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

SEC
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Section

SEC FILE NUMBER

8-53436

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

MAR 01 2013
Washington DC
481

REPORT FOR THE PERIOD BEGINNING 01/01/12 AND ENDING 12/31/12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
MKM PARTNERS, LLC

OFFICIAL USE ONLY

FIRM I.D. NO.

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

300 FIRST STAMFORD PLACE

(No. and Street)

STAMFORD

CT

06902

(City)

(State)

(Zip Code)

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

THOMAS MESSINA

203-861-9060

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CITRIN COOPERMAN & COMPANY, LLC

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

529 FIFTH AVENUE

NEW YORK

NY

(Address)

(City)

(State)

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAR 01 2013
REGISTRATIONS BRANCH
02

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)

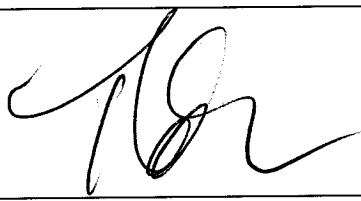
SEC 1410 (06-02)

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EX
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OATH OR AFFIRMATION

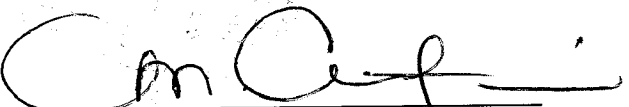
I, THOMAS MESSINA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MKM PARTNERS LLC, as of DECEMBER 31, 2012, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

MISTIE R. CERTAIN
NOTARY PUBLIC
MY COMMISSION EXPIRES JAN. 31, 2014

CHAIRMAN
Title


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 Cash Flows.
- (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.
- (o) Independent auditor's report on internal control.

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

MKM PARTNERS LLC
(A Limited Liability Company)
DECEMBER 31, 2012

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CITRINCOOPERMAN

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INDEPENDENT AUDITORS' REPORT

To the Member
MKM Partners LLC

We have audited the accompanying statement of financial condition of MKM Partners LLC (a limited liability company) (the "Company") as of December 31, 2012, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the statement of financial condition.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of MKM Partners LLC as of December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2013

MKM PARTNERS LLC
(A Limited Liability Company)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2012

ASSETS

Cash	\$ 8,253,554
Receivable from and deposit with clearing organization	468,417
Other assets	<u>526,888</u>
TOTAL ASSETS	<u>\$ 9,248,859</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Deferred rent	\$ 425,683
Accounts payable and accrued expenses	<u>604,658</u>
Total liabilities	1,030,341
Commitments and contingencies (Note 9)	
Member's equity	<u>8,218,518</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 9,248,859</u>

See accompanying notes to statement of financial condition.

MKM PARTNERS LLC
(A Limited Liability Company)
NOTES TO STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2012

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

MKM Partners LLC (the "Company") was formed as a Connecticut limited liability company and is wholly owned by MKM Holdings LLC (the "Parent"), also a Connecticut limited liability company.

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and became a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") on March 18, 2002. The Company provides institutional equity trading and research services to United States and international equity traders.

As a limited liability company, the member is not personally liable for any of the debts, obligations, losses, claims, or judgments on any of the liabilities of the Company, whether arising in tort, contract, or otherwise, except as provided by law. Pursuant to the terms of the Company's operating agreement, the Company will continue in existence until December 31, 2047, unless otherwise dissolved in accordance with the terms of its operating agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Company records proprietary securities transactions, and related profit and loss arising from such transactions, on a trade-date basis. Commission revenue and related expenses are recorded on a trade-date basis. Revenue from research is recorded when payments for such are received from customers.

Use of estimates

The preparation of a statement of financial condition in conformity with accounting principles generally accepted in the United States of America 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 the statement of financial condition. Actual results could differ from those estimates.

Subsequent events

The Company evaluates events occurring after the date of the statement of financial condition for potential recognition or disclosure in its statement of financial condition.

