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SIEBERT FINANCIAL CORP. • 2011 ANNUAL REPORT

SIEBERT

SIEBERT FINANCIAL CORP.

Stability, Quality and Value

For more than 40 years, the Siebert name has stood for integrity, innovation and customer service in the financial services industry. Founded in 1969 by Muriel Siebert, who in 1967 became the first woman member of the New York Stock Exchange, our firm became a discount broker on May 1, 1975, the first day NYSE members were allowed to negotiate commissions. Ms. Siebert, along with a few other pioneers, made front-page history that day. Siebert was also one of the earliest providers of online brokerage services.

In 1977, Ms. Siebert was named New York State's Superintendent of Banks with responsibility for the safety and soundness of banks and other state chartered financial institutions, at the time the highest position in banking supervision or regulation ever achieved by a woman. This required that she place the firm in a blind trust for five years. During these years as a regulator, she experienced first-hand the considerable responsibility involved in protecting other people's money. When she returned to her firm, that experience became the standard by which we do business at Siebert.

Our firm is characterized by conservative business principles and a policy of putting safety first, building solid relationships with corporate, institutional and retail clients through exceptional personal service and proven performance. At Siebert, our mission is the pursuit and delivery of value – both for shareholders and clients. We drive growth by playing to our strengths in select areas of activity, while making continual advancements in our approach to take advantage of ever-evolving opportunities in the brokerage and capital markets areas.

May 2012

Dear Fellow Shareholders:

If there is one word that describes the state of the financial markets in 2011, it is volatility. Even as the economy in the U.S. seemed to be recovering slowly, 2011's markets rose and fell precipitously, driven by anxieties about the euro zone sovereign debt crisis, the downgrade of the United States' credit rating and its gridlocked political process, Japan's tsunami and nuclear disaster and other forces over which we had no influence. Our Company's historically conservative customer was understandably apprehensive about the level of uncertainty in the markets and the economy, both at home and abroad. While we believe our retail clients' underlying commitment to the value and wisdom of investing in the financial markets remains strong, last year's dizzying price swings on top of the unprecedented economic events of the last four years have led some to stay on the sidelines awaiting a greater degree of market and economic stability.

Fortunately, as we see it early in 2012, the perspective among investors may be shifting – from a loss of confidence fueled by an unprecedented global financial crisis to a more familiar caution related to the strength and sustainability of the recovering financial markets. Although it is not possible to predict when a more stable environment will take hold, there have been some encouraging signs. In the first quarter of this year, we have seen some growth in revenues from increased retail trading, which we take as an indication that some of our customers are beginning to become more confident about the markets' prospects for the future.

Throughout the year, we continued to streamline operations to be in line with existing economic conditions and maintained and improved upon our technological platform and our customer-focused policies and services to ensure that our retail brokerage offering remains strong. And we made significant progress in the other major revenue producing area of business – investment banking. This combination of continual refinement of our core brokerage business and growth in our corporate underwriting and institutional trading businesses has allowed us to make meaningful progress even in a year in which our overall results were disappointing.

Financial Performance

Total revenues for 2011 were \$20.2 million, a decrease of \$571,000, or 2.8%, from 2010. The net loss was \$5.379 million, or \$0.24 per share, compared with 2010's net loss of \$2.64 million, or \$0.12 per share. Reflecting our Company's strength in capital markets, investment banking revenues increased 69.8% over 2010, due to our participation in more new debt and equity issues, and associated trading profits increased 62.1%. Commission and fee income declined by \$2.8 million compared with 2010, primarily





because in 2010 our income was increased by the one-time receipt of \$3 million as a result of signing a new three year fully-disclosed clearing agreement with our primary clearing firm. Among reasons for the net loss were a \$1 million provision related to the settlement of litigation and, separately, substantial professional expenses, predominantly legal fees resulting from an as yet-unresolved arbitration proceeding begun by a former employee following the termination of his employment. We believe this action against us is without merit, but the costs of defense have adversely affected the Company's results.

We continue to reap the benefits of a conservative approach to our business. Our balance sheet remains strong with no debt. Sixty percent of our firm's assets are highly liquid, in cash or cash equivalents. With our working capital invested primarily in money market funds, our liquidity has not been materially affected. We have no investments in collateralized debt obligations, exotic derivatives or structured products. As of December 31, 2011, our net capital was more than 71 times greater than our required regulatory minimum.

Business Unit Highlights

As has been the case throughout the economic downturn, in 2011 we continued to have bright spots to report.

Retail Brokerage Services – On the retail brokerage side last year, we continued to strive for improvement, even in the most basic areas. For example, we upgraded monthly statements to make them more concise and easier to understand, with key information displayed in a comprehensive, at-a-glance format with enhanced charts and tables. We also introduced new self-service functionality allowing clients to update their mailing addresses and phone numbers online should they so desire.

In this era of smart phones and tablets, our focus for much of the year was on development of new online platforms for 2012. We worked closely with National Financial Services LLC, our clearing firm, on plans to launch new mobile applications and a revised SiebertNet.com Web site for retail clients. The mobile applications for iPhones, Androids and other Web-enabled phones were recently introduced and the Web site is expected to be launched in early May 2012.

Our policy on negotiating pricing and margin interest rates; the high level of excess-SIPC protection we offer in concert with our clearing firm; our ability to provide clients with select fixed-income offerings; and our choice not to affiliate with a market maker or take positions against customer orders continue to differentiate us from our competitors. In 2011, these efforts underscored our com-



mitment to maintaining our status as a client-focused, boutique discount brokerage firm providing self-directed retail investors with exceptional personal service, security, stability, a wide array of investment products and extensive online third-party research and analytic tools.

Siebert Capital Markets – The Siebert Capital Markets (SCM) division provides high-quality brokerage services to institutional clients and investment banking services to corporations. Backed by the latest information, technology and systems, our traders and investment bankers offer value-added services to some of the nation’s largest investment managers, corporations and public retirement systems. In 2011, the division continued to expand its business, acting as co-manager or underwriter in approximately \$80 billion of global debt and equity offerings. As a result of our status as a woman-owned business enterprise, we are often chosen to underwrite transactions by issuers that have diversity initiatives. SCM participated in debt and equity transactions for dozens of U.S. companies in 2011, including Ally Financial Inc., AT&T Inc., MetLife, Inc., The Goldman Sachs Group, Inc., Lowe’s Companies, Inc., Time Warner Inc., and Verizon Communications Inc., to name a few. As our underwriting activity grows, Siebert retail clients have ever-increasing access to new-issue products. The division continued to add seasoned professionals during the year to grow its business. On the institutional brokerage side, the trading department bolstered its electronic execution capabilities and continued to demonstrate that specialized broker-dealers, regardless of size, can achieve superior results in executing share repurchase programs. Our Fortune-rated clients value our proven ability to expertly facilitate their rule 10b-18 and 10b5-1 trading plans.

Municipal Underwriting – Despite the fact that 2011 was the weakest year in the last ten for negotiated municipal bond issuance, our Company’s 49 percent-owned affiliate Siebert Brandford Shank & Co., L.L.C. (SBS) continued to be a market leader in what was a smaller universe of offerings, once again ranking among the nation’s top ten senior-managing underwriters of negotiated municipal new issues. SBS has been the top-ranked minority/woman-owned municipal bond underwriter since 1998, and its ongoing presence as one of the top ten among the total universe of all such underwriters is unique.*

Providing municipal underwriting and financial advisory services to state and local governments across the country, SBS in 2011 senior-managed over \$5.8 billion in municipal financings and co-managed over \$7.4 billion. It had Member’s Capital of approximately \$16.8 million at the end of 2011. Income from our equity investment in the firm was \$8,000 compared with \$4.1 million in 2010, due to the sharp decline in the number of municipalities offering bonds and the expiration of the Build America Bonds program.

*Thomson Reuters and Securities Data Corporation: January 2012



Optimism

As 2012 unfolds, we are encouraged that, in very challenging times, our Company has continued to make progress, although we are disappointed that our financial results do not yet reflect these developments. However, the commitment and dedication of our people throughout our organization during this period is something we can be proud of.

We steered clear of the exotic financial instruments that helped bring about the global financial crisis (and the demise of some big participants in our industry) four years ago. The conservative business principles that are the foundation of our strategy remain valid and fundamental to our approach. Initiatives and ventures we have embarked upon over the years are prospering, growing and contributing to the bottom line. Like many in the financial services industry, we face challenges in a changed landscape. We are working to meet them.

As a Company, we believe in the financial services industry, in the long-term value of investing and in the resilience and wealth-creation potential of the markets. In 2008, the excesses of many years took their toll on the global financial system. It may take more time for the fallout from the meltdown to fully resolve. There may be setbacks as we move forward. But we are encouraged, as American consumers, corporations and small businesses reemerge and work to reignite the economy. We have faith in their unwavering optimism and aspiration. If the last recession came from the top down, this recovery may well come from the bottom up.

Our Company remains grateful for the hard work of our employees, the loyalty of our clients and customers, and the confidence of our shareholders.

Thank you for your support,

Muriel Siebert
Chairwoman and Chief Executive Officer

P.S. We encourage all shareholders to take advantage of the Shareholder Discount Program through which holders of at least 100 Siebert shares can receive five commission-free trades per year plus a special shareholder commission discount. For specific details, contact James Burzynski, Manager, New Accounts, at 800-872-0711 and identify yourself as a shareholder. The New Accounts Department is open from 7:30 a.m. to 7:30 p.m. ET, Monday – Friday.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: **December 31, 2011**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-5703

Siebert Financial Corp.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

885 Third Avenue, New York, New York
(Address of principal executive offices)

11-1796714
(I.R.S. Employer
Identification No.)

10022
(Zip Code)

(212) 644-2400

Registrant's telephone number

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class
COMMON STOCK, PAR VALUE \$.01 PER SHARE

Name of each exchange on which registered
THE NASDAQ CAPITAL MARKET

Securities registered under Section 12(g) of the Exchange Act:

NONE
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the Common Stock held by non-affiliates of the registrant (based upon the last sale price of the Common Stock reported on the NASDAQ Capital Market as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2011)), was \$3,641,491.

The number of shares of the registrant's outstanding Common Stock, as of March 13, 2012, was 22,103,176 shares.

Documents Incorporated by Reference: Definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act on or before April 29, 2012 is incorporated by reference into Part III.

Special Note Regarding Forward-Looking Statements

Statements in this Annual Report on Form 10-K, as well as oral statements that may be made by the Company or by officers, directors or employees of the Company acting on the Company's behalf, that are not statements of historical or current fact constitute "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve risks and uncertainties and known and unknown factors that could cause the actual results of the Company to be materially different from historical results or from any future results expressed or implied by such forward looking statements, including without limitation: changes in general economic and market conditions; changes and prospects for changes in interest rates; fluctuations in volume and prices of securities; demand for brokerage and investment banking services; competition within and without the discount brokerage business, including the offer of broader services; competition from electronic discount brokerage firms offering greater discounts on commissions than the Company; the prevalence of a flat fee environment; decline in participation in corporate or municipal finance underwritings; limited trading opportunities; the method of placing trades by the Company's customers; computer and telephone system failures; the level of spending by the Company on advertising and promotion; trading errors and the possibility of losses from customer non-payment of amounts due; other increases in expenses and changes in net capital or other regulatory requirements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date when such statements were made or to reflect the occurrence of unanticipated events. An investment in us involves various risks, including those mentioned above and those which are detailed from time to time in our Securities and Exchange Commission filings.

PART I

Item 1. BUSINESS

General

Siebert Financial Corp. is a holding company that conducts its retail discount brokerage and investment banking business through its wholly-owned subsidiary, Muriel Siebert & Co., Inc., a Delaware corporation. Muriel F. Siebert, the first woman member of the New York Stock Exchange, is our Chairwoman, Chief Executive Officer and President and owns approximately 90% of our outstanding common stock, par value \$.01 per share (the “Common Stock”). For purposes of this Annual Report, the terms “Siebert,” “Company,” “we,” “us” and “our” refer to Siebert Financial Corp. and its consolidated subsidiaries, unless the context otherwise requires.

Our principal offices are located at 885 Third Avenue, New York, New York 10022, and our phone number is (212) 644-2400. Our Internet address is www.siebertnet.com. Our SEC filings are available through our website at www.siebertnet.com, where you are able to obtain copies of the Company’s public filings free of charge. Our Common Stock trades on the NASDAQ Capital Market under the symbol “SIEB”.

Business Overview

Siebert’s principal activity is providing Internet and traditional discount brokerage and related services to retail investors and, through its wholly owned subsidiary, Siebert Women’s Financial Network, Inc. (“WFN”), providing products, services and information devoted to women’s financial needs. Through its Capital Markets division, Siebert also offers institutional clients equity execution services on an agency basis, as well as equity and fixed income underwriting and investment banking services. We believe that we are the largest Woman-Owned Business Enterprise (“WBE”) in the capital markets business in the United States. In addition, Siebert, Brandford, Shank & Co., L.L.C. (“SBS”), a company in which Siebert holds a 49% ownership interest, is the largest Minority and Women’s Business Enterprise (“MWBE”) in the tax-exempt underwriting business in the United States.

The Retail Division

Discount Brokerage and Related Services. Siebert became a discount broker on May 1, 1975. Siebert believes that it has been in business and a member of The New York Stock Exchange, Inc. (the “NYSE”) longer than any other discount broker. In 1998, Siebert began to offer its customers access to their accounts through SiebertNet, its Internet website. Siebert’s focus in its discount brokerage business is to serve retail clients seeking a wide selection of quality investment services, including trading through a broker on the telephone, through a wireless device or via the Internet, at commissions that are substantially lower than those of full-commission firms. Siebert clears its securities transactions on a fully disclosed basis through National Financial Services Corp. (“NFS”), a wholly owned subsidiary of Fidelity Investments.

Siebert serves investors who make their own investment decisions. Siebert seeks to assist its customers in their investment decisions by offering a number of value added services, including easy access to account information. Siebert’s representatives are available to assist customers with information via toll-free 800 service Monday through Friday between 7:30 a.m. and 7:30 p.m. Eastern Time. Through its SiebertNet, Mobile Broker, inter-active voice recognition and Siebert MarketPhone services, 24-hour access is available to customers.

Independent Retail Execution Services. Siebert and our clearing agent monitor order flow in an effort to ensure that we are getting the best possible trade executions for customers. Siebert does not make markets in securities, nor does it take positions against customer orders.

Siebert’s equity orders are routed by its clearing agent in a manner intended to afford its customers the opportunity for price improvement on all orders. The firm also offers customers execution services through various electronic communication networks (“ECNs”) for an additional fee. These systems give customers access to numerous ECNs before and after regular market hours. Siebert believes that its over-the counter executions consistently afford its customers the opportunity for price improvement.

Customers may also indicate online interest in buying or selling fixed income securities, including municipal bonds, corporate bonds, mortgage-backed securities, government sponsored enterprises, unit investment trusts or certificates of deposit. These transactions are serviced by registered representatives.

