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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Electronic Trading Group, L.L.C.

OFFICIAL USE ONLY
FIRM ID. NO.

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

850 Third Avenue, 10th Floor
(No. and Street)

New York	New York	10022
(City)	(State)	(Zip Code)

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

Gerard A. Durkin (212) 729-5200
(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	07068
(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 3 0 2004
THOMSON FINANCIAL

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**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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MAR - 1 2004

OATH OR AFFIRMATION

I, Jeffrey S. Mester and Gerard A. Durkin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Electronic Trading Group, L.L.C., as of December 31, 20 03, are true and correct. I further swear (or 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, except as follows:

Signature

CEO   Controller

Title

Notary Public

NOTARY PUBLIC
Gregg Giaquinto
State of New York
No: 02GI6022092
Expires On 03/22/05

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

- [x] (a) Facing page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of Changes in Financial Condition.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- [x] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (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 of Rule 15c3-3.
- [ ] (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- [x] (l) An Oath or Affirmation.
- [ ] (m) A copy of the SIPC Supplemental Report.
- [ ] (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- [x] (o) Independent auditor's report on internal accounting control.
- [ ] (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

ELECTRONIC TRADING GROUP, L.L.C.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2003

ELECTRONIC TRADING GROUP, L.L.C. AND SUBSIDIARIES

CONTENTS

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Rothstein, Kass & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members
Electronic Trading Group, L.L.C.

We have audited the accompanying consolidated statement of financial condition of Electronic Trading Group, L.L.C. and Subsidiaries (collectively the "Company") as of December 31, 2003. This consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated 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 consolidated 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 consolidated 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 consolidated statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial position of Electronic Trading Group, L.L.C. and Subsidiaries 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 16, 2004

ELECTRONIC TRADING GROUP, L.L.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2003

ASSETS	
Cash	$ 1,780,917
Securities owned, at market	34,067,981
Property and equipment, net	1,165,457
Intangible asset, net of accumulated amortization of $44,238	1,282,913
Investments, at fair value	396,352
Due from clearing brokers	31,866,306
Notes receivable from members and employees	630,210
Prepaid expenses and deposits	456,928
	$ 71,647,064
LIABILITIES AND MEMBERS' EQUITY	
Liabilities	
Payables to clearing brokers	$ 4,641,585
Securities sold, not yet purchased, at market	47,810,569
Accrued expenses and other liabilities	1,872,586
	54,324,740
Minority member interests in ETG Proprietary Trading, LLC and Hedge Fund Capital Partners, LLC	7,761,236
Members' capital contributions receivable	(600,000)
Members' equity	10,161,088
Total members' equity	17,322,324
	$ 71,647,064

See accompanying notes to consolidated financial statements.

1. Nature of operations

Electronic Trading Group, L.L.C. and Subsidiaries (collectively the "Company") are headquartered in New York City. Electronic Trading Group, L.L.C. ("ETG") was organized under the laws of the State of Illinois as a limited liability company. ETG is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is also a member of the National Association of Securities Dealers, Inc. (NASD). At December 31, 2003, ETG operates from 22 locations in 11 states.

ETG primarily engages in the trading of equities, equity options, and futures traded on U.S. exchanges. ETG's use of equity options and futures is limited primarily to hedging strategies. In addition, ETG provides brokerage services to individuals and introduces all customers' securities business to its clearing broker-dealers on a fully disclosed basis. ETG has a joint back office agreement with the clearing brokers.

ETG has two subsidiaries, ETG Proprietary Trading, LLC (ETG Prop.) and Hedge Fund Capital Partners, LLC (Hedge Fund Capital) (formerly known as K + K Securities, LLC). ETG Prop. primarily engages in the trading of equities, equity options, and futures traded on U.S. exchanges for its proprietary accounts. Hedge Fund Capital engages in personalized service consulting for start-up hedge funds.

ETG Prop. and Hedge Fund Capital do not carry accounts for customers or perform custodial functions related to securities. Additionally, they clear their securities transactions on a fully disclosed basis through their clearing brokers.

ETG's member structure includes Class A interests (which includes "Member-Managers"), Class B interests, and Class C interests. The Member-Managers shall determine to what extent distributions of profits and capital shall be made to members..

2. Summary of significant accounting policies

Principles of Consolidation

The consolidated financial statements include the accounts of ETG, ETG Prop. and Hedge Fund Capital. All significant inter-company transactions and balances have been eliminated in consolidation.

Revenue and Expense Recognition from Securities Transactions

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

Securities Owned and Securities Sold, Not Yet Purchased, at Market

All securities owned and securities sold, not yet purchased are valued at market and unrealized gains and losses are reflected in revenues.

Guaranteed Payments to Members

Guaranteed payments to members that are intended as compensation for services rendered are accounted for as expenses rather than as allocations of net income.

