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04017648 COMMISSION  
Washington, D.C. 20549

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

cm  
3-25

SEC FILE NUMBER
8-41354

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:

E\*TRADE Clearing LLC

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

135 E. 57<sup>th</sup> Street

(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:

Shane Mulron, Chief Financial Officer

(916) 859-4408

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Deloitte & Touche LLP

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

50 Fremont Street

San Francisco

California

94105

(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 30 2004

FOR OFFICIAL USE ONLY

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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).

AA  
3-30-2004

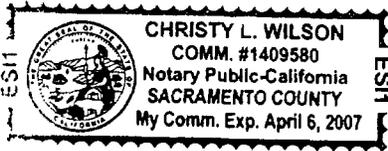
OATH OR AFFIRMATION

We, Wade Cooperman and Shane Mulron, affirm that, to the best of our knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to E\*TRADE Clearing LLC (the "Company"), as of December 31, 2003, are true and correct, and such financial statements and supplemental schedules will be made available promptly to all members and allied members of the New York Stock Exchange, Inc. in our organization. We further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

Wade Cooperman  
Signature

2/24/04  
Date

\_\_\_\_\_  
President  
Title



Shane Mulron  
Signature

2/24/04  
Date

\_\_\_\_\_  
Chief Financial Officer  
Title

Christy L. Wilson  
Notary Public

# E\*TRADE CLEARING LLC

## TABLE OF CONTENTS

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

- Independent Auditors' Report.
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors (Not Applicable).
- Notes to Financial Statements.
- (g) Computation of Net Capital (Alternative Method) for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements under Rule 15c3-3 (Not Required).
- (k) A Reconciliation between the Audited and Unaudited Statements of Financial Condition with Respect to Methods of Consolidation (Not Applicable).
- (l) An Oath or Affirmation.
- (m) A Copy of the SIPC Supplemental Report (Not Required).
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).

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

# E\*TRADE CLEARING LLC

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2003 (in thousands)

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### ASSETS

Cash and cash equivalents	\$ 58,431
Cash and investments required to be segregated under Federal or other regulations (includes resale agreements of \$875,840)	1,411,542
Receivable from brokers, dealers and clearing organizations	367,417
Receivable from customers, less provision for doubtful accounts of \$928	1,616,245
Receivable from non-customers	95,406
Receivable from Parent and affiliated companies	125,954
Other assets	<u>2,310</u>
 TOTAL	 <u>\$3,677,305</u>

### LIABILITIES AND MEMBER'S EQUITY

#### LIABILITIES:

Payable to brokers, dealers and clearing organizations	\$ 556,781
Payable to customers	2,672,023
Payable to E*TRADE Securities	23,024
Payable to affiliated companies	2,923
Accounts payable, accrued and other liabilities	<u>13,213</u>
 Total liabilities	 <u>3,267,964</u>

#### COMMITMENTS AND CONTINGENCIES (Note 8)

MEMBER'S EQUITY	<u>409,341</u>
 TOTAL	 <u>\$3,677,305</u>

See notes to financial statements.