Retail Customer Service. Siebert believes that superior customer service enhances its ability to compete with larger discount brokerage firms and therefore provides retail customers, at no additional charge, with personal service via toll-free access to dedicated customer support personnel for all of its products and services. Customer service personnel are located in each of Siebert’s branch offices. Siebert has retail offices in New York, New York; Jersey City, New Jersey; Boca Raton, and West Palm Beach, Florida; and Beverly Hills, California. Siebert uses a proprietary Customer Relationship Management System that enables representatives, no matter where located, to view a customer’s service requests and the response thereto. Siebert’s telephone system permits the automatic routing of calls to the next available agent having the appropriate skill set.

Retirement Accounts. Siebert offers customers a variety of self-directed retirement accounts for which it acts as agent on all transactions. Custodial services are provided through an affiliate of NFS, the firm's clearing agent, which also serves as trustee for such accounts. Each IRA, SEP IRA, ROTH IRA, 401(k) and KEOGH account can be invested in mutual funds, stocks, bonds and other investments in a consolidated account.

Customer Financing. Customers margin accounts are carried through Siebert's clearing agent which lends customers a portion of the market value of certain securities held in the customer's account. Margin loans are collateralized by these securities. Customers also may sell securities short in a margin account, subject to minimum equity and applicable margin requirements, and the availability of such securities to be borrowed. In permitting customers to engage in margin, short sale or any other transaction, Siebert assumes the risk of its customers' failure to meet their obligations in the event of adverse changes in the market value of the securities positions. Both Siebert and its clearing agents reserve the right to set margin requirements higher than those established by the Federal Reserve Board.

Siebert has established policies with respect to maximum purchase commitments for new customers or customers with inadequate collateral to support a requested purchase. Managers have some flexibility in the allowance of certain transactions. When transactions occur outside normal guidelines, Siebert monitors accounts closely until their payment obligations are completed; if the customer does not meet the commitment, Siebert takes steps to close out the position and minimize any loss. Siebert has not had significant credit losses in the last five years.

Information and Communications Systems. Siebert relies heavily on the data technology platform provided by its clearing agent, NFS LLC ("NFS"). This platform offers an interface to NFS' main frame computing system where all customer account records are kept and is accessible by Siebert's network. Siebert's systems also utilize browser based access and other types of data communications. Siebert's representatives use NFS systems, by way of Siebert's technology platform, to perform daily operational functions which include trade entry, trade reporting, clearing related activities, risk management and account maintenance.

Siebert's data technology platform offers services used in direct relation to customer related activities as well as support for corporate use. Some of these services include email and messaging, market data systems and third party trading systems, business productivity tools and customer relationship management systems. Siebert's branch offices are connected to the main offices in New York, New York and Jersey City, New Jersey via a virtual private network. Siebert's data network is designed with redundancy in case a significant business disruption occurs.

Siebert's voice network offers a call center feature that can route and queue calls for certain departments within the organization. Additionally, the systems call manager offers reporting and tracking features which enable staff to determine how calls are being managed, such as time on hold, call duration and total calls by agent.

To ensure reliability and to conform to regulatory requirements related to business continuity, Siebert maintains backup systems and backup data. However, in the event of a wide-spread disruption, such as a massive natural disaster, Siebert's ability to satisfy the obligations to customers and other securities firms could be significantly hampered or completely disrupted. For more information regarding Siebert's Business Continuity Plan, please visit our website at www.siebertnet.com or write to us at Muriel Siebert & Co., Inc., Compliance Department, 885 Third Avenue, Suite 1720, New York, NY 10022.

Our website has design, navigation, and functionality features such as:

- Informative trading screens: Customers can stay in touch while trading, double-check balances, positions and order status, see real time quotes, intraday and annual charts and news headlines – automatically – as they place orders.
- Multiple orders: Customers can place as many as 10 orders at one time.
- Tax-lot trading: Our online equity order entry screen allows customers to specify tax lots which display with cost basis and current gain/loss on a real-time positions page.
- Trailing stop orders: Customers can enter an order that trails the market as a percentage of share price or with a flat dollar value and the system will execute their instructions automatically.
- Contingent orders: Customers can place One-Triggers-Two Bracket and One-Cancels-Other Bracket orders.
- Options Wizard and Strategy Builder: Customers can review single and complex options combinations and components of each along with profit/risk potential and impact of time. The Strategy Builder presents real-time debit/credit amounts, potential maximum gain/loss and potential breakeven points by strike price.
- An easy-to-install desktop security program that may be installed to help protect against certain types of online fraud such as "keylogging" and "phishing."

The Capital Markets Division

Siebert's Capital Markets Group ("SCM") division serves as a co-manager, underwriting syndicate member, or selling group member on a wide spectrum of securities offerings for corporations and Federal agencies. The principal activities of the Capital Markets Division are investment banking and institutional equity execution services. SCM provides high-quality brokerage service to both institutional investors and issuers of equity and fixed-income securities.

Siebert, Brandford, Shank & Co., L.L.C.

Muriel Siebert & Co., Inc. ("Siebert") owns 49% of Siebert, Brandford, Shank & Co., L.L.C. ("SBS"). The remaining 51% is owned by Napoleon Brandford III and Suzanne F. Shank. SBS has been serving the public sector and growing the firm since 1996. SBS provides municipal underwriting and financial advisory services to state and local governments across the nation for the funding of education, housing, health services, transportation, utilities, capital facilities, redevelopment and general infrastructure projects, serving important issuers across the nation. SBS has offices across the nation.

Effective April 19, 2005, Siebert Financial Corp. ("SFC") entered into an Operating Agreement with Suzanne Shank and Napoleon Brandford III, the two individual principals (the "Principals") of SBS Financial Products Company, LLC, a Delaware limited liability company ("SBSFPC"). Pursuant to the terms of the Operating Agreement, SFC and each of the Principals made an initial capital contribution of 33.33% initial interest in SBSFPC. SBSFPC engages in derivatives transactions related to the municipal underwriting business.

Certain risks are involved in the underwriting of securities. Underwriting syndicates agree to purchase securities at a discount from the initial public offering price. An underwriter is exposed to losses on the securities that it has committed to purchase if the securities must be sold below the cost to the syndicate. In the last several years, investment banking firms have increasingly underwritten corporate and municipal offerings with fewer syndicate participants or, in some cases, without an underwriting syndicate. In these cases, the underwriter assumes a larger part or all of the risk of an underwriting transaction. Under Federal securities laws, other laws and court decisions, an underwriter is exposed to substantial potential liability for material misstatements or omissions of fact in the prospectus used to describe the securities being offered.

Advertising, Marketing and Promotion

Siebert develops and maintains its retail customer base through printed advertising in financial publications, broadcast commercials over national and local cable TV channels, as well as promotional efforts and public appearances by Ms. Siebert. Additionally, a significant number of the firm's new accounts are developed directly from referrals by satisfied customers.

Competition

Siebert encounters significant competition from full-commission, online and discount brokerage firms, as well as from financial institutions, mutual fund sponsors and other organizations, many of which are significantly larger and better capitalized than Siebert. Although there has been consolidation in the industry in both the online and traditional brokerage business during recent years, Siebert believes that additional competitors such as banks, insurance companies, providers of online financial and information services and others will continue to be attracted to the online brokerage industry. Many of these competitors are larger, more diversified, have greater capital resources, and offer a wider range of services and financial products than Siebert. Some of these firms are offering their services over the Internet and have devoted more resources to and have more elaborate websites than Siebert. Siebert competes with a wide variety of vendors of financial services for the same customers. Siebert believes that its main competitive advantages are high quality customer service, responsiveness, cost and products offered, the breadth of product line and excellent executions.

Regulation

The securities industry in the United States is subject to extensive regulation under both Federal and state laws. The Securities and Exchange Commission ("SEC") is the Federal agency charged with administration of the Federal securities laws. Siebert is registered as a broker-dealer with the SEC, and is a member of the New York Stock Exchange ("NYSE") and the Financial Industry Regulatory Authority ("FINRA"). Much of the regulation of broker-dealers has been delegated to self-regulatory organizations, principally FINRA and national securities exchanges such as the NYSE, which is Siebert's primary regulator with respect to financial and operational compliance. These self-regulatory organizations adopt rules (subject to approval by the SEC) governing the industry and conduct periodic examinations of broker-dealers. Securities firms are also subject to regulation by state securities authorities in the states in which they do business. Siebert is registered as a broker-dealer in 50 states, the District of Columbia and Puerto Rico.

The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than protection of creditors and stockholders of broker-dealers. The regulations to which broker-dealers are subject cover all aspects of the securities business, including training of personnel, sales methods, trading practices among broker-dealers, uses and safekeeping of customers' funds and securities, capital structure of securities firms, record keeping, fee arrangements, disclosure to clients, and the conduct of directors, officers and employees. Additional legislation, changes in rules promulgated by the SEC and by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules may directly affect the method of operation and profitability of broker-dealers. The SEC, self-regulatory organizations and state securities authorities may conduct administrative proceedings which can result in censure, fine, cease and desist orders or suspension or expulsion of a broker-dealer, its officers or its employees.

As a registered broker-dealer and FINRA member organization, Siebert is required by Federal law to belong to the Securities Investor Protection Corporation ("SIPC") which provides, in the event of the liquidation of a broker-dealer, protection for securities held in customer accounts held by the firm of up to \$500,000 per customer, subject to a limitation of \$250,000 on claims for cash balances. SIPC is funded through assessments on registered broker-dealers. In addition, Siebert, through its clearing agent, has purchased from private insurers additional account protection in the event of liquidation up to the net asset value, as defined, of each account. Stocks, bonds, mutual funds and money market funds are included at net asset value for purposes of SIPC protection and the additional protection. Neither SIPC protection nor the additional protection insures against fluctuations in the market value of securities.

Siebert is also authorized by the Municipal Securities Rulemaking Board to effect transactions in municipal securities on behalf of its customers and has obtained certain additional registrations with the SEC and state regulatory agencies necessary to permit it to engage in certain other activities incidental to its brokerage business.

Margin lending arranged by Siebert is subject to the margin rules of the Board of Governors of the Federal Reserve System and the NYSE. Under such rules, broker-dealers are limited in the amount they may lend in connection with certain purchases and short sales of securities and are also required to impose certain maintenance requirements on the amount of securities and cash held in margin accounts. In addition, those rules and rules of the Chicago Board Options Exchange govern the amount of margin customers must provide and maintain in writing uncovered options.

Net Capital Requirements

As a registered broker-dealer, Siebert is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1) (the "Net Capital Rule"), which has also been adopted by the NYSE. The Net Capital Rule specifies minimum net capital requirements for all registered broker-dealers and is designed to measure financial integrity and liquidity. Failure to maintain the required regulatory net capital may subject a firm to suspension or expulsion by the NYSE and FINRA, certain punitive actions by the SEC and other regulatory bodies and, ultimately, may require a firm's liquidation.

Regulatory net capital is defined as net worth (assets minus liabilities), plus qualifying subordinated borrowings, less certain deductions that result from excluding assets that are not readily convertible into cash and from conservatively valuing certain other assets. These deductions include charges that discount the value of security positions held by Siebert to reflect the possibility of adverse changes in market value prior to disposition.

The Net Capital Rule requires notice of equity capital withdrawals to be provided to the SEC prior to and subsequent to withdrawals exceeding certain sizes. The Net Capital Rule also allows the SEC, under limited circumstances, to restrict a broker-dealer from withdrawing equity capital for up to 20 business days. The Net Capital Rule of the NYSE also provides that equity capital may not be drawn or cash dividends paid if resulting net capital would be less than 5 percent of aggregate debits.

Under applicable regulations, Siebert is required to maintain regulatory net capital of at least \$250,000. At December 31, 2011 and 2010, Siebert had net capital of \$17.8 million and \$20.4 million, respectively. Siebert claims exemption from the reserve requirement under Section 15c3-3(k)(2)(ii).

Employees

As of March 14, 2012, we had approximately 62 full-time employees, six of whom were corporate officers. None of our employees is represented by a union, and we believe that relations with our employees are good.

Item 1A. RISK FACTORS

Securities market volatility and other securities industry risk could adversely affect our business

Most of our revenues are derived from our securities brokerage business. Like other businesses operating in the securities industry, our business is directly affected by volatile trading markets, fluctuations in the volume of market activity, economic and political conditions, upward and downward trends in business and finance at large, legislation and regulation affecting the national and international business and financial communities, currency values, inflation, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived credit-worthiness of the securities industry in the marketplace and the level and volatility of interest rates. We also face risks relating to trading losses, losses resulting from the ownership or underwriting of securities, counterparty failure to meet commitments, customer fraud, employee fraud, issuer fraud, errors and misconduct, failures in connection with the processing of securities transactions and litigation. A reduction in our revenues or a loss resulting from our underwriting or ownership of securities or sales or trading of securities could have a material adverse effect on our business, results of operations and financial condition. In addition, as a result of these risks, our revenues and operating results may be subject to significant fluctuations from quarter to quarter and from year to year.

Lower price levels in the securities markets may reduce our profitability.

Lower price levels of securities may result in (i) reduced volumes of securities, options and futures transactions, with a consequent reduction in our commission revenues, and (ii) losses from declines in the market value of securities we held in investment and underwriting positions. In periods of low volume, our levels of profitability are further adversely affected because certain of our expenses remain relatively fixed. Sudden sharp declines in market values of securities and the failure of issuers and counterparties to perform their obligations can result in illiquid markets which, in turn, may result in our having difficulty selling securities. Such negative market conditions, if prolonged, may also lower our revenues from investment banking and other activities. A reduction in our revenues from investment banking or other activities could have a material adverse effect on our business, results of operations and financial condition.

There is intense competition in the brokerage industry.

Siebert encounters significant competition from full-commission, online and other discount brokerage firms, as well as from financial institutions, mutual fund sponsors and other organizations many of which are significantly larger and better capitalized than Siebert. SBS also encounters significant competition from firms engaged in the municipal finance business. Over the past several years, price wars and lower commission rates in the discount brokerage business in general have strengthened our competitors. Siebert believes that such changes in the industry will continue to strengthen existing competitors and attract additional competitors such as banks, insurance companies, providers of online financial and information services, and others. Many of these competitors are larger, more diversified, have greater capital resources, and offer a wider range of services and financial products than Siebert. Siebert competes with a wide variety of vendors of financial services for the same customers. Siebert may not be able to compete effectively with current or future competitors.

Some competitors in the discount brokerage business offer services which we do not, including financial advice and investment management. In addition, some competitors have continued to offer lower flat rate execution fees that are difficult for any conventional discount firm to meet. Industry-wide changes in trading practices are expected to cause continuing pressure on fees earned by discount brokers for the sale of order flow. Many of the flat fee brokers impose charges for services such as mailing, transfers and handling exchanges which Siebert does not and also direct their execution to captive market makers. Continued or increased competition from ultra low cost, flat fee brokers and broader service offerings from other discount brokers could limit our growth or lead to a decline in Siebert's customer base which would adversely affect our business, results of operations and financial condition.

We are subject to extensive government regulation.

