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

SEC FILE NUMBER
8-68021

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: Execution Access, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

165 BROADWAY 51<sup>ST</sup> FLOOR  
(No. and Street)  
NEW YORK NY 10006  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Venu Palaparthi (212) 401 8780  
(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.

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)

44  
4/4/12

OATH OR AFFIRMATION

I, Venu Palaparthi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Execution Access, 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  
Chief Compliance Officer  
Title

[Signature]  
Notary Public

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).

JEFFREY M MOY  
NOTARY PUBLIC STATE OF NEW YORK  
KINGS COUNTY  
LIC. #01MO6067860  
COMM. EXP. MARCH 8, 2014



STATEMENT OF FINANCIAL CONDITION

Execution Access, LLC

December 31, 2011

With Report of Independent Registered Public Accounting  
Firm

Ernst & Young LLP

 **ERNST & YOUNG**

Execution Access, LLC

Statement of Financial Condition

December 31, 2011

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Facing Page and Oath or Affirmation

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## Report of Independent Registered Public Accounting Firm

The Member of  
Execution Access, LLC

We have audited the accompanying statement of financial condition of Execution Access, 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 Execution Access, LLC at December 31, 2011, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 27, 2012

Execution Access, LLC  
Statement of Financial Condition

December 31, 2011

<b>Assets</b>	
Cash	\$ 252,034
<b>Liabilities and member's equity</b>	
Liabilities:	
Payables to affiliates	<u>\$ 9,360</u>
Member's equity	<u>242,674</u>
Total liabilities and member's equity	<u><u>\$ 252,034</u></u>

*See accompanying notes to the statement of financial condition.*

## Execution Access, LLC

### Notes to Statement of Financial Condition

December 31, 2011

#### **1. Organization and Description of the Business**

Execution Access, LLC (the Company), a Delaware limited liability company (LLC), is a limited purpose non-trading broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). The Company is also registered as a broker-dealer in the states of Colorado, Illinois and New York. The Company is subject to regulation by the SEC, FINRA, and the state securities regulators in the aforementioned states.

The Company's sole member is Exchange Access LLC (Exchange Access), the sole member of Exchange Access is EA LLC (EA), and the sole member of EA is FTEN, Inc. (FTEN), a Delaware corporation. In December 2010, FTEN merged with Falcon Acquisition Sub Corp., a Delaware corporation and a wholly owned subsidiary of The NASDAQ OMX Group, Inc. (NASDAQ OMX). As a result of the merger, NASDAQ OMX became the sole shareholder of FTEN, and the Company became an indirect, wholly owned subsidiary of NASDAQ OMX.

#### *Activity and Regulation of Execution Access, LLC*

The Company has an agreement with FTEN to sublicense proprietary VelocityXpress technology to its clients. VelocityXpress is a directed order only routing platform which allows the Company's clients to pay transaction-based fees to route directed order transactions. These clients are institutional firms, broker-dealers and private equity funds. In connection with providing clients VelocityXpress, the Company: (i) does not make any markets; (ii) does not distribute any securities products; (iii) does not take any proprietary positions; (iv) does not affect transactions in commodities, commodity futures, commodity options, or otherwise engage in other non-securities business; (v) does not hold or maintain funds or securities or provide clearing services for other broker-dealers; and (vi) does not enter into any contractual commitments with regard to securities. The Company relies on FTEN to generate demand for VelocityXpress.

The Company claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 (Rule 15c3-3) pursuant to paragraph (k)(2)(i) of Rule 15c3-3.

During 2011, all contracts pursuant to which the Company provided VelocityXpress to clients, and collected transaction-based fees, lapsed or were terminated. Therefore, the Company is not operational as of December 31, 2011.

## Execution Access, LLC

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

#### **2. Summary of Significant Accounting Policies**

##### **Use of Estimates**

The preparation of the Company's statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its statement of financial condition are reasonable and prudent. Actual results could differ from those estimates and assumptions.

##### **Cash**

The Company's cash is held by Citibank, N.A., (Citibank). Bankruptcy or insolvency may cause the Company's rights with respect to the cash held by Citibank to be delayed or limited. The Company monitors its risk by monitoring the credit quality of Citibank and its subsidiaries. The Citibank account is a noninterest bearing account.

##### **Income Taxes**

The Company's operating results are included in the federal, state and local income tax returns filed by NASDAQ OMX. The Company uses the asset and liability method to provide income taxes on all transactions recorded in the consolidated NASDAQ OMX financial statements. Deferred tax assets and liabilities are determined based on differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities (i.e., temporary differences) and are measured at the enacted rates that will be in effect when these differences are realized. If necessary, a valuation allowance is established to reduce deferred tax assets to the amount that is more likely than not to be realized.

In order to recognize and measure our unrecognized tax benefits, management determines whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the recognition thresholds, the position is measured to determine the amount of benefit to be recognized in the statement of financial condition

At December 31, 2011, the Company has accrued no interest and/or penalties related to income tax matters.



