

Flaherty & Crumrine/CLAYMORE PREFERRED SECURITIES INCOME FUND INC

Form N-30B-2

October 28, 2011

Item 1. Schedule of Investments.

The Schedule(s) of Investments is attached herewith.

FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME FUND

To the Shareholders of Flaherty & Crumrine/Claymore Preferred Securities Income Fund:

During the third fiscal quarter of 2011¹, total return on net asset value² of the Fund was -2.6%; the fiscal year-to-date return was a more pleasing +8.8%. Prior to this most recent quarter, the Fund had nine consecutive quarters of positive returns.

There was good news on the Fund's dividend during the quarter—a combination of very low borrowing cost on the Fund's leverage and relatively high income earned from the Fund's investment portfolio led to another increase in your monthly dividend. The new rate of \$0.136 (beginning in August) is 4.6% higher than the previous level.

The Federal Reserve has indicated short-term interest rates are likely to stay at present levels at least through mid-2013. The Fund's borrowing rate is not directly tied to the Fed's short-term rate target, but the correlation is high, so borrowing costs should remain at or near current levels over the same period.

On the flip side, however, the task of projecting portfolio income has become more difficult, due both to the sharp decline in interest rates and changes in the regulatory environment in which many preferred issuers operate. For instance, bank regulators here and abroad have yet to issue final guidelines for bank capital; until they do, it is hard to predict when issuers may call outstanding preferreds. We think eventually portfolio income could fall (as higher dividend paying securities are called), but we are working hard to minimize the impact.

Conditions in financial markets are largely a tale of two houses—an ongoing economic drag from the residential housing market and a struggle of governments to get their financial houses in order. While there is a detailed discussion of these topics in our Quarterly Economic Update on the Fund's website, our thoughts are summarized here.

The drop in home prices and rise in foreclosures have eroded household wealth, pushed up savings, and slowed consumer spending, thus short-circuiting the cyclical recovery the economy normally would experience coming out of a deep recession. The resulting sluggish economic growth has encouraged companies to focus on reducing debt, lowering costs, and improving productivity. This has led to an unusual combination of strong profit growth and improving credit quality for corporations, but little improvement in employment. Finally, rising savings, limited demand for new investment, and highly accommodative monetary policy have pushed US Treasury rates to 60-year lows. As long as households seek to reduce indebtedness, which we expect will continue for some time, these conditions are likely to persist.

At the same time, the deleveraging that began in the household sector has spread to the government sector. Investors are questioning governments' ability and willingness to sustain current budgets and obligations, most visibly in the sovereign debt crisis boiling over in Europe. The uncertainty over how that situation will be resolved—and its short and long-term impact on the global economy—has sent many investors to the sidelines and out of risky assets. Although politicians are moving toward resolution of these issues, the solutions are often unpopular, and progress is likely to be slow.

¹ June 1, 2011 – August 31, 2011

² Following the methodology required by the SEC, total return includes income and principal change, plus the impact of the Fund's leverage and expenses.

As of August 31, 13% of the Fund's portfolio consisted of securities issued or guaranteed by banks and insurance companies based in Europe. Each of these companies has operations throughout the world, but is tied most closely to economic conditions in the Eurozone. We believe these issuers are well capitalized and well managed, and therefore better able to handle market turbulence.

At the end of the day, we believe long-term investors will continue to earn attractive returns on preferred securities, although there may be some bumps along the way. We will continue to manage the Fund as we always have in quiet times and in crisis with a disciplined eye on credit fundamentals, relative value and risk management.

We encourage you to visit the Fund's website www.fcclaymore.com for a more in-depth discussion of conditions in the preferred markets as well as the broader economy.

Sincerely,

Donald F. Crumrine
Chairman

Robert M. Ettinger
President

October 14, 2011

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Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OVERVIEW
August 31, 2011 (Unaudited)

Fund Statistics

Net Asset Value	\$ 16.56
Market Price	\$ 17.43
Premium	5.25%
Yield on Market Price	9.36%
Common Stock Shares Outstanding	43,003,183

Moody's Ratings

	% of Net Assets
AAA	0.5%
A	8.2%
BBB	74.0%
BB	13.0%
Below BB	2.1%
Not Rated*	0.5%
Below Investment Grade**	8.5%

* Does not include net other assets and liabilities of 1.7%.