Our business is subject to extensive regulation in the United States, at both the Federal and state level. We are also subject to regulation by self-regulatory organizations and other regulatory bodies in the United States, such as the SEC, the NYSE, FINRA and the Municipal Securities Rulemaking Board (the "MSRB"). We are registered as a broker-dealer in 50 states, the District of Columbia and Puerto Rico. The regulations to which we are subject as a broker-dealer cover all aspects of the securities business including: training of personnel, sales methods, trading practices, uses and safe keeping of customers' funds and securities, capital structure, record keeping, fee arrangements, disclosure and the conduct of directors, officers and employees. Failure to comply with any of these laws, rules or regulations, which may be subject to the uncertainties of interpretation, could result in civil penalties, fines, suspension or expulsion and have a material adverse effect on our business, results of operations and financial condition.

The laws, rules and regulations, as well as governmental policies and accounting principles, governing our business and the financial services and banking industries generally have changed significantly over recent years and are expected to continue to do so. We cannot predict which changes in laws, rules, regulations, governmental policies or accounting principles will be adopted. Any changes in the laws, rules, regulations, governmental policies or accounting principles relating to our business could materially and adversely affect our business, results of operations and financial condition.

We are subject to net capital requirements.

The SEC, FINRA, and various other securities and commodities exchanges and other regulatory bodies in the United States have rules with respect to net capital requirements which affect us. These rules have the effect of requiring that at least a substantial portion of a broker-dealer's assets be kept in cash or highly liquid investments. Our compliance with the net capital requirements could limit operations that require intensive use of capital, such as underwriting or trading activities. These rules could also restrict our ability to withdraw our capital, even in circumstances where we have more than the minimum amount of required capital, which, in turn, could limit our ability to implement growth strategies. In addition, a change in such rules, or the imposition of new rules, affecting the scope, coverage, calculation or amount of such net capital requirements, or a significant operating loss or any unusually large charge against net capital, could have similar adverse effects.

Our customers may fail to pay us.

A principal credit risk to which we are exposed on a regular basis is that our customers may fail to pay for their purchases or fail to maintain the minimum required collateral for amounts borrowed against securities positions maintained by them. We cannot assure you that the policies and procedures we have established will be adequate to prevent a significant credit loss.

We face risks relating to our investment banking activities.

Certain risks are involved in the underwriting of securities. Investment banking and underwriting syndicates agree to purchase securities at a discount from the public offering price. If the securities must be sold below the syndicate cost, an underwriter is exposed to losses on the securities that it has committed to purchase. In the last several years, investment banking firms increasingly have underwritten corporate and municipal offerings with fewer syndicate participants or, in some cases, without an underwriting syndicate. In these cases, the underwriter assumes a larger part or all of the risk of an underwriting transaction.

Under Federal securities laws, other laws and court decisions, an underwriter is exposed to substantial potential liability for material misstatements or omissions of fact in the prospectus used to describe the securities being offered. While municipal securities are exempt from the registration requirements of the Securities Act of 1933, underwriters of municipal securities are exposed to substantial potential liability for material misstatements or omissions of fact in the offering documents prepared for these offerings.

An increase in volume on our systems or other events could cause them to malfunction.

During 2011, we received and processed up to 60% of our trade orders electronically. This method of trading is heavily dependent on the integrity of the electronic systems supporting it. While we have never experienced a significant failure of our trading systems, heavy stress placed on our systems during peak trading times could cause our systems to operate at unacceptably low speeds or fail altogether. Any significant degradation or failure of our systems or the systems of third parties involved in the trading process (e.g., online and Internet service providers, record keeping and data processing functions performed by third parties, and third party software), even for a short time, could cause customers to suffer delays in trading. These delays could cause substantial losses for customers and could subject us to claims from these customers for losses. There can be no assurance that our network structure will operate appropriately in the event of a subsystem, component or software failure. In addition, we cannot assure you that we will be able to prevent an extended systems failure in the event of a power or telecommunications failure, an earthquake, terrorist attack, fire or any act of God. Any systems failure that causes interruptions in our operations could have a material adverse effect on our business, financial condition and operating results.

We rely on information processing and communications systems to process and record our transactions.

Our operations rely heavily on information processing and communications systems. Our system for processing securities transactions is highly automated. Failure of our information processing or communications systems for a significant period of time could limit our ability to process a large volume of transactions accurately and rapidly. This could cause us to be unable to satisfy our obligations to customers and other securities firms, and could result in regulatory violations. External events, such as an earthquake, terrorist attack or power failure, loss of external information feeds, such as security price information, as well as internal malfunctions such as those that could occur during the implementation of system modifications, could render part or all of these systems inoperative.

We may not be able to keep up pace with continuing changes in technology.

Our market is characterized by rapidly changing technology. To be successful, we must adapt to this rapidly changing environment by continually improving the performance, features and reliability of our services. We could incur substantial costs if we need to modify our services or infrastructure or adapt our technology to respond to these changes. A delay or failure to address technological advances and developments or an increase in costs resulting from these changes could have a material and adverse effect on our business, financial condition and results of operations.

We depend on our ability to attract and retain key personnel.

Our continued success is principally dependent on our founder, Muriel F. Siebert, Chairwoman, Chief Executive Officer and President, and our senior management. In addition, the continued success of SBS may be dependent on the services of Napoleon Brandford III and Suzanne Shank. The loss of the services of any of these individuals could significantly harm our business, financial condition and operating results.

Our principal shareholder may control many key decisions.

Ms. Muriel F. Siebert currently owns approximately 90% of our outstanding common stock. Ms. Siebert will have the power to elect the entire Board of Directors and, except as otherwise provided by law or our Certificate of Incorporation or by-laws, to approve any action requiring shareholder approval without a shareholders meeting.

There may be no public market for our common stock.

Only approximately 2,200,000 shares, or approximately 10% of our shares outstanding, are currently held by the public. Although our common stock is traded in The NASDAQ Capital Market, there can be no assurance that an active public market will continue.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

Siebert currently maintains five retail discount brokerage offices. Customers can visit the offices to obtain market information, place orders, open accounts, deliver and receive checks and securities, and obtain related customer services in person. Nevertheless, most of Siebert's activities are conducted on the Internet or by telephone and mail.

Siebert operates its business out of the following five leased offices:

<u>Location</u>	<u>Approximate Office Area in Square Feet</u>	<u>Expiration Date of Current Lease</u>	<u>Renewal Terms</u>
<u>Corporate Headquarters, Retail and Investment Banking Office</u>			
885 Third Ave. New York, NY 10022.....	8,514	1/14/13	None
<u>Retail Offices</u>			
9701 Wilshire Boulevard, Suite 1111 Beverly Hills, CA 90212.....	1,189	Month to Month	None
4400 North Federal Highway Boca Raton, FL 33431	2,438	Month to Month	None
111 Pavonia Avenue ⁽¹⁾ Jersey City, NJ 07310	8,141	6/30/12	None
1217 South Flagler Drive, 3 rd Floor West Palm Beach, FL 33401.....	3,000	9/30/12	None

(1) Certain of our administrative and back office functions are performed at this location. We believe that our properties are in good condition and are suitable for our operations.

Item 3. LEGAL PROCEEDINGS

In a prior year, Siebert had been named as one of the defendants in a class action pending in the United States District Court, Southern District of New York. Among other claims, the third amended complaint in the action asserted on behalf of a class of purchases in a public offering of \$1,500,000,000, 6.75% Subordinated Notes due 2017 (the “Notes”), issued by Lehman Brothers Holdings, Inc., (“LBHI”) and certain smaller issuances of other securities that Siebert and other underwriters of the Notes violated Section 11 of the Securities Act of 1933, and other applicable law in that relevant offering materials were false and misleading. Siebert had purchased \$15 million of the Notes and \$462,953 of other securities as an underwriter in the offerings. Siebert and other underwriters moved to dismiss the third amended complaint on various grounds. The Court granted in part and denied in part the motion by an order dated July 27, 2011. On November 3, 2011, Siebert and the plaintiffs class agreed to resolve all claims against Siebert in consideration of a \$1 million payment by Siebert. The settlement is subject to court approval. As certain defendants did not agree to a settlement, additional liability to the Company is possible. At present, we are uncertain as to the potential liability, if any, in connection with the non-settling defendants.

Siebert is party to certain claims, suits and complaints arising in the ordinary course of business including individual actions related to various offerings of notes by LBHI. In the opinion of management, all such claims, suits and complaints are without merit, or involve amounts which would not have a significant effect on the financial position or results of operations of the Company.

Item 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock traded on the NASDAQ Global Market until June 29, 2011 when our common stock started trading on the NASDAQ Capital Market, under the symbol "SIEB". The high and low sales prices of our common stock reported by NASDAQ during the following calendar quarters were:

	<u>High</u>	<u>Low</u>
First Quarter - 2010.....	\$ 2.49	\$ 2.25
Second Quarter - 2010.....	\$ 2.37	\$ 2.12
Third Quarter - 2010.....	\$ 2.20	\$ 1.31
Fourth Quarter - 2010.....	\$ 2.49	\$ 1.59
First Quarter - 2011.....	\$ 1.99	\$ 1.70
Second Quarter - 2011.....	\$ 1.94	\$ 1.52
Third Quarter - 2011.....	\$ 1.84	\$ 1.26
Fourth Quarter - 2011.....	\$ 1.69	\$ 1.32

On March 14, 2012, the closing price of our common stock on the NASDAQ Capital Market was \$1.77 per share. There were 130 holders of record of our common stock and more than 1,500 beneficial owners of our common stock on March 14, 2012.

On January 4, 2011, we received notice from The NASDAQ Stock Market stating that for more than 30 consecutive business days, the market value of publicly held shares closed below the minimum \$5 million required for continued listing on The NASDAQ Global Market under NASDAQ Rule 5450(b)(1)(C). Market value of publicly held shares is calculated by multiplying the publicly held shares, which is total shares outstanding less any shares held by officers, directors, or beneficial owners of more than 10%, by the closing bid price. Ms. Muriel F. Siebert owns approximately 90% of our outstanding common stock. The value of shares beneficially owned by Ms. Siebert, and the value of shares beneficially owned by other officers and directors of the Company, is therefore excluded from the market value of publicly held shares of the Company.

NASDAQ Rule 5810(c)(3)(D) provided the Company a grace period of 180 calendar days, or until July 5, 2011, to regain compliance with The NASDAQ Stock Market requirement. As the market value of publicly held shares did not reach the required value during the grace period, our common stock was transferred to the NASDAQ Capital Market on June 29, 2011.

Dividend Policy

Our Board of Directors periodically considers whether to declare dividends. In considering whether to pay such dividends, our Board of Directors will review our earnings capital requirements, economic forecasts and such other factors as are deemed relevant. Some portion of our earnings will be retained to provide capital for the operation and expansion of our business.

Issuer Purchases Of Equity Securities

On January 23, 2008, our Board of Directors authorized the repurchase of up to 300,000 shares of our common stock. We will purchase shares from time to time, in our discretion, in the open market and in private transactions. We purchased 1,018 shares at an average price of \$1.51 in the fourth quarter of 2011.

A summary of our repurchase activity for the three months ended December 31, 2011 is as follows:

<u>Period</u>	<u>Total Number Of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Cumulative Number of Shares Purchased as Part of Publicly Announced Plans</u>	<u>Maximum Number of Shares That May Yet Be Purchased Under The Plan</u>
October 2011.....	231	\$ 1.62	107,977	192,023
November 2011.....	—	\$ —	107,977	192,023
December 2011.....	787	\$ 1.47	108,764	191,236
Total.....	1,018	\$ 1.51	108,764	191,236

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2011 with respect to our equity compensation plans.

<u>Plan Category</u>	<u>Number of Securities to be issued upon exercise of outstanding options, warrants and rights</u> (a)	<u>Weighted- average exercise price of outstanding options, warrants and rights</u> (b)	<u>Number of Securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))</u> (c)
Equity compensation plans approved by security holders ⁽¹⁾	1,228,200	\$ 3.88	1,700,000
Equity compensation plans not approved by security holders ⁽²⁾	41,400	—	—
Total.....	1,269,600	\$ 3.88	1,700,000

(1) Consists of our 2007 Long-Term Incentive Plan.

(2) Consists of our 1998 Restricted Stock Award Plan.

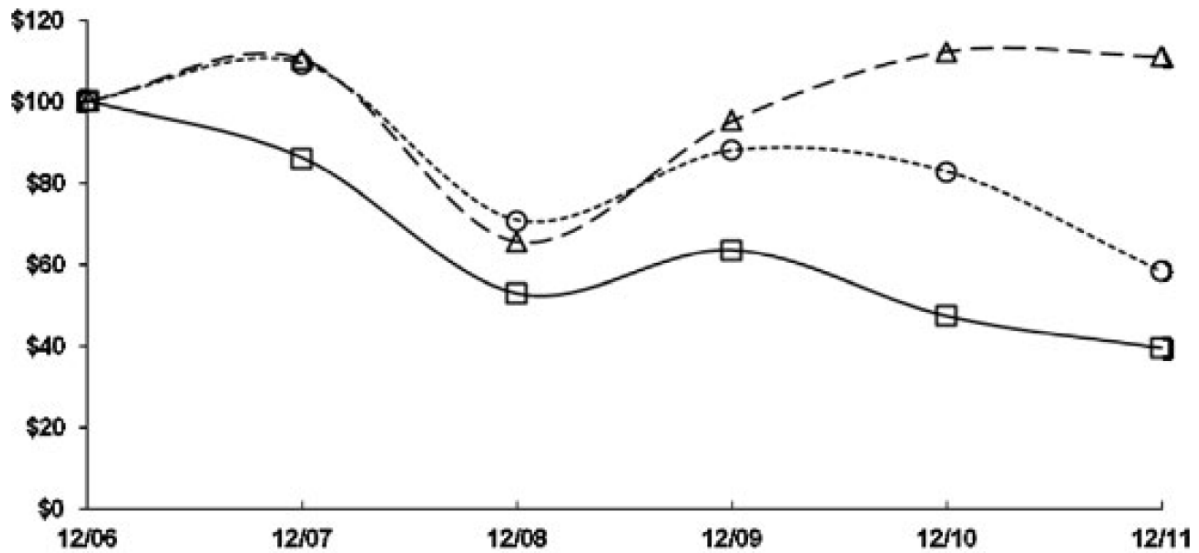
Material Terms of the 1998 Restricted Stock Award Plan

Our 1998 Restricted Stock Award Plan provides for awards to key employees of not more than an aggregate of 60,000 shares of our common stock, subject to adjustments for stock splits, stock dividends and other changes in our capitalization, to be issued either immediately after the award or at a future date. As of December 31, 2011, 41,400 shares of our common stock under the Restricted Stock Award Plan had been awarded and were outstanding. As provided in the plan and subject to restrictions, shares awarded may not be disposed of by the recipients for a period of one year from the date of the award. Cash dividends on shares awarded are held by us for the benefit of the recipients, subject to the same restrictions as the award. These dividends, without interest, are paid to the recipients upon lapse of the restrictions.

