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

WASH. D.C. 158 SECTION
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3-23

SEC FILE NUMBER
8 - 65613

**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 02/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Glacis Investments, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

1500 Broadway, Suite 1900

(No. and Street)

New York

New York

10036

(City)

(State)

(Zip Code)

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

Christopher P. Sales

(212) 282-0200

(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)

1350 Avenue of the Americas

New York

New York

10019

(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 29 2004

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THE 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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OATH OR AFFIRMATION

I, Christopher P. Sales, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Glacis Investments, LLC, as of December 31, 2003, 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:

Christopher P. Sales
Signature
Managing Member of Glacis
Capital Management, LLC
The Manager of ^{Title} Glacis Investments, LLC

[Signature]
Notary Public

JASON A. NICOLL
NOTARY PUBLIC, State of New York
No. 02NI6076786
Qualified in New York County
Commission Expires 07/01/2006

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of 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 of 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) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (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).

GLACIS INVESTMENTS, LLC
STATEMENT OF FINANCIAL CONDITION
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2003

GLACIS INVESTMENTS, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member of Glacis Investments, LLC

We have audited the accompanying statement of financial condition of Glacis Investments, 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 Glacis Investments, LLC as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

New York, New York
February 6, 2004

GLACIS INVESTMENTS, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2003

ASSETS

Cash	\$	150,842
Securities owned, at market (cost \$647,676,428)		659,425,304
Due from clearing broker		380,903,344
Dividends and interest receivable		506,231
Other assets		<u>71,024</u>
	\$	<u>1,041,056,745</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities

Securities sold short, at market (proceeds \$698,770,814)	\$	715,390,689
Dividends and interest payable		843,419
Due to related party		397,651
Other liabilities		<u>146,399</u>
Total liabilities		716,778,158

Member's equity

	<u>324,278,587</u>
\$	<u>1,041,056,745</u>

GLACIS INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Nature of Operations

Glacis Investments, LLC (the "Company"), a Delaware limited liability company, is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Pacific Exchange, Inc. (PCX). The Company commenced operations on February 1, 2003 and was organized for the purpose of trading financial instruments for its own account. The sole owner of the Company is Glacis Master Fund, Ltd. (the "Member"). The Company's Managing Member is Glacis Capital Management, LLC.

Valuation of Securities Owned and Securities Sold Short

The Company values its securities owned and securities sold short that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market, at their last sales price as of the last business day of the period. At December 31, 2003, securities owned and securities sold short are comprised primarily of equity securities.

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 amounts disclosed in the financial statements. Actual results could differ from those estimates.

Income Taxes

The Company does not record a provision for income taxes because the Member reports its share of the Company's income or loss on its income tax return.

Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade-date basis. Dividend income and dividends paid on short sales are recorded on the ex-dividend date and interest is recognized on the accrual basis.

2. Net capital requirements

The Company 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 8 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2003, the Company's net capital was approximately \$145,956,000 which was approximately \$145,856,000 in excess of its minimum requirement of \$100,000.

3. Exemption from Rule 15c3-3

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

GLACIS INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

4. Concentration of credit risk

The Company conducts business with its clearing broker for its own trading activities. The clearing and depository operations for the Company's trading activities are performed by its clearing broker pursuant to a clearance agreement. The securities owned, securities sold short and the due from clearing broker reflected on the statement of financial condition are positions with and amounts pursuant to this clearance agreement.

Securities owned and amounts due from clearing broker may be restricted to the extent that they serve as deposits for securities sold short.

The Company is subject to credit risk to the extent any broker with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

5. Off-balance-sheet risk

The Company is subject to certain inherent risks arising from its trading activities of selling securities short. The ultimate cost to the Company to acquire these securities may exceed the liability reflected in these financial statements.

6. Related party transactions

In accordance with the Limited Liability Company Agreement, all overhead expenses of the Company are provided by Glacis Capital Management, LLC at the sole expense of the Managing Member. The due to related party represents all other expenses paid by the Managing Member on behalf of the Company.

7. Financial highlights

Financial highlights for the Company for the period February 1, 2003 (Commencement of Operations) to December 31, 2003 are as follows:

Total return	<u>0.6 %</u>
Ratio to average member's equity	
Expenses (including interest and dividends)	<u>4.7 %</u>
Net investment income (loss)	<u>(1.5) %</u>

Financial highlights are calculated for the member class taken as a whole. The ratios have been annualized.