** Below investment grade by all of Moody's, S&P and Fitch.

Industry Categories**% of Net Assets****Top 10 Holdings by Issuer****% of Net Assets**

Liberty Mutual Group	5.4%
Banco Santander	5.2%
Capital One Financial	4.2%
Metlife	3.8%
HSBC Plc	3.3%
Dominion Resources	3.3%
Axis Capital	2.8%
Enbridge Energy Partners	2.7%
Wells Fargo	2.7%
Puget Energy	2.6%

% of Net Assets***

Holdings Generating Qualified Dividend Income (QDI) for Individuals	33%
Holdings Generating Income Eligible for the Corporate Dividend Received Deduction (DRD)	18%

*** This does not reflect year-end results or actual tax categorization of Fund distributions. These percentages can, and do, change, perhaps significantly, depending on market conditions. Investors should consult their tax advisor regarding their personal situation.

Net Assets includes assets attributable to the use of leverage.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS
August 31, 2011 (Unaudited)

Shares/\$ Par		Value
Preferred Securities	93.3%	
	Banking	36.5%
\$ 17,750,000	Astoria Capital Trust I, 9.75% 11/01/29, Series B	\$ 18,496,636 ⁽¹⁾
2,046,320	Banco Santander, 10.50% Pfd., Series 10	56,082,060 ^{**} (1)(2)
	Bank of America Corporation:	
128,305	8.20% Pfd	3,194,794*
103,235	8.625% Pfd	2,601,522 ^{*(1)}
\$ 2,815,000	BankAmerica Institutional, Series A, 8.07% 12/31/26, 144A ^{****}	2,815,000
	Barclays Bank PLC:	
\$ 14,750,000	6.278%	10,924,219 ^{**} (1)(2)
3,300	7.75% Pfd., Series 4	80,091 ^{**} (2)
529,700	8.125% Pfd., Series 5	13,067,699 ^{**} (1)(2)
28,500	BB&T Capital Trust V, 8.95% Pfd. 09/15/63	766,830
143,290	BB&T Capital Trust VI, 9.60% Pfd. 08/01/64	3,858,800 ⁽¹⁾
\$ 8,490,000	BBVA International Preferred, 5.919%	6,286,225 ^{**} (1)(2)
\$ 13,500,000	BNP Paribas, 7.195%, 144A ^{****}	11,745,000 ^{**} (1)(2)
\$ 34,990,000	Capital One Capital III, 7.686% 08/15/36	35,077,475 ⁽¹⁾
\$ 5,362,000	Capital One Capital V, 10.25% 08/15/39	5,599,805
\$ 5,350,000	Capital One Capital VI, 8.875% 05/15/40	5,447,338 ⁽¹⁾
341,100	Citigroup Capital XIII, 7.875% Pfd. 10/30/40	8,889,919 ⁽¹⁾
\$ 35,100,000	Colonial BancGroup, 7.114%, 144A ^{****}	1,360,125 ⁽³⁾
15,000	Countrywide Capital IV, 6.75% Pfd. 04/01/33	331,407
28,800	FBOP Corporation, Adj. Rate Pfd., 144A ^{****}	22,464 ^{*(3)(4)}
\$ 8,785,000	Fifth Third Capital Trust IV, 6.50% 04/15/37	8,192,012 ⁽¹⁾
93,625	Fifth Third Capital Trust V, 7.25% Pfd. 08/15/67	2,351,860
513,700	Fifth Third Capital Trust VI, 7.25% Pfd. 11/15/67	12,874,606 ⁽¹⁾
7,850	First Republic Preferred Capital Corporation, 10.50% Pfd., 144A ^{****}	8,016,812
14,500	First Tennessee Bank, Adj. Rate Pfd., 3.75% ⁽⁵⁾ , 144A ^{****}	9,411,406*
\$ 1,500,000	Fleet Capital Trust II, 7.92% 12/11/26	1,481,250
8	FT Real Estate Securities Company, 9.50% Pfd., 144A ^{****}	7,668,000
	Goldman Sachs:	
\$ 2,550,000	Capital I, 6.345% 02/15/34	2,365,449 ⁽¹⁾
\$ 4,362,000	Capital II, 5.793%	3,162,450 ⁽¹⁾
3,600	STRIPES Custodial Receipts, Adj. Rate, 10.70% ⁽⁵⁾ , Pvt.	1,706,400 ^{*(3)(4)}
714,400	HSBC Holdings PLC, 8.00% Pfd., Series 2	19,054,834 ^{**} (1)(2)
\$ 1,500,000	HSBC USA Capital Trust II, 8.38% 05/15/27, 144A ^{****}	1,527,040 ⁽¹⁾
	HSBC USA, Inc.:	
500,000	6.50% Pfd., Series H	12,525,750 ^{*(1)}
3,750	\$2.8575 Pfd	175,430*
98,825	ING Groep NV, 8.50% Pfd	2,420,224 ^{**} (2)