Our Performance:

The graph below compares our performance from December 31, 2006 through December 31, 2011 against the performance of the NASDAQ Composite Index and a peer group. The peer group consists of A.B. Watley Group Inc., Ameritrade Holding Corporation, E*Trade Financial Corporation and The Charles Schwab Corporation.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Siebert Financial Corp., the NASDAQ Composite Index, and a Peer Group



—■— Siebert Financial Corp. -▲- NASDAQ Composite ---●--- Peer Group

*\$100 invested on 12/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Item 6. SELECTED FINANCIAL DATA

(In thousands except share and per share data)

The Following Selected Financial Information Should Be Read In Conjunction With Our Consolidated Financial Statements And The Related Notes Thereto.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Income statement data:					
Total Revenues	\$ 20,199	\$ 20,770	\$ 25,390	\$ 29,750	\$ 31,890
Net (loss) income	\$ (5,379)	\$ (2,640)	\$ (1,183)	\$ (1,760)	\$ 2,258
Net (loss) income per share of common stock					
Basic	\$ (0.24)	\$ (0.12)	\$ (0.05)	\$ (0.08)	\$ 0.10
Diluted	\$ (0.24)	\$ (0.12)	\$ (0.05)	\$ (0.08)	\$ 0.10
Weighted average shares outstanding (basic)	22,114,121	22,167,218	22,193,845	22,208,372	22,206,346
Weighted average shares outstanding (diluted)	22,114,121	22,167,218	22,193,845	22,208,372	22,273,550
Statement of financial condition data (at year- end):					
Total assets	\$ 34,823	\$ 40,103	\$ 44,083	\$ 45,579	\$ 47,924
Total liabilities excluding subordinated borrowings	\$ 3,599	\$ 3,477	\$ 4,695	\$ 4,995	\$ 5,704
Stockholders' equity	\$ 31,224	\$ 36,626	\$ 39,388	\$ 40,584	\$ 42,220
Cash dividends declared on common shares (1)	\$ 0	\$ 0	\$ 0	\$ 466	\$ 559

(1) The Chief Executive Officer of the Company waived the right to receive the dividend in excess of the aggregate amount paid to other shareholders

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with our audited Consolidated Financial Statements and the Notes thereto contained elsewhere in this Annual Report.

Our working capital is invested primarily in money market funds, so that liquidity has not been materially affected. The crisis did have the effect of reducing participation in the securities market by our retail and institutional customers, which has had an adverse effect on our revenues. Income of our affiliate, Siebert, Brandford, Shank & Co., L.L.C. ("SBS"), decreased in 2011 to \$17,000 as a result of a sharp decline in the number of offerings by municipalities due to investor concerns over defaults by municipalities at the state and local level and the expiration of the Build America Bonds program. As a result, the Company's income from SBS decreased in 2011 to \$8,000. The Company's expenses during 2011, 2010 and 2009 include the costs of an arbitration proceeding commenced by a former employee following the termination of his employment, which remains unresolved. The Company believes that the action is without merit, but the costs of defense, which are included as professional expenses, have adversely affected the Company's results of operations and may continue to affect the results of operations until the action is completed. Competition in the brokerage industry remains intense.

The following table sets forth certain metrics as of December 31, 2011 and 2010 and for the twelve months ended December 31, 2011 and 2010, respectively, which we use in evaluating our business.

Retail Customer Activity:	For the Twelve Months ended December 31,	
	2011	2010
Total retail trades:	423,501	414,485
Average commission per retail trade:	\$ 20.71	\$ 20.92
	As of December 31,	
	2011	2010
Retail customer balances:		
Retail customer net worth (in billions):	\$ 6.3	\$ 6.7
Retail customer money market fund value (in billions):	\$ 1.0	\$ 1.0
Retail customer margin debit balances (in millions):	\$ 243.5	\$ 204.8
Retail customer accounts with positions:	44,834	49,296

Description:

- Total retail trades represents retail trades that generate commissions.
- Average commission per retail trade represents the average commission generated for all types of retail customer trades.
- Retail customer net worth represents the total value of securities and cash in the retail customer accounts before deducting margin debits.
- Retail customer money market fund value represents all retail customers accounts invested in money market funds.
- Retail customer margin debit balances represents credit extended to our customers to finance their purchases against current positions.
- Retail customer accounts with positions represents retail customers with cash and/or securities in their accounts.

We, like other securities firms, are directly affected by general economic and market conditions including fluctuations in volume and prices of securities, changes and the prospect of changes in interest rates, and demand for brokerage and investment banking services, all of which can affect our profitability. In addition, in periods of reduced financial market activity, profitability is likely to be adversely affected because certain expenses remain relatively fixed, including salaries and related costs, portions of communications costs and occupancy expenses. Accordingly, earnings for any period should not be considered representative of earnings to be expected for any other period.

Competition continues to intensify among all types of brokerage firms, including established discount brokers and new firms entering the on-line brokerage business. Electronic trading continues to account for an increasing amount of trading activity, with some firms charging very low trading execution fees that are difficult for any conventional discount firm to meet. Some of these brokers, however, impose asset based charges for services such as mailing, transfers and handling exchanges which we do not currently impose, and also direct their orders to market makers where they have a financial interest. Continued competition could limit our growth or even lead to a decline in our customer base, which would adversely affect our results of operations. Industry-wide changes in trading practices, such as the continued use of Electronic Communications Networks, are expected to put continuing pressure on commissions/fees earned by brokers while increasing volatility.

We are a party to an Operating Agreement (the "Operating Agreement"), with Suzanne Shank and Napoleon Brandford III, the two individual principals (the "Principals") of SBS Financial Products Company, LLC, a Delaware limited liability company ("SBSFPC"). Pursuant to the terms of the Operating Agreement, the Company and each of the Principals made an initial capital contribution of \$400,000 in exchange for a 33.33% initial interest in SBSFPC. SBSFPC engages in derivatives transactions related to the municipal underwriting business. The Operating Agreement provides that profit and loss will be shared 66.66% by the Principals and 33.33% by us. Operations from SBSFPC is considered to be integral to our operations.

On January 23, 2008, our Board of Directors authorized a buy back of up to 300,000 shares of our common stock. Under this program, shares are purchased from time to time, at our discretion, in the open market and in private transactions. During 2011 we repurchased 17,179 shares of common stock for an average price of \$1.68.

Critical Accounting Policies

We generally follow accounting policies standard in the brokerage industry and believe that our policies appropriately reflect our financial position and results of operations. Our management makes significant estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities included in the financial statements. The estimates relate primarily to revenue and expense items in the normal course of business as to which we receive no confirmations, invoices, or other documentation, at the time the books are closed for a period. We use our best judgment, based on our knowledge of revenue transactions and expenses incurred, to estimate the amount of such revenue and expenses. We are not aware of any material differences between the estimates used in closing our books for the last five years and the actual amounts of revenue and expenses incurred when we subsequently receive the actual confirmations, invoices or other documentation. Estimates are also used in determining the useful lives of intangibles assets, and the fair market value of intangible assets. Our management believes that its estimates are reasonable.

Results of Operations

Year Ended December 31, 2011 Compared To Year Ended December 31, 2010

Revenues. Total revenues for 2011 were \$20.2 million, a decrease of \$571,000, or 2.8%, from 2010. Commission and fee income decreased \$2.8 million, or 16.5%, from the prior year to \$14.3 million primarily due to recording \$3 million as commission and fee income as part of our negotiations with our primary clearing firm for a three year Fully disclosed Clearing Agreement in the second quarter of 2010.

Investment banking revenues increased \$1.6 million, or 69.8%, from the prior year to \$3.8 million in 2011 due to our participation in more new issues in the equity and debt capital markets.

Trading profits increased \$768,000, or 62.1%, from the prior year to \$2.0 million primarily due to an increase in trading volume primarily in the debt markets and the addition of debt sales-traders in the first quarter of 2011.

Income from interest and dividends decreased \$72,000, or 47.7%, from the prior year to \$79,000 primarily due to lower yields on investments in money market funds and lower cash balances and interest earned in 2010 for a subordinated loan that was provided to an affiliate.

Expenses. Total expenses for 2011 were \$25.6 million, a decrease of \$295,000, or 1.1%, from the prior year.

Employee compensation and benefit costs increased \$804,000, or 8.8%, from the prior year to \$10.0 million. This increase was due to increases in commissions paid based on production and the cost of health insurance offset by an across the board reduction in headcount.

Clearing and floor brokerage fees decreased \$297,000, or 9.5%, from the prior year to \$2.8 million primarily due to the execution of a Fully Disclosed Clearing Agreement with our primary clearing firm in the second quarter of 2010 which reduced our fees for clearing costs.

Professional fees decreased \$1.5 million, or 22.4% from the prior year to \$5.1 million in 2011 primarily due to a decrease in legal fees relating to a dispute with a former employee and consulting fees relating to Sarbanes-Oxley compliance offset by an increase in consulting fees relating to commission recapture business.

Advertising and promotion expense increased \$2,000, or 0.5%, from the prior year to \$402,000 due to an increase in online advertising.

Communications expense decreased \$215,000, or 9.1%, from the prior year to \$2.1 million primarily due to a decrease in hosting and communication costs associated with our website.

Occupancy costs decreased \$179,000, or 14.1%, from the prior year to \$1.1 million due to a decrease in rents in the New York and New Jersey offices and the closing of our Boston office in 2010.

Impairment of intangibles were the result of the Company writing down the carrying value of its unamortized intangible assets to fair value and recording a related impairment loss in 2010.

Other general and administrative expenses increased \$200,000, or 7.0%, from the prior year to \$3.1 million primarily due to a reserve accrued for relating to any additional loss due to settlement of litigation offset by a decrease in office expense, placement fees, depreciation, registration fees, travel and entertainment, supplies and transportation.

Provision for loss related to settlement of litigation for the year ended December 31, 2011 amounted to \$1 million. In a prior year, Siebert had been named as one of the defendants in a class action pending in the United States District Court, Southern District of New York. Among other claims, the third amended complaint in the action asserted on behalf of a class of purchasers in a public offering of \$1,500,000,000, 6.75% Subordinated Notes due 2017 (the "Notes"), issued by Lehman Brothers Holdings, Inc., and certain smaller issuances of other securities that Siebert and other underwriters of the Notes violated Section 11 of the Securities Act of 1933 and other applicable law in that relevant offering materials were false and misleading. Siebert had purchased \$15 million of the Notes and \$462,953 of other securities as an underwriter in the offerings. Siebert and the other underwriters moved to dismiss the third amended complaint on various grounds. The Court granted in part and denied in part the motion by an order dated July 27, 2011. On November 3, 2011, Siebert and the plaintiffs class agreed to resolve all claims against Siebert in consideration of a \$1 million payment by Siebert. The settlement is subject to court approval. As of December 31, 2011, the Company had accrued a \$1 million provision for loss to reflect the settlement. As certain defendants did not agree to a settlement, additional liability to the Company is possible. At present, we are uncertain as to the potential liability, if any, in connection with the non-settling defendants.

Income from our equity investment in Siebert, Brandford, Shank & Co., L.L.C., an entity in which Siebert holds a 49% equity interest ("SBS"), for 2011 was \$8,000 compared to income of \$4.1 million for 2010, a decrease of \$4.0 million, primarily due to SBS participating in fewer municipal bond offerings as senior- and co-manager. This decrease was attributable to a sharp decline in the number of offerings by municipalities due to investor concerns over defaults by municipalities at the state and local level and the expiration of the Build America Bonds program. Income from our equity investment in SBS

Financial Products Company, LLC, an entity in which we hold a 33% equity interest (“SBSFPC”), for 2011 was \$21,000 as compared to a loss of \$24,000 from the same period in 2010. This increase was principally due to a gain recorded by SBSFPC on termination of a swap position. Results of operations of equity investees is considered to be integral to our operations and material to the results of operations.

Taxes. The tax provision for the year ended December 31, 2011 and 2010 was \$23,000 and \$1.6 million, respectively. The tax provision for 2011 of \$23,000 represents various minimum state income taxes. The Company increased its valuation allowance in 2011 by \$2.2 million to fully offset any tax benefit resulting from the 2011 loss before benefit of \$5.4 million. The tax provision for the year ended December 31, 2010 was incurred due to the recording of a full valuation allowance on deferred taxes of \$2.1 million based on recent losses and the likelihood of realization.

Year Ended December 31, 2010 Compared To Year Ended December 31, 2009

Revenues. Total revenues for 2010 were \$20.8 million, a decrease of \$4.6 million, or 18.2%, from 2009. Commission and fee income decreased \$1.1 million, or 6.0%, from the prior year to \$17.1 million due to a decrease in revenues from institutional trading, commission recapture and retail customer trading. Institutional equity trading decreased due to a reduction of institutional customers participating in fewer buyback programs and an overall decrease in institutional customer transactions. Retail customer volumes decreased as well as the average retail commission charged per trade due to price compression to maintain and attract new retail customers offset by an increase in fees from margin debits due to increased customer margin debits balances and 12b-1 fees and due to recording \$3 million as commission and fee income as part of our negotiations with our primary clearing firm for a three year Fully Disclosed Clearing Agreement in the second quarter of 2010.

Investment banking revenues decreased \$3.2 million, or 58.5%, from the prior year to \$2.2 million in 2010 due to our participation in fewer new issues in the equity and debt capital markets and the loss of a debt investment banker.

Trading profits decreased \$399,000, or 24.4%, from the prior year to \$1.2 million primarily due to the loss of a debt sales-trader and an overall decrease in customer trading volume in the debt markets.

Income from interest and dividends increased \$28,000, or 22.8%, from the prior year to \$151,000 primarily due to slightly higher yields on investments in money market funds.

Expenses. Total expenses for 2010 were \$25.9 million, a decrease of \$6.2 million, or 19.4%, from the prior year.

Employee compensation and benefit costs decreased \$3.0 million, or 24.8%, from the prior year to \$9.2 million. This decrease was due to decreases in commissions paid based on production, a reduction in headcount for registered representatives and staff and the elimination of the staff bonus program.

Clearing and floor brokerage fees decreased \$2.4 million, or 43.4%, from the prior year to \$3.1 million primarily due to the execution of a Fully Disclosed Clearing Agreement with our primary clearing firm in the second quarter of 2010 which reduced our fees for clearing costs as well as a decrease in volume of trade executions for retail customers and a decrease in execution charges for institutional debt and equity customers.

Professional fees decreased \$209,000, or 3.1%, from the prior year to \$6.5 million primarily due to a decrease in consulting fees relating to the commission recapture business and Sarbanes-Oxley compliance.

Advertising and promotion expense decreased \$413,000, or 50.8%, from the prior year to \$400,000 primarily due to a decrease in print advertising, production and airing of television commercials in the Florida region.

Communications expense decreased \$247,000, or 9.5%, from the prior year to \$2.4 million primarily due to a decrease in hosting and communication costs associated with our website.

Occupancy costs decreased \$5,000 from the prior year to \$1.3 million due to a decrease in rents in the New Jersey office and electric costs offset by an increase in rents in our Florida branches.

Impairment of intangibles were the result of the Company writing down the carrying value of its unamortized intangible assets to fair value and recorded a related impairment loss in 2010.

