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Washington, D.C. 20549

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

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Section

FEB 29 2012

SEC FILE NUMBER
8-53212

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: **Natixis Derivatives Inc.**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
9 West 57th Street

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and street)
New York **New York** **10019**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Desmond Kenneally **(212) 698-3309**
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte and Touche LLP
(Name - if individual, state last, first, middle name)

Two World Financial Center **New York** **NY** **10281**
(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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- (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 Statement of Financial Condition with respect to methods of consolidation.
- (l) An Affirmation.
- (m) A copy of the SIPC Supplemental Report. (not required)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report of Internal Controls).

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

AFFIRMATION

I, Desmond Kenneally, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Natixis Derivatives Inc., (the "Company") as of and for the year ended December 31, 2011 are true and correct. I further affirm that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer.


Desmond Kenneally
Financial Principal

Subscribed to before me on
this 28th day of February 2012.


Notary Public

KHALED MOHIUDDIN
Notary Public - New York
Commission # 01MO6028843
Suffolk County
Commission Exp. August 09, 2013

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Washington, DC
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NATIXIS DERIVATIVES INC.
(SEC I.D. No. 8-53212)

**STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2011
AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTAL REPORT ON INTERNAL CONTROL**

**Filed pursuant to Rule 17a-5(e)(3)
under the Securities Exchange Act of 1934 as a
PUBLIC DOCUMENT.**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Natixis Derivatives Inc.

We have audited the accompanying statement of financial condition of Natixis Derivatives Inc. (the "Company") as of December 31, 2011, that you are filing pursuant to Rule 17a-12 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 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 financial statement, 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, such statement of financial condition presents fairly, in all material respects, the financial position of Natixis Derivatives Inc. at December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 28, 2012

Natixis Derivatives Inc.
Statement of Financial Condition
December 31, 2011
(In thousands of U.S. dollars, except share data)

Assets	
Cash	\$ 8,378
Securities purchased under agreements to resell	77,813
Securities borrowed	6,049
Securities owned, at fair value (includes \$8,041 of securities pledged)	53,143
Derivative contracts, unrealized gains at fair value	378,822
Deferred taxes, net	4,699
Other assets	16
Total assets	\$ 528,920
Liabilities and Stockholder's Equity	
<i>Liabilities</i>	
Borrowings from affiliates, net	\$ 18,212
Securities loaned	8,041
Securities sold, but not yet purchased, at fair value	5,516
Derivative contracts, unrealized losses at fair value	359,962
Other liabilities	26
<i>Total liabilities</i>	<u>391,757</u>
Liabilities subordinated to claims of general creditors	120,000
<i>Stockholder's equity</i>	
Preferred stock, \$0.01 par value, 1,000 shares authorized, no shares issued or outstanding	-
Common stock, \$0.01 par value; 9,000 shares authorized, 300 shares issued and outstanding	-
Additional paid-in capital	45,812
Accumulated deficit	(28,649)
<i>Total stockholder's equity</i>	<u>17,163</u>
Total liabilities and stockholder's equity	\$ 528,920

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

Natixis Derivatives Inc.
Notes to Statement of Financial Condition
December 31, 2011

1. Business and Organization

Natixis Derivatives Inc. (the "Company"), a Delaware corporation is registered with the Securities and Exchange Commission ("SEC") as an over-the-counter ("OTC") derivatives dealer, as defined by SEC Rule 3b-13, whose business consists of trading eligible OTC derivative instruments, together with related cash and portfolio management activities.

The Company is a wholly-owned subsidiary of Natixis North America LLC ("NNA") which in turn is a wholly owned subsidiary of Natixis US Holdings Inc. ("NUSHI"), a company incorporated in Delaware. NUSHI is an indirect wholly owned subsidiary of Natixis ("Natixis Paris"), an entity incorporated in Paris, France. Natixis Paris is a majority owned subsidiary of Group BPCE. The Company along with other affiliates comprise Natixis Paris corporate and investment banking activities in the United States.