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (Continued)
August 31, 2011 (Unaudited)

Shares/\$ Par		Value
Preferred Securities (Continued)		
Banking (Continued)		
\$ 5,900,000	JPMorgan Chase Capital XVIII, 6.95% 08/17/36, Series R	\$ 5,841,861 ⁽¹⁾
\$ 6,500,000	JPMorgan Chase Capital XXVII, 7.00% 11/01/39, Series AA	6,524,680 ⁽¹⁾
241,593	Keycorp Capital IX, 6.75% Pfd. 12/15/66	6,160,622 ⁽¹⁾
279,600	Keycorp Capital X, 8.00% Pfd. 03/15/68	7,202,496 ⁽¹⁾
\$ 17,800,000	Lloyds Banking Group PLC, 6.657%, 144A****	10,235,000** ⁽²⁾
\$ 3,150,000	MBNA Capital, 8.278% 12/01/26, Series A	3,161,812
\$ 9,265,000	National City Preferred Capital Trust I, 12.00%	10,070,944
\$ 4,767,000	NB Capital Trust IV, 8.25% 04/15/27	4,802,752 ⁽¹⁾
164,520	PNC Financial Services, 9.875% Pfd., Series L	4,637,408* ⁽¹⁾
\$ 2,500,000	PNC Preferred Funding Trust III, 8.70%, 144A****	2,563,125 ⁽¹⁾
8,641	Sovereign REIT, 12.00% Pfd., Series A, 144A****	10,575,245
33,400	SunTrust Capital IX, 7.875% Pfd. 03/15/68	848,778
60	Union Planters Preferred Funding, 7.75% Pfd., Series A, 144A****	4,533,750
535,705	Wachovia Preferred Funding, 7.25% Pfd., Series A	13,918,955 ⁽¹⁾
	Washington Mutual:	
\$ 2,100,000	9.75%, 144A****	52,500
\$ 10,050,000	6.534%, 144A****	251,250
\$ 11,067,000	Webster Capital Trust IV, 7.65% 06/15/37	11,266,272 ⁽¹⁾
	Wells Fargo & Company:	
11,173	7.50% Pfd., Series L	11,630,758* ⁽¹⁾
100,000	8.00% Pfd., Series J	2,900,000* ⁽¹⁾
\$ 1,000,000	Wells Fargo Capital XV, 9.75%	1,037,500
		397,796,640
 Financial Services 3.4%		
\$ 1,340,000	Ameriprise Financial, Inc., 7.518% 06/01/66	1,356,750 ⁽¹⁾
7,000	AMMC CLO V Ltd., Adj. Rate, Pvt.	1,540,000 ⁽³⁾⁽⁴⁾
\$ 5,230,000	Claudius, Ltd. Credit Suisse AG, 7.875%, Series B	5,203,850 ⁽²⁾
\$ 7,000,000	Gulf Stream-Compass 2005 Composite Notes, 144A****	5,017,530 ⁽³⁾⁽⁴⁾
	Heller Financial, Inc.:	
150,000	6.687% Pfd., Series C	14,962,500* ⁽¹⁾
31,730	6.95% Pfd., Series D	3,211,673* ⁽¹⁾
112,726	HSBC Finance Corporation, 6.36% Pfd., Series B	2,594,107* ⁽¹⁾
	Lehman Brothers Holdings, Inc.:	
34,000	5.67% Pfd., Series D	10,540*
471,500	7.95% Pfd	13,202*
20,000	Lehman Capital Trust III, 6.375% Pfd., Series K	3,050