Other general and administrative expenses decreased \$75,000, or 2.6%, from the prior year to \$2.9 million primarily due to an increase in office expense, computer costs, placement fees, depreciation, registration fees and dues relating to the Securities Investor Protection Corporation offset by decreases in travel and entertainment, supplies and transportation.

Income from our equity investment in Siebert, Brandford, Shank & Co., L.L.C., an entity in which Siebert holds a 49% equity interest (“SBS”), for 2010 was \$4.1 million compared to income of \$4.3 million for 2009, a decrease of \$185,000, or 4.3%, primarily due to increased employee compensation offset by increased revenues as SBS participated in more and larger municipal bond offerings as senior- and co-manager. Loss from our equity investment in SBS Financial Products Company, LLC, an entity in

which we hold a 33% equity interest (“SBSFPC”), for 2010 was \$24,000 as compared to a loss of \$63,000 from the same period in 2009. This decrease was due to a change in mark to market loss in positions in 2010. Results of operations of equity investees is considered to be integral to our operations and material to the results of operations.

Taxes. The tax provision for the year ended December 31, 2010 was \$1.6 million and a tax benefit for the year ended December 31, 2009 was \$1.3 million. The tax provision for the year ended December 31, 2010 was incurred due to the recording of a full valuation allowance on deferred taxes of \$2,140,000 based on recent losses and the likelihood of realization. The tax benefit for the year ended December 31, 2009 was due to our loss before benefit of \$2.5 million. Such benefits represented effective tax rates of 53% in 2009, primarily due to the recording of a tax benefit of \$330,000 for the adjustment of prior year accruals.

Liquidity and Capital Resources

Our assets are highly liquid, consisting generally of cash, money market funds, municipal securities and securities freely saleable in the open market. Our total assets at December 31, 2011 were \$35 million, of which we regarded \$22.2 million, or 64%, as highly liquid.

Siebert is subject to the net capital requirements of the SEC, the NYSE and other regulatory authorities. At December 31, 2011, Siebert’s regulatory net capital was \$17.8 million, which was \$17.6 million in excess of its minimum capital requirement of \$250,000.

Siebert has entered into a Secured Demand Note Collateral Agreement with SBS under which it is obligated to loan to SBS up to \$1.2 million on a subordinated basis collateralized by cash equivalents of approximately \$1.5 million as of December 31, 2011. Amounts obligated to be loaned by Siebert under the facility are reflected on our balance sheet as “cash equivalents - restricted”. SBS pays Siebert interest on this amount at the rate of 4% per annum. The facility expires on August 31, 2013 at which time SBS is obligated to repay to Siebert any amounts borrowed by SBS thereunder.

Contractual Obligations

Below is a table that presents our obligations and commitments at December 31, 2011:

Contractual Obligations	Total	Payment Due By Period			
		Less Than 1 Year	1-3 Years	3-5 Years	More Than Five Years
Operating lease obligations.....	\$ 710,000	\$ 642,000	\$ 68,000	\$ 0	\$ 0

Off-Balance Sheet Arrangements

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customer obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers and other counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2011.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instruments Held For Trading Purposes:

Through Siebert, we maintain inventories in exchange-listed equity securities and municipal securities on both a long and short basis. We did not have any short positions at December 31, 2011. The Company does not directly engage in derivative transactions, has no interest in any special purpose entity and has no liabilities, contingent or otherwise, for the debt of another entity except for Siebert’s obligation under its Secured Demand Note Collateral Agreement of \$1.2 million executed in favor of SBS. SBS pays Siebert interest on this amount at the rate of 4% per annum. Siebert earned interest of \$48,000 in each of 2011 and 2010 from SBS.

Financial Instruments Held For Purposes Other Than Trading:

We generally invest working capital temporarily in dollar denominated money market funds and commercial paper. These investments are not subject to material changes in value due to interest rate movements.

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customers’ obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if

customers and other counterparties are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2011.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See financial statements and supplementary data required pursuant to this item beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15 of Securities Exchange of 1934, as amended. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding timely disclosure.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Exchange Act Rule 13a-15(f)). To evaluate the effectiveness of our internal control over financial reporting, we use the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO Framework”). Using the COSO Framework, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2011.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitation of the Effectiveness of Internal Controls

None

Item 9B. OTHER INFORMATION

None

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) Identification of Directors

This information is incorporated by reference from our definitive proxy statement to be filed by the Company pursuant to Regulation 14A on or prior to April 29, 2012.

(b) Identification of Executive Officers

<u>Name</u>	<u>Age</u>	<u>Position</u>
Muriel F. Siebert.....	79	Chairwoman, Chief Executive Officer and President
Ameen Esmail	53	Executive Vice President and Director of Business Development
Joseph M. Ramos, Jr.....	53	Executive Vice President and Chief Financial Officer
Jeanne Rosendale.....	47	Executive Vice President and General Counsel
Timothy O’ Leary.....	49	Executive Vice President
Daniel Iesu.....	52	Secretary

Certain information regarding each executive officer's business experience is set forth below.

Muriel F. Siebert has been Chairwoman, Chief Executive Officer, President and a director of Muriel Siebert & Co., Inc. since 1969 and of Siebert Financial Corp. (the "Company") since November 8, 1996. She is a director of the New York State Business Council, and the Greater New York Council of the Boy Scouts of America. On December 28, 1967, Ms. Siebert became the first woman member of the New York Stock Exchange. Ms. Siebert served as Superintendent of Banks of the State of New York from 1977 to 1982. In March 2009, Ms. Siebert was inducted into the U.S. Business Hall of Fame. Ms. Siebert previously served on the executive committee of the Economic Club of New York, of which she is still a member, and formerly served on the New York State Commission on Judicial Nomination, which is involved in the selection of Associate Judges for the Court of Appeals. She is a member of the Council on Foreign Relations, Committee of 200 (an international organization of pre-eminent businesswomen), the International Women's Forum and the New York Women's Forum of which she was a founder and former president. Ms. Siebert provides expertise on financial brokerage matters, and is a sought-after speaker on current financial matters and a frequent commentator on the major financial news networks.

Ameen Esmail has been Executive Vice President and Director of Business Development since July 3, 2003. From 1984 to 1996, Mr. Esmail served as an Executive Vice President of Siebert. From 1996 to 2003, Mr. Esmail worked as an independent consultant servicing the financial securities industry. Mr. Esmail earned a MBA from New York University's Stern's Graduate School of Business in 2000.

Joseph M. Ramos, Jr. has been Executive Vice President, Chief Financial Officer and Assistant Secretary of Siebert since February 10, 2003 and Chief Financial Officer of Siebert, Brandford, Shank, & Co., L.L.C. since April 20, 2009. From May 1999 to February 2002, Mr. Ramos served as Chief Financial Officer of Internet Financial Services, Inc. From November 1996 to May 1999, Mr. Ramos served as Chief Financial Officer of Nikko Securities International, Inc. From September 1987 to March 1996, Mr. Ramos worked at Cantor Fitzgerald and held various accounting and management positions, the last as Chief Financial Officer of their registered broker-dealer based in Los Angeles. From October 1982 to September 1987, Mr. Ramos was an audit manager for Deloitte & Touche LLP, a public accounting firm. Mr. Ramos is a Certified Public Accountant licensed in the State of New York.

Jeanne M. Rosendale has been Executive Vice President and General Counsel of Siebert since May 3, 2004. From February 2003 to April 2004, Ms. Rosendale served as Global Director Compliance for Knight Equity Markets. From 2001 through the end of 2002, Ms. Rosendale served as Managing Director, General Counsel and Chief Compliance Officer for TD Securities (USA) Inc. Ms. Rosendale's background includes senior level legal positions with Citigroup and the law firm Weil, Gotshal & Manges, LLP. Ms. Rosendale received both her B.A. and J.D., with honors, from Fordham University. She is active in various industry groups such as the SIA, the Bond Market Association, the LSTA and ISDA.

Timothy O'Leary joined Siebert on June 6, 2007 and was appointed an Executive Vice President in April 2008. Mr. O'Leary oversees Capital Markets, Retail and Branch Operations, Marketing, Business Development and the Technology group. From March 2006 to June 2007, Mr. O'Leary was a financial consultant with Smith Barney and from January 2003 to January 2006, Mr. O'Leary was the President/Owner of Ironvilla Development Corporation, a residual real estate development company. From November 2001 to January 2003, Mr. O'Leary was the Senior Vice President at Datek Online, Inc. From October 2000 to November 2001, Mr. O'Leary was the Managing Director of Operations at Josephthal & Co., Inc. where he was responsible for all facets of the brokerage operations. From March 1985 to October 2000, Mr. O'Leary was with TD Waterhouse, Inc., the last five years as the Senior Vice President of Retail Management.

Daniel Iesu has been Secretary of Siebert since October 1996 and the Company since November 8, 1996. He has been Controller of Siebert since 1989.

(c) Compliance with Section 16(a) of the Exchange Act

This information is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 29, 2012.

(d) Code of Ethics

We have adopted a financial code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and all other employees performing similar functions. This financial code of ethics is posted on our website. The Internet address for our website is <http://www.siebertnet.com>. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by either filing a Form 8-K or posting such information on our website, at the address and location specified above, within four business days following the date of such amendment or waiver.

The information required by this item not set forth herein is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 29, 2012.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 29, 2012.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 29, 2012.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 29, 2012.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required in this item is incorporated by reference from our definitive proxy statement to be filed pursuant to Regulation 14A on or prior to April 29, 2012.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The exhibits required by Item 601 of Regulation S-K filed as part of, or incorporated by reference in, this Annual Report are listed in the accompanying Exhibit Index.

(a) The following documents are filed as part of this report:

1. Financial Statements

The consolidated Financial statements for the year ended December 31, 2011 commence on page F-1 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

None.

3. Exhibits

The exhibits required by Item 601 of Regulation S-K filed as part of, or incorporated by reference in, this report are listed in the accompanying Exhibit Index. Exhibit Numbers 10.1, 10.2 and 10.6 are management contracts, compensatory plans or arrangements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Siebert Financial Corp.

We have audited the accompanying consolidated balance sheets of Siebert Financial Corp. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011. 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 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Siebert Financial Corp. and subsidiaries as of December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

New York, New York
March 29, 2012

SIEBERT FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2011	2010
ASSETS		
Cash and cash equivalents	\$ 21,167,000	\$ 22,646,000
Cash equivalents - restricted	1,532,000	1,532,000
Receivable from brokers	1,033,000	1,563,000
Securities owned, at fair value	250,000	1,116,000
Furniture, equipment and leasehold improvements, net	757,000	1,246,000
Investments in and advances to affiliates	8,619,000	9,816,000
Income tax refund receivable	—	795,000
Prepaid expenses and other assets	827,000	741,000
Intangibles, net	638,000	648,000
	\$ 34,823,000	\$ 40,103,000
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,599,000	\$ 3,477,000
 Commitments and contingent liabilities - Note I		
Stockholders' equity:		
Common stock, \$.01 par value; 49,000,000 shares authorized, 23,211,846 shares issued, 22,105,499 and 22,122,678 shares outstanding at December 31, 2011 and 2010, respectively	232,000	232,000
Additional paid-in capital	19,490,000	19,484,000
Retained earnings	16,230,000	21,609,000
Less: 1,106,347 and 1,089,168 shares of treasury stock, at cost, at December 31, 2011 and 2010, respectively	(4,728,000)	(4,699,000)
	31,224,000	36,626,000
	\$ 34,823,000	\$ 40,103,000

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2011	2010	2009
Revenue:			
Commissions and fees	\$ 14,314,000	\$ 17,144,000	\$ 18,244,000
Investment banking	3,801,000	2,238,000	5,387,000
Trading profits	2,005,000	1,237,000	1,636,000
Interest and dividends	79,000	151,000	123,000
	<u>20,199,000</u>	<u>20,770,000</u>	<u>25,390,000</u>
Expenses:			
Employee compensation and benefits	9,993,000	9,189,000	12,219,000
Clearing fees, including floor brokerage	2,842,000	3,139,000	5,545,000
Professional fees	5,057,000	6,517,000	6,726,000
Advertising and promotion	402,000	400,000	813,000
Communications	2,144,000	2,359,000	2,606,000
Occupancy	1,095,000	1,274,000	1,279,000
Impairment of intangibles	—	150,000	—
Other general and administrative	3,051,000	2,851,000	2,926,000
Provision for loss related to settlement of litigation	1,000,000	—	—
	<u>25,584,000</u>	<u>25,879,000</u>	<u>32,114,000</u>
Income from equity investees	29,000	4,078,000	4,224,000
Loss before income taxes	(5,356,000)	(1,031,000)	(2,500,000)
Income tax expense (benefit)	23,000	1,609,000	(1,317,000)
Net loss	<u>\$ (5,379,000)</u>	<u>\$ (2,640,000)</u>	<u>\$ (1,183,000)</u>
Net loss per share of common stock – basic and diluted	\$ (0.24)	\$ (0.12)	\$ (0.05)
Weighted average shares outstanding – basic and diluted	22,114,121	22,167,218	22,193,845

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock				Treasury Stock		
	Number Of Shares	\$.01 Par Value	Additional Paid -In Capital	Retained Earnings	Number Of Shares	Amount	Total
Balance - January 1, 2009	23,211,846	\$ 232,000	\$ 19,454,000	\$ 25,432,000	1,009,731	\$ (4,534,000)	\$ 40,584,000
Net loss				(1,183,000)			(1,183,000)
Treasury share purchases					16,790	(33,000)	(33,000)
Stock based compensation			20,000				20,000
Balance - December 31, 2009	23,211,846	232,000	19,474,000	24,249,000	1,026,521	(4,567,000)	39,388,000
Net loss				(2,640,000)			(2,640,000)
Treasury share purchases					62,647	(132,000)	(132,000)
Stock based compensation			10,000				10,000
Balance - December 31, 2010	23,211,846	232,000	19,484,000	21,609,000	1,089,168	(4,699,000)	36,626,000
Net loss				(5,379,000)			(5,379,000)
Treasury share purchases					17,179	(29,000)	(29,000)
Stock based compensation			6,000				6,000
Balance - December 31, 2011	<u>23,211,846</u>	<u>\$ 232,000</u>	<u>\$ 19,490,000</u>	<u>\$ 16,230,000</u>	<u>1,106,347</u>	<u>\$ (4,728,000)</u>	<u>\$ 31,224,000</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2011	2010	2009
Cash Flows From Operating Activities:			
Net loss	\$ (5,379,000)	\$ (2,640,000)	\$ (1,183,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	520,000	525,000	482,000
Income from equity investees	(29,000)	(4,078,000)	(4,224,000)
Distributions from equity investees	1,185,000	3,346,000	1,539,000
Impairment of intangibles		150,000	
Deferred taxes		1,323,000	(175,000)
Stock based compensation	6,000	10,000	20,000
Changes in:			
Cash and cash equivalents – restricted			(232,000)
Securities owned, at fair value	866,000	491,000	(849,000)
Receivable from clearing broker	530,000	391,000	(272,000)
Income tax refund receivable	795,000	279,000	238,000
Prepaid expenses and other assets	(86,000)	309,000	(24,000)
Accounts payable and accrued liabilities	122,000	(1,218,000)	(300,000)
Net cash used in operating activities	(1,470,000)	(1,112,000)	(4,980,000)
Cash Flows From Investing Activities:			
Purchase of customer list		(50,000)	
Purchase of furniture, equipment and leasehold improvements	(21,000)	(200,000)	(545,000)
Subordinated loan to investee		(10,000,000)	
Repayment of subordinated loan to investee		10,000,000	
(Payment) collection of advances made to equity investees	41,000	(44,000)	125,000
Net cash provided by (used in) investing activities	20,000	(294,000)	(420,000)
Cash Flows From Financing Activities:			
Purchase of treasury shares	(29,000)	(132,000)	(33,000)
Net cash used in financing activities	(29,000)	(132,000)	(33,000)
Net decrease in cash and cash equivalents	(1,479,000)	(1,538,000)	(5,433,000)
Cash and cash equivalents - beginning of year	22,646,000	24,184,000	29,617,000
Cash and cash equivalents - end of year	\$ 21,167,000	\$ 22,646,000	\$ 24,184,000
Supplemental Cash Flow Disclosures:			
Cash for:			
Income taxes (received) paid, net	\$ (717,000)	\$ 16,000	\$ 239,000

See notes to consolidated financial statements.

