

FEB 27 2004

SECURITIES



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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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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 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

AristaTrade Securities, LLC

OFFICIAL USE ONLY

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

700 Veterans Memorial Highway

VOJAP ASOR
DO NOT WRITE IN THESE SPACES
YOU WILL BE PENALIZED
YOU WILL BE PENALIZED
(No. and Street)

FIRM ID. NO.

Hauppauge New York 11788
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Joseph E. Rudy

(631)

863-3700
248-2323

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein, Kass & Company, P.C.

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

85 Livingston Avenue Roseland New Jersey 7068
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 23 2004

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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).

SEC 1410 (06-02)

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12/31/03



ARISTATRADE SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2003

ARISTATRADE SECURITIES, LLC

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INDEPENDENT AUDITORS' REPORT

Members

AristaTrade Securities, LLC

We have audited the accompanying statement of financial condition of AristaTrade Securities, LLC (the "Company") as of December 31, 2003. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of AristaTrade Securities, LLC as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Roseland, New Jersey
February 20, 2004

ARISTATRADE SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2003

ASSETS

Cash	\$	30,270
Receivables from clearing broker, including clearing deposit of \$25,264		37,972
Property and equipment, net		15,453
Prepaid expenses and other assets		<u>82,742</u>
	\$	<u>166,437</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities, accounts payable and accrued expenses	\$	<u>26,924</u>
Commitments and contingencies		
Members' equity		<u>139,513</u>
	\$	<u>166,437</u>

See accompanying notes to financial statements.

ARISTATRADE SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of business

AristaTrade Securities, LLC (the "Company"), a New York limited liability company, is a broker-dealer located in Hauppauge, New York. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company's trading operations began on February 19, 2002 and are comprised of securities transactions performed on an agency basis. The Company is a wholly owned subsidiary of AristaTrade Holdings, LLC ("Holdings").

2. Liquidity

The Company has suffered losses from operations during the year and was supported by the parent through an increase in equity capital of approximately \$469,000. Holdings has agreed to provide financial support to fund any working capital requirements of the Company through at least December 31, 2004. In addition, the Parent has agreed to pay the rent for the Company, on a monthly basis. Such amounts will be recorded as a capital contribution from the Parent.

3. Summary of significant accounting policies

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. The Company provides for depreciation as follows:

Asset	Estimated Useful Life	Principal Method
Telephone equipment	5 years	Declining-balance
Computer hardware	5 years	Declining-balance
Furniture and fixtures	3 years	Straight-line

Revenue and Expense Recognition from Securities Transactions

Securities transactions and the related revenues and expenses are recorded on the trade-date basis.

Income Taxes

No provision for income taxes has been recorded, as the Company is a limited liability company. Accordingly, the individual members report their share of the Company's income or loss on their income tax returns.

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 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.

ARISTATRADE SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

4. Property and equipment

Details of property and equipment at December 31, 2003 are as follows:

Telephone equipment	\$	43,892
Computer hardware		65,453
Furniture and fixtures		3,847
		<u>113,192</u>
Less accumulated depreciation		<u>97,739</u>
	\$	<u>15,453</u>

5. Prepaid expenses and other assets

Included in prepaid expenses and other assets is \$60,000 related to additional compensation awarded to an officer, which will be amortized as the officer continues to provide services to the Company over a twenty seven month period. Should the officer terminate his employment he will be required to repay any unamortized amount to the Company.

6. Off-balance sheet risk

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. All of the customers' money balances and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the customers' accounts.

7. Net capital requirements

The Company, as a member of the NASD, is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule 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, and that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2003, the Company's net capital was approximately \$41,000, which was approximately \$36,000 in excess of its minimum requirement of \$5,000.

8. Concentration of credit risk

In the normal course of business, the Company's customer activities will involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

9. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."

10. Commitments

As disclosed in the amended clearing agreement, dated September 4, 2003, the Company is charged a minimum monthly clearing charge of \$5,000 per month. Since inception, the clearing broker has waived this amount.

11. Subsequent event

Through February 20, 2004, Holdings has contributed capital in the form of cash and expense payments aggregating approximately \$33,000.