

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

**FOCUS REPORT**  
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)  
**PART II CSE [1]**

FORM  
X-17A-5

(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  25

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)

10/01/10  24

AND ENDING (MM/DD/YY)

12/31/10  25

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

William E. Tirrell  30

(201)671-0132  31

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

OFFICIAL USE

32  
 34  
 36  
 38

33  
 35  
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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 9th day of February, 2011

Manual Signatures of:

- 1) [Signature]  
Principal Executive Officer or Managing Partner
- 2) [Signature]  
Principal Financial Officer or Partner
- 3) [Signature]  
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))

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II CSE

BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	N2		100
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STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 12/31/10 99  
SEC FILE NO. 8-07221 98  
Consolidated  198  
Unconsolidated  199

	<u>ASSETS</u>			
	<u>Allowable</u>	<u>Nonallowable</u>		
1. Cash	\$ 1,574,117,060	200		\$ 1,574,117,060 750
2. Cash segregated in compliance with federal and other regulations	5,521,765,357	210		5,521,765,357 760
3. Receivable from brokers or dealers and clearing organizations:				
A. Failed to deliver:				
1. Includable in "Formula for Reserve Requirements"	334,444,984	220		
2. Other	4,464,520,922	230		4,798,965,906 770
B. Securities borrowed:				
1. Includable in "Formula for Reserve Requirements"	5,455,871,438	240		
2. Other	41,589,939,335	250		47,045,810,773 780
C. Omnibus accounts:				
1. Includable in "Formula for Reserve Requirements"	0	260		
2. Other	557,104,824	270		557,104,824 790
D. Clearing Organizations:				
1. Includable in "Formula for Reserve Requirements"		280		
2. Other	3,536,566,330	290		3,536,566,330 800
E. Other	8,308,413,754	300	\$ 64,667,473 550	8,373,081,227 810
4. Receivables from customers:				
A. Securities accounts:				
1. Cash and fully secured accounts	7,378,521,491	310		
2. Partly secured accounts		320	18,869,357 560	
3. Unsecured Accounts			172,707,216 570	
B. Commodity accounts	87,216,987	330	225,067 580	
C. Allowance for doubtful accounts	( )	335	( 99,808,442 ) 590	7,557,731,676 820
5. Receivables from non-customers:				
A. Cash and fully secured accounts	153,822,914	340		
B. Partly secured and unsecured accounts		350	302,377 600	154,125,291 830
6. Securities purchased under agreements to resell	108,956,949,667	360	0 605	108,956,949,667 840
7. Derivative Receivables:	170,008,475	291		170,008,475 801
8. Trade Date Receivable:	0	292		0 802
9. Securities and spot commodities owned, at market value:	74,078,145,145	849		74,078,145,145 850
Includes encumbered securities of				
..... \$	17,818,569,053	120		

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II CSE

BROKER OR DEALER	as of <u>12/31/10</u>
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	

STATEMENT OF FINANCIAL CONDITION

	ASSETS (continued)		
	Allowable	Nonallowable	Total
10. Securities owned not readily marketable:			
A. At Cost . . . . . \$	130	\$ 440	\$ 3,280,966,819 610
11. Other investments not readily marketable:			
A. At Cost . . . . . \$	140		
B. At estimated fair value . . . . .	450	150,771,051 620	150,771,051 870
12. Securities borrowed under subordination agree- ments and partners' individual and capital securities accounts, at market value:			
A. Exempted securities . . . . . \$	150		
B. Other . . . . . \$	160	460	630 880
13. Secured demand notes- market value of collateral:			
A. Exempted securities . . . . . \$	170		
B. Other . . . . . \$	180	470	640 890
14. Memberships in exchanges:			
A. Owned, at market value . . . . . \$	13,460,250 190		
B. Owned at cost . . . . .		2,766,114 650	
C. Contributed for use of company, at market value . . . . .		660	2,766,114 900
15. Investment in and receivables from affiliates, subsidiaries and associated partnerships . . . . .	18,417,821 480	2,906,391,089 670	2,924,808,910 910
16. Property, furniture, equipment, leasehold improvements and rights under lease agreements: At cost (net of accumulated depreciation and amortization) . . . . .	0 490	555,486,294 680	555,486,294 920
17. Other Assets:			
A. Dividends and interest receivable . . . . .	1,259,463,578 500	16,611,226 690	
B. Free shipments . . . . .	0 510	3,004,503 700	
C. Loans and advances . . . . .	520	10,429,988 710	
D. Miscellaneous . . . . .	78,455,489 530	7,895,405,157 720	
E. Collateral accepted under SFAS 140 . . . . .	9,168,157,293 536		
F. SPE Assets . . . . .	3,287,021,585 537		21,718,548,819 930
18. TOTAL ASSETS . . . . . \$	275,978,924,449 540	\$ 14,978,795,289 740	\$ 290,957,719,738 940

