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

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SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
FEB 28 2012  
REGISTRATIONS BRANCH  
08 Information Required

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

SEC FILE NUMBER  
8-66447

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 1/1/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:  
**MERRILL LYNCH FINANCIAL MARKETS, INC.**

OFFICIAL USE ONLY  
200826092  
FIRM ID. NO.

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

**One Bryant Park**

(No. and Street)

**New York**

(City)

**New York**

(State)

**10036**

(Zip Code)

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

**Curtis W Cariddi**

**(212) 449 - 2303**

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**PricewaterhouseCoopers LLP**

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

(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).

**AFFIRMATION**

I, Curtis W. Cariddi, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedule pertaining to Merrill Lynch Financial Markets, Inc. (the "Company") as of and for the period ended December 31, 2011, are true and correct. I further affirm that neither the Company nor any officer or director has any principal interest in any account classified solely as that of a customer.

Curtis W. Cariddi

2/27/12

Date

Subscribed and sworn to before me  
on this 27 day of February, 2012

Trafenna M Palmer  
Notary Public

**TRAFENNA M PALMER**  
**Notary Public - State of New York**  
**No. 01PA6143569**  
**Qualified in Nassau County**  
**My Commission Expires Apr. 10, 2014**

# MERRILL LYNCH FINANCIAL MARKETS, INC.

## BALANCE SHEET

AS OF DECEMBER 31, 2011 (Dollars in Thousands, Except Per Share Amount)

<b>ASSETS</b>	
<i>Cash</i>	\$ 3,508
<i>Receivables Under Resale Agreements</i>	1,000,000
<i>Trading assets, at fair value</i>	
Equities	\$ 124,949
Derivative contracts	<u>61,375</u>
	186,324
<i>Receivables from affiliated companies</i>	76,568
<i>Other receivables</i>	
Interest and other	<u>183,729</u>
	<u>183,729</u>
<b>Total Assets</b>	<b>\$ <u>1,450,129</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
<b>Liabilities</b>	
<i>Trading liabilities, at fair value</i>	
Equities	\$ 37,688
Derivative contracts	<u>115,383</u>
	153,071
<i>Payables to affiliated companies</i>	366,794
<i>Other payables</i>	
Customers	53,526
Interest and other	<u>11,201</u>
	<u>64,727</u>
<i>Subordinated borrowings</i>	100,000
<b>Stockholder's Equity</b>	
Common stock, par value \$100; 1,200 shares authorized; 10 shares issued and outstanding	1
Paid-in capital	730,572
Retained earnings	<u>34,964</u>
<b>Total Stockholder's Equity</b>	<b><u>765,537</u></b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ <u>1,450,129</u></b>

The accompanying notes are an integral part of this financial statement