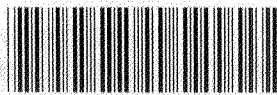


SEC Mail Processing
Section

SECURITIES /
W



ON

10035494

CM

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

MAR 01 2010

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

Washington, DC
110

FACING PAGE

SEC FILE NUMBER
8-33753

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 01/01/09 AND ENDING 12/31/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

First New York Securities LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

90 Park Avenue, 5th Floor

(No. and Street)

New York

(City)

NY

(State)

10016

(Zip Code)

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

Dor na Sabatini

(212) 848 - 0740

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Eisner LLP

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

750 Third Avenue

(Address)

New York

(City)

NY

(State)

10017

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not in residence 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).

JD
3/17/09

OATH OR AFFIRMATION

I, Donna Sabatini, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First New York Securities, L.L.C as of December 31, 2009, 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:

Donna Sabatini
Signature

Chief Financial Officer

Title

Frances M. Weiss
Notary Public

FRANCES M. WEISS
Notary Public, State of New York
No. 01WE4800337
Qualified in New York County
Commission Expires September 30, 2013

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 Proprietor's 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.

Eisner

Eisner LLP
Accountants and Advisors

**FIRST NEW YORK SECURITIES L.L.C. AND
SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2009

Eisner

Eisner LLP
Accountants and Advisors

750 Third Avenue
New York, NY 10017-2703
Tel 212.949.8700 Fax 212.891.4100
www.eisnerllp.com

INDEPENDENT AUDITORS' REPORT

To the Members of
First New York Securities L.L.C.

We have audited the accompanying consolidated statement of financial condition of First New York Securities L.L.C. and Subsidiaries (the "Company") as of December 31, 2009, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated statement of financial condition 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 consolidated statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statement of financial condition. 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 consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial position of First New York Securities L.L.C. and Subsidiaries as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.



New York, New York
February 26, 2010

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Consolidated Statement of Financial Condition December 31, 2009

ASSETS

Cash and cash equivalents	\$ 2,976,991
Receivable from brokers	435,481,754
Securities owned, at fair value	1,565,483,974
Securities purchased under agreements to resell	957,544,263
Secured demand notes (fair value of collateral \$13,949,188)	12,856,000
Investments in investment companies	6,763,296
Other	<u>17,516,536</u>
	<u>\$ 2,998,622,814</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Securities sold, not yet purchased, at fair value	\$ 1,335,391,995
Securities sold under agreements to repurchase	1,123,985,371
Payable to brokers	65,506,138
Accrued expenses and other liabilities	<u>76,985,093</u>
	<u>2,601,868,597</u>
Commitments and contingencies	
Subordinated borrowings	<u>59,356,000</u>
Members' equity:	
First New York Securities L.L.C. members' equity	337,362,616
Noncontrolling interest	<u>35,601</u>
	<u>337,398,217</u>
	<u>\$ 2,998,622,814</u>

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated statement of financial condition includes the accounts of First New York Securities L.L.C. ("FNYS") and its wholly or majority owned subsidiaries, FNY Management, L.L.C., FNY Managed Accounts, L.L.C., Infinity Capital Markets, LLC, FNY Technologies, LLC, FNY Capital Markets, LLC, FNY Capital L.L.C. and Infinity Global Markets, L.L.C. (collectively, the "Company"). All significant intercompany account balances and transactions have been eliminated in consolidation.

FNYS is a broker-dealer in securities registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA").

FNYS is engaged in the proprietary trading of securities and acts as an introducing broker.

The Company carries its securities owned and securities sold, not yet purchased at fair value. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy that consists of three levels is used to prioritize inputs to fair value techniques:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company.
- Level 3 Unobservable inputs. Unobservable inputs reflect the assumptions that the Company develops based on available information about what market participants would use in valuing the asset or liability.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The Company uses judgment in determining fair value of assets and liabilities and Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

Securities owned and securities sold, not yet purchased are stated at quoted market values, with the resulting unrealized gains and losses reflected in net gain from principal transactions.

Investments are classified within Level 3 of the fair value hierarchy because they trade infrequently (or not at all) and therefore have little or no readily available pricing. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Investments in investment companies are classified within Level 3 of the fair value hierarchy. Investments in investment companies are valued at the Company's share of the net asset values as reported by the investment companies.

For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability and such adjustments are generally based on available market information. In the absence of such evidence, management's best estimate is used.