2. Summary of Significant Accounting Policies

Basis of financial information

The statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The statement of financial condition is stated in U.S. dollars.

Use of estimates

The preparation of the statement of financial condition in conformity with GAAP 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 statement of financial condition. Actual results could differ from those estimates. Significant estimates generally include the valuation of derivative contracts, securities owned and securities sold but not yet purchased, at fair value and deferred taxes.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased and not held for resale, with an original or remaining maturity of three months or less at the time of purchase, to be cash equivalents. Amounts placed with affiliates are not considered cash and cash equivalents. As of December 31, 2011, there were no cash equivalents. At December 31, 2011, all cash balances were held at U.S. financial institutions. Cash on deposit with financial institutions may, at times, exceed federal insurance limits.

Securities sold under agreements to repurchase ("repurchase agreements") and securities purchased under agreements to resell ("reverse repurchase agreements")

Repurchase agreements and reverse repurchase agreements are recorded as collateralized financing transactions and are carried at the contract value, plus accrued interest, as specified in the respective agreements. It is the policy of the Company to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under the resale agreements. On a daily basis, the Company manages its credit risk by calculating the market value of each participant's positions and comparing it to the contract amounts with any difference settled by counterparty.

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

Securities owned, at fair value and securities sold, but not yet purchased, at fair value

The purchases and sales of securities owned and securities sold but not yet purchased are recorded at fair value on trade date in the statement of financial condition. Fair value is generally based on quoted market prices or dealer quotations.

Derivative contracts and other financial instrument transactions and valuation

Derivative contracts are recorded at fair value. Derivative contracts are recorded on trade date. Unrealized valuation gains and losses on derivative contracts are reported in derivative contracts, unrealized gains at fair value and derivative contracts, unrealized losses at fair value, respectively in the statement of financial condition. Fair value is based on listed market prices, third party broker-dealer price quotations or the Company's valuation models. To the extent listed or quoted prices are not readily available, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time. OTC derivative instruments are valued using pricing models that consider, among other factors, current and contractual market prices, time value and yield curves and/or volatility factors of the underlying positions, credit, liquidity and other factors, as well as applicable trigger events. Because of the inherent uncertainty of internal models or management's estimate of fair value, the fair value derived may differ significantly from the fair value that would have been used had a ready market existed. These differences could be material.

The Company has identified the valuation of financial instruments as a critical accounting policy due to the complex nature of certain of its products, the degree of judgment required to appropriately value these products and the impact of such valuation on the financial condition of the Company. The Company's financial instruments, other than those financial instruments recorded at contracted amounts, can be aggregated in three categories:

Level 1 - Financial instruments with fair values based on quoted market prices or for which the Company has independent external valuations

The Company's valuation policy is to use quoted market prices from securities and derivatives exchanges where they are available and reliable. Financial instruments valued based on quoted market prices are primarily exchange-traded derivatives and listed equities.

Level 2 - Financial instruments with fair value determined based on internally developed models or methodologies that employ data that are readily observable from objective sources

The second category consists of financial instruments for which the Company does not receive quoted prices; therefore, models or other methodologies are utilized to value these financial instruments. Such models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors and current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. A degree of subjectivity is required to determine appropriate models or methodologies as well as appropriate underlying assumptions.

This subjectivity makes these valuations inherently less reliable than quoted market prices. Financial instruments in this category include non-exchange-traded derivatives such as certain equity option contracts, interest rate swaps and equity swaps.

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

Level 3 - Financial instruments with fair value based on internally developed models or methodologies utilizing significant assumptions or other data that are generally less readily observable from objective sources

Certain complex financial instruments and other investments have significant data inputs that cannot be validated by reference to readily observable data. These instruments are typically illiquid, long dated or unique in nature and therefore require judgment by the Company.

