



02004783

ANNUAL REPORT
FORM X-17A-5
PART III

CM

SEC FILE NUMBER
~~8-47798~~
8-53303

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 06/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Equitec Proprietary Markets, LLC**

OFFICIAL USE ONLY
FIRM ID. NO.

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

111 W. Jackson, 20th Floor

(No. and Street)

Chicago

(City)

IL

(State)

60604

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Fred Goldman 312-692-5000

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Ernst & Young LLP

233 S. Wacker Drive

(Name - of individual, state last, first, middle name)

Chicago

(City)

IL

(State)

60606

(Zip Code)

(Address)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

APR 04 2002

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THOMSON FINANCIAL

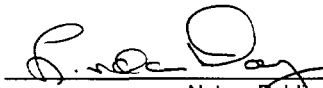
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten mark

OATH OR AFFIRMATION

I, Fred Goldman, affirm that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Equitec Proprietary Markets, LLC as of December 31, 2001, are true and correct. I further affirm that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.


Fred Goldman, Chief Financial Officer


Notary Public



This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) Independent Auditors' Supplementary Report on Internal Control.
- (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges.
- (p) Statement of Secured Amount and Funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Equitec Proprietary Markets, LLC

Statement of Financial Condition

December 31, 2001

Assets

Securities owned	\$419,675,282
Receivable from clearing broker	14,791,675
Other assets	<u>258,378</u>
	<u>\$434,725,335</u>

Liabilities and member's equity

Securities sold, not yet purchased	\$422,815,924
Accrued expenses and other liabilities	<u>446,715</u>
	423,262,639
Member's equity	<u>11,462,696</u>
Total liabilities and member's equity	<u>\$434,725,335</u>

See notes to financial statements.

Equitec Proprietary Markets, LLC

Statement of Operations

Period from June 1, 2001 (commencement of operations) through December 31, 2001

Revenues

Net trading revenue	\$ 9,680,387
Interest and dividend income	<u>12,039,440</u>
Total revenues	<u>21,719,827</u>
Interest and dividend expense	<u>10,824,850</u>
Net revenues	<u>10,894,977</u>

Expenses

Compensation and benefits	8,873,936
Exchange, clearing, and brokerage fees	5,094,841
Office expenses	2,029,537
Exchange seat rental	1,461,989
Professional fees	314,450
Marketing	236,807
Other operating expenses	<u>611,883</u>
Total expenses	<u>18,623,443</u>
Net loss	<u><u>\$(7,728,466)</u></u>

See notes to financial statements.