Financial instruments are stated at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instruments, except subordinated borrowings.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at fair value. Fair value for exchange traded derivatives, principally futures and certain options, are based on quoted market prices. Fair value for over-the-counter derivative financial instruments, principally forwards and options, are based on quoted market prices for such instruments. Factors taken into consideration in estimating fair value of OTC derivatives include credit spreads, market liquidity, concentrations, and funding and administrative costs incurred over the life of the instruments. The Company does not apply hedge accounting, as all financial instruments are recorded at fair value with changes in fair value reflected in earnings. Therefore, certain of the disclosures required are generally not applicable with respect to these financial instruments.

Fair value of swaps and options contracts are recorded in securities owned or securities sold, not yet purchased, as appropriate. Open equity in forward and futures transactions are recorded as receivable from and payable to brokers, as applicable.

The unrealized gains for delayed-delivery, to-be-announced (TBA), and when-issued securities generally are recorded in the consolidated statement of financial condition of unrealized losses by counterparty where master netting agreements are in place.

Interest rate swap agreements are recorded at fair value, and changes in fair value are included in income currently. Additionally, periodic settlements paid or received are included in income currently.

The values assigned to investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such difference could be material. Furthermore, the ultimate realization of such amounts depends on future events and circumstances and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

Transactions involving securities purchased under agreements to resell (reverse repurchase agreements or reverse repos) or securities sold under agreements to repurchase (repurchase agreements or repos) are accounted for as financing except where the Company does not have an agreement to sell (or purchase) the same or substantially the same securities before maturity at a fixed or determinable price.

It is the policy of the Company to obtain possession of collateral with a fair value equal to or in excess of the principal amount loaned under resale agreements. Collateral is valued daily, and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

Reverse repos and repos are carried at fair value. Interest on such contract amounts is accrued and is included in the consolidated statement of financial condition in receivable from and payable to brokers.

Securities borrowed and securities loaned transactions are generally reported as collateralized financings except where letters of credit or other securities are used as collateral. Securities borrowed transactions require the Company to deposit cash, letters of credit, or other collateral with the lender. With respect to securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the fair value of securities loaned. The Company monitors the fair value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of cash collateral advanced or received adjusted for additional collateral obtained or received. Interest on such transactions is accrued and is included in the consolidated statement of financial condition in receivable from and payable to brokers.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company records transactions in securities on a trade-date basis. Dividends are accrued on the ex-dividend date.

The Company maintains cash balances in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. In the event of a financial institution's insolvency, recovery of cash and securities may be limited.

The Company is not required to pay income taxes on income or gains. Each member's applicable share of the Company's taxable income is reported on the member's individual income tax returns in accordance with the laws of the applicable jurisdictions.

The Company has not recognized in this consolidated statement of financial condition any interest or penalties related to income taxes, and have no material unrecognized tax benefits. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities before 2006.

The Company has business operations in New York City and is subject to the New York City Unincorporated Business Tax and foreign income taxes in connection with its London subsidiary.

A consolidated statement of financial condition prepared 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 consolidated statement of financial condition. Actual results could differ from those estimates.

NOTE B - RECENT ACCOUNTING PRONOUNCEMENT

In December 2007, the Financial Accounting Standards Board established new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary (Accounting Standards Codification Topic 810, the "Consolidation Topic"). It clarified that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. In addition, the Consolidation Topic changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. This also established a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation and requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. The accounting and reporting standards are effective for fiscal years beginning on or after December 15, 2008.

Noncontrolling interests should be accounted for and presented as equity if material, rather than as a liability or mezzanine equity and significant changes in accounting related to noncontrolling interests; specifically, increases and decreases in the controlling financial interests in consolidated subsidiaries is reported in equity. If a change in ownership of a consolidated subsidiary results in loss of control and deconsolidation, any retained ownership interests are remeasured with the gain or loss reported in net earnings. These requirements were adopted on January 1, 2009, and as such, the consolidated statement of financial condition at December 31, 2009 includes the noncontrolling interest in members' equity.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE C - FAIR VALUE OF INVESTMENTS

The following are the Company's investments by level within the fair value hierarchy at December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Securities owned, at fair value:				
Equity securities	\$ 559,659,549	\$ 16,210,200		\$ 575,869,749
U.S. government obligations		867,548,080		867,548,080
Municipal bonds		72,880,005		72,880,005
Corporate bonds		22,700,620		22,700,620
Options	<u>26,485,520</u>			<u>26,485,520</u>
	<u>\$ 586,145,069</u>	<u>\$ 979,338,905</u>		<u>\$1,565,483,974</u>
Investments in investment companies			<u>\$ 6,763,296</u>	<u>\$ 6,763,296</u>
Securities sold, not yet purchased, at fair value:				
Equity securities	\$ 369,726,560	\$ 5,369,471		\$ 375,096,031
U.S. government obligations		947,054,107		947,054,107
Corporate bonds		1,098,675		1,098,675
Options	<u>12,143,182</u>			<u>12,143,182</u>
	<u>\$ 381,869,742</u>	<u>\$ 953,522,253</u>		<u>\$1,335,391,995</u>

The following summarizes changes in fair value of the Company's Level 3 assets for the year ended December 31, 2009. The information reflects gains and losses for the full year for assets categorized as Level 3 as of December 31, 2009.

