

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II CSE

BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	N	2						100
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STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 09/30/10 **99**

SEC FILE NO. 8-07221 **98**

Consolidated **198**

Unconsolidated **199**

	<u>ASSETS</u>			
	<u>Allowable</u>	<u>Nonallowable</u>	<u>Total</u>	
1. Cash	\$ 1,544,073,384		\$ 1,544,073,384	750
2. Cash segregated in compliance with federal and other regulations	5,905,986,306		5,905,986,306	760
3. Receivable from brokers or dealers and clearing organizations:				
A. Failed to deliver:				
1. Includable in "Formula for Reserve Requirements"	91,801,028			220
2. Other	310,425,993		402,227,021	770
B. Securities borrowed:				
1. Includable in "Formula for Reserve Requirements"	7,117,252,113			240
2. Other	34,897,461,906		42,014,714,019	780
C. Omnibus accounts:				
1. Includable in "Formula for Reserve Requirements"	0			260
2. Other	633,219,180		633,219,180	790
D. Clearing Organizations:				
1. Includable in "Formula for Reserve Requirements"				280
2. Other	3,590,717,163		3,590,717,163	800
E. Other	617,632,091	\$ 65,342,597	682,974,688	810
4. Receivables from customers:				
A. Securities accounts:				
1. Cash and fully secured accounts	5,125,758,277			310
2. Partly secured accounts		8,645,712	8,645,712	560
3. Unsecured Accounts		137,624,075	137,624,075	570
B. Commodity accounts	92,089,763	98,613	98,613	580
C. Allowance for doubtful accounts	()	99,561,328	5,264,655,112	820
5. Receivables from non-customers:				
A. Cash and fully secured accounts	50,064,425			340
B. Partly secured and unsecured accounts		362,072	50,426,497	830
6. Securities purchased under agreements to resell	19,253,720,638	0	19,253,720,638	840
7. Derivative Receivables:	155,720,811		155,720,811	801
8. Trade Date Receivable:	0		0	802
9. Securities and spot commodities owned, at market value:	15,172,270,089		15,172,270,089	850
Includes encumbered securities of	\$ 3,906,977,100			120

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BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	as of <u>09/30/10</u>
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STATEMENT OF FINANCIAL CONDITION

	ASSETS (continued)		
	Allowable	Nonallowable	Total
10. Securities owned not readily marketable:			
A. At Cost \$	130	440	1,159,960,109 860
11. Other investments not readily marketable:			
A. At Cost \$	140		
B. At estimated fair value	450	159,086,481 620	159,086,481 870
12. Securities borrowed under subordination agree- ments and partners' individual and capital securities accounts, at market value:			
A. Exempted securities \$	150		
B. Other \$	160	630	880
13. Secured demand notes- market value of collateral:			
A. Exempted securities \$	170		
B. Other \$	180	640	890
14. Memberships in exchanges:			
A. Owned, at market value \$	12,631,825 190		
B. Owned at cost		2,906,720 650	
C. Contributed for use of company, at market value		660	2,906,720 900
15. Investment in and receivables from affiliates, subsidiaries and associated partnerships	0 480	2,861,140,679 670	2,861,140,679 910
16. Property, furniture, equipment, leasehold improvements and rights under lease agreements: At cost (net of accumulated depreciation and amortization)	0 490	607,351,575 680	607,351,575 920
17. Other Assets:			
A. Dividends and interest receivable	176,544,638 500	6,938,389 690	
B. Free shipments	0 510	14,907,956 700	
C. Loans and advances	520	11,215,738 710	
D. Miscellaneous	131,599,022 530	6,580,883,832 720	
E. Collateral accepted under SFAS 140	8,417,263,662 536		
F. SPE Assets	3,194,516,779 537		18,533,870,016 930
18. TOTAL ASSETS \$	106,478,117,268 540	11,516,903,220 740	117,995,020,488 940

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BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	as of <u>09/30/10</u>
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STATEMENT OF FINANCIAL CONDITION
LIABILITIES AND OWNERSHIP EQUITY