SIEBERT FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Business and Principles of Consolidation:

Siebert Financial Corp. (“Financial”), through its wholly owned subsidiary, Muriel Siebert & Co., Inc. (“Siebert”), engages in the business of providing discount brokerage services for customers, investment banking services for institutional clients and trading securities for its own account, and, through its wholly owned subsidiary, Siebert Women’s Financial Network, Inc. (“WFN”), engages in providing products, services and information devoted to women’s financial needs. The accompanying consolidated financial statements includes the accounts of Financial and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Financial, Siebert and WFN collectively are referred to herein as the “Company”.

The municipal bond investment banking business is conducted by Siebert, Brandford, Shank & Co., L.L.C. (“SBS”), and related derivatives transactions are conducted by SBS Financial Products Company, LLC (“SBSFP”), investees not controlled or majority-owned, which are accounted for by the equity method of accounting (see Note B). The equity method provides that the Company records its share of the investees’ earnings or losses in its results of operations with a corresponding adjustment to the carrying value of its investment. In addition, the investment is adjusted for capital contributions to and distributions from the investees. Operations of equity investees are considered integral to Siebert’s operations.

[2] Cash Equivalents:

Cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less. Cash equivalents are carried at fair value and amounted to \$19,726,000 and \$20,896,000 at December 31, 2011 and 2010, respectively, consisting of money market funds.

Cash equivalents – restricted represents \$1,532,000 of cash invested in a money market account which serves as collateral for a secured demand note payable in the amount of \$1,200,000 to SBS (see Note I).

[3] Securities:

Securities owned are carried at fair value with realized and unrealized gains and losses reflected in trading profits. Siebert clears all its security transactions through unaffiliated clearing firms on a fully disclosed basis. Accordingly, Siebert does not hold funds or securities for, or owe funds or securities to, its customers. Those functions are performed by the clearing firms.

[4] Fair value of financial instruments:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available.

Level 3 – Unobservable inputs reflect the assumptions that management develops based on available information about the assumptions market participants would use in valuing the asset or liability.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The classification of financial instruments valued at fair value as of December 31, 2011 and 2010 is as follows:

<u>Financial Instrument</u>	<u>2011</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	
Cash equivalents	\$ 19,726,000	—	\$ 19,726,000
Securities	250,000	\$ —	\$ 250,000
	<u>\$ 19,976,000</u>	<u>\$ —</u>	<u>\$ 19,976,000</u>

	<u>2010</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	
Cash equivalents	\$ 20,896,000	—	\$ 20,896,000
Securities	242,000	\$ 874,000	1,116,000
	<u>\$ 21,138,000</u>	<u>\$ 874,000</u>	<u>\$ 22,012,000</u>

At December 31, 2011 and 2010 respectively, securities include common stock of \$250,000 and \$242,000 valued on the last business day of the year at the last available reported sales price on the primary securities exchange (Level 1) and at December 31, 2010 also includes municipal bonds of \$874,000 valued based on prices obtained from pricing sources, which derive values from observable inputs (Level 2).

[5] Income Taxes:

The Company accounts for income taxes utilizing the asset and liability approach requiring the recognition of deferred tax assets and liabilities for the expected future tax consequences of net operating loss carryforwards and temporary differences between the basis of assets and liabilities for financial reporting purposes and tax purposes.

[6] Furniture, Equipment and Leasehold Improvements:

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvements or period of the lease.

[7] Advertising Costs:

Advertising costs are charged to expense as incurred.

[8] Use of Estimates:

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.

[9] Per Share Data:

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average outstanding common shares during the year. Diluted earnings per share is calculated by dividing net income by the number of shares outstanding under the basic calculation and adding all dilutive securities, which consist of options. The Company incurred a net loss for each of the years ended December 31, 2011, 2010 and 2009. Accordingly, basic and diluted net loss per common share are the same for each year as the effect of stock options is anti-dilutive. In 2011, 2010 and 2009, 1,228,200, 1,503,200 and 1,719,700 common shares, respectively, issuable upon the exercise of options were not included in the computation.

[10] Revenue:

Commission revenues and related clearing expenses are recorded on a trade-date basis. Fees, consisting principally of revenue participation with the Company's clearing broker in distribution fees and interest, are recorded as earned.

Investment banking revenue includes gains and fees, net of syndicate expenses, arising from underwriting syndicates in which the Company participates. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Trading profits are also recorded on a trade-date basis.

Interest is recorded on an accrual basis and dividends are recorded on the ex-dividend date.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] **Stock-Based Compensation:**

Share-based payments to employees, including grants of employee stock options, are recognized in the statement of operations as an operating expense, based on their fair values on the grant date.

Share-based compensation costs are recognized on a straight-line basis over the requisite service periods of awards which would normally be the vesting period of the options.

Cash flows resulting from the tax benefits of the tax deduction in excess of the compensation cost recognized for these options are classified as financing cash flows.

[12] **Intangibles:**

Purchased intangibles which have finite useful lives are principally being amortized using the straight-line method over estimated useful lives of three to five years (see Note D). Domain names and other intellectual property which are deemed to have an indefinite useful life are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test for indefinite-lived intangibles consists of a comparison of their fair value with their carrying amount.

[13] **Valuation of Long-Lived Assets:**

The Company evaluates the recoverability of its long-lived assets including amortizable intangibles and recognizes an impairment loss in the event the carrying value of these assets exceeds the estimated future undiscounted cash flows attributable to these assets. The Company assesses potential impairment to its long-lived assets when events or changes in circumstances indicate that its carrying value may not be recoverable. Should impairment exist, the impairment loss would be measured based on the excess of the carrying value of the assets over their fair value.

[14] **New Accounting Standards:**

In June 2009, the Financial Accounting Standards Board ("FASB") finalized guidance in determining whether an enterprise has a controlling financial interest in a variable interest entity. This determination identifies the primary beneficiary of a variable interest entity as the enterprise that has both the power to direct the activities of a variable interest entity that most significantly impacts the entity's economic performance, and the obligation to absorb losses or the right to receive benefits of the entity that could potentially be significant to the variable interest entity. This guidance also requires ongoing reassessments of whether an enterprise is the primary beneficiary and eliminates the quantitative approach previously required for determining the primary beneficiary. New provisions of this guidance were effective January 1, 2010. The adoption of the new guidance did not have any impact on the Company's financial statements.

In June 2009, the FASB issued guidance to improve transparency about transfers of financial assets and a transferor's continuing involvement, if any, with transferred financial assets. This guidance removes the concept of a qualifying special-purpose entity and removes the exception from applying previous guidance to variable interest entities that are qualifying special-purpose entities; limits the circumstances in which a transferor derecognizes a portion or component of a financial asset; defines a participating interest; requires a transferor to recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer accounted for as a sale; and requires enhanced disclosures. This guidance was adopted by the Company beginning January 1, 2010 and did not have any impact on the Company's financial statements.

In January 2010, the FASB issued guidance that requires some new disclosures and clarifies some existing disclosure requirements about fair value measurements which is effective for interim and annual reporting periods beginning after December 15, 2009. The guidance was adopted by the Company as of January 1, 2010 and did not have any impact on the Company's disclosures. Additionally, these amended standards require presentation of disaggregated activity within the reconciliation for fair value measurements using significant unobservable inputs (Level 3) and is effective for fiscal years beginning after December 15, 2010. The guidance was adopted by the Company on January 1, 2011 and did not have any impact on its disclosures.

In May 2011, the FASB issued guidance to expand disclosures for Level 3 measurements based on unobservable inputs. The guidance is effective for fiscal years beginning after December 15, 2011. The Company will adopt this standard in January 2012, and does not expect the adoption of this standard to have a material impact on the Company's disclosures.

NOTE B - INVESTMENT IN AFFILIATES

Investment in and advances to, equity in income of, and distributions received from, affiliates consist of the following:

December 31, 2011	SBS	SBSFPC	TOTAL
Investment and advances	\$ 8,295,000	\$ 324,000	\$ 8,619,000
Income from equity investees	\$ 8,000	\$ 21,000	\$ 29,000
Distributions.....	\$ 1,185,000	\$ —	\$ 1,185,000
December 31, 2010	SBS	SBSFPC	TOTAL
Investment and advances	\$ 9,512,000	\$ 304,000	\$ 9,816,000
Income (loss) from equity investees	\$ 4,102,000	\$ (24,000)	\$ 4,078,000
Distributions.....	\$ 3,344,000	\$ 2,000	\$ 3,346,000
December 31, 2009	SBS	SBSFPC	TOTAL
Income (loss) from equity investees	\$ 4,287,000	\$ (63,000)	\$ 4,224,000
Distributions.....	\$ 1,539,000	\$ —	\$ 1,539,000

Siebert and two individuals (the “Principals”) formed SBS to succeed to the tax-exempt underwriting business of the Siebert Brandford Shank division of Siebert. The agreements with the Principals provide that profits will be shared 51% to the Principals and 49% to Siebert.

Pursuant to the terms of the Operating Agreement, Financial and each of the Principals own a 33.33% initial interest in SBSFPC which engages in derivatives transactions related to the municipal underwriting business. The Operating Agreement provides that income/(loss) be shared 66.66% by the Principals and 33.33% by Financial.

Summarized financial data of SBS is as follows:

	2011	2010	2009
Total assets, including secured demand note of 1,200,000 in each year due from Siebert	\$ 31,403,000	\$ 37,741,000	
Total liabilities, including subordinated liabilities \$1,200,000 in each year due to Siebert...	14,592,000	18,530,000	
Total members’ capital	16,811,000	19,211,000	
Regulatory minimum net capital requirement.....	493,000	1,122,000	
Total revenue	26,441,000	48,769,000	\$ 45,391,000
Net income.....	17,000	8,372,000	8,749,000

During 2011, 2010 and 2009, Siebert charged SBS \$75,000 for each year, respectively for general and administrative services, which Siebert believes approximates the cost of furnishing such services. In addition, during each of the years 2011, 2010 and 2009, Siebert earned interest income of \$48,000 from SBS in connection with Siebert’s obligation to make a subordinated loan for up to \$1,200,000 available to SBS and Siebert paid SBS interest earned on the restricted cash equivalents of \$4,000, \$4,000 and \$10,000, respectively (see Note I). Further, on November 1, 2010, Siebert entered into a temporary subordinated loan agreement with SBS in the amount of \$10 million bearing interest at 2% and maturing on December 15, 2010. The note was repaid in December 2010 and interest received from SBS amounted to \$25,000.

Siebert’s share of undistributed earnings from SBS amounted to \$7,845,000 and \$9,021,000 at December 31, 2011 and 2010, respectively. Such amounts may not be immediately available for distribution to Siebert for various reasons including the amount of SBS’s available cash, the provisions of the agreement between Siebert and the Principals and SBS’s continued compliance with its regulatory net capital requirements.

Summarized financial data of SBSFPC is as follows:

	2011	2010	2009
Total assets	\$ 238,290,000	\$ 165,308,000	
Total liabilities.....	237,317,000	164,396,000	
Total members’ capital	974,000	913,000	
Total revenue.....	610,000	124,000	\$ 23,000
Net income (loss).....	61,000	(72,000)	(188,000)

At December 31, 2011 and 2010, SBSFPC had an accumulated loss of \$226,000 and \$287,000, respectively of which Siebert's share was \$75,000 and \$96,000, respectively.

NOTE C - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Furniture, equipment and leasehold improvements consist of the following:

	December 31,	
	2011	2010
Equipment.....	\$ 2,307,000	\$ 2,524,000
Leasehold improvements	29,000	36,000
Furniture and fixtures.....	<u>23,000</u>	<u>28,000</u>
	2,359,000	2,588,000
Less accumulated depreciation and amortization.....	<u>(1,602,000)</u>	<u>(1,342,000)</u>
	<u>\$ 757,000</u>	<u>\$ 1,246,000</u>

Depreciation and amortization expense for the years ended December 31, 2011, 2010 and 2009 amounted to \$510,000, \$523,000 and \$457,000, respectively.

NOTE D - INTANGIBLE ASSETS

In 2000, WFN acquired the stock of WFN Women's Financial Network, Inc. ("WFNI") and HerDollar.com, Inc., respectively, companies in the development stage which had yet to commence principal operations, had no significant revenue and had assets consisting principally of websites, content and domain names, for aggregate consideration of \$2,310,000, including costs. The transactions have been accounted for as purchases of assets consisting of domain name, website and content, and a non-compete agreement (the "Acquired Intangible Assets"). Related deferred tax assets attributable to net operating loss carryforwards of the acquired companies and deferred tax liabilities attributable to the excess of the statement bases of the acquired assets over their tax bases have been reflected in the accompanying consolidated financial statements as an adjustment to the carrying amount of such intangibles (see Note E).

Intangible assets consist of the following:

	December 31, 2011		December 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Amortization Accumulated
Amortizable assets:				
Website, content and non-compete	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000
Retail brokerage accounts	<u>2,638,000</u>	<u>2,600,000</u>	<u>2,638,000</u>	<u>2,590,000</u>
	<u>\$ 4,488,000</u>	<u>\$ 4,450,000</u>	<u>\$ 4,488,000</u>	<u>\$ 4,440,000</u>
Unamortized intangible assets:				
Domain name/intellectual property.....	<u>\$ 600,000</u>		<u>\$ 600,000</u>	
Amortization expense		<u>\$ 10,000</u>		<u>\$ 2,000</u>

During 2010, the Company recorded an impairment charge and wrote down the carrying value of its unamortized intangible assets by \$150,000 representing the excess of carrying value over its fair value. Such write down was due to a continuing decline in the Company's revenue. The Company valued the domain name using the income approach methodology known as the relief from royalty method. The premise behind the valuation of these assets is that a buyer would be willing to pay a royalty for the right to use an established or recognized trade name in order to gain market acceptance, which a product or service otherwise might not enjoy.