The Company engages in an ongoing internal review of its valuation approach and practices. Typical approaches include valuation comparisons with external sources, comparisons with observed trading, comparisons of key model valuation inputs, independent trade modeling and a variety of other techniques.

Fair value of financial instruments

Substantially all of the Company's assets and liabilities are carried at fair value or contracted amounts which the Company believes approximate fair value. Assets which are recorded at contracted amounts approximating fair value consist largely of short-term secured receivables, including securities borrowed and certain other receivables. Similarly, the Company's short-term liabilities such as securities loaned, non-customer payables, and certain other payables are recorded at contracted amounts approximating fair value. These instruments generally have variable interest rates and short-term maturities, in many cases overnight, and accordingly, their fair values are not materially affected by changes in interest rates or market movements.

Concentrations of credit risk

The Company clears its equity and listed option transactions through Natixis Securities Americas LLC ("NSA LLC"), an affiliated broker dealer. The activities may expose the Company to risk in the event that the securities transaction counterparties, including the clearing broker, other broker-dealers and depositories or banks, are unable to fulfill their contractual obligations. The Company's policy is to monitor its credit risk through the process of reviewing, as considered necessary, the credit of each counterparty with which it conducts business on a periodic basis.

Securities borrowed and securities loaned

Securities borrowed and securities loaned are recorded based upon the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash with the lender while for securities loaned, the Company receives collateral in the form of cash. The amount of collateral required to be deposited for securities borrowed, or received for securities loaned, is an amount generally in excess of the market value of the applicable securities borrowed or loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or excess collateral retrieved, as applicable. Accrued interest on these transactions is recorded within accrued interest receivable or payable in the statement of financial condition.

Short term deposits and borrowings

Short term deposits and borrowings are carried at the principal amount deposited or borrowed plus accrued interest. These amounts are generally transacted with affiliates.

Income taxes

Deferred income taxes are computed for the differences between the financial reporting and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

tax laws and rates applicable to the periods in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized.

The Company's results of operations are included in the consolidated federal and combined state and local income tax returns filed by NUSHI. Pursuant to a tax sharing arrangement, NUSHI allocates to the Company, under a parent down approach, its share of the consolidated tax expense or benefit based upon statutory rates applied to the Company's earnings as if it were filing separate tax returns. Deferred and current tax benefits are credited to each company in the consolidated filing group to the extent such benefits can ultimately be utilized by other consolidated filing group members regardless of whether such benefits could ultimately be realized on a stand-alone basis. The need for a valuation allowance is determined at the NUSHI level rather than at the level of the individual entities that comprise the consolidated filing group. Amounts receivable or payable with NNA, and ultimately NUSHI, related to the Company's current tax provision are settled periodically through inter-company accounts.

The Company's policy is to evaluate uncertain tax positions based on the estimated likelihood that a tax position will be sustained upon examination. Unrecognized tax benefits are reassessed periodically to determine if a change is needed based on current information.

3. Recently Issued Accounting Pronouncements

Disclosures about Offsetting Assets and Liabilities

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11, *Disclosures about Offsetting Assets and Liabilities* which amends Accounting Standards Codification Topic 210 to add new disclosure requirements regarding the nature of an entity's right of setoff and related arrangements associated with financial instruments and derivatives. The amendments in this ASU will enhance disclosure required under US GAAP by requiring improved information about financial instruments and derivative instruments that offset in accordance with existing requirements or are subject to an enforceable master netting arrangement or similar agreement. The new disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013. The Company is assessing the impact of adopting this ASU on its statement of financial condition.

Presentation of Comprehensive Income

In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income* which amends Accounting Standards Codification Topic 220 to revise the manner in which an entity reports comprehensive income in its financial statements. This ASU requires an entity to report comprehensive income either in a continuous statement of comprehensive income or in separate but consecutive statements. This ASU does not change the components of comprehensive income. This ASU is effective for fiscal years beginning on or after December 15, 2012. The Company is assessing the impact of adopting this ASU on its statement of financial condition.