## Execution Access, LLC

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

#### **3. Related-Party Transactions**

Pursuant to an agreement between the Company and FTEN dated October 1, 2008 as amended July 21, 2009 (together, the License Agreement), the Company has agreed to pay FTEN a monthly fee per end-client that is, during any portion of the month, using VelocityXpress technology.

Pursuant to an agreement between the Company and The Nasdaq Stock Market (Nasdaq) dated January 1, 2011 (the Services Agreement), the Company has agreed to pay Nasdaq a monthly fee for support services, including but not limited to, finance administration, human resources, technology and management support provided by Nasdaq to the Company.

Certain expenses of the Company are settled on its behalf by NASDAQ OMX or NASDAQ OMX's other subsidiaries. These expenses are then allocated to the Company through intercompany charges, resulting in amounts due to affiliates.

At December 31, 2011, the Company's payable balance to FTEN was settled, in part, through a non-cash capital contribution of \$130,218.

At December 31, 2011, \$9,360 was remaining as a payable to affiliates. Intercompany balances are settled on a periodic basis.

#### **4. Income Taxes**

The Company's operating results are included in the federal, state and local income tax returns filed by NASDAQ OMX. For income tax purposes, the Company is disregarded as an entity separate from its owner, FTEN, pursuant to U.S. Income Tax Regulations Sec. 301.7701-3(b)(1)(ii). As a single-member LLC, the Company records taxes on a separate company basis as if it were a separate tax payer.

As of December 31, 2011, the Company reports net operating losses and as such, no tax provision is recorded based on a separate return basis.

As of December 31, 2011, the Company had a deferred tax asset of \$37,813 due to operating losses. The Company recorded a full valuation allowance against its deferred tax asset as a result of its expected inability to utilize the losses on a separate return basis.

## Execution Access, LLC

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

#### **4. Income Taxes (continued)**

For periods after December 23, 2010, the Company's operating results are included in the federal and state income tax returns filed by NASDAQ OMX. NASDAQ OMX and its eligible subsidiaries file a consolidated U.S. federal income tax return and applicable state and local income tax returns. The NASDAQ OMX's federal return for the year 2010 will be audited by the Internal Revenue Service in 2012 and is subject to audit by the respective state tax authorities for years 2007-2010. For the periods prior to December 23, 2010, the Company's operating results were included in the federal and state income tax returns filed by FTEN. FTEN's operating federal income tax returns for the years 2008 – 2010 are subject to examination by the Internal Revenue Service and state and local returns are subject to audits by the respective state tax authorities for years 2007 – 2010.

#### **5. Regulatory Requirements**

The Company is subject to the Securities and Exchange Commission 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 \$242,674, which was \$237,674 in excess of its required net capital of \$5,000. Advances to affiliates, dividend payments and other equity withdrawals are subject to certain notification and other requirements of SEC Rule 15c3-1 and other regulatory bodies. The Company's percentage of aggregate indebtedness to net capital is 3.86%.

#### **6. Commitments and Contingent Liabilities**

##### **Brokerage Activities**

The Company is a limited purpose non-trading broker-dealer that (i) does not make any markets; (ii) does not distribute any securities products; (iii) does not take any proprietary positions; (iv) does not affect transactions in commodities, commodity futures, commodity options, or otherwise engage in other non-securities business; (v) does not hold or maintain funds or securities or provide clearing services for other broker-dealers; and (vi) does not enter any contractual commitments with regard to securities. The broker-dealer registration provides the Company with the ability to charge and collect transaction-based fees from clients who use VelocityXpress.

## Execution Access, LLC

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

#### **6. Commitments and Contingent Liabilities (continued)**

##### **General Litigation and Regulatory Matters**

The Company may be subject to claims as well as reviews by self-regulatory agencies arising out of the conduct of its business.

Management is not aware of any unasserted claims or assessments that would have a material adverse effect on the financial position and the results of operations of the Company. The SEC and FINRA adopt rules and examine broker-dealers and require strict compliance with their rules and regulations. The SEC, SROs and state securities commissions may conduct administrative proceedings which can result in censures, fines, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, its officers or employees. The SEC and state regulators may also institute proceedings against broker-dealers seeking an injunction or other sanction. The SEC and SRO rules cover many aspects of a broker-dealer's business, including capital structure and withdrawals, sales methods, trade practices among broker-dealers, use and safekeeping of customers' funds and securities, record-keeping, the financing of customers' purchases, broker-dealer and employee registration and the conduct of directors, officers and employees. All broker-dealers have an SRO that is assigned by the SEC as the broker-dealer's designated examining authority, or DEA. The DEA is responsible for examining a broker-dealer for compliance with the SEC's financial responsibility rules. FINRA is the Company's current DEA. A failure to comply with the SEC's request in a satisfactory manner may have adverse consequences, and changing the Company's DEA may entail additional regulatory costs.

##### **7. Fair Value of Financial Instruments**

The Company's assets and liabilities are recorded at fair value or at amounts that approximate fair value. The carrying amounts reported in the statement of financial condition for the Company's financial instruments closely approximate their fair values due to the short-term nature of these assets.

##### **8. Subsequent Events**

We have evaluated our subsequent events and there are no known events that require disclosure.

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Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 144,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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