\$ 3,000,000	Schwab Capital Trust I, 7.50% 11/15/37	2,946,786 ⁽¹⁾
		36,859,988

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (Continued)
August 31, 2011 (Unaudited)

Shares/\$ Par		Value
Preferred Securities (Continued)		
Insurance 22.5%		
\$ 4,566,000	Ace Capital Trust II, 9.70% 04/01/30	\$ 6,118,376 ⁽¹⁾⁽²⁾
\$ 455,000	AON Corporation, 8.205% 01/01/27	522,756 ⁽¹⁾
	Arch Capital Group Ltd.:	
117,750	7.875% Pfd., Series B	2,995,266 ^{** (1)(2)}
100,000	8.00% Pfd., Series A	2,518,750 ^{** (1)(2)}
	AXA SA:	
\$ 7,150,000	6.379%, 144A****	5,577,000 ^{** (1)(2)}
\$ 1,350,000	6.463%, 144A****	1,053,000 ^{** (2)}
	Axis Capital Holdings:	
117,707	7.25% Pfd., Series A	2,976,987 ^{** (1)(2)}
281,505	7.50% Pfd., Series B	27,508,331 ⁽¹⁾⁽²⁾
37,000	Corts Provident Financing Trust I, 8.50% Pfd.	994,375 ⁽¹⁾
558,000	Delphi Financial Group, 7.376% Pfd. 05/15/37	13,357,125 ⁽¹⁾
\$ 20,919,000	Everest Re Holdings, 6.60% 05/15/37	19,088,588 ⁽¹⁾
\$ 4,650,000	Great West Life & Annuity Insurance, 7.153% 05/16/46, 144A****	4,452,375 ⁽¹⁾
\$ 35,418,000	Liberty Mutual Group, 10.75% 06/15/58, 144A****	43,918,319 ⁽¹⁾
\$ 6,600,000	MetLife Capital Trust IV, 7.875% 12/15/37, 144A****	6,765,000 ⁽¹⁾
\$ 13,285,000	MetLife Capital Trust X, 9.25% 04/08/38, 144A****	15,742,725 ⁽¹⁾
\$ 13,520,000	MetLife, Inc., 10.75% 08/01/39	18,570,058 ⁽¹⁾
14,000	PartnerRe Ltd., 7.250% Pfd., Series E	353,920 ^{** (2)}
	Principal Financial Group:	
77,000	5.563% Pfd., Series A	7,452,160 ^{* (1)}
383,000	6.518% Pfd., Series B	9,790,438 ^{* (1)}
	Renaissancere Holdings Ltd.:	
148,749	6.08% Pfd., Series C	3,381,065 ^{** (1)(2)}
183,019	6.60% Pfd., Series D	4,494,947 ^{** (1)(2)}
407,200	Scottish Re Group Ltd., 7.25% Pfd	3,753,895 ^{** (2)}
\$ 7,500,000	Stancorp Financial Group, 6.90% 06/01/67	6,686,692 ⁽¹⁾
\$ 7,425,000	USF&G Capital, 8.312% 07/01/46, 144A****	9,175,600 ⁽¹⁾
\$ 13,000,000	USF&G Capital I, 8.50% 12/15/45, 144A****	16,382,925 ⁽¹⁾
\$ 12,200,000	XL Capital Ltd., 6.50%, Series E	10,888,500 ⁽¹⁾⁽²⁾
		244,519,173
Utilities 25.1%		
320,000	Alabama Power Company, 6.45% Pfd.	8,900,000 ^{* (1)}
	Baltimore Gas & Electric Company:	
10,000	6.70% Pfd., Series 1993	1,005,938 ^{* (1)}
15,000	7.125% Pfd., Series 1993	1,516,875 [*]

