

FEB 26 2010

SECURITIES AND EXCHANGE COMMISSION



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

OMB APPROVAL

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FEB 25 2010

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 01/01/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: DFA Securities LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

1299 Ocean Avenue, 11th Floor

(No. and Street)

Santa Monica

CA

90401

(City)

(State)

(Zip Code)

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

David R. Martin, Vice President, Chief Financial Officer and Treasurer

(512) 306-7400

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PricewaterhouseCoopers LLP

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

300 West 6th Street, Suite 1800

Austin

TX

78701

(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)

OATH OR AFFIRMATION

I, David R. Martin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DFA Securities LLC, 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:

None

State of Texas  
County of Travis  
Sworn to (or affirmed) and signed before me this 11th day of February, 2010, by David R. Martin, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

David R. Martin

Signature

David R. Martin  
Vice President, Chief Financial Officer and Treasurer

Title

Kristen Smith  
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 Changes in ~~Financial Condition~~ 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.

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

**DFA Securities LLC**  
**(A wholly owned subsidiary of Dimensional Fund Advisors LP)**  
**Index**  
**December 31, 2009 and 2008**

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Note: Supplemental schedules required by Rule 17a-5 under the Securities Exchange Act of 1934

## Report of Independent Auditors

To the Board of Directors and Shareholders of DFA Securities LLC:

In our opinion, the accompanying statements of financial condition and the related statements of operations, of changes in stockholder's equity, and of cash flows present fairly, in all material respects, the financial position of DFA Securities LLC (the "Company") at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules contained on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic information statements taken as a whole.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

February 19, 2010

**DFA Securities LLC**  
**(A wholly owned subsidiary of Dimensional Fund Advisors LP)**  
**Statements of Financial Condition**  
**December 31, 2009 and 2008**

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	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Investment in affiliated mutual fund at fair value	\$ 86,252	\$ 86,337
<b>Stockholder's Equity</b>		
Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	\$ 1,000	\$ 1,000
Additional paid-in capital	85,800	85,800
Deficit	<u>(548)</u>	<u>(463)</u>
Total stockholder's equity	<u>\$ 86,252</u>	<u>\$ 86,337</u>

The accompanying notes are an integral part of these financial statements.

# DFA Securities LLC

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

## Statements of Operations

For the years ended December 31, 2009 and 2008

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	2009	2008
<b>Income</b>		
Investment income	<u>\$ 1,650</u>	<u>\$ 3,431</u>
<b>Expenses</b>		
Legal and licensing	<u>935</u>	<u>2,543</u>
Income before provision for income taxes	<u>715</u>	<u>888</u>
Provision for income taxes	<u>800</u>	<u>800</u>
Net income/(loss)	<u>\$ (85)</u>	<u>\$ 88</u>

The accompanying notes are an integral part of these financial statements.

## DFA Securities LLC

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

### Statements of Changes in Stockholder's Equity

December 31, 2009 and 2008

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	Common Stock Par Value	Capital in Excess of Par Value	Deficit	Total Stockholder's Equity
Balance at December 31, 2007	\$ 1,000	\$ 85,800	\$ (551)	\$ 86,249
Net income	-	-	88	88
Balance at December 31, 2008	<u>\$ 1,000</u>	<u>\$ 85,800</u>	<u>\$ (463)</u>	<u>\$ 86,337</u>
Net loss	-	-	(85)	(85)
Balance at December 31, 2009	<u>\$ 1,000</u>	<u>\$ 85,800</u>	<u>\$ (548)</u>	<u>\$ 86,252</u>

The accompanying notes are an integral part of these financial statements.

# DFA Securities LLC

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

## Statements of Cash Flows

For the years ended December 31, 2009 and 2008

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	2009	2008
<b>Cash flows used in operating activities</b>		
Net income/(loss)	\$ (85)	\$ 88
Adjustment to reconcile net loss to net cash used in operating activities		
Investment in affiliated mutual fund	318	751
Unrealized gain on investments	<u>(233)</u>	<u>(839)</u>
Net cash flows used in operating activities	<u>-</u>	<u>-</u>
Net change in cash	-	-
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>
<b>Cash</b>		

The accompanying notes are an integral part of these financial statements.



