

SECURITIES AND EXCHANGE COMMISSION
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549



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ANNUAL AUDIT
FORM X-17A-5
PART III

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DIVISION OF MARKET REGULATION

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 1/1/09 AND ENDING 12/31/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Red Capital Markets Inc

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

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Price Waterhouse Coopers

(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.

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)

SEC 1410 (06-02)

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.

3/18/10

PricewaterhouseCoopers LLP
 41 South High Street
 Suite 2500
 Columbus OH 43215
 Telephone (614) 225 8700
 Facsimile (614) 224 1044

Report of Independent Accountants

To the Board of Directors and Shareholder of
 Red Capital Markets, Inc.:

In accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Transitional Assessment Reconciliation (Form SIPC-7T) of the Securities Investor Protection Corporation (SIPC) of Red Capital Markets, Inc. for the period from April 1, 2009 through December 31, 2009, which were agreed to by Red Capital Markets, Inc., the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the Securities Investor Protection Corporation (collectively, the "specified parties") solely to assist the specified parties in evaluating Red Capital Markets, Inc.'s compliance with the applicable instructions of Form SIPC-7T during the period ended December 31, 2009. Management is responsible for Red Capital Markets, Inc.'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 on page 1, items 2B and 2F of Form SIPC-7T with the respective cash disbursement records entries, as follows:

Payment Date	Amount	Source Document	Check Date	Provided by
1/8/2009	\$ 150	Check #4687049	1/8/2009	Eric Wilder, RCM Senior Accountant
7/28/2009	\$ 10,496	Check #4738753	7/28/2009	Eric Wilder, RCM Senior Accountant
2/17/2010	\$ 13,454	Check #4780441	2/17/2010	Eric Wilder, RCM Senior Accountant
3/10/2010	\$ 1,050	Check #4783644	3/9/2010	Eric Wilder, RCM Senior Accountant

2. Compared the Total Revenue amount reported on the Statement of Income, page 3 of the audited Form X-17A-5 for the year ended December 31, 2009 less the gross revenues reported on Red Capital Markets, Inc. general ledger for the period January 1, 2009 to March 31, 2009, as applicable, with the Total revenue amount of \$10,132,002 reported on page 2, item 2a of Form SIPC-7T for the period from April 1, 2009 through December 31, 2009. No differences were noted as a result of procedures performed. Compared any adjustments reported on page 2, items 2b and 2c of Form SIPC-7T with the supporting schedules and working papers, as follows:
 - a. Compared deductions on line 2c.(9)(i), interest and dividend expense, of \$71,892 to the interest expense on the audited Statement of Income less the interest expense on Red Capital Markets, Inc. general ledger for the period January 1, 2009 to March 31, 2009 - provided by Eric Wilder/Senior Accountant/Red Capital Markets, Inc. No differences were noted as a result of procedures performed.

3. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers obtained in procedure 3, as follows:
 - a. Recalculated the mathematical accuracy of the SIPC Net Operating Revenues on page 2, line 2d and the General Assessment @ .0025 on page 2, line 2e of \$10,060,110 and \$25,150, respectively of the Form SIPC-7T. No differences were noted as a result of procedures performed.
 - b. Recalculated the mathematical accuracy of payments made on page 2, line B of \$24,100.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Company's preparation of Form SIPC 7-T in accordance with the applicable instructions. 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 management and the board of directors of Red Capital Markets, Inc., the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the Securities Investor Protection Corporation and is not intended to be and should not be used by anyone other than these specified parties.

PriceWaterhouseCoopers LLP

March 11, 2010

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning April 1, 2009
and ending 12/31, 2009
Eliminate cents

Item No.

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

\$ 10,132,002

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.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (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):

(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.

\$ 71,892

(ii) 40% of interest earned on customers securities accounts (40% of FOCUS line 5, Code 3950).

\$ 0

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

71,892

71,892

Total deductions

2d. SIPC Net Operating Revenues

\$ 10,060,110

2e. General Assessment @ .0025

\$ 25,150

(to page 1 but not less than \$150 minimum)