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (Continued)
August 31, 2011 (Unaudited)

Shares/\$ Par		Value
Preferred Securities (Continued)		
Utilities (Continued)		
462,029	Calenergy Capital Trust III, 6.50% Pfd. 09/01/27	\$ 22,870,436 ⁽¹⁾
\$ 18,533,000	COMED Financing III, 6.35% 03/15/33 .	16,456,766 ⁽¹⁾
146,100	Constellation Energy Group, 8.625% Pfd. 06/15/63, Series A .	3,949,083 ⁽¹⁾
\$ 19,675,000	Dominion Resources Capital Trust I, 7.83% 12/01/27	19,875,508 ⁽¹⁾
\$ 15,262,000	Dominion Resources, Inc., 7.50% 06/30/66 .	15,659,224 ⁽¹⁾
294,975	Entergy Arkansas, Inc., 6.45% Pfd	7,374,375 ^{*(1)}
102,000	Entergy Louisiana, Inc., 6.95% Pfd.	10,043,818 ^{*(1)}
	FPL Group Capital, Inc.:	
\$ 20,470,000	6.65% 06/15/67	19,828,020 ⁽¹⁾
\$ 4,000,000	7.30% 09/01/67, Series D	4,134,976 ⁽¹⁾
165,000	Georgia Power Company, 6.50% Pfd., Series 2007A	17,655,000 ^{*(1)}
20,000	Gulf Power Company, 6.45% Pfd., Series 2007A .	2,151,424 [*]
119,805	Indianapolis Power & Light Company, 5.65% Pfd.	11,216,743 [*]
343,606	Interstate Power & Light Company, 8.375% Pfd., Series B .	10,071,951 ^{*(1)}
\$ 2,386,000	PECO Energy Capital Trust III, 7.38% 04/06/28, Series D .	2,450,711 ⁽¹⁾
\$ 24,500,000	PECO Energy Capital Trust IV, 5.75% 06/15/33	21,475,426 ⁽¹⁾
\$ 4,485,000	PPL Capital Funding, 6.70% 03/30/67, Series A	4,332,954 ⁽¹⁾
268,000	PPL Electric Utilities Corporation, 6.25% Pfd.	6,775,388 ^{*(1)}
\$ 28,015,000	Puget Sound Energy, Inc., 6.974% 06/01/67	28,355,074 ⁽¹⁾
	Southern California Edison:	
124,750	6.00% Pfd., Series C	12,268,389 ^{*(1)}
9,345	6.125% Pfd	943,845 [*]
139,000	6.50% Pfd., Series D	14,025,976 ^{*(1)}
\$ 10,000,000	WPS Resources Corporation, 6.11% 12/01/66 .	9,560,480 ⁽¹⁾
		272,898,380
	Energy 4.9%	
\$ 28,500,000	Enbridge Energy Partners LP, 8.05% 10/01/37	29,916,877 ⁽¹⁾
	Enterprise Products Partners:	
\$ 565,000	7.00% 06/01/67	544,946 ⁽¹⁾
\$ 21,396,000	8.375% 08/01/66, Series A	22,407,945 ⁽¹⁾
		52,869,768
	Real Estate Investment Trust (REIT) 0.1%	
	PS Business Parks, Inc.:	
34,947	6.70% Pfd., Series P	883,506 ⁽¹⁾

25,000	6.875% Pfd., Series R	637,500
		1,521,006

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (Continued)
August 31, 2011 (Unaudited)