# DFA Securities LLC

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies

DFA Securities LLC (the "Company"), a Delaware limited liability company, is a registered broker-dealer under the Securities Exchange Act of 1934 (the "Act") and is a member of the Financial Industry Regulatory Authority Inc. The Company is a wholly-owned subsidiary of Dimensional Fund Advisors LP (the "Parent"), a registered investment advisor under the Investment Advisors Act of 1940, as amended.

Effective April 6, 2009, DFA Securities Inc. was converted to DFA Securities LLC, a Delaware limited liability company.

The Company does not carry security accounts for customers and does not perform custodial functions relating to customer securities and is, therefore, exempt from the provisions of Rule 15c3-3 of the Act.

In accordance with ASC 320, Investments – Debt and Equity Securities, the investment in the DFA One-year Fixed Income Portfolio Mutual Fund (the "Fund") is classified as trading and carried at fair market value, which is the Fund's net asset value per share. At December 31, 2009 and 2008, unrealized gains and losses were included in earnings. Investment income includes dividends and distributions received from the Fund and any unrealized appreciation or depreciation. Dividends and distributions from the Fund are recorded on the ex-dividend date.

The Company adopted ASC 820, Fair Value Measurements and Disclosures on January 1, 2008. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as either observable or unobservable. Observable inputs reflect assumptions that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1      Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2      Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3      Inputs that are derived from valuation techniques in which one or more inputs is unobservable.

The following is a summary of the inputs used to value the Company's investments as of December 31, 2009 and 2008:

	2009	2008
<b>Valuation inputs</b>		
Level 1– Investment in Affiliated Mutual Fund	<u>\$ 86,252</u>	<u>\$ 86,337</u>

As of December 31, 2009 and 2008, there were no fair value measurements using Level 2 and Level 3 inputs.

# **DFA Securities LLC**

**(A wholly owned subsidiary of Dimensional Fund Advisors LP)**

## **Notes to Financial Statements**

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Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Company's perceived risk of that instrument.

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **2. Income Taxes**

The Parent is an S-Corporation for income tax purposes and the Company has elected to be treated as a Q-Sub and included in the Parent's income tax returns. As an S-Corporation, the Parent is not subject to federal income tax at the corporate level as its income is allocated and reported on its stockholders' individual income tax returns. Accordingly, no liability or provision for federal income taxes attributable to S-Corporation operations is included in the accompanying financial statements. The provision for income taxes in the accompanying statement of operations represents California state income tax.

Effective January 1, 2009, the Company adopted the accounting standard "Accounting for Uncertainty in Income Taxes" (the "standard"). This standard sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Since the Company is disregarded for tax purposes and is included in the Parent's tax return, management has concluded that no provision for income tax is required in the Company's financial statements.

### **3. Related Party Transactions**

During the years ended December 31, 2009 and 2008, the Parent provided investment management services to the Fund invested in by the Company.

The Company has distribution agreements with registered investment companies advised by the Parent, whereby the Company supervises the sale and redemption of mutual fund shares. Pursuant to a separate agreement between the Company and the Parent, the Parent pays for all operating expenses incurred by the Company except for certain legal expenses. For the years ended December 31, 2009 and 2008 total expenses paid by the Parent on behalf of the Company were approximately \$163,921 and \$140,967, respectively.

## **DFA Securities LLC**

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

### **Notes to Financial Statements**

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#### **4. Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Act, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2009, the Company had net capital of \$78,489 which was \$53,489 in excess of its required net capital of \$25,000 and was in compliance with net capital requirements. At December 31, 2008, the Company had net capital of \$78,567, which was \$53,567 in excess of its required net capital of \$25,000 and was in compliance with net capital requirements.

**Supplemental Schedules**

## DFA Securities LLC

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

### Supplementary Information

December 31, 2009 and 2008

### Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1

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	2009	2008
<b>Net capital</b>		
Stockholder's equity	\$ 86,252	\$ 86,337
<b>Deductions</b>		
Haircut on mutual fund shares	<u>7,763</u>	<u>7,770</u>
Net capital	78,489	78,567
Minimum net capital requirement	25,000	25,000
Excess net capital	<u>\$ 53,489</u>	<u>\$ 53,567</u>

Note: There are no differences between this computation of net capital and the corresponding computation prepared by the Company and included in its unaudited FOCUS Reports as of December 31, 2009 and 2008.

