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SECURITIES 04004699 ION
Washington, D.C. 20549

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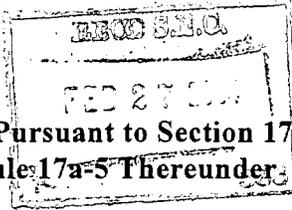
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 51564

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 January 1, 2003 AND ENDING December 31, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Institutional Edge, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

120 Van Nostrand Avenue

(No. and Street)

Englewood Cliffs,

New Jersey

07632

(City)

(State)

(Zip Code)

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

Michael Klarin

(201) 944 5447

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Kaufmann, Gallucci & Grumer LLP

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

One Battery Park Plaza

New York

NY

10004

(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 11 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)

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SEC 1410 (06-02)

Institutional Edge, LLC
Statement of financial condition
December 31, 2003



KAUFMANN,
GALLUCCI &
GRUMER LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent auditor's report

Board of Directors and Members
Institutional Edge, LLC

We have audited the accompanying statement of financial condition of Institutional Edge, LLC, as of December 31, 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

New York, New York
February 15, 2004

Kaufmann Gallucci & Grumer LLP

Institutional Edge, LLC

Statement of Financial Condition

December 31, 2003

Assets

Cash and cash equivalents	\$ 47,263
Investments, at market value	79,920
Due from clearing broker-dealer	390,371
Deposits with clearing broker-dealer	165,916
Fixed assets, net of accumulated depreciation of \$25,575	4,684
Other assets	<u>13,150</u>
Total assets	<u>\$701,304</u>

Liabilities and Members' Equity

Liabilities:	
Accounts payable and accrued expenses	\$211,255
Members' equity	<u>490,049</u>
Total liabilities and members' equity	<u>\$701,304</u>

The accompanying notes are an integral part
of this financial statement.

Institutional Edge, LLC

Notes to the statement of financial condition

December 31, 2004

Note 1. Organization

Institutional Edge, LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company was formed under the laws of the state of New Jersey as a limited liability company on January 27, 1999 with two members. The company shall terminate on the earlier of December 31, 2025, or the occurrence of events defined in the Operating Agreement.

Note 2. Significant accounting policies

Securities Transactions

Proprietary security transactions are recorded on a trade date basis.

Revenue Recognition

Commission gains on riskless principal transactions and related clearing expenses are recorded on a trade date basis. Riskless principal transactions comprise the purchase and simultaneous sale of securities to customers at a mark up.

Depreciation

Depreciation is provided on a straight-line basis using estimated useful lives of five to seven years.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Accounting for Financial Instruments with Characteristics of Both Liabilities and Equity.

In May 2003 the Financial Accounting Standards Board issued accounting standard number 150, *"Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity"*. Non-public entities that are registrants before the SEC must adopt this standard not later than January 1, 2004. The Company will adopt this standard by accruing

Institutional Edge, LLC

Notes to the statement of financial condition (continued)

December 31, 2003

Note 2. Significant accounting policies (continued):

Accounting for Financial Instruments with Characteristics of Both Liabilities and Equity.

payments that are required by state law. The State of New Jersey requires that the Company remit the tax on income earned by nonresident members. Had the new standard been adopted in 2003 there would be an increase in liabilities and a corresponding decrease in members' equity of approximately \$26,000.

Note 3. Securities owned.

At December 31, 2003, the Company owned 7,992 shares of NASDAQ, which were purchases pursuant to an agreement made between NASDAQ and all broker-dealers. The investment in NASDAQ is valued at fair value.

Note 4. Brokerage activities

The Company acts as an introducing broker on behalf of institutional customers to arrange for the purchases and sales of securities. The Company is exposed to losses if such customers do not satisfy their responsibilities for these trades. The Company seeks to control these risks by monitoring the activities of its customers. Transactions for the Company's customers are generally cleared through and carried by a carrying broker-dealer (a "clearing firm") on a fully disclosed basis. Accordingly, open customer transactions are not reflected in the accompanying financial statements. The Company is exposed to credit losses in the event customers fail to satisfy their obligations in connection with their securities transactions. As of December 31, 2003, customer obligations to the clearing firm were collateralized by cash and securities with market values in excess of the obligations.

Note 5. Taxes

The Company has elected under the provisions of the Internal Revenue Code to be taxed as a partnership. Therefore, no provision for income taxes is included in the accompanying financial statements as the members are individually liable for their share of the Company's taxable earnings.

Institutional Edge, LLC

Notes to the statement of financial condition (continued)

December 31, 2003

Note 6. Net Capital Requirement

As a registered broker-dealer the Company is subject to the Uniform Net Capital Rule 15c3-1 of the SEC which requires that the Company maintain minimum net capital, as defined, of \$5,000 or one-fifteenth of aggregate indebtedness, whichever is greater. Net capital and aggregate indebtedness change from day to day. As of December 31, 2003, the Company's net capital exceeded this requirement by approximately \$289,000.

Subject to SEC restrictions on distributions to members, distributions to members can be made under a capital distribution policy approved by the Company's Board of Directors. During the year ended December 31, 2003, a total of approximately \$1,165,000 in distributions were made to the members of the Company.

Note 7. Commitments and Contingencies

The Company conducts operations from leased office facilities. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. At December 31, 2003, approximate future minimum payments are \$4,000 for a lease expiring in 2004.

The Company is subject to a variety of securities industry laws and regulations. As is in the case with other companies in similar businesses, the Company faces exposure from actual or potential claims and regulatory proceedings.

Note 8. Related Party Transactions

The Company receives commissions from its customers for trades introduced to its clearing broker-dealer. During the year ended December 31, 2003, the Company received commissions and gains on riskless principal transactions, either directly or indirectly related to one of its members.

Note 9. Concentration Risk

The Company received approximately 12% of its revenue from two customers.