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SECURITIES



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

SEC FILE NUMBER

8-65349

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

SMC OPTION MANAGEMENT LLC

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

440 South LaSalle, Suite 2500

(No. and Street)

Chicago

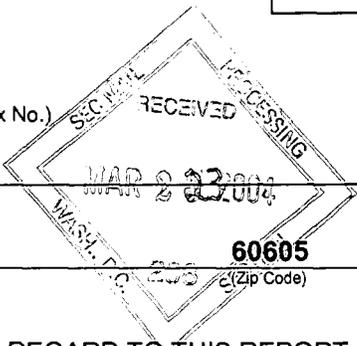
(City)

Illinois

(State)

60605

(Zip Code)



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FIRM ID. NO.

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

David Young

(Name)

(312) 697-9900

(Area Code - Telephone No)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ryan & Juraska, Certified Public Accountants

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

141 West Jackson Boulevard, Suite 3520

(Address)

Chicago

(City)

Illinois

(State)

60604

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 27 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).

004-73

SMC OPTION MANAGEMENT LLC
STATEMENT OF FINANCIAL CONDITION
as of December 31, 2003

ASSETS

Cash	\$ 3,620
Receivables from brokers and dealers	14,962,172
Securities owned, at fair value	
Long stocks	52,385,629
Long options	38,311,730
Exchange memberships, at cost (market value \$540,000)	359,000
Goodwill	400,000
Other assets	66,600
	<u>106,488,751</u>
	<u>\$ 106,488,751</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Payable to broker-dealer	\$ 66,533
Securities sold, not yet purchased, at fair value	
Short stocks	80,199,775
Short options	22,962,310
Accounts payable and accrued expenses	21,633
	<u>103,250,251</u>
Members' Equity	<u>3,238,500</u>
	<u>\$ 106,488,751</u>

See accompanying notes.