NOTE 3. RECEIVABLE FROM AND DEPOSIT WITH CLEARING ORGANIZATION

The receivable from and deposit with clearing organization primarily represents cash of approximately \$368,000 and a deposit with the clearing organization of \$100,000 that is required by the clearing agreement.

NOTE 4. OTHER ASSETS

Other assets at December 31, 2012, consist primarily of receivables from other brokers in the amount of \$304,711 and a receivable from an employee of \$147,329, all of which the Company deems fully collectible.

MKM PARTNERS LLC
(A Limited Liability Company)
NOTES TO STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2012

NOTE 5. CONCENTRATION OF CREDIT RISK AND MARKET RISK

The Company maintains its cash primarily at one commercial bank in accounts that at times may exceed the federal insurance limit of \$250,000.

NOTE 6. OFF BALANCE SHEET CREDIT RISK

All transactions for the Company's customers are cleared through a carrying broker-dealer on a fully disclosed basis. Accordingly, open customer transactions are not reflected in the accompanying statement of financial condition. The Company is exposed to credit losses in the event customers fail to satisfy their obligations in connection with their securities transactions. As of December 31, 2012, all unsettled securities transactions were settled with no resulting liability to the Company. The Company seeks to limit risk associated with nonperformance by customers by monitoring all customer activity and reviewing information it receives from its clearing organization on a daily basis.

NOTE 7. INCOME TAXES

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal, state or local income taxes. As a single-member limited liability company, and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the member.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board Accounting Standards Codification 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

With few exceptions, the Company is no longer subject to federal, state or local tax examination by taxing authorities for years before 2009.

NOTE 8. RELATED PARTY TRANSACTIONS

The Company shares space, equipment and other related support with the Parent. In accordance with an administrative services agreement with the Parent, overhead expenses, including rent, salaries, supplies, and other services, are paid by the Parent. The agreement provides for the allocation of overhead expenses to the Company based on formulas applied to these expenses. The direct and indirect expenses paid by the Parent and allocated to the Company for 2012 amounted to approximately \$31,870,000. Repayments of amounts due to the Parent, and amounts distributed to the Parent, aggregated approximately \$35,393,000 in 2012.

MKM PARTNERS LLC
(A Limited Liability Company)
NOTES TO STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2012

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Company leases office space in several cities under operating leases that expire at varying dates through December 2015. Future minimum annual payments required as of December 31, 2012, over the terms of the current leases are as follows:

<u>Year ending December 31:</u>	
2013	\$60,228
2014	\$29,552
2015	\$2,300

The Company has provided a standby letter-of-credit agreement to a commercial bank to secure a deposit for an office lease of Holdings in the amount of \$50,122. The bank can access a money market account of the Company, if required, under the terms of the letter of credit. Such amount is included in the statement of financial condition in "Other assets."

Rent is also paid by the Parent for leases in its name, and the Company reimburses the Parent for such. The difference between rental expense recorded and the amount of rent actually paid is reflected in the statement of financial condition as "Deferred rent."

At December 31, 2012, the Parent had an outstanding loan under a Revolving Credit Note (the "loan agreement") from a commercial bank amounting to approximately \$4,000,000, which is guaranteed by the Company and its two managing members, who also own 100% of the Parent. At December 31, 2012, the loan consisted of a principal balance of \$4,000,000, plus accrued interest of \$10,207. The loan agreement matures in January 2014.

During January 2013, the Parent restructured the above loan with the commercial bank. Under the restructured loan, the Company is no longer a guarantor on the loan and has not pledged any of its assets in connection with such loan.

Subsequent events

In January 2013, the Company distributed \$2,000,000 to the Parent.

NOTE 10. REGULATORY REQUIREMENTS

The Company is subject to the SEC's Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. Net capital and aggregate indebtedness change from day to day. As of December 31, 2012, the Company had net capital of approximately \$7,688,302, which was in excess of the required minimum net capital of approximately \$336,038. The Company's percentage of aggregate indebtedness to net capital was 66% as of December 31, 2012.