

SECURITIES AND EXCHANGE COMMISSION
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- *6881 686090*

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 01/01/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MBS CAPITAL MARKETS, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4890 W KENNEDY BOULEVARD ; Suite 288
(No. and Street)
TAMPA FLORIDA 33609
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
EDWIN M BULLEIT ; MANAGING Member (813) 281-2700
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
MAYER HOFFMAN MCCANN P.C.
(Name - if individual, state last, first, middle name)
13577 FEATHER SOUND Drive Suite 400 CLEARWATER Florida 33762
(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)

OATH OR AFFIRMATION

I, EDWIN M BULLETT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MBS CAPITAL MARKETS, LLC, as of December 31, 2011, 20 11, 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:

NONE

[Signature]
Signature

MANAGING MEMBER / COMPLIANCE OFFICER
Title

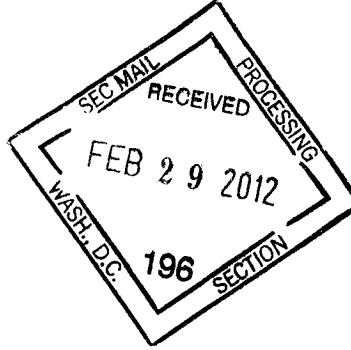
[Signature]
Notary Public



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).



MBS CAPITAL MARKETS, LLC

**Financial Statements
and
Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934**

December 31, 2011

(With Report of Independent Registered Public Accounting Firm Thereon)

MBS CAPITAL MARKETS, LLC

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

KRMT Tampa Bay Division

13577 Feather Sound Drive, Suite 400

Clearwater, FL 33762

Phone: 727.572.1400 • 813.879.1400

Fax: 727.571.1933

www.mhm-pc.com

Report of Independent Registered Public Accounting Firm

To the Members of
MBS Capital Markets, LLC:

We have audited the accompanying statement of financial condition of MBS Capital Markets, LLC (the Company) as of December 31, 2011, and the related statements of income and members' equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 statements are 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements referred to above present fairly, in all material respects, the financial position of MBS Capital Markets, LLC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

February 29, 2012
Clearwater, Florida

MBS CAPITAL MARKETS, LLC

Statement of Financial Condition

December 31, 2011

Assets

Cash and cash equivalents	\$	1,787,958
Deposits with clearing agency		150,000
Accounts receivable		208,035
Other assets		18,540
Marketable securities, at fair value		<u>791,615</u>
	\$	<u>2,956,148</u>

Liabilities and Members' Equity

Liabilities:

Accounts payable	\$	46,739
Other liabilities		508,013
Due to related party		<u>195,000</u>

Total liabilities 749,752

Members' equity 2,206,396

Total liabilities and members' equity \$ 2,956,148

MBS CAPITAL MARKETS, LLC
Statement of Income and Members' Equity
For the Year Ended December 31, 2011

Revenue:	
Placement	\$ 603,488
Advisory	376,650
Underwriting	452,790
Other	<u>108,229</u>
	<u>1,541,157</u>
Expenses:	
Employee compensation and benefits	196,950
Other expenses	<u>491,109</u>
	<u>688,059</u>
Net income	853,098
Members' equity at beginning of year	123,298
Member contributions	<u>1,230,000</u>
Members' equity at end of year	<u><u>\$ 2,206,396</u></u>

MBS CAPITAL MARKETS, LLC

Statement of Cash Flows

For the Year Ended December 31, 2011

Cash flows from operating activities:	
Net income	\$ 853,098
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in operating assets:	
Deposits with clearing agency	(150,000)
Accounts receivable	(208,035)
Other assets	(18,540)
Marketable securities, at fair value	(791,615)
Increase in operating liabilities:	
Accounts payable	45,766
Other liabilities	<u>508,013</u>
Net cash provided by operating activities	238,687
Cash flows from financing activities:	
Member contributions	1,230,000
Related party advance	<u>195,000</u>
Net cash provided by financing activities	<u>1,425,000</u>
Net increase in cash and cash equivalents	1,663,687
Cash and cash equivalents at beginning of year	<u>124,271</u>
Cash and cash equivalents at end of year	<u>\$ 1,787,958</u>
Supplemental disclosure - interest paid	<u>\$ 1,058</u>

MBS CAPITAL MARKETS, LLC

Notes to Financial Statements

December 31, 2011

(1) **Nature of Business**

MBS Capital Markets, LLC (Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company was organized as a limited liability company in Florida in 2010 and is engaged to effect security transactions primarily in land secured municipal bonds.

(2) **Summary of Significant Accounting Policies**

(a) **Revenue Recognition**

The Company recognizes revenues in the period which the revenue is earned and services are rendered.