Shares/\$ Par		Value
Preferred Securities (Continued)		
	Miscellaneous Industries 0.8%	
105,400	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****	\$ 9,189,563*(1)
		9,189,563
	Total Preferred Securities (Cost \$1,049,382,681)	1,015,654,518
Corporate Debt Securities 4.4%		
	Banking 0.4%	
\$ 4,900,000	Goldman Sachs Group, 6.75% 10/01/37, Sub Notes	4,665,006(1)
		4,665,006
	Financial Services 0.1%	
\$ 4,726,012	Lehman Brothers, Guaranteed Note, Variable Rate, 5.843%, 12/16/16, 144A****	800,114(3)(4)
		800,114
	Insurance 1.6%	
\$ 15,750,000	Liberty Mutual Insurance, 7.697% 10/15/97, 144A****	14,608,220(1)
\$ 2,500,000	UnumProvident Corporation, 7.25% 03/15/28	2,742,192(1)
		17,350,412
	Utilities 1.9%	
	Southern Union Company:	
\$ 9,300,000	7.60% 02/01/24, Senior Notes	11,325,605(1)
\$ 7,587,000	8.25% 11/15/29, Senior Notes	9,365,620(1)
		20,691,225
	Miscellaneous Industries 0.4%	
16,500	Corp-Backed Trust Certificates, 7.00% 11/15/28, Series Sprint Pulte Homes, Inc.:	408,705(1)

58,240	7.375% 06/01/46	1,285,502 ⁽¹⁾
\$ 3,550,000	7.875% 06/15/32	3,053,000 ⁽¹⁾
		4,747,207
	Total Corporate Debt Securities	
	(Cost \$48,976,665)	48,253,964

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (Continued)
August 31, 2011 (Unaudited)

Shares/\$ Par		Value
U.S. Government Agencies 0.5%		
Fannie Mae 0.5%		
\$ 4,989,000	Fannie Mae Interest STRIPS, Zero Coupon, 05/15/29	\$ 2,496,585
\$ 5,010,000	Fannie Mae Principal STRIPS, Zero Coupon, 01/15/30	2,424,394
		4,920,979
	Total U.S. Government Agencies (Cost \$4,008,047)	4,920,979
Common Stock 0.4%		
Banking 0.2%		
54,740	CIT Group, Inc.	1,892,362*
		1,892,362
Utilities 0.2%		
29,950	Exelon Corporation	1,291,444*
46,587	PPL Corporation	1,345,433*
		2,636,877
	Total Common Stock (Cost \$13,358,656)	4,529,239
Money Market Fund 0.2%		
2,202,379	BlackRock Liquidity Funds, T-Fund	2,202,379
	Total Money Market Fund (Cost \$2,202,379)	2,202,379
Total Investments (Cost \$1,117,928,428***)	98.8%	1,075,561,079
Other Assets And Liabilities (Net)	1.2%	12,649,873
Total Managed Assets	100.0%	\$ 1,088,210,952
Loan Principal Balance		(376,075,000)

Total Net Assets Available To Common Stock \$ 712,135,952

* Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income.

** Securities distributing Qualified Dividend Income only.

*** Aggregate cost of securities held.

**** Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. At August 31, 2011, these securities amounted to \$203,459,088 or 18.7% of total managed assets.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (Continued)
August 31, 2011 (Unaudited)

- (1) All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$791,883,564 at August 31, 2011.
- (2) Foreign Issuer.
- (3) Illiquid.
- (4) Fair valued as of August 31, 2011.
- (5) Represents the rate in effect as of the reporting date.

Non-income producing.

The issuer has filed for bankruptcy protection. As a result, the Fund may not be able to recover the principal invested and also does not expect to receive income on this security going forward.

The percentage shown for each investment category is the total value of that category as a percentage of total managed assets.

