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

CM  
3-16

SEC FILE NUMBER
8-66276

**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 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Tradeworx Securities, LLC

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED

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FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) FLD 22 2005

140 Broadway, Suite 2130

(No. and Street)

DIVISION OF MARKET REGULATION

New York New York 10005  
(City) (State) (Zip Code)

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

Michael Maguire (212) 509-3556  
(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

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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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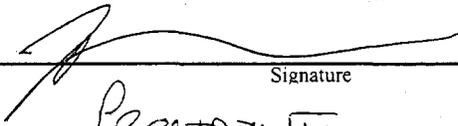
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OATH OR AFFIRMATION

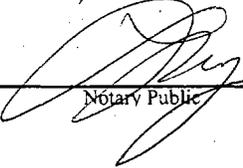
I, Michael Maguire, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Tradeworx Securities, LLC, as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_

State of NY, County of NY  
Sworn to and subscribed  
before me this  
18th day of July, 2005

  
Signature  
President  
Title

LILY CHIU  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 01CH6010578  
QUALIFIED IN NEW YORK COUNTY  
COMMISSION EXPIRES AUGUST 29, 2006

  
Notary Public

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).

# TRADEWORX SECURITIES, LLC

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tradeworx Securities, LLC

We have audited the accompanying statement of financial condition of Tradeworx Securities, LLC (the "Company") as of December 31, 2004. 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 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 Tradeworx Securities, LLC as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

*Rothstein, Kass & Company, P.C.*

Roseland, New Jersey  
January 21, 2005

# TRADEWORX SECURITIES, LLC

## STATEMENT OF FINANCIAL CONDITION

December 31, 2004

### ASSETS

Cash	\$	132,463
Referral fees receivable		<u>5,281</u>
	\$	<u>137,744</u>

### LIABILITIES AND MEMBER'S EQUITY

#### Liabilities

Accounts payable and accrued expenses	\$	27,418
Member's equity		<u>110,326</u>
	\$	<u>137,744</u>

# TRADEWORX SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of business

Tradeworx Securities, LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (SEC). The Company is also a member of the National Association of Securities Dealers, Inc. (NASD). The Company's operations consist primarily of developing and licensing software, to be utilized by third party broker-dealers.

### 2. Summary of significant accounting policies

#### *Referral Fees Receivable*

All receivables relate to signed agreements between the client and customers. As a result, no allowance has been recorded.

#### *Referral Fees Revenue*

Referral fees are received monthly and recognized as earned. Fees are based on terms of the client agreements.

#### *Licensing Fees Revenue*

Licensing fees are received monthly and recognized as earned according to the terms, defined in individual client agreements. There have been no revenues generated from these agreements for the year ended December 31, 2004.

#### *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*

No provision for federal and state income taxes has been recorded because the Company, as a limited liability company, has elected to be taxed as a partnership. Accordingly, the individual member reports the Company's income or loss on the member's income tax returns.

### 3. Net capital requirement

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, the initial year of operations, 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, 2004, the Company's net capital was approximately \$105,000, which was approximately \$100,000 in excess of its minimum requirement of \$5,000.

# TRADEWORX SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### **4. Exemption from Rule 15c3-3**

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provisions of sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

### **5. Concentrations of credit risk**

The Company maintains its cash balances in a financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$100,000. At times, the balance may exceed Federal limits. Management does not anticipate any losses as a result of this concentration.

### **6. Related party transactions**

Pursuant to an administrative service agreement (the "Agreement") between the Company and its parent, the Company pays a monthly administrative fee for utilizing certain resources of the parent. The Company was charged approximately \$124,000 for the year ended December 31, 2004 under the Agreement. Included in these charges was rent expense for office space of approximately \$17,000 for the year ended December 31, 2004.

### **7. Major customers**

The Company received commission income from one customer aggregating substantially all revenue for the period ended December 31, 2004.