In December 2011, the FASB issued ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05* which indefinitely defers the requirement to present the reclassification adjustments

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

out of comprehensive income by component in both the statement in which net income is presented and in the statement in which comprehensive income is presented.

Reconsideration of Effective Control for Repurchase Agreements

In April 2011, the FASB issued ASU 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* which amends Accounting Standards Codification Topic 860 by eliminating the requirement for an entity to consider whether a transferor (i.e., the seller) has the ability to repurchase the financial asset in a repurchase agreement transaction. This ASU is effective for reporting periods beginning on or after December 15, 2011 and should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The Company is assessing the impact of adopting this ASU on its statement of financial condition.

Disclosures about Fair Value Measurements

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosures Requirements in US GAAP and IFRS*, which amends Accounting Standards Codification Topic 820. This ASU requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, this ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. This ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. This ASU is effective for reporting periods beginning after December 15, 2011. The Company is currently assessing the impact of adopting this ASU on its statement of financial condition.

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2010-06, *Fair Value Measurements and Disclosures*, which amends Accounting Standards Codification Topic 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 financial instruments. It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The disclosures required under this ASU became effective for the Company on January 1, 2011. The adoption of this ASU did not have a material effect on the Company’s statement of financial condition. The additional disclosure is included in Note 6.

4. Derivative Contracts

In the normal course of business, the Company enters into transactions involving derivatives with off-balance sheet risk including interest rate swaps, equity swaps and options and futures. These financial instruments are held for OTC derivative dealing purposes and to manage the Company’s own exposure to market and interest rate risk.

Futures contracts are standardized exchange-traded agreements which provide for the delayed delivery or receipt of the underlying, in the case physical settlement is required, or cash, when non-physical settlement is required, with the seller agreeing to make delivery at a specified future date, at a specified price or yield. The credit risk associated with futures contracts is limited due to the daily

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

settlement of open contracts with the clearing corporation of the exchange on which the instrument is traded.

Equity options are either negotiated over-the-counter or are standardized contracts executed on an exchange. An option contract provides the holder the right, but not the obligation, to purchase from or sell to the option writer an underlying financial instrument at a specified price within a specified period of time. As a writer of options, the Company receives a premium for bearing the risk of an unfavorable change in the price of the financial instrument underlying the option. When the Company purchases an option contract, it pays a premium for the right to buy or sell a financial instrument within a specified period of time or on a specific date.

Interest rate and equity swaps are transactions that generally involve the exchange of fixed and floating interest rate or equity obligations without the exchange of the underlying principal amounts. Risk arises from the potential inability of exchanges or counterparties to perform under the terms of the contracts and from changes in securities' values and interest rates. The Company manages the risk by monitoring the fair value of the contracted securities or financial instruments and reviewing the creditworthiness of counterparties.

The Company's exposure to credit risk associated with counterparty nonperformance is generally limited to the fair value of the amounts reflected in the Company's statement of financial condition. The gross number of derivative contracts is used to express the volume of these transactions and do not represent the amounts potentially subject to market or credit risk. In addition, management believes the measurement of market risk is meaningful only when all related and offsetting transactions are taken into consideration.

The fair value and number of open contracts of the Company's derivative exposures by major product type on a gross basis as of December 31, 2011 consisted of the following (in thousands of U.S. dollars, except number of contracts):

	Derivative Assets	Derivative Liabilities	Number of Contracts
Equity options contracts	\$ 361,396	359,858	97
Credit default swaps	68	104	4
Interest rate swaps	17,358	-	4
	<u>\$ 378,822</u>	<u>\$ 359,962</u>	<u>105</u>

Included in equity options contracts are listed equity options owned, at fair value of \$2.7 million that are pledged to the clearing broker which is included in derivative assets in the foregoing table.