2. Summary of significant accounting policies (continued)

Property and Equipment

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

Asset	Estimated Useful Life	Principal Method
Furniture and fixtures	7 years	Straight-line
Office and other equipment	7 years	Straight-line
Computer hardware and software	3 years	Straight-line
Leasehold improvements	Lease term	Straight-line

Intangible Asset

The intangible asset is a customer list that is being amortized over its estimated economic useful life of 15 years using the straight-line method. Amortization expense for the year ended December 31, 2003 was approximately $44,000. Estimated expected amortization for the five years subsequent to December 31, 2003 is approximately $88,000 per annum.

Investments, at Fair Value

Investments, at fair value primarily consist of limited partnership interests, which are recorded at fair value.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Since the Company is a limited liability company, it is not considered a taxable entity. Accordingly, the individual members report their respective share of the Company's income or loss on their income tax returns. The Company, however, is subject to the New York City Unincorporated Business Tax ("UBT") on its non-trading income generated in New York City and is also subject to the Illinois Replacement Tax.

Minority Interest

Minority interest represents the minority members' interests in the subsidiaries.

3. Securities owned and securities sold, not yet purchased, at market

Securities owned and securities sold, not yet purchased, consist of the following at December 31, 2003:

	Securities Owned	Securities Sold, Not Yet Purchased
Equities	$ 30,602,838	$ 44,183,746
Options	3,465,143	3,626,823
	$ 34,067,981	$ 47,810,569

4. Property and equipment

Property and equipment consist of the following at December 31, 2003:

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Furniture and fixtures	$ 520,776	$ 329,279	191,497
Office and other equipment	1,199,427	567,005	632,422
Computer hardware and software	3,579,867	3,392,104	187,763
Leasehold improvements	1,307,054	1,153,279	153,775
	$ 6,607,124	$ 5,441,667	$ 1,165,457

5. Notes receivable from members and employees

Notes receivable from members and employees consist of loans made to members and employees in the form of promissory notes. The notes are payable on demand with interest ranging between 6% - 10% per annum.

6. Payables to clearing brokers

The payables to clearing brokers are collateralized by all Company-owned securities held by, or deposited with, the clearing brokers. Interest is based on the Federal Funds Rate plus the applicable spread, as defined in the clearing agreements.

7. Liabilities subordinated to claims of general creditors

On January 8, 2003, the Company repaid its $2,000,000 subordinated loan.

8. Commitments and contingencies

At December 31, 2003, the Company is obligated under various lease agreements for office space. In addition to the base rent, certain of the leases provide for the Company to pay a proportionate share of operating costs and other expenses and are subject to escalation clauses based on the Consumer Price Index.

Future aggregate minimum annual rent payments under these leases are approximately as follows:

Year ending December 31,	
2004	$ 973,000
2005	583,000
2006	482,000
2007	186,000
2008	39,000
	$ 2,263,000

Rent expense for the year ended December 31, 2003 approximated $1,683,000.

In the normal course of business, the Company has been named as a defendant in a matter. Management of the Company believes that the resolution of this matter will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

9. Concentration of credit risk

The Company maintains its cash in financial institutions, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash.

10. Off-balance sheet risk

Pursuant to clearance agreements, the Company introduces all of its securities transactions to clearing brokers 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 brokers. In accordance with the clearance agreements, the Company has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the customers' accounts.

In addition, the due from and payables to clearing brokers are pursuant to these clearance agreements.

11. 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."

12. Net capital requirement

ETG 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, ETG's net capital (unconsolidated) was approximately $1,681,000, which was approximately $1,581,000 in excess of its minimum requirement of approximately $100,000.

13. Recent accounting pronouncements

On May 30, 2003, the FASB issued Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity ("SFAS 150"). It requires that the Company classify a financial instrument that is within the scope of SFAS 150 as a liability, including financial instruments issued in the form of shares that are mandatorily redeemable, placing an unconditional obligation on the Company to redeem it by a transfer of assets by the Company at a specified or determined date(s) or upon an event that is certain to occur.

SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003.

The Company currently has a provision in its Operating Agreement, which requires that upon death, the Company will distribute the amount of such Member's capital account. Under SFAS 150, the Company will be required to record such amount as a liability on the statement of financial condition beginning January 1, 2004. The Company is currently in the process of amending its Operating Agreement as it relates to mandatory payments in the event of a Member's death.

In a letter dated February 19, 2004 from the Division of Market Regulation of the U.S. Securities and Exchange Commission (the "Division"), the Division states that no enforcement action will be taken against a broker-dealer that is a non-public entity, that calculates net capital under Rule 15c3-1 and adds to its regulatory net worth the carrying value of mandatorily redeemable financial instruments that SFAS 150 excludes from the Company's GAAP equity. This relief shall apply to broker-dealers that are non-public entities only through the end of the first annual period beginning after December 15, 2003, but no longer shall apply for fiscal periods beginning after December 15, 2004.