**DFA Securities LLC**

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

**Supplementary Information**

**December 31, 2009 and 2008**

**Computation for Determination of the Reserve Requirements and  
Information Relating to Possession or Control Requirements for  
Brokers and Dealers Pursuant to Rule 15c3-3**

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The Company claims exemption from the provisions of Rule 15c3-3 under paragraph (k)(2)(i) of that rule.

**Report of Independent Auditors on Internal Control Required  
By SEC Rule 17a-5(g)(1)**

To the Board of Directors of DFA Securities LLC:

In planning and performing our audit of the financial statements of DFA Securities LLC (the "Company") as of and for the years ended December 31, 2009 and 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2009 and 2008 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

February 19, 2010



Securities Investor Protection Corporation  
805 15th Street NW, Suite 800  
Washington, DC 20005-2215

Forwarding and Address Correction Requested



8-027006 FINRA

DEC RECEIVED

JAN 15 2010  
S. I. P. C.

DFA SECURITIES LLC  
ATTN CATHERINE NEWEL  
1299 OCEAN AVE  
SANTA MONICA, CA 90401

Check appropriate boxes.

(i) its principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions;\*

(ii) its business as a broker-dealer is expected to consist exclusively of:

(I) the distribution of shares of registered open end investment companies or unit investment trusts;

(II) the sale of variable annuities;

(III) the business of insurance;

(IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts;

(iii) it effects transactions in security futures products only;

Pursuant to the terms of this form (detailed below).

Catherine Newel  
Authorized Signature/Title

1/12/2010  
Date

COPY

Securities Investor Protection Corporation  
805 15th Street NW, Suite 800  
Washington, DC 20005-2215

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SIPC-3 2010

Form SIPC-3

FY 2010

8-027006 FINRA DEC

DFA SECURITIES LLC

Certification of Exclusion From Membership.

TO BE FILED BY A BROKER-DEALER WHO CLAIMS EXCLUSION FROM MEMBERSHIP IN THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC") UNDER SECTION 78ccc(a)(2)(A)(ii) OF THE SECURITIES INVESTOR PROTECTION ACT OF 1970 ("SIPA").

The above broker-dealer certifies that during the year ending December 31, 2010 its business as a broker-dealer is expected to consist exclusively of one or more of the following (check appropriate boxes):

- (i) its principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions;\*
- (ii) its business as a broker-dealer is expected to consist exclusively of:
  - (I) the distribution of shares of registered open end investment companies or unit investment trusts;
  - (II) the sale of variable annuities;
  - (III) the business of insurance;
  - (IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts;
- (iii) it effects transactions in security futures products only;

and that, therefore, under section 78ccc(a)(2)(A)(ii) of the SIPA it is excluded from membership in SIPC.

\*If you have any questions concerning the foreign exclusion provision please contact SIPC via telephone at 202-371-8300 or e-mail at asksipc@sipc.org to request a foreign exclusion questionnaire.

The following bylaw was adopted by the Board of Directors:

Interest on Assessments.

... If any broker or dealer has incorrectly filed a claim for exclusion from membership in the Corporation, such broker or dealer shall pay, in addition to all assessments due, interest at the rate of 20% per annum of the unpaid assessment for each day it has not been paid since the date on which it should have been paid.

In the event of any subsequent change in the business of the undersigned broker-dealer that would terminate such broker-dealer's exclusion from membership in SIPC pursuant to section 78ccc(a)(2)(A)(ii) of the SIPA, the undersigned broker-dealer will immediately give SIPC written notice thereof and make payment of all assessments thereafter required under Section 78ddd(c) of the SIPA.

Sign, date and return the top portion of this form no later than 30 days after the beginning of the year, using the enclosed return envelope.

Retain the bottom portion of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

# **DFA Securities LLC**

(A wholly owned subsidiary of Dimensional Fund Advisors LP)

**Financial Statements and Supplemental Schedules**

**Pursuant to Rule 17a-5 of**

**the Securities and Exchange Commission**

**December 31, 2009 and 2008**