In connection with its derivative activities, the Company pledges or receives collateral as required. Collateral received and pledged is recorded gross in the statement of financial condition in other assets. At December 31, 2011, the amount of received cash collateral received or paid was not significant.

The Company may enter into written equity put options that meet the definition of a guarantee. The accounting principles do not require disclosure about derivative contracts if such contracts may be settled in cash and the Company has no basis to conclude that it is probable that the counterparties held, at inception, the underlying instruments related to the derivative contracts. As of December 31,

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

2011, the total notional amount and fair value of these derivatives was \$32.9 million and \$1.8 million, respectively. The fair value of these derivatives is recorded in derivative contracts, unrealized gains at fair value in the statement of financial condition.

5. Securities Owned, at Fair Value and Securities Sold, But Not Yet Purchased, at Fair Value

Securities owned and securities sold, but not yet purchased, at fair value consist primarily of equity securities at fair value. The Company's agreement with its clearing broker permits the clearing broker to use the Company's securities owned as collateral for borrowings, for securities sold not yet purchased and related activities. Securities owned may also include securities pledged as collateral for securities lending transactions where the counterparty has the right to sell or re-pledge the securities.

Securities sold, but not yet purchased, represent obligations of the Company to deliver specified equity securities, thereby creating a liability to purchase those securities at current market prices. The Company has recorded these liabilities in the statement of financial condition as of December 31, 2011 at fair value. However, these transactions may result in additional risk if the fair value of the securities changes subsequent to December 31, 2011. The Company seeks to limit this risk by holding offsetting securities positions or other financial instruments.

6. Fair Value Measurement

The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

A review of fair value hierarchy classifications is conducted on an annual basis. Changes in the observability of valuation inputs may result in the reclassification of certain financial assets or liabilities.

The Company's cash instruments and listed options are generally classified within level 1 or level 2 of the fair value hierarchy because they are valued using quoted market prices from securities and derivatives exchanges, dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The Company does not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market-clearing transactions, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Where models are used, the selection of a particular model to value an OTC derivative depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

inputs. OTC derivatives are classified within level 2 of the fair value hierarchy when the significant inputs can be corroborated to market evidence.

The following table presents 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 Measurements on a Recurring Basis as of December 31, 2011 (in thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
<i>Assets:</i>				
Securities owned, at fair value	\$ 53,143	\$ -	\$ -	\$ 53,143
Derivative contracts, unrealized gains at fair value	2,706	376,117	-	378,822
<i>Liabilities:</i>				
Securities sold, but not yet purchased, at fair value	\$ 5,516	\$ -	\$ -	\$ 5,516
Derivative contracts, unrealized losses at fair value	6,045	353,917	-	359,962

There were no transfers between Level 1, Level 2, or Level 3 during the year ended December 31, 2011.

7. Related Party Transactions

In its normal course of business, the Company executes securities borrowing and lending transactions with NSA LLC, an affiliated broker dealer. At December 31, 2011, the amounts outstanding under securities borrowed and securities loaned transactions with NSA LLC were \$6.0 million and \$8.0 million respectively. Additional information regarding collateral received in connection with these securities borrowing transactions is provided within Note 11.

During the year ended December 31, 2011, the Company entered into a reverse repurchase transaction with Natixis Financial Products LLC ("Natixis FP"). The outstanding amount as of December 31, 2011 totaled \$77.8 million, with an interest rate below 1%. This amount is included in securities purchased under agreements to resell in the statement of financial condition.

In conjunction with a formal netting arrangement between the Company and other subsidiaries of NNA, all receivables and payables with affiliates, including short term deposits and borrowings are settled on a net basis. At December 31, 2011, the Company recorded a net payable of \$18.6 million, all of which is with Natixis FP. This amount is recorded within borrowings from affiliates, net, in the statement of financial condition.

The Company has a \$120.0 million subordinated loan from NNA that has a scheduled maturity date of May 15, 2015 and accrues interest at three-month LIBOR plus 25 basis points. The Company estimates that the fair value of its subordinated loan approximates its carrying value.