Liabilities	Total
19. Bank loans payable:	
A. Includable in "Formula for Reserve Requirements"	\$ _____ 1460
B. Other	_____ 1470
20. Securities sold under repurchase agreements.	10,528,221,675 1480
21. Payable to brokers or dealers and clearing organizations:	
A. Failed to receive:	
1. Includable in "Formula for Reserve Requirements"	_____ 217,765,394 1490
2. Other	_____ 120,219,510 1500
B. Securities loaned:	
1. Includable in "Formula for Reserve Requirements"	_____ 741,834,726 1510
2. Other	_____ 19,547,692,231 1520
C. Omnibus accounts:	
1. Includable in "Formula for Reserve Requirements"	_____ 6,069,156,175 1530
2. Other	_____ 27,754,893 1540
D. Clearing organizations:	
1. Includable in "Formula for Reserve Requirements"	_____ _____ 1550
2. Other	_____ 60,972,153 1560
E. Other	_____ 6,862,346,071 1570
22. Payable to customers:	
A. Securities accounts - including free credits of \$ <u>8,028,092,879</u> 950	_____ 10,213,980,984 1580
B. Commodities accounts	_____ 6,564,889,160 1590
23. Payable to non customers:	
A. Securities accounts	_____ 4,147,982,995 1600
B. Commodities accounts	_____ 2,859,272,892 1610
24. Derivative Payables:	_____ 616,040,621 1561
25. Trade Date Payable:	_____ 1,269,756,235 1562
26. Securities sold not yet purchased at market value - including arbitrage of \$ <u>2,075,745,572</u> 960	_____ 11,464,732,952 1620
27. Accounts payable and accrued liabilities and expenses:	
A. Drafts payable	_____ 223,380,078 1630
B. Accounts payable	_____ 3,430,320,569 1640
C. Income taxes payable	_____ _____ 1650
D. Deferred income taxes	_____ _____ 1660
E. Accrued expenses and other liabilities ..	_____ 2,997,201,974 1670
F. Other	_____ 0 1680
G. Obligation to return securities	_____ 8,417,263,662 1686
H. SPE Liabilities	_____ 3,194,516,779 1687

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

as of 09/30/10

STATEMENT OF FINANCIAL CONDITION
LIABILITIES AND OWNERSHIP EQUITY (continued)

	<u>Liabilities</u>	<u>Total</u>
28. Notes and mortgages payable:		
A. Unsecured		\$ <u>1690</u>
B. Secured		<u>0</u> <u>1700</u>
29. Liabilities subordinated to claims of general creditors:		
A. Cash borrowings:		<u>12,000,000,000</u> <u>1710</u>
1. from outsiders \$ <u>970</u>		
2. Includes equity subordination(15c3-1(d)) of \$ <u>4,400,000,000</u> <u>980</u>		
B. Securities borrowings, at market value:		<u>1720</u>
from outsiders \$ <u>990</u>		
C. Pursuant to secured demand note collateral agreements:		<u>1730</u>
1. from outsiders \$ <u>1000</u>		
2. Includes equity subordination(15c3-1(d)) of \$ <u>1010</u>		
D. Exchange memberships contributed for use of company, at market value		<u>1740</u>
E. Accounts and other borrowings not qualified for net capital purposes		<u>1750</u>
30. TOTAL LIABILITIES		\$ <u>111,575,301,729</u> <u>1760</u>
<u>Ownership Equity</u>		
31. Sole proprietorship		\$ <u>1770</u>
32. Partnership - limited partners	\$ <u>1020</u>	<u>1780</u>
33. Corporation:		
A. Preferred stock		<u>1791</u>
B. Common stock	1,000	<u>1792</u>
C. Additional paid- in capital	6,054,058,711	<u>1793</u>
D. Retained Earnings	365,659,048	<u>1794</u>
E. Total	6,419,718,759	<u>1795</u>
F. Less capital stock in treasury	()	<u>1796</u>
34. TOTAL OWNERSHIP EQUITY		\$ <u>6,419,718,759</u> <u>1800</u>
35. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ <u>117,995,020,488</u> <u>1810</u>

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	as of <u>09/30/10</u>
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COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition - Item 1800)	\$	6,419,718,759	3480
2. Deduct: Ownership equity not allowable for Net Capital			3490
3. Total ownership equity qualified for Net Capital		6,419,718,759	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		12,000,000,000	3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	18,419,718,759	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	\$	11,516,903,220	3540
1. Additional charges for customers' and non-customers' security accounts		6,922,440	3550
2. Additional charges for customers' and non-customers' commodity accounts			3560
B. Aged fail-to-deliver:		4,361,393	3570
1. number of items		2,080	3450
C. Aged short security differences-less reserve of	\$		3460
number of items			3470
D. Secured demand note deficiency			3590
E. Commodity futures contracts and spot commodities - proprietary capital charges			3600
F. Other deductions and/or charges		305,294,353	3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)			3615
H. Total deductions and/or charges		11,833,481,406	3620
7. Other additions and/or allowable credits (List)			3630
8. Tentative Net Capital	\$	6,586,237,353	3640
9. Total Market Risk Exposure	\$	1,248,168,238	3635
10. Total Credit Risk Exposure	\$	269,543	3679
11. Net Capital	\$	5,337,799,572	3750

OMIT PENNIES