ABBREVIATIONS:

CLO	Collateralized Loan Obligation
Corts	Corporate-Backed Trust Securities
Pfd.	Preferred Securities
Pvt.	Private Placement Securities
REIT	Real Estate Investment Trust
STRIPS	Separate Trading of Registered Interest and Principal of Securities
STRIPES	Structured Residual Interest Preferred Enhanced Securities

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK⁽¹⁾
For the period from December 1, 2010 through August 31, 2011 (Unaudited)

	Value
OPERATIONS:	
Net investment income	\$ 53,014,156
Net realized gain/(loss) on investments sold during the period	11,939,714
Change in net unrealized appreciation/depreciation of investments	(3,871,489)
Net increase in net assets resulting from operations.	61,082,381
DISTRIBUTIONS:	
Dividends paid from net investment income to Common Stock Shareholders ⁽²⁾	(52,196,807)
Total Distributions to Common Stock Shareholders.	(52,196,807)
FUND SHARE TRANSACTIONS:	
Increase from shares issued under the Dividend Reinvestment and Cash Purchase Plan	2,623,039
Net increase in net assets available to Common Stock resulting from Fund share transactions	2,623,039
 NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK FOR THE PERIOD	 \$ 11,508,613
 NET ASSETS AVAILABLE TO COMMON STOCK:	
Beginning of period.	\$ 700,627,339
Net increase in net assets during the period	11,508,613
End of period	\$ 712,135,952

(1) These tables summarize the nine months ended August 31, 2011 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2010.

(2) May include income earned, but not paid out, in prior fiscal year.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated

FINANCIAL HIGHLIGHTS⁽¹⁾**For the period from December 1, 2010 through August 31, 2011 (Unaudited)****For a Common Stock share outstanding throughout the period.****PER SHARE OPERATING PERFORMANCE:**

Net asset value, beginning of period	\$ 16.35
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INVESTMENT OPERATIONS:

Net investment income	1.24
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Net realized and unrealized gain/(loss) on investments.	0.19
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Total from investment operations	1.43
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DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:

From net investment income	(1.22)
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Total distributions to Common Stock Shareholders	(1.22)
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Net asset value, end of period	\$ 16.56
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Market value, end of period	\$ 17.43
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Common Stock shares outstanding, end of period	43,003,183
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RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:

Net investment income	9.74%*
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Operating expenses including interest expense	1.65%*
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Operating expenses excluding interest expense	1.02%*
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SUPPLEMENTAL DATA:

Portfolio turnover rate	11%**
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Total managed assets, end of period (in 000 s)	\$ 1,088,211
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Ratio of operating expenses including interest expense to total managed assets	1.10%*
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Ratio of operating expenses excluding interest expense to total managed assets	0.68%*
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(1) These tables summarize the nine months ended August 31, 2011 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2010.

* Annualized.

** Not annualized.

The net investment income ratios reflect income net of operating expenses, including interest expense.

Information presented under heading Supplemental Data includes loan principal balance.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
FINANCIAL HIGHLIGHTS (Continued)
Per Share of Common Stock (Unaudited)

	Total	Net		Dividend
	Dividends	Asset	NYSE	Reinvestment
	Paid	Value	Closing	Price⁽¹⁾
			Price	
December 31, 2010 - Extra	\$ 0.0400	\$ 16.34	\$ 16.21	\$ 16.28
December 31, 2010	0.1300	16.34	16.21	16.28
January 31, 2011	0.1300	16.56	16.58	16.56
February 28, 2011	0.1300	16.88	17.01	16.88
March 31, 2011	0.1300	16.91	17.08	16.91
April 29, 2011	0.1300	17.24	17.83	17.24
May 31, 2011	0.1300	17.41	18.16	17.41
June 30, 2011	0.1300	17.12	17.80	17.12
July 29, 2011	0.1300	17.19	17.45	17.19
August 31, 2011	0.1360	16.56	17.43	16.56

⁽¹⁾ Whenever the net asset value per share of the Fund's Common Stock is less than or equal to the market price per share on the reinvestment date, new shares issued will be valued at the higher of net asset value or 95% of the then current market price. Otherwise, the reinvestment shares of Common Stock will be purchased in the open market.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. Aggregate Information for Federal Income Tax Purposes

At August 31, 2011, the aggregate cost of securities for federal income tax purposes was \$1,119,531,243, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$87,124,155 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$131,094,319.