NOTE E - INCOME TAXES

The Company files a consolidated federal income tax return with its subsidiaries.

Income tax expense (benefit) provision consists of the following:

	Year Ended December 31,		
	2011	2010	2009
Federal income tax provision (benefit):			
Current.....	\$ —	\$ 286,000	\$ (656,000)
Deferred.....	—	731,000	85,000
	<u>—</u>	<u>1,017,000</u>	<u>(571,000)</u>
State and local:			
Current.....	23,000	—	(486,000)
Deferred.....	—	592,000	(260,000)
	<u>23,000</u>	<u>592,000</u>	<u>(746,000)</u>
Total:			
Current.....	23,000	286,000	(1,142,000)
Deferred.....	—	1,323,000	(175,000)
	<u>\$ 23,000</u>	<u>\$ 1,609,000</u>	<u>\$ (1,317,000)</u>

A reconciliation between the income tax expense (benefit) and income taxes computed by applying the statutory Federal income tax rate to loss before income taxes is as follows:

	Year Ended December 31,		
	2011	2010	2009
Expected income tax benefit at statutory Federal tax rate (34%).....	\$ (1,812,000)	\$ (351,000)	\$ (850,000)
State and local taxes, net of Federal tax effect.....	(406,000)	(67,000)	(163,000)
Reversal of overaccrual of prior years' taxes.....	—	—	(330,000)
Increase in valuation allowance.....	2,177,000	1,980,000	—
Permanent difference.....	36,000	47,000	51,000
Other.....	28,000	—	(25,000)
Income tax expense (benefit).....	<u>\$ 23,000</u>	<u>\$ 1,609,000</u>	<u>\$ (1,317,000)</u>

NOTE E - INCOME TAXES (CONTINUED)

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and their tax basis. The principal items giving rise to deferred tax assets (liabilities) are as follows:

	December 31,	
	2011	2010
Deferred tax asset:		
Net operating loss carryforwards	\$ 3,060,000	\$ 1,592,000
Employee stock based compensation	231,000	234,000
Retail brokerage accounts	430,000	515,000
Contribution carryover	252,000	162,000
Furniture, equipment and leasehold improvements	68,000	—
Accrued expenses	400,000	—
Accrued compensation and other	59,000	47,000
	<u>4,500,000</u>	<u>2,550,000</u>
Valuation allowance	<u>(4,260,000)</u>	<u>(2,083,000)</u>
	240,000	467,000
Deferred tax liability:		
Acquired intangible assets	(240,000)	(243,000)
Furniture, equipment and leasehold improvements	—	(224,000)
	<u>\$ 0</u>	<u>\$ 0</u>

Due to cumulative losses incurred by the Company during the current and prior two years, the Company is unable to conclude that it is more likely than not that it will realize its net deferred tax asset and, accordingly, has recorded a valuation allowance to fully offset its deferred tax asset at December 31, 2011 and 2010.

At December 31, 2011, the Company has state net operating loss carryforwards aggregating \$13.6 million, which expire through 2031 in various states. In addition, the Company has federal net operating loss carryforwards of \$5.7 million at December 31, 2011, which expire through 2031. The Company also has additional federal net operating loss carryforwards of \$775,000 at December 31, 2011 which is attributable to WFN and expires through 2020. Utilization of WFN's federal net operating loss carryforwards is subject to annual limitations under Section 382 of the Internal Revenue Code.

The Company applied the "more-likely-than not" recognition threshold to all tax positions taken or expected to be taken in a tax return which resulted in no unrecognized tax benefits reflected in the financial statements as of December 31, 2011. The Company classifies interest and penalties that would accrue according to the provisions of relevant tax law as income taxes.

For federal and certain state and local jurisdictions, the 2008 through 2011 tax years remain open for examination by the taxing authorities. For other states the 2007 through 2011 tax years remain open for examination. The Company is currently under tax examinations by New York State for the years 2007 to 2009.

NOTE F - STOCKHOLDERS' EQUITY

Siebert is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. Siebert has elected to use the alternative method, permitted by the rule, which requires that Siebert maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2 percent of aggregate debit balances arising from customer transactions, as defined. The Net Capital Rule of the New York Stock Exchange also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5% of aggregate debits. At December 31, 2011 and 2010, Siebert had net capital of approximately \$17,814,000 and \$20,352,000, respectively, as compared with net capital requirements of \$250,000. Siebert claims exemption from the reserve requirement under Section 15c3-3(k)(2)(ii).

On January 23, 2008, the Board of Directors of the Company authorized a buy back of up to 300,000 shares of common stock. Shares will be purchased from time to time in the open market and in private transactions. During 2009, 2010 and 2011, the Company repurchased 16,790, 62,647 and 17,179 shares of common stock at an average price of \$1.99, \$2.10 and \$1.68, respectively.

NOTE G - OPTIONS

The Company's 2007 Long-Term Incentive Plan (the "Plan") authorizes the grant of options to purchase up to an aggregate of 2,000,000 shares, subject to adjustment in certain circumstances. Both non-qualified options and options intended to qualify as "Incentive Stock Options" under Section 422 of the Internal Revenue Code may be granted under the Plan. A Stock Option Committee of the Board of Directors administers the Plan. The committee has the authority to determine when options are granted, the term during which an option may be exercised (provided no option has a term exceeding 10 years), the exercise price and the exercise period. The exercise price shall not be less than the fair market value on the date of grant. No option may be granted under the Plan after December 2017. Generally, employee options vest 20% per year for five years and expire ten years from the date of grant. At December 31, 2011, options for 1,700,000 shares of common stock are available for grant under the Plan.

A summary of the Company's stock option transactions for the three years ended December 31, 2011 is presented below:

	2011		2010		2009	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding - beginning of the year	1,503,200	\$ 4.14	1,719,700	\$ 4.00	1,767,200	\$ 4.07
Forfeited	(275,000)	\$ 5.33	(216,500)	\$ 2.98	(47,500)	\$ 6.91
Outstanding - end of year	(a) <u>1,228,200</u>	<u>\$ 3.88</u>	<u>1,503,200</u>	<u>\$ 4.14</u>	<u>1,719,700</u>	<u>\$ 4.00</u>
Fully vested at year end	(a) <u>1,228,200</u>	<u>\$ 3.88</u>				
Exercisable at end of year	(a) <u>1,228,200</u>	<u>\$ 3.88</u>	<u>1,498,200</u>	<u>\$ 4.15</u>	<u>1,709,700</u>	<u>\$ 4.00</u>

(a) Weighted average remaining contractual terms of one year and no aggregate intrinsic value.

As of December 31, 2011, there was no unrecognized compensation cost.

NOTE H - NEW CLEARING AGREEMENT

As part of the negotiations with one of the Company's clearing brokers on a fully disclosed clearing agreement which was entered into on May 5, 2010, the Company resolved at \$3 million the amount due to the Company from the clearing firm on past transactions cleared by the Company. This amount is included in commissions and fees revenue for the year ended December 31, 2010.

NOTE I - COMMITMENTS, CONTINGENCIES AND OTHER

Retail customer transactions are cleared through clearing brokers on a fully disclosed basis. If customers do not fulfill their contractual obligations, the clearing broker may charge Siebert for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy the customer obligations. Siebert regularly monitors the activity in its customer accounts for compliance with its margin requirements. Siebert is exposed to the risk of loss on unsettled customer transactions if customers are unable to fulfill their contractual obligations. There were no material losses for unsettled customer transactions in 2011, 2010 or 2009.

In a prior year, Siebert had been named as one of the defendants in a class action pending in the United States District Court, Southern District of New York. Among other claims, the third amended complaint in the action asserted on behalf of a class of purchasers in a public offering of \$1,500,000,000, 6.75% Subordinated Notes due 2017 (the "Notes"), issued by Lehman Brothers Holdings, Inc., ("LBHI") and certain smaller issuances of other securities that Siebert and other underwriters of the Notes violated Section 11 of the Securities Act of 1933, and other applicable law in that relevant offering materials were false and misleading. Siebert had purchased \$15 million of the Notes and \$462,953 of other securities as an underwriter in the offerings. Siebert and other underwriters moved to dismiss the third amended complaint on various grounds. The Court granted in part and denied in part the motion by an order dated July 27, 2011. On November 3, 2011, Siebert and the plaintiffs class agreed to resolve all claims against Siebert in consideration of a \$1 million payment by Siebert. The settlement is subject to court approval. As of December 31, 2011, the Company had accrued a \$1 million provision for loss to reflect the settlement. As certain defendants did not agree to a settlement, additional liability to the Company is possible. At present, the Company is uncertain as to the potential liability, if any, in connection with the non-settling defendants.

NOTE I - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

Siebert is party to certain claims, suits and complaints arising in the ordinary course of business including individual actions related to various offerings of notes by LBHI. In the opinion of management, all such claims, suits and complaints are without merit, or involve amounts which would not have a significant effect on the financial position or results of operations of the Company.

The Company rents discount retail brokerage and other office space under long-term operating leases expiring in various periods through 2013. These leases call for base rent plus escalations for taxes and operating expenses.

Future minimum base rental payments under these operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	642,000
2013	<u>68,000</u>
	<u>\$ 710,000</u>

Rent expense, including escalations for operating costs, amounted to approximately \$1,095,000, \$1,274,000 and \$1,279,000 for the years ended December 31, 2011, 2010 and 2009, respectively. Rent is being charged to expense over the entire lease term on a straight-line basis.

Siebert sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all employees. Participant contributions to the plan are voluntary and are subject to certain limitations. Siebert may also make discretionary contributions to the plan. No contributions were made by Siebert in 2011, 2010 and 2009.

Siebert is party to a Secured Demand Note Collateral Agreement with SBS which obligates Siebert to lend SBS, on a subordinated basis, up to \$1,200,000. The secured demand note payable held by SBS and a related \$1,200,000 receivable due from SBS are included in investments in and advances to equity investees in the accompanying consolidated statement of financial condition. Amounts that Siebert is obligated to lend under this arrangement are collateralized by cash equivalents of \$1,532,000. Any amounts loaned will bear interest at 4% per annum and are repayable on August 31, 2013.

NOTE J - SUMMARIZED QUARTERLY FINANCIAL DATA (UNAUDITED)

	<u>2011</u>				<u>2010</u>			
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenue	\$ 5,503,000	\$ 4,498,000	\$ 5,857,000	\$ 4,341,000	\$ 4,313,000	\$ 7,396,000	\$ 3,742,000	\$ 5,319,000
Net (loss) income	\$ (2,004,000)	\$ (1,790,000)	\$ (591,000)	\$ (994,000)	\$ (1,194,000)	\$ 782,000	\$ (3,558,000)	\$ 1,330,000
Earnings (loss) per share:								
Basic	\$ (0.09)	\$ (0.08)	\$ (0.03)	\$ (0.04)	\$ (0.05)	\$ 0.04	\$ (0.16)	\$ 0.06
Diluted	\$ (0.09)	\$ (0.08)	\$ (0.03)	\$ (0.04)	\$ (0.05)	\$ 0.04	\$ (0.16)	\$ 0.06

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Managers
Siebert, Brandford, Shank & Co., L.L.C.
New York, New York

We have audited the accompanying statements of financial condition of Siebert, Brandford, Shank & Co., L.L.C. (the "Company") as of December 31, 2011 and 2010, and the related statements of operations, changes in members' capital, changes in subordinated borrowings and cash flows for each of the years in the three-year period ended December 31, 2011. 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 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siebert, Brandford, Shank & Co., L.L.C. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

New York, New York
February 28, 2012

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Financial Condition

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 27,881,153	\$ 19,859,779
Accounts receivable.....	218,522	2,478,545
Securities owned, at fair value.....		11,816,604
Due from broker	3,125	
Receivable from affiliate	33,595	25,354
Secured demand note.....	1,200,000	1,200,000
Furniture, equipment and leasehold improvements, net	1,227,240	1,418,348
Other assets.....	839,561	942,464
	<u>\$ 31,403,196</u>	<u>\$ 37,741,094</u>
LIABILITIES AND MEMBERS' CAPITAL		
Liabilities:		
Payable to affiliate	\$ 52,436	\$ 93,627
Due to broker		505,605
Accounts payable and accrued expenses.....	6,652,981	15,989,159
Deferred rent	686,663	741,551
	<u>7,392,080</u>	17,329,942
Subordinated debt	<u>7,200,000</u>	1,200,000
Total liabilities	<u>14,592,080</u>	18,529,942
Members' capital.....	<u>16,811,116</u>	<u>19,211,152</u>
	<u>\$ 31,403,196</u>	<u>\$ 37,741,094</u>

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Operations

	December 31,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Investment banking	\$ 20,625,468	\$ 41,275,623	\$ 36,666,383
Trading profits	5,811,327	7,488,092	8,672,233
Interest and other	4,278	5,429	52,765
	<u>26,441,073</u>	<u>48,769,144</u>	<u>45,391,381</u>
Expenses:			
Employee compensation and benefits	19,878,202	33,076,985	30,660,150
Clearing fees	142,648	194,957	235,091
Communications	940,907	880,792	772,021
Occupancy	1,065,030	1,020,409	757,778
Professional fees	623,415	680,673	344,838
Interest - related party	59,290	73,000	48,000
State and local income tax	120,907	435,187	225,363
General and administrative	3,593,466	4,035,029	3,599,343
	<u>26,423,865</u>	<u>40,397,032</u>	<u>36,642,584</u>
Net income	<u>\$ 17,208</u>	<u>\$ 8,372,112</u>	<u>\$ 8,748,797</u>

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Changes in Members' Capital

Balance - January 1, 2009	\$ 12,055,310
Distributions to members	(3,140,888)
Net income	<u>8,748,797</u>
Balance - December 31, 2009	17,663,219
Distributions to members	(6,824,179)
Net income	<u>8,372,112</u>
Balance - December 31, 2010	19,211,152
Distributions to members	(2,417,244)
Net income	<u>17,208</u>
Balance - December 31, 2011	<u>\$ 16,811,116</u>

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Changes in Subordinated Borrowings

Balance - January 1, 2009	\$ 1,200,000
Borrowings	
Repayments	<hr/>
Balance - December 31, 2009	1,200,000
Borrowings	10,000,000
Repayments	<u>(10,000,000)</u>
Balance - December 31, 2010	1,200,000
Borrowings	6,000,000
Repayments	<hr/>
Balance - December 31, 2011	<u>\$ 7,200,000</u>

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

Statements of Cash Flows

	December 31,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:			
Net income	\$ 17,208	\$ 8,372,112	\$ 8,748,797
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization.....	256,161	237,045	99,962
Changes in:			
Accounts receivable	2,260,023	(142,013)	(920,947)
Due to/from broker.....	(508,730)	1,948,895	2,324,508
Securities owned, at fair value	11,816,604	(11,816,604)	161,873
Other receivable		491,441	
Other assets	102,903	107,658	(448,440)
Payable to (receivable from) affiliate.....	(49,432)	43,429	(97,690)
Accounts payable and accrued expenses.....	(9,336,178)	(623,750)	8,514,989
Deferred rent	(54,888)	250,110	
Net cash provided by (used in) operating activities.....	<u>4,503,671</u>	<u>(1,131,677)</u>	<u>18,383,052</u>
Cash flows from investing activities:			
Purchase of leasehold improvements and equipment	<u>(65,053)</u>	<u>(381,046)</u>	<u>(1,175,059)</u>
Cash flows from financing activities:			
Distributions to members	(2,417,244)	(6,824,179)	(3,140,888)
Subordinated borrowings.....	6,000,000	10,000,000	
Subordinated repayments		(10,000,000)	
Net cash provided by (used in) financing activities.....	<u>3,582,756</u>	<u>(6,824,179)</u>	<u>(3,140,888)</u>
Net increase (decrease) in cash and cash equivalents	8,021,374	(8,336,902)	14,067,105
Cash and cash equivalents - beginning of year	<u>19,859,779</u>	<u>28,196,681</u>	<u>14,129,576</u>
Cash and cash equivalents - end of year	\$ 27,881,153	\$ 19,859,779	\$ 28,196,681
Supplemental disclosures of cash flow information:			
Taxes paid	\$ 154,726	\$ 404,483	\$ 231,230
Interest paid.....	\$ 48,000	\$ 73,000	\$ 48,000
Non-cash investing activity:			
Receivable from landlord for reimbursement of leasehold improvements and corresponding deferred rent liability			\$ 491,441

See notes to financial statements

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

**Notes to Financial Statements
December 31, 2011, 2010 and 2009**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Siebert, Brandford, Shank & Co., L.L.C. (“SBS” or the “Company”) engages in the business of tax-exempt underwriting and related trading activities. The Company qualifies as a Minority and Women Owned Business Enterprise in certain municipalities.

