments to partners on the statement of operations.

The Company transacts business with institutional customers primarily located in the United States of America.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Securities transactions and the related revenues and expenses are recorded on a trade date basis.

Fair Value Measurement

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures bears no material effect on the financial statements as presented.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ISI CAPITAL, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2011
(continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 3. SIGNIFICANT GROUP CONCENTRATION OF RISK

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failures of the other party to a transaction to perform (counterparty risk) exceed the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the counterparty, primarily broker-dealers, banks and other financial institutions, with which it conducts business.

The clearing and depository operations for the Company's customer transactions are performed by its clearing broker pursuant to a clearance agreement. At December 31, 2011 the due from broker, as reflected on the statement of financial condition, consisted of a cash deposit due from this clearing broker.

NOTE 4. NET CAPITAL REQUIREMENTS

The Company is subject to SEC Uniform Net Capital 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 \$155,678, which was \$55,678 in excess of the required net capital of \$100,000.

NOTE 5. SUBORDINATED BORROWING

At December 31, 2011, the Company had a borrowing from a member under a subordination agreement as follows:

Subordinated loan agreement bearing interest at
4.13% per annum, due December 31, 2016 \$ 64,000

This borrowing is subordinated to the claims of general creditors, has been approved by FINRA, and is added to net capital in the net capital computation. Subordinated borrowings may only be repaid if, after giving effect to such repayment, the Company meets the SEC's and FINRA's minimum net capital requirements.

ISI CAPITAL, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2011
(continued)

NOTE 6. COMMITMENTS

On October 25, 2011 the Company entered into a lease amendment extending its lease on its main office space in New York City through December 31, 2014 with annual rental payments of \$95,368.

As of December 31, 2011, future minimum lease rental payments are as follows:

For the years ending December 31:	
2012	\$ 95,368
2013	95,368
2014	<u>95,368</u>
Total	<u>\$ 286,104</u>

The Company rents a second space on a month-to-month basis.

Occupancy expense was \$128,521 for the year ended December 31, 2011.

NOTE 7. TERM LOAN

On January 25, 2011, The Company modified an existing credit facility with Signature Bank and converted it into a Term Loan. The balance owed at that time, \$12,568, will be paid in twenty four monthly installments of \$524. Interest on the remaining principal will be charged at the rate of Prime plus 1%, with a floor of 5%. At December 31, 2011, \$6,808 was outstanding and is recorded on the statement of financial condition. The final monthly payment is due in January, 2013.

NOTE 8. INCOME TAXES

No provision for federal or state income taxes has been made since the Company is not a taxable entity. The members are individually liable for the taxes on their share of the Company's income or loss. The Company is, however, subject to the New York City Unincorporated Business Tax ("UBT"). Since the Company operated at a net loss for the year ended December 31, 2011, there is no provision for UBT for the year.

The Company has determined that there are no uncertain tax positions which require adjustment or disclosure on the financial statements. The tax years that remain subject to examination by taxing authorities are 2008, 2009 and 2010.

ISI CAPITAL, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2011
(continued)

NOTE 9. FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over three or five years, the estimated useful life of the related assets. Depreciation expense for the year ended December 31, 2011 was \$5,490.

Fixed assets consist of the following:

Computers and office equipment	\$ 73,720
Custom Software	8,538
Less: Accumulated depreciation	<u>(74,679)</u>
Net fixed assets	<u>\$ 7,579</u>

NOTE 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated and no events have been identified which require disclosure.