

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM
X-17A-5

FOCUS REPORT
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)
PART II CSE 11

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16
- 2) Rule 17a-5(b) 17
- 3) Rule 17a-11 18
- 4) Special request by designated examining authority 19
- 5) Other 26

NAME OF BROKER-DEALER

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED 13

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

ONE BRYANT PARK 20
(No. and Street)

NEW YORK 21 NY 22 10036 23
(City) (State) (Zip Code)

SEC. FILE NO.

8-07221 14

FIRM ID NO.

7691 15

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/11 24

AND ENDING (MM/DD/YY)

12/31/11 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

William E. Tirrell 30 (201)557-2105 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

OFFICIAL USE

_____	32	_____	33
_____	34	_____	35
_____	36	_____	37
_____	38	_____	39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

CONFIDENTIAL TREATMENT
REQUESTED BY MERRILL LYNCH,
PIERCE, FENNER & SMITH
INCORPORATED UNDER FOIA

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 26th day of January 2012

Manual Signatures of:

- 1) _____
Principal Executive Officer or Managing Partner
- 2) *William E. Tirrell*
Principal Financial Officer or Partner
- 3) _____
Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f (a))

FINRA

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II CSE

BROKER OR DEALER	N 2									
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED										100

STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 12/31/11 99

SEC FILE NO. 8-07221 98

Consolidated 198

Unconsolidated 199

ASSETS

Allowable

Nonallowable

Total

1. Cash	\$ 942,195,839	200		\$ 942,195,839	750	
2. Cash segregated in compliance with federal and other regulations	6,148,711,737	210		6,148,711,737	760	
3. Receivable from brokers or dealers and clearing organizations:						
A. Failed to deliver:						
1. Includable in "Formula for Reserve Requirements"	191,410,342	220				
2. Other	1,256,580,703	230		1,447,991,045	770	
B. Securities borrowed:						
1. Includable in "Formula for Reserve Requirements"	5,999,081,491	240				
2. Other	44,186,543,362	250		50,185,624,853	780	
C. Omnibus accounts:						
1. Includable in "Formula for Reserve Requirements"	0	260				
2. Other	463,155,490	270		463,155,490	790	
D. Clearing Organizations:						
1. Includable in "Formula for Reserve Requirements"	0	280				
2. Other	3,871,442,401	290		3,871,442,401	800	
E. Other	1,915,302,474	300	\$ 63,474,389	550	1,978,776,863	810
4. Receivables from customers:						
A. Securities accounts:						
1. Cash and fully secured accounts	7,263,705,127	310				
2. Partly secured accounts	0	320	7,132,256	560		
3. Unsecured Accounts			124,142,066	570		
B. Commodity accounts	311,157,886	330	118,423	580		
C. Allowance for doubtful accounts	(0)	335	(91,785,656)	590	7,614,470,102	820
5. Receivables from non-customers:						
A. Cash and fully secured accounts	253,577,496	340				
B. Partly secured and unsecured accounts	0	350	99,626	600	253,677,122	830
6. Securities purchased under agreements to resell	114,622,106,673	360	0	605	114,622,106,673	840
7. Derivative Receivables:	505,345,450	291			505,345,450	801
8. Trade Date Receivable:	0	292			0	802
9. Securities and spot commodities owned, at market value:	66,969,370,650	849			66,969,370,650	850
Includes encumbered securities of						
..... \$	10,027,316,911	120				

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER

as of 12/31/11

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

STATEMENT OF FINANCIAL CONDITION

ASSETS (continued)

Allowable

Nonallowable

Total

10. Securities owned not readily marketable:

A. At Cost \$	0 130	\$	0 440	\$	2,104,227,147 610	\$	2,104,227,147 860
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11. Other investments not readily marketable:

A. At Cost \$	0 140						
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B. At estimated fair value	0 450			54,357,779 620			54,357,779 870
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12. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:

A. Exempted

securities \$	0 150						
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B. Other \$	0 160			0 630			0 880
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13. Secured demand notes-market value of collateral:

A. Exempted

securities \$	0 170						
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B. Other \$	0 180			0 640			0 890
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14. Memberships in exchanges:

A. Owned, at market

value \$	10,518,820 190						
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B. Owned at cost			1,573,314 650				
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C. Contributed for use of company, at market value			0 660			1,573,314 900
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15. Investment in and receivables from affiliates, subsidiaries and associated partnerships

	9,534,739 480			3,093,803,015 670			3,103,337,754 910
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16. Property, furniture, equipment, leasehold improvements and rights under lease agreements:

At cost (net of accumulated

depreciation and amortization)	0 490			390,610,477 680			390,610,477 920
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17. Other Assets:

A. Dividends and interest receivable	1,003,344,050 500			1,379,129 690			
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B. Free shipments	0 510			3,174,425 700			
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C. Loans and advances	0 520			2,500,000 710			
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D. Miscellaneous	108,865,849 530			7,518,900,568 720			
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E. Collateral accepted under SFAS 140	5,056,081,349 536						
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F. SPE Assets	4,644,937,644 537					18,339,183,014 930
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18. TOTAL ASSETS \$	265,722,450,752 540	\$	13,273,706,958 740	\$	278,996,157,710 940
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER	as of <u>12/31/11</u>
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	