(b) **Cash and Cash Equivalents**

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

(c) **Accounts Receivable**

Accounts receivable represents balances due for services completed that have yet to be paid. The Company estimates the allowance for doubtful accounts based upon a review of current collectability of existing receivables. No allowance for doubtful accounts was recorded at December 31, 2011 as management believes all receivables to be fully collectible.

(d) **Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to its members in accordance with the operating agreement. Therefore, no provision or liability for income taxes has been included in the financial statements.

The Company has adopted Accounting Standards Codification Topic, "Income Taxes" ("ASC Topic 740"). This standard prescribes a recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There was no material impact on the Company's financial position or results of operations as a result of the application of this standard as of and for the year ended December 31, 2011.

(e) **Marketable Securities**

Marketable securities are reported at fair value based on quoted market prices and have been classified as trading securities with realized and unrealized gains and losses included in net income. All transactions entered into are for the account of and risk of the Company and are recorded on a trade date basis.

MBS CAPITAL MARKETS, LLC

Notes to Financial Statements – Continued

(2) Summary of Significant Accounting Policies - Continued

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect various reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(3) Concentrations of Credit Risk and Major Customer Information

The Company maintains all of its cash and cash equivalents in a commercial depository account which is insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash deposits may exceed federally insured limits.

During 2011, approximately 65% of advisory revenue was generated by a single customer.

(4) Deposits with Clearing Agency

The Company entered into a fully disclosed clearing agreement with Pershing, LLC (“Pershing”). Pershing carries the proprietary accounts of the Company and the accounts of the Company’s customers introduced to Pershing by the Company.

As of December 31, 2011, the Company had a cash deposit of \$150,000 with Pershing, of which \$100,000 was held by Pershing for potential unresolved Company claims, losses, or expenses incurred by Pershing.

(5) Fair Value of Financial Instruments

The Company has adopted the provisions of Accounting Standards Codification 820, Fair Value Measurements and Disclosures (ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

MBS CAPITAL MARKETS, LLC

Notes to Financial Statements – Continued

(5) Fair Value of Financial Instruments - Continued

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company held cash and cash equivalents of \$1,787,958 and deposits with clearing agency of \$150,000 at December 31, 2011, which were considered Level 1 assets. The Company held \$791,615 of marketable securities which consisted of municipal bonds at December 31, 2011 and were considered Level 2 in the fair value hierarchy.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(6) Commitments and Contingencies

The Company has two operating leases for office space. Approximate future minimum lease payments required under these operating leases as of December 31, 2011 are as follows:

Year Ending December 31,

2012	\$	83,000
2013		<u>24,000</u>

Expense incurred during the year ended December 31, 2011 related to these leases total approximately \$80,000.

(7) Related Party Transactions

The Company received a loan from a managing member during 2011. There are no specified repayment terms and the loan carries 0% interest. The outstanding balance of the loan as of December 31, 2011 was \$195,000.

Included in other liabilities in the statement of financial position is approximately \$16,000 due to members for reimbursement of expenses. Also, \$0 in employee compensation and benefits expense for managing members is recorded in the statement of income and members' equity as none of the managing members received a salary for the year ended December 31, 2011.

(8) Indemnifications

In the normal course of business, the Company indemnifies and guarantees Pershing against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

MBS CAPITAL MARKETS, LLC

Notes to Financial Statements – Continued

(9) Net Capital Requirements

The Company is subject to SEC Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum regulatory net capital and a specified ratio of aggregate indebtedness to regulatory net capital. At December 31, 2011, the Company had net capital of \$1,926,793 which exceeded the capital requirement of \$100,000 by \$1,826,793. The Company's ratio of aggregate indebtedness to net capital was 0.39 to 1 at December 31, 2011.

(10) Exemption Under Section (k)(2)(ii)

The Company operates pursuant to the (k)(2)(ii) exemptive provisions of SEC Rule 15c3-3.

(11) Subsequent Events

The Company has evaluated events and transactions for potential recognition and disclosure through February 29, 2012 the date which the financial statements were available to be issued.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934
as of December 31, 2011

MBS CAPITAL MARKETS, LLC

**Schedule I: Computation of Net Capital Pursuant to Rule 15c3-1
of the Securities and Exchange Commission**

December 31, 2011

Computation of net capital:	
Members' equity	\$ 2,206,396
Less non-allowable assets:	
Accounts receivable other	(208,035)
Other assets	<u>(18,540)</u>
Net capital before haircuts on securities positions	1,979,821
Haircuts on securities:	
Trading and investment securities	52,943
Undue concentration	<u>85</u>
	<u>53,028</u>
Net capital	<u><u>\$ 1,926,793</u></u>
Aggregate indebtedness:	
Total aggregate indebtedness - total liabilities	<u><u>\$ 749,752</u></u>
Computation of basic net capital requirement:	
Minimum net capital required based on aggregate indebtedness	<u><u>\$ 49,983</u></u>
Minimum net capital required	<u><u>\$ 100,000</u></u>
Excess net capital	<u><u>\$ 1,826,793</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>0.39</u></u>

A reconciliation with the Company's computation (included in Part II of Form X-17A-5 as of December 31, 2011, as amended on February 24, 2012) is not presented as there are no material differences.

