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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III  
FACING PAGE**

SEC FILE NUMBER

8-24040

**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

**A. REGISTRANT IDENTIFICATION**

**NAME OF BROKER-DEALER:**

COMMONWEALTH FINANCIAL NETWORK

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

29 SAWYER ROAD

OFFICIAL USE ONLY

FIRM ID. NO.

(No. And Street)

WALTHAM

MASSACHUSETTS

02453-3483

(City)

(state)

(Zip Code)

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

PAUL J. IMS, CONTROLLER

(781)736-0700

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

**INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\***

UHY LLP

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

53 STATE STREET, 38TH FLOOR

BOSTON

MA

02109

(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 40-17a-5(e)(2).

JD  
3/25/2010

OATH OR AFFIRMATION

I PAUL J. IMS swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of COMMONWEALTH FINANCIAL NETWORK 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Scott Wilton  
Notary Public

[Signature]  
Signature  
Controller  
Title

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) 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 accounting control.

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

**COMMONWEALTH FINANCIAL NETWORK<sup>SM</sup>**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES RELATED  
TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Partners of  
Commonwealth Financial Network<sup>SM</sup>  
A Registered Service Mark for  
Commonwealth Equity Services, LLP  
Waltham, Massachusetts

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 [Transitional Assessment Reconciliation (Form SIPC-7T) to the Securities Investor Protection Corporation (SIPC)] for the year ended December 31, 2009, which were agreed to by Commonwealth Financial Network<sup>SM</sup>s and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Commonwealth Financial Network<sup>SM</sup>s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Commonwealth Financial Network<sup>SM</sup> management is responsible for Commonwealth Financial Network<sup>SM</sup>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-7T with respective cash disbursement records entries, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the year ended December 31, 2009, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed 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.

UHY LLP

Boston, Massachusetts  
February 19, 2010

**COMMONWEALTH FINANCIAL NETWORK<sup>SM</sup>  
 DETERMINATION OF "SIPC NET OPERATING REVENUES"  
 AND GENERAL ASSESSMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

**Schedule of Assessment Payments**

General assessment		\$ 486,714
Less payments made:		
	<u>Date Paid</u>	<u>Amount</u>
	7/23/09	\$ 137,057
		(137,057)
Interest on late payment(s)		<u>-</u>
Total assessment balance and interest due		<u>\$ 349,657</u>
Payment made with Form SIPC 7T		<u>\$ 349,657</u>

SM  
**COMMONWEALTH FINANCIAL NETWORK**  
**DETERMINATION OF "SIPC NET OPERATING REVENUES"**  
**AND GENERAL ASSESSMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Total revenue		\$ 348,495,781
Additions:		
Revenues from subsidiaries		13,206,310
Deductions:		
Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts and from transactions in security future products		155,983,029
Revenues from commodity transactions		
Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions		6,141,011
Reimbursement for postage with proxy transactions		-
Net gain from securities in investment accounts		3,194,472
100% of commissions and markups earned from transactions in certificates of deposit, treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date		-
Direct expense of printing, advertising and legal fees incurred in connection with other revenue related to the securities business		-
Other revenue not related either directed or indirectly to the securities business - Rental Income		762,352
Greater of:		
Total interest & dividend expense but not in excess of total interest and dividend income	935,526	
40% of interest earned on customers securities accounts	383,494	935,526
Total deductions		167,016,390
SIPC net operating revenues		\$ 194,685,701
General assessment @ .0025		\$ 486,714



VIA CERTIFIED MAIL  
NO. 7008 3230 0001 2717 7365

March 5, 2010

Mr. Paul J. Ims  
Controller  
Commonwealth Financial Network  
29 Sawyer Road, 3<sup>rd</sup> Floor  
Waltham, MA 02453

RE: Commonwealth Financial Network

Dear Mr. Ims:

This acknowledges receipt of your December 31, 2009 annual filing of audited financial statements made pursuant to U.S. Securities and Exchange Commission (SEC) Rule 17a-5(d) (the Rule). The report as submitted appears deficient in that it did not contain the following:

1. Facing Page (see enclosed) with correct reporting period.
2. A SIPC Supplemental Report pursuant to SEC Rule 17a-5(e)(4).

Based on the above, your filing does not comply with the requirements of the Rule. The text of the Rule is reproduced in the *NASD Manual* under the section titled *SEC Rules*. We urge you to review the Rule with your independent accountant.

Pursuant to the provisions of NASD Rule 8210, we request that you send one copy of the item listed above to this office and to the appropriate SEC regional or district office, and two copies to the SEC Washington, D.C. office. Your submissions must include a new completed Form X-17A-5 Part III Facing Page, a copy of which is enclosed for your convenience.

Please respond to this matter by **April 5, 2010**. Questions may be addressed to George E. Malley, Regulatory Coordinator at (617) 532-3486.

Sincerely,

Frank T. Kotopoulos  
Exam Manager

FTK/bmd

Enclosure: Form X-17A-5 Part III Facing Page

cc: Andrew D. Caverly, Assistant Regional Director  
Securities and Exchange Commission

UHY LLP  
53 State Street, 38<sup>th</sup> Floor  
Boston, MA 02109