Balance - beginning of year	\$ 6,204,871
Unrealized gain	656,823
Return of capital	<u>(98,398)</u>
Balance - end of year	<u>\$ 6,763,296</u>

NOTE D - RECEIVABLE FROM/PAYABLE TO BROKERS

The clearing and depository operations for security transactions are provided substantially by two brokers. For financial reporting purposes, amounts payable to a broker have been offset against amounts receivable from the same broker for securities sold, not yet purchased, and other items. At December 31, 2009, substantially all of the securities owned, securities sold, not yet purchased, and amounts receivable from and payable to brokers reflected in the consolidated statement of financial condition are positions carried by and amounts receivable from and payable to these brokers. Securities owned serve as collateral for the amounts payable to the brokers. Subject to the clearing agreements between the Company and the clearing brokers, the clearing brokers have the right to sell or repledge this collateral. Additionally, investments in securities owned and securities sold, not yet purchased are subject to margin requirements.

The Company has agreed to indemnify its clearing brokers for losses that the clearing brokers may sustain from the customer accounts introduced by the Company. As of December 31, 2009, there were no significant unsecured amounts owed to the clearing brokers by these customers in connection with normal margin, cash and delivery against payment transactions.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE E - SECURITIES SOLD, NOT YET PURCHASED

Short selling, or the sale of securities not owned by the Company, exposes the Company to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and in the case of equities, without effective limit. There is the risk that the securities borrowed by the Company in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Company might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

NOTE F - FINANCIAL INSTRUMENTS AND RISK

The Company enters into various transactions involving derivatives and other off-balance sheet financial instruments. These financial instruments include futures, forward and foreign exchange contracts, exchange-traded and over-the-counter options, delayed deliveries, securities purchased and sold on a when-issued basis (when-issued securities), and interest rate swaps. These derivative financial instruments are used to conduct trading activities and manage market risks and are, therefore, subject to varying degrees of market and credit risk. Derivative transactions are entered into for trading purposes or to economically hedge other positions or transactions.

Futures and forward contracts and TBAs and when-issued securities provide for the delayed delivery of the underlying instrument. As a writer of options, the Company receives a premium in exchange for giving the counterparty the right to buy or sell the security at a future date at a contracted price. Interest rate swaps involve the exchange of payments based on fixed or floating rates applied to notional amounts. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk. Futures contracts are executed on an exchange, and cash settlement is made on a daily basis for market movements. Accordingly, futures contracts generally do not have credit risk. The credit risk for forward contracts, TBAs, options, swaps, and when-issued securities is limited to the unrealized fair valuation gains recorded in the consolidated statement of financial condition. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest and foreign exchange rates.

The Company had certain other transactions which, in accordance with industry practice, were not recorded in the consolidated statement of financial condition. At December 31, 2009, the Company had commitments to enter into future resale and repurchase agreements. At December 31, 2009, the Company had also borrowed securities and pledged securities against those borrowed securities.

In addition, the Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the consolidated statement of financial condition at December 31, 2009, at fair value of the related securities and will incur a loss if the fair value of the securities increases subsequent to December 31, 2009.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE F - FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

The locations on the consolidated statement of financial condition of the Company's derivative positions by type of exposure, all of which are accounted for as trading instruments, are as follows:

	<u>Financial Statement Line Item</u>	<u>Asset Derivatives</u>	<u>Financial Statement Line Item</u>	<u>Liability Derivatives</u>
Interest rate swap contracts	Receivable from Brokers	\$ 480,359		
Currency forwards	Receivable from Brokers	18,219,988		
Open trade equity futures			Receivable from brokers	\$ 8,648,028
Options	Securities Owned	26,485,510	Securities sold, not yet purchased	<u>12,143,182</u>
Total		<u>\$ 45,185,857</u>		<u>\$ 20,791,210</u>

The majority of the Company's transactions with off-balance-sheet risk are short term in duration with a weighted average maturity of approximately two years at December 31, 2009.

At December 31, 2009, the Company had outstanding interest rate swap agreements with a notional principal amount of \$8,700,000.