[2] Investment banking:

Investment banking revenues include gains and fees, net of syndicate expenses, arising primarily from municipal bond offerings in which the Company acts as an underwriter or agent. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

[3] Cash equivalents:

Cash equivalents represent short-term, highly liquid investments which are readily convertible to cash and have maturities of three months or less at time of purchase. Cash equivalents, which are valued at fair value, consist of money market funds which amounted to \$27,881,153 and \$19,845,425 at December 31, 2011 and 2010, respectively.

[4] Investments:

Security transactions are recorded on a trade-date basis. Securities owned are valued at fair value. The resulting realized and unrealized gains and losses are reflected as trading profits.

Dividends are recorded on the ex-dividend date, and interest income is recognized on an accrual basis.

[5] Fair value:

Authoritative accounting guidance defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available.
- Level 3 Unobservable inputs reflect the assumptions that the managing members develop based on available information about the assumptions market participants would use in valuing the asset or liability.

The classification of financial instruments valued at fair value as of December 31, 2011 and 2010 is as follows:

	December 31, 2011		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents.....	\$ 27,881,153		\$ 27,881,153
	December 31, 2010		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents.....	\$ 19,845,425		\$ 19,845,425
Municipal bonds.....		\$ 11,816,604	\$ 11,816,604

Municipal bonds are valued based on prices obtained from pricing sources, which derive values from observable inputs.

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

**Notes to Financial Statements
December 31, 2011, 2010 and 2009**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Furniture, equipment and leasehold improvements, net:

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years. Leasehold improvements are amortized over the period of the lease.

[7] Use of estimates:

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.

[8] Income taxes:

The Company is not subject to federal income taxes. Instead, the members are required to include in their income tax returns their respective share of the Company’s income. The Company is subject to tax in certain state and local jurisdictions. Deferred taxes are not significant.

NOTE B - SUBORDINATED BORROWINGS AND SECURED DEMAND NOTE RECEIVABLE

The subordinated debt consists of the following:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Payable to member (a)	\$ 1,200,000	\$ 1,200,000
Payable to clearing broker (b).....	6,000,000	<u> </u>
	<u>\$ 7,200,000</u>	<u>\$ 1,200,000</u>

(a) Consists of a Secured Demand Note Collateral Agreement payable to Muriel Siebert & Co., Inc. (“Siebert”), a member of the Company, in the amount of \$1,200,000 bearing 4% interest and due August 31, 2013. On November 1, 2010, the Company entered into a temporary subordinated loan agreement with Siebert in the amount of \$10,000,000 bearing interest at 2% and maturing on December 15, 2010. The note was repaid in December 2010. Interest expense paid to Siebert for each of the years ended December 31, 2011, 2010 and 2009 amounted to \$48,000, \$73,000 and \$48,000, respectively.

(b) On December 14, 2011, the Company entered into a temporary subordinated loan agreement with National Financial Services, its clearing broker, in the amount of \$6,000,000, bearing interest at the federal funds rate plus 4% (4.04% at December 31, 2011) and maturing January 27, 2012. The note was repaid on January 27, 2012. Interest expense accrued in 2011 amounted to approximately \$11,000.

The subordinated borrowings are available in computing net capital under the Securities and Exchange Commission’s (“SEC”) Uniform Net Capital Rule. To the extent that such borrowing is required for the Company’s continued compliance with minimum net capital requirements, it may not be repaid.

The secured demand note receivable of \$1,200,000 is collateralized by cash equivalents of Siebert of approximately \$1,538,000 at December 31, 2011 and \$1,536,000 at December 31, 2010. Interest earned on the collateral paid by Siebert to SBS amounted to approximately \$2,500, \$3,500 and \$10,000 in 2011, 2010 and 2009, respectively.

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

**Notes to Financial Statements
December 31, 2011, 2010 and 2009**

NOTE C - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Furniture, equipment, and leasehold improvements consist of the following:

	December 31,	
	2011	2010
Equipment	\$ 821,463	\$ 788,635
Furniture and leasehold improvements	1,623,513	1,591,288
	2,444,976	2,379,923
Less accumulated depreciation and amortization.....	1,217,736	961,575
	<u>\$ 1,227,240</u>	<u>\$ 1,418,348</u>

NOTE D - NET CAPITAL

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2011 and 2010, the Company had net capital of \$21,353,097 and \$16,842,830, respectively, which was \$20,860,291 and \$15,721,207, respectively, in excess of its required net capital and its ratio of aggregate indebtedness to net capital was 0.35 and 1.00 to 1, respectively. The Company claims exemption from the reserve requirements under Section 15c-3-3(k)(2)(ii).

NOTE E - COMMITMENTS

The Company rents office space under long-term operating leases expiring through 2020. These leases call for base rent plus escalations for property taxes and other operating expenses. Future minimum base rent under these operating leases as of December 31, 2011 are as follows:

Year Ending	Amount
2012	\$ 908,000
2013	806,000
2014	661,000
2015	564,000
2016	479,000
Thereafter.....	<u>1,497,000</u>
	<u>\$ 4,915,000</u>

Rent expense including taxes and operating expenses for 2011, 2010 and 2009 amounted to \$1,065,030, \$1,020,409 and \$757,778, respectively.

During 2010, the Company purchased leasehold improvements of approximately \$129,000 which were reimbursed by the landlord. The Company recorded such reimbursement as a credit to deferred rent liability. Such amount, along with approximately \$491,000 recorded in 2009 (together an aggregate amount of \$620,000), is being recognized as a reduction of rental expense on a straight-line basis over the term of the lease.

Rent expense is being charged to operations on a straight-line basis resulting in a deferred rent liability which, together with the deferred rent discussed above, amounted to \$686,663 at December 31, 2011 and \$741,551 at December 31, 2010.

SIEBERT, BRANDFORD, SHANK & CO., L.L.C.

**Notes to Financial Statements
December 31, 2011, 2010 and 2009**

NOTE F - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	December 31,	
	2011	2010
Accounts payable.....	\$ 1,488,400	\$ 184,934
Accrued bonus and other employee compensation	5,037,575	15,341,035
Other accrued expenses	127,006	463,190
	<u>\$ 6,652,981</u>	<u>\$ 15,989,159</u>

NOTE G - OTHER

During each of 2011, 2010 and 2009, the Company was charged \$75,000 by Siebert for general and administrative services.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIEBERT FINANCIAL CORP.

By: /s/ MURIEL F. SIEBERT
Muriel F. Siebert
Chair, Chief Executive Officer and President

Date: March 30, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Muriel F. Siebert</u> Muriel F. Siebert	Chair, Chief Executive Officer, President and Director (principal executive officer)	March 30, 2012
<u>/s/ Jeanne Rosendale</u> Jeanne Rosendale	Executive Vice President and General Counsel	March 30, 2012
<u>/s/ Joseph M. Ramos, Jr.</u> Joseph M. Ramos, Jr.	Chief Financial Officer and Assistant Secretary (principal financial and accounting officer)	March 30, 2012
<u>/s/ Patricia L. Francy</u> Patricia L. Francy	Director	March 30, 2012
<u>/s/ Leonard M. Leiman</u> Leonard M. Leiman	Director	March 30, 2012
<u>/s/ Jane H. Macon</u> Jane H. Macon	Director	March 30, 2012
<u>/s/ Robert P. Mazzarella</u> Robert P. Mazzarella	Director	March 30, 2012
<u>/s/ Nancy Peterson Hearn</u> Nancy Peterson Hearn	Director	March 30, 2012

EXHIBIT INDEX

Exhibit No.	Description Of Document
2.1	Plan and Agreement of Merger between J. Michaels, Inc. (“JMI”) and Muriel Siebert Capital Markets Group, Inc. (“MSCMG”), dated as of April 24, 1996 (“Merger Agreement”) (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.2	Amendment No. 1 to Merger Agreement, dated as of June 28, 1996 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.3	Amendment No. 2 to Merger Agreement, dated as of September 30, 1996 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
2.4	Amendment No. 3 to Merger Agreement, dated as of November 7, 1996 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
3.1	Certificate of Incorporation of Siebert Financial Corp., formerly known as J. Michaels, Inc. originally filed on April 9, 1934, as amended and restated to date (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997)
3.2	By-laws of Siebert Financial Corp. (incorporated by reference to Siebert Financial Corp.’s Registration Statement on Form S- 1 (File No. 333-49843) filed with the Securities and Exchange Commission on April 10, 1998)
10.1**	Siebert Financial Corp. 1998 Restricted Stock Award Plan (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997)
10.2**	Siebert Financial Corp. 1997 Stock Option Plan (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.3	Siebert, Brandford, Shank & Co., LLC Operating Agreement, among Siebert, Brandford, Shank & Co., L.L.C., Muriel Siebert & Co., Inc., Napoleon Brandford III and Suzanne F. Shank, dated as of March 10, 1997 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.4	Services Agreement, between Siebert, Brandford, Shank & Co., L.L.C. and Muriel Siebert & Co., Inc., dated as of March 10, 1997 (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the fiscal year ended December 31, 1996)
10.5	Operating Agreement of SBS Financial Products Company, LLC, dated effective as of April 19, 2005, by and among Siebert Financial Corp., Napoleon Brandford III and Suzanne Shank. (incorporated by reference to Siebert Financial Corp.’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2005)
10.6**	Siebert Financial Corp. 2007 Long-Term Incentive Plan (incorporated by reference to Siebert Financial Corp.’s Registration Statement on Form S-8 (File No. 333-144680) filed with the Securities and Exchange Commission on July 18, 2007)
10.7*	Fully Disclosed Clearing Agreement, by and between National Financial Services LLC and Muriel Siebert & Co., Inc. dated May 5, 2010. (incorporated by reference to Siebert Financial Corp.’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 16, 2010)
21	Subsidiaries of the registrant (incorporated by reference to Siebert Financial Corp.’s Annual Report on Form 10-K for the year ended December 31, 2001)
23	Consent of Independent Auditors
31.1	Certification of Muriel F. Siebert pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Joseph M. Ramos, Jr. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley act of 2002.

- 32.1 Certification of Muriel F. Siebert of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Joseph M. Ramos, Jr. of Periodic Financial Report under Section 906 of the Sarbanes-Oxley Act of 2002

* Portions of the indicated document have been afforded confidential treatment and have been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934, as amended.

** Management contract or compensatory plan or arrangement.

EXHIBIT 23**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-144680, No. 333-43837, No. 333-43839, No. 333-72939 and No. 333-102701, and Form S-3 No. 333-81037) of Siebert Financial Corp. and in the related prospectus of our report dated March 29, 2012 with respect to the consolidated financial statements of Siebert Financial Corp. and our report dated February 28, 2012 with respect to the financial statements of Siebert, Brandford, Shank & Co., L.L.C. included in this Annual Report on Form 10-K for the year ended December 31, 2011.

/s/ EisnerAmper LLP

New York, New York
March 29, 2012

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Muriel F. Siebert, certify that:

1. I have reviewed this annual report on Form 10-K of Siebert Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Muriel F. Siebert

Muriel F. Siebert

Chair, Chief Executive Officer and President
(principal executive officer)

Date: March 30, 2012

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph M. Ramos, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Siebert Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joseph M. Ramos, Jr.

Joseph M. Ramos, Jr.
Chief Financial Officer
(principal financial and accounting officer)

Date: March 30, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Siebert Financial Corp. (the "Company") on Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (the "Report"), I, Muriel F. Siebert, in my capacity as Chair, Chief Executive Officer and President of the Company, hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report filed by the Company with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the report.

/s/ Muriel F. Siebert

Date: March 30, 2012

Muriel F. Siebert

Chair, Chief Executive Officer and President

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Siebert Financial Corp. (the "Company") on Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph M. Ramos, Jr., in my capacity as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report filed by the Company with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the report.

/s/ Joseph M. Ramos, Jr.

Joseph M. Ramos, Jr.
Chief Financial Officer

Date: March 30, 2012

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by section 906, has been provided to Siebert Financial Corp. and will be retained by Siebert Financial Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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Chairwoman & President
Chief Executive Officer

Ameen Esmail
Executive Vice President
Director of Business Development

Timothy A. O’Leary
Executive Vice President

Joseph M. Ramos, Jr.
Executive Vice President
Chief Financial Officer

Jeanne M. Rosendale
Executive Vice President
General Counsel

Daniel Iesu
Secretary

Transfer Agent
American Stock Transfer
& Trust Company

Independent Auditor
Eisner LLP

DIRECTORS

Muriel F. Siebert
Chairwoman & President
Chief Executive Officer



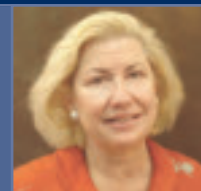
Patricia L. Francy
Retired Treasurer & Controller
Columbia University



Leonard M. Leiman
Counsel
Fulbright & Jaworski L.L.P.



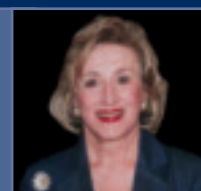
Jane H. Macon, Esq.
Partner
Fulbright & Jaworski L.L.P.



Robert P. Mazarella
Chairman and CEO, Pyxis Mobile
Former President, Fidelity Investments
Brokerage Services LLC



Nancy Peterson Hearn
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Executive Officer
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