MBS CAPITAL MARKETS, LLC

**Schedule II: Computation for Determination of Reserve Requirements
and Information Relating to Possession or Control Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission**

December 31, 2011

The Company is not required to file the above schedule as it claims exemption from Rule 15c3-3 under Paragraph (k)(2)(ii) of the Rule.



Mayer Hoffman McCann P.C.

An Independent CPA Firm

KRMT Tampa Bay Division

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Clearwater, FL 33762
Phone: 727.572.1400 • 813.879.1400
Fax: 727.571.1933
www.mhm-pc.com

**Report of Independent Registered Public Accounting Firm
on Internal Control Required by SEC Rule 17a-5**

To the Members of
MBS Capital Markets, LLC:

In planning and performing our audit of the financial statements of MBS Capital Markets, LLC, (the Company), as of and for the year ended December 31, 2011, 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 our 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-5(g)(1) of the Securities and Exchange Commission (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 such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons, and recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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 previously 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-5(g) 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 previously.

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 members and management of the Company, the SEC, the Financial Industry Regulation Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Mage Hoffman McCann P.C.

February 29, 2012
Clearwater, Florida



Mayer Hoffman McCann P.C.
An Independent CPA Firm
KRMT Tampa Bay Division

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Clearwater, FL 33762
Phone: 727.572.1400 • 813.879.1400
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www.mhm-pc.com

**Report of Independent Registered Public Accounting Firm on Applying
Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation**

To the Members of
MBS Capital Markets, LLC:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by MBS Capital Markets, LLC (the Company) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for MBS Capital Markets, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries including check copies and bank records, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, noting that Form X-17A-5 only includes total revenues for the period from October 1, 2011 through December 31, 2011, while Form SIPC-7 includes amounts for the year ended December 31, 2011 consistent with amounts reported in the accompanying audited financial statements;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

February 29, 2012
Clearwater, Florida

OATH OR AFFIRMATION

I, EDWIN M BULLETT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MBS CAPITAL MARKETS, LLC, as of December 31, 2011, 20 11, 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:

NONE

[Handwritten Signature]

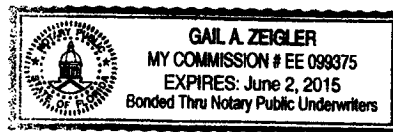
Signature

MANAGING MEMBER / COMPLIANCE OFFICER

Title

[Handwritten 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).

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

For the fiscal year ended December 31, 2011

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

068690 FINRA DEC
MBS CAPITAL MARKETS LLC 17*17
4890 W KENNEDY BLVD STE 288
TAMPA FL 33609-1869

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

- 2. A. General Assessment (item 2e from page 2) \$ 3,809
- B. Less payment made with SIPC-6 filed (exclude interest) (100)
7/14/2011
Date Paid
- C. Less prior overpayment applied (_____)
- D. Assessment balance due or (overpayment) 3,709
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum -
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 3,709
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 3,709
- H. Overpayment carried forward \$(_____)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

MBS CAPITAL MARKETS, LLC
(Name of Corporation, Partnership or other organization)

[Signature]
(Authorized Signature)

MANAGING MEMBER
(Title)

Dated the 17 day of February, 2012.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Dates: Postmarked Received Reviewed

Calculations _____ Documentation _____ Forward Copy _____

Exceptions: _____

Disposition of exceptions: _____

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning JANUARY, 20 11
and ending DECEMBER, 20 11

Eliminate cents

\$ 1,541,158

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. _____
 - (2) Net loss from principal transactions in securities in trading accounts. _____
 - (3) Net loss from principal transactions in commodities in trading accounts. _____
 - (4) Interest and dividend expense deducted in determining item 2a. _____
 - (5) Net loss from management of or participation in the underwriting or distribution of securities. _____
 - (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities. _____
 - (7) Net loss from securities in investment accounts. _____
- Total additions _____

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. 32
- (2) Revenues from commodity transactions. _____
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. 16,370
- (4) Reimbursements for postage in connection with proxy solicitation. _____
- (5) Net gain from securities in investment accounts. _____
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date. _____
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act). _____
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C): _____

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ 1,058

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ _____

Enter the greater of line (i) or (ii)

Total deductions

1,058
17,460
\$ 1,523,698

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

\$ 3,809
 (to page 1, line 2.A.)