The Company and Natixis Paris entered into a guarantee agreement whereby all of the Company's market obligations are fully guaranteed by Natixis Paris.

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

8. Employee Benefit Plans and Employee Incentive Plan

Employees of the Company participate in a 401(k) plan sponsored by NNA. Participation commences at the beginning of the first quarter following the completion of three months of service. The Company contributes a discretionary contribution of up to the maximum amount permitted by the Internal Revenue Code. The matching portion vests in equal amounts over a three-year period.

The Company's employees also participate in a noncontributory qualified defined benefit pension plan sponsored by NNA. NNA's defined benefit pension plan does not separately identify projected benefit obligations and plan assets attributable to employees of participating affiliates. Effective January 1, 2012, the NNA defined benefit pension plan merged with the Pension Plan for Employees of Natixis. NNA is the sponsor of this merged plan. The merger had no effect on the provisions of either defined benefit plan.

Certain employees are eligible to receive awards under the Natixis Employee Retention and Performance Plan ("PRP Plan"). Awards may be granted annually in March and may be granted in the form of Conditional Value Units ("CVUs"), Deferred Conditional Bonus ("DCBs") and Deferred Value Units ("DVUs"). The value of these awards is expressed in Euros at the grant date and payable to the employee in US dollars based on prevailing exchange rate methodology as described in the PRP document. Further as the future value of some of these awards may be based on the value of Natixis Paris common stock and foreign exchange rates in effect at the time of payment, the employee retains the currency and equity risk inherent in these awards. The awards are subject to certain performance and vesting conditions as outlined in the PRP Plan documents. The Company accrues the value of the awards over the period the employee renders the required service. The following is a brief description of each award:

- CVU – the value of a CVU is determined as the arithmetic mean of the 20 closing prices of Natixis Paris listed stock prior to the annual vesting date. A CVU is not an equity instrument and does not grant the employee any equity ownership privileges in Natixis Paris. An employee vests in their CVU over a 3 year period from grant date. Vested amounts are paid to the employee annually.
- DCB – represents a deferred cash award granted the employee. This award accrues interest over each annual vesting period based on the 12 month Euribor rate in effect at the business day preceding the commencement of the annual vesting period. An employee vests in their DCB award over a 3 year vesting period from grant date. The vested amount is paid to the employee annually.
- DVU – the value of a DVU is determined as the arithmetic mean of the 20 closing prices of Natixis Paris listed stock prior to the vesting date. A DVU is not an equity instrument and does not grant the employee any equity ownership privileges in Natixis Paris. An employee fully vests in their DVU over a six month period from grant date and is paid the entire vested amount shortly thereafter.

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

9. Income Taxes

At December 31, 2011, the significant components of the Company's net deferred tax assets are set forth below (in thousands of U.S. dollars):

Deferred tax asset	
Net operating losses	\$ 4,894
Valuation allowance	(195)
Deferred taxes, net	<u>\$ 4,699</u>

The Company has recorded a receivable from NNA of \$0.7 million related to current taxes which is included in borrowings from affiliates, net, in the accompanying statement of financial condition.

At December 31, 2011, the Company has federal net operating losses carried forward of approximately \$11.2 million, which will expire as follows: \$0.3 million in 2027, \$8.6 million in 2028 and \$2.3 million in 2029. At December 31, 2011, the Company has state net operating losses carried forward of approximately \$15.6 million, which will expire as follows: \$1.5 million in 2027, \$11.2 million in 2028, \$2.5 million in 2029 and \$0.4 million in 2030. At December 31, 2011, the Company has local net operating losses carried forward of approximately \$2.5 million which will expire in 2029.