Financial instruments involve elements of market risk that may be in excess of the amounts recognized in the consolidated statement of financial condition.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE G - SUBORDINATED BORROWINGS

Borrowings subordinated to the claims of general creditors have been approved by FINRA for inclusion in computing FNYS's net capital pursuant to the SEC's Uniform Net Capital Rule.

The amounts, interest rates and maturities of the subordinated loans are as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Secured demand notes:		
March 31, 2011	4.5%	\$ 930,000
July 31, 2011	5.0%	10,326,000
August 31, 2010	4.5%	<u>1,600,000</u>
		<u>12,856,000</u>
Subordinated notes:		
January 31, 2010	7.0%	20,000,000
June 1, 2011	Fed Funds+2.75%	18,000,000
February 28, 2011	Fed Funds+2.75%	<u>8,500,000</u>
		<u>46,500,000</u>
		<u>\$ 59,356,000</u>

Subordinated borrowings may be withdrawn by the lender at stated maturity dates or withdrawal can be accelerated upon six months' notice. Any subordinated borrowing can be repaid only if, after giving effect to such repayment, FNYS continues to comply with minimum net capital requirements and meets the SEC's capital regulations governing withdrawal of subordinated debt. The estimated fair value of the subordinated borrowings and the secured demand notes receivable approximate the carrying amount based on current rates available to FNYS for debt with substantially the same terms and maturities. The subordinated notes expiring on January 31, 2010 were subsequently renewed to January 31, 2011.

At December 31, 2009, FNYS has a \$50,000,000 revolving subordinated facility with its clearing broker that expires January 11, 2010. This facility was subsequently renewed to January 11, 2011. Drawings under this facility bear interest at prevailing rates in accordance with the terms of the loan agreement. FNYS has no outstanding balance.

NOTE H - EMPLOYEE BENEFIT PLAN

The Company maintains a noncontributory 401(k) salary reduction plan covering substantially all employees, subject to certain minimum age and length-of-service requirements.

FIRST NEW YORK SECURITIES L.L.C. AND SUBSIDIARIES

Notes to Consolidated Statement of Financial Condition December 31, 2009

NOTE I - NET CAPITAL REQUIREMENT

FNYS is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1). These rules require that FNYS maintain minimum net capital, as defined, of 6-2/3% of aggregate indebtedness, as defined, or \$250,000, whichever is greater, and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2009, FNYS had net capital of \$132,060,910 which exceeded the requirement by \$127,609,116.

Pursuant to the requirements of Rule 17a-5 of the SEC, the following summarizes the financial condition of the subsidiaries consolidated in the accompanying consolidated statement of financial condition, but not consolidated in the FNYS's corresponding unaudited Form X-17A-5 Part IIA report filed with the SEC:

Assets	\$ 286,578,453
Liabilities	<u>170,015,715</u>
Members' equity	<u>\$ 116,562,738</u>

NOTE J - COMMITMENTS AND CONTINGENCIES

The Company is obligated under various noncancelable operating leases for office space expiring on various dates through April 28, 2015. The leases contain escalation provisions based on certain costs incurred by the lessor. The Company has also entered into leases for certain equipment which have been accounted for as capital leases.

The future aggregate minimum rental commitments under the aforementioned leases are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>	<u>Total</u>
2010	\$ 3,529,496	\$ 592,079	\$ 4,121,575
2011	3,587,256	592,079	4,179,335
2012	3,872,572	353,814	4,226,386
2013	3,875,890	121,046	3,996,936
2014	3,418,712	5,233	3,423,945
Thereafter	<u>1,160,490</u>		<u>1,160,490</u>
	19,444,416	1,664,251	21,108,667
Less amount representing interest	<u></u>	<u>(162,350)</u>	<u>(162,350)</u>
	<u>\$ 19,444,416</u>	<u>\$ 1,501,901</u>	<u>\$ 20,946,317</u>

In connection with a security deposit for lease of office space, the Company has two outstanding standby letter of credit agreements of \$1,005,409 payable to its landlord.

In the normal course of business, FNYS has been the subject of SEC inquiries and FINRA reviews and has been named as a defendant in certain litigation and arbitrations arising out of its activities as a broker-dealer in securities, the outcome of which cannot be determined at this time. It is the opinion of management that the various SEC inquiries, FINRA reviews, litigation and arbitrations will not have a material adverse effect on the Company's financial position.

NOTE K - SUBSEQUENT EVENTS

The Company has evaluated events through February 26, 2010, the date that this consolidated statement of financial condition was available to be issued.