STATEMENT OF FINANCIAL CONDITION
LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>Total</u>
19. Bank loans payable:	
A. Includable in "Formula for Reserve Requirements"	\$ <u>0</u> 1460
B. Other	<u>0</u> 1470
20. Securities sold under repurchase agreements.	<u>152,942,027,158</u> 1480
21. Payable to brokers or dealers and clearing organizations:	
A. Failed to receive:	
1. Includable in "Formula for Reserve Requirements"	<u>314,231,216</u> 1490
2. Other	<u>786,969,870</u> 1500
B. Securities loaned:	
1. Includable in "Formula for Reserve Requirements"	<u>718,044,444</u> 1510
2. Other	<u>13,459,580,110</u> 1520
C. Omnibus accounts:	
1. Includable in "Formula for Reserve Requirements"	<u>4,992,549,425</u> 1530
2. Other	<u>1,192,759</u> 1540
D. Clearing organizations:	
1. Includable in "Formula for Reserve Requirements"	<u>0</u> 1550
2. Other	<u>40,177,497</u> 1560
E. Other	<u>472,251,687</u> 1570
22. Payable to customers:	
A. Securities accounts - including free credits of \$ <u>9,608,563,208</u> 950	<u>10,867,294,646</u> 1580
B. Commodities accounts	<u>7,737,266,750</u> 1590
23. Payable to non customers:	
A. Securities accounts	<u>6,214,815,933</u> 1600
B. Commodities accounts	<u>2,351,630,201</u> 1610
24. Derivative Payables:	<u>379,577,322</u> 1561
25. Trade Date Payable:	<u>3,360,701,236</u> 1562
26. Securities sold not yet purchased at market value - including arbitrage of \$ <u>3,378,766,881</u> 960	<u>31,420,833,442</u> 1620
27. Accounts payable and accrued liabilities and expenses:	
A. Drafts payable	<u>691,257,193</u> 1630
B. Accounts payable	<u>3,854,495,981</u> 1640
C. Income taxes payable	<u>0</u> 1650
D. Deferred income taxes	<u>0</u> 1660
E. Accrued expenses and other liabilities ..	<u>2,774,198,950</u> 1670
F. Other	<u>0</u> 1680
G. Obligation to return securities	<u>5,056,081,349</u> 1686
H. SPE Liabilities	<u>4,644,937,644</u> 1687

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	as of <u>12/31/11</u>
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STATEMENT OF FINANCIAL CONDITION
LIABILITIES AND OWNERSHIP EQUITY (continued)

<u>Liabilities</u>	<u>Total</u>	
28. Notes and mortgages payable:		
A. Unsecured	\$ 0	1690
B. Secured	0	1700
29. Liabilities subordinated to claims of general creditors:		
A. Cash borrowings:	12,078,000,000	1710
1. from outsiders \$ 0		970
2. Includes equity subordination(15c3-1(d)) of \$ 5,858,000,000		980
B. Securities borrowings, at market value:	0	1720
from outsiders \$ 0		990
C. Pursuant to secured demand note collateral agreements:	0	1730
1. from outsiders \$ 0		1000
2. Includes equity subordination(15c3-1(d)) of \$ 0		1010
D. Exchange memberships contributed for use of company, at market value	0	1740
E. Accounts and other borrowings not qualified for net capital purposes	0	1750
30. TOTAL LIABILITIES	\$ 265,158,114,813	1760
<u>Ownership Equity</u>		
31. Sole proprietorship	\$ 0	1770
32. Partnership - limited partners	\$ 0	1020
33. Corporation:		
A. Preferred stock	0	1791
B. Common stock	1,000	1792
C. Additional paid- in capital	9,639,187,425	1793
D. Retained Earnings	4,198,854,472	1794
E. Total	13,838,042,897	1795
F. Less capital stock in treasury	(0)	1796
34. TOTAL OWNERSHIP EQUITY	\$ 13,838,042,897	1800
35. TOTAL LIABILITIES AND OWNERSHIP EQUITY	\$ 278,996,157,710	1810

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

as of 12/31/11

COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition - Item 1800)	\$	13,838,042,897	3480
2. Deduct: Ownership equity not allowable for Net Capital		(0)	3490
3. Total ownership equity qualified for Net Capital		13,838,042,897	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		12,078,000,000	3520
B. Other (deductions) or allowable credits (List)		0	3525
5. Total capital and allowable subordinated liabilities	\$	25,916,042,897	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	\$	13,273,706,958	3540
1. Additional charges for customers' and non-customers' security accounts		17,421,761	3550
2. Additional charges for customers' and non-customers' commodity accounts		0	3560
B. Aged fail-to-deliver:		62,713,657	3570
1. number of items		2,212	3450
C. Aged short security differences-less reserve of	\$	0	3460
number of items		0	3470
D. Secured demand note deficiency		0	3590
E. Commodity futures contracts and spot commodities - proprietary capital charges		0	3600
F. Other deductions and/or charges		373,959,911	3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)		0	3615
H. Total deductions and/or charges		(13,727,802,287)	3620
7. Other additions and/or allowable credits (List)		0	3630
8. Tentative Net Capital	\$	12,188,240,610	3640
9. Total Market Risk Exposure	\$	1,426,891,769	3635
10. Total Credit Risk Exposure	\$	306,247	3679
11. Net Capital	\$	10,761,042,594	3750

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	as of <u>12/31/11</u>
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COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

12. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	802,817,760	3870
13. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries	\$	654,900,869	3880
14. Net capital requirement (greater of line 12 or 13)	\$	802,817,760	3760
15. Excess net capital (line 11 less 14)	\$	9,958,224,834	3910
16. Percentage of Net Capital to Aggregate Debits (line 11 divided by line 18 page 10)	%	74.08	3851
17. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits item 11 less Item 4880 page 19 divided by line 18 page 10)	%	74.06	3854
18. Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	\$	9,958,224,833	3920

OTHER RATIOS

Part B

19. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	24.00	3860
20. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) divided by Net Capital	%		3852