2. Additional Accounting Standards

Fair Value Measurement: The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of levels are recognized at market value at the end of the period. A summary of the inputs used to value the Fund's investments as of August 31, 2011 is as follows:

	Total Value at August 31, 2011	Level 1 Quoted Price	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Preferred Securities				
Banking	\$ 397,796,640	\$ 292,580,757	\$ 103,833,294	\$ 1,382,589
Financial Services	36,859,988	2,594,107	27,708,351	6,557,530
Insurance	244,519,173	140,501,370	104,017,803	
Utilities	272,898,380	67,536,688	205,361,692	
Energy	52,869,768	52,324,822	544,946	
Real Estate Investment Trust (REIT)	1,521,006	1,521,006		
Miscellaneous Industries	9,189,563		9,189,563	
Corporate Debt Securities	48,253,964	27,050,438	20,403,412	800,114
U.S. Government Agencies				
Fannie Mae	4,920,979		4,920,979	
Common Stock				
Banking	1,892,362	1,892,362		
Utilities	2,636,877	2,636,877		
Money Market Fund	2,202,379	2,202,379		
Total Investments	\$ 1,075,561,079	\$ 590,840,806	\$ 475,980,040	\$ 8,740,233

The Fund did not have any significant transfers in and out of Level 1 and Level 2 during the period.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

The valuation of the Fund's investments in Level 2 and Level 3 is based primarily on market information, where available. This includes, but is not limited to, prices provided by third-party providers, observable trading activity (including the recency, depth, and consistency of such information with quoted levels), and the depth and consistency of broker-quoted prices. In the event market information is not directly available, comparable information may be observed for securities that are similar in many respects to those being valued. The Fund may employ an income approach for certain securities that also takes into account credit risk, interest rate risk, and potential recovery prospects.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Total Investments	Preferred Securities		Corporate Debt Securities
		Banking	Financial Services	
Balance as of 11/30/10	\$ 6,068,024	\$ 127,411	\$ 5,291,259	\$ 649,354
Accrued discounts/premiums				
Realized gain/(loss)				
Change in unrealized appreciation/ (depreciation)	1,312,084	(104,947)	1,266,271	150,760
Purchases				
Sales				
Transfer in	1,360,125	1,360,125 ⁽¹⁾		
Transfer out				
Balance as of 8/31/11	\$ 8,740,233	\$ 1,382,589	\$ 6,557,530	\$ 800,114

⁽¹⁾ Transferred from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these securities.

For the period ended August 31, 2011 total change in unrealized gain/(loss) on Level 3 securities still held at period-end and included in the change in net assets was \$1,312,084.

Directors

Donald F. Crumrine, CFA
Chairman of the Board

David Gale

Morgan Gust

Karen H. Hogan

Robert F. Wulf, CFA

Officers

Donald F. Crumrine, CFA
Chief Executive Officer

Robert M. Ettinger, CFA
President

R. Eric Chadwick, CFA
Chief Financial Officer,
Vice President and Treasurer

Chad C. Conwell
Chief Compliance Officer,
Vice President and Secretary

Bradford S. Stone
Vice President and
Assistant Treasurer

Laurie C. Lodolo
Assistant Compliance Officer,
Assistant Treasurer and
Assistant Secretary

Linda M. Puchalski
Assistant Treasurer

Investment Adviser

Flaherty & Crumrine Incorporated
e-mail: flaherty@pfdincome.com

Servicing Agent

Guggenheim Funds Distributors, Inc.
1-866-233-4001

Questions concerning your shares of Flaherty & Crumrine/Claymore Preferred Securities Income Fund?

If your shares are held in a Brokerage Account, contact your Broker.

If you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent
BNY Mellon Shareowner Services
P.O. Box 358035
Pittsburgh, PA 15252-8035
1-866-351-7446

This report is sent to shareholders of Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

Quarterly
Report
August 31, 2011
www.fcclaymore.com