In accordance with the realization criteria established by ASC 740, *Accounting for Income Taxes*, a valuation allowance of \$0.2 million has been recorded against the deferred tax asset at December 31, 2011 representing the amount of state and local net operating losses carried forward by the Company, for which no benefit is expected in the future. Except for the foregoing valuation allowance, the Company believes it is more likely than not that the NUSHI consolidated federal and combined state and local filing groups will have sufficient taxable income in future years to absorb the net operating loss carryforwards and other temporary differences when these items become deductible for tax purposes.

The Company's federal, state and local income tax returns as part of the NNA group through the effective reorganization date of July 1, 2010 and NUSHI group thereafter are routinely subject to examination from various governmental taxing authorities. The Internal Revenue Service is currently examining the NNA tax returns for years 2008 through July 1, 2010. The Company's New York State tax returns after 2007 may be examined. In addition, New York City is currently examining NNA's tax returns for years 2006 through 2008. It is not possible to estimate when the current examinations may be completed.

The Company does not expect unrecognized tax benefits to change significantly during the twelve months subsequent to December 31, 2011.

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
December 31, 2011

10. Regulatory Requirements

The Company is a registered U.S. broker-dealer, which is subject to the SEC's Uniform Net Capital Rule, and has been granted permission by the SEC to compute its regulatory net capital in accordance with Appendix F of that rule. Under this method, the Company's required minimum net capital is \$20.0 million under Rule 15c3-1. As of December 31, 2011, the Company had regulatory net capital, as defined, of \$132.0 million, which exceeded the minimum net capital requirement, as defined, by \$112.0 million.

The aforementioned subordinated loan qualifies as equity capital for regulatory purposes. The subordinated loan may only be repaid if the Company is in compliance with various terms of the SEC's Uniform Net Capital Rule.

11. Collateral Arrangements

The Company receives securities in connection with its secured financing activities. These securities may be used to enter into securities lending transactions or to cover short positions. As of December 31, 2011, the fair value of securities received by the Company that it was permitted to sell or re-pledge was approximately \$83.8 million of which includes \$5.5 million that has been re-pledged to cover short sales and securities loaned.

12. Off-Balance Sheet Risk

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

As part of the Company's financing and securities settlement activities, the Company uses securities as collateral to support various secured financing sources. In the event the counterparty is unable to meet its contractual obligation to return securities pledged as collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its obligations. The Company controls this risk by monitoring the market value of financial instruments pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure.

The Company clears all of its securities and listed options transactions through NSA LLC. Pursuant to the terms of the agreement between the Company and the clearing broker, the clearing broker has the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2011, the Company has recorded no liabilities with regard to the right. In addition, the Company has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations. The Company monitors the credit standing of the clearing broker and all counterparties with whom it conducts business.

In the normal course of business, the Company may enter into contracts that contain a variety of representations and warranties, which provide general indemnifications. The Company's maximum

Natixis Derivatives Inc.
Notes to Statement of Financial Condition, continued
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exposure under these arrangements is unknown as this would involve future claims against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

In the normal course of business, the Company may be named as a defendant in various lawsuits and may be involved in certain investigations and proceedings. Some of these matters may involve claims of substantial amounts. It is the opinion of management, after consultation with counsel, that there are no matters pending against the Company that could have a material adverse effect on the statement of financial condition of the Company at December 31, 2011.

13. Subsequent Events

The Company evaluates subsequent events through the date the statement of financial condition is issued. The Company did not have any subsequent events requiring disclosure or adjustment to the statement of financial condition.

February 28, 2012

Natixis Derivatives Inc.
9 West 57th Street
New York, NY 10019

In planning and performing our audit of the financial statements of Natixis Derivatives Inc. (the "Company") as of and for the year ended December 31, 2011 (on which we issued our report dated February 28, 2012 and such report expressed an unqualified opinion on those financial statements), 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 an 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-12(h)(1) of the Securities and Exchange Commission (the "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 compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-12(h)(1) in making the periodic computations of net capital under 15c3-1.

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 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 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-12(h) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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 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 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 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 17a-12(h) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche WP