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II CSE

BROKER OR DEALER	as of <u>12/31/10</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" .....	\$	1460
B. Other .....		1470
20. Securities sold under repurchase agreements.		142,618,830,466 1480
21. Payable to brokers or dealers and clearing organizations:		
A. Failed to receive:		
1. Includable in "Formula for Reserve Requirements" .....	634,277,477	1490
2. Other .....	3,854,120,276	1500
B. Securities loaned:		
1. Includable in "Formula for Reserve Requirements" .....	1,025,533,417	1510
2. Other .....	14,692,937,679	1520
C. Omnibus accounts:		
1. Includable in "Formula for Reserve Requirements" .....	5,812,907,324	1530
2. Other .....	50,516,612	1540
D. Clearing organizations:		
1. Includable in "Formula for Reserve Requirements" .....		1550
2. Other .....	314,774,104	1560
E. Other .....	1,014,161,209	1570
22. Payable to customers:		
A. Securities accounts - including free credits of . . . . . \$ <u>8,967,192,384</u> <span style="border: 1px solid black; padding: 0 2px;">950</span>	10,719,460,135	1580
B. Commodities accounts .....	6,314,585,010	1590
23. Payable to non customers:		
A. Securities accounts .....	4,818,812,964	1600
B. Commodities accounts .....	2,087,950,982	1610
24. Derivative Payables: .....	443,946,717	1561
25. Trade Date Payable: .....	284,103,670	1562
26. Securities sold not yet purchased at market value - including arbitrage of . . . . . \$ <u>2,541,892,171</u> <span style="border: 1px solid black; padding: 0 2px;">960</span>	35,709,696,549	1620
27. Accounts payable and accrued liabilities and expenses:		
A. Drafts payable .....	607,708,888	1630
B. Accounts payable .....	6,803,118,938	1640
C. Income taxes payable .....		1650
D. Deferred income taxes .....		1660
E. Accrued expenses and other liabilities . .	3,506,472,678	1670
F. Other .....	0	1680
G. Obligation to return securities .....	9,168,157,293	1686
H. SPE Liabilities .....	3,287,021,585	1687

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II CSE

BROKER OR DEALER MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	as of <u>12/31/10</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 .....	\$ 8,785,400,000	1690
B. Secured .....	0	1700
29. Liabilities subordinated to claims of general creditors:		
A. Cash borrowings: .....	14,578,000,000	1710
1. from outsiders \$ .....	970	
2. Includes equity subordination(15c3-1(d)) of .....	5,858,000,000	980
B. Securities borrowings, at market value: .....		1720
from outsiders \$ .....	990	
C. Pursuant to secured demand note collateral agreements: .....		1730
1. from outsiders \$ .....	1000	
2. Includes equity subordination(15c3-1(d)) of .....	1010	
D. Exchange memberships contributed for use of company, at market value .....		1740
E. Accounts and other borrowings not qualified for net capital purposes .....		1750
30. TOTAL LIABILITIES .....	\$ 277,132,493,973	1760
<u>Ownership Equity</u>		
31. Sole proprietorship .....	\$	1770
32. Partnership - limited partners .....	\$ 1020	1780
33. Corporation: .....		
A. Preferred stock .....		1791
B. Common stock .....	1,000	1792
C. Additional paid- in capital .....	9,639,969,586	1793
D. Retained Earnings .....	4,185,255,179	1794
E. Total .....	13,825,225,765	1795
F. Less capital stock in treasury .....	( )	1796
34. TOTAL OWNERSHIP EQUITY .....	\$ 13,825,225,765	1800
35. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....	\$ 290,957,719,738	1810

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II CSE

BROKER OR DEALER	as of 12/31/10
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	

COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition - Item 1800)	\$ 13,825,225,765	3480
2. Deduct: Ownership equity not allowable for Net Capital	( )	3490
3. Total ownership equity qualified for Net Capital	13,825,225,765	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital	14,578,000,000	3520
B. Other (deductions) or allowable credits (List)		3525
5. Total capital and allowable subordinated liabilities	\$ 28,403,225,765	3530
6. Deductions and/or charges:		
A. Total non-allowable assets from		
Statement of Financial Condition (Notes B and C)	\$ 14,978,795,289	3540
1. Additional charges for customers' and non-customers' security accounts	82,491,422	3550
2. Additional charges for customers' and non-customers' commodity accounts		3560
B. Aged fail-to-deliver:	297,197,320	3570
1. number of items	5,036	3450
C. Aged short security differences-less reserve of	\$ 3460	3580
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	756,471,407	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	( 16,114,955,438 )	3620
7. Other additions and/or allowable credits (List)		3630
8. Tentative Net Capital	\$ 12,288,270,327	3640
9. Total Market Risk Exposure	\$ 2,445,147,572	3635
10. Total Credit Risk Exposure	\$ 15,472	3679
11. Net Capital	\$ 9,843,107,283	3750

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II CSE

BROKER OR DEALER

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

as of 12/31/10

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	\$	735,931,408	3870
13. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries	\$	600,030,780	3880
14. Net capital requirement (greater of line 12 or 13)	\$	735,931,408	3760
15. Excess net capital (line 11 less 14)	\$	9,107,175,875	3910
16. Percentage of Net Capital to Aggregate Debits (line 11 divided by line 18 page 10)	%	71.44	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)	%	71.42	3854
18. Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	\$	8,959,989,593	3920

OTHER RATIOS

Part B

19. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	30.70	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