



SECURIT

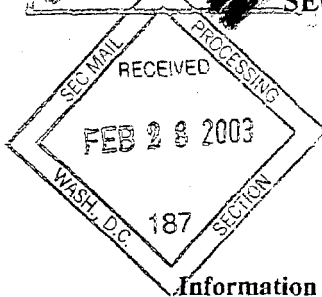


MISSION

C.M.
7/15

03051142

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	December 31, 2002
Estimated average burden	
Hours per response:	12



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

SEC FILE NUMBER
8- 4311 50132

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 January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Direct Xchange Securities, Inc.



OFFICIAL USE ONLY
FIRM ID. NO.

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

8050 SW 10th Street, Suite 2000

(No. and Street)

Plantation

(City)

FL

(State)

33324

(Zip Code)

PROCESSED
JUL 23 2003
THOMSON FINANCIAL

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

Gabriel Ricciardelli

(954) 652-7703

(Are Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young, LLP

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

777 South Flagler Drive

(Address)

West Palm Beach

(City)

Florida

(State)

33401

(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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten signature

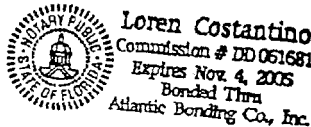
OATH OR AFFIRMATION

I, Gabriel Ricciardelli, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Direct Xchange Securities, Inc., as of December 31, 2002, 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

Financial & Operations Principal
Title

[Signature]
Notary Public
[Signature]



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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirement Under Exhibit A of Rule 15c3-3.
- (i) A Reconciliation between the audited and unaudited statements of Financial Condition with respect to methods of consolidation.
- (j) An Oath or Affirmation.
- (k) A copy of the SIPC Supplemental Report.
- (l) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (m) Exemptive Provision Rule under 15c3-3.

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

DIRECT XCHANGE SECURITIES, INC.

ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

DECEMBER 31, 2002

DIRECT XCHANGE SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

Cash and cash equivalents	\$ 60,610
Securities owned	3,000
Other assets	<u>181</u>
 TOTAL ASSETS	 <u>\$ 63,791</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES	<u>\$ -</u>
SHAREHOLDER'S EQUITY:	
Common stock, \$0.01 par value; 1,000 shares authorized, issued and outstanding	10
Additional paid-in capital	83,551
Accumulated other comprehensive loss	(300)
Accumulated deficit	<u>(19,470)</u>
 TOTAL SHAREHOLDER'S EQUITY	 <u>63,791</u>
 TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	 <u>\$ 63,791</u>

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