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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



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

OMB APPROVAL	
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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 01/01/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Octagon Trading Group, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

2 Penn Plaza, Suite 1910

(No. and Street)

New York

(City)

NY

(State)

10121

(Zip Code)

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

Kenneth D. Norensberg

(212) 292-5025

(Area Code Telephone No.)

PROCESSED

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

APR 26 2006

Kehlenbrink, Lawrence & Pauckner

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

THOMSON
FINANCIAL

6296 Rucker Road, Suite G

(Address)

Indianapolis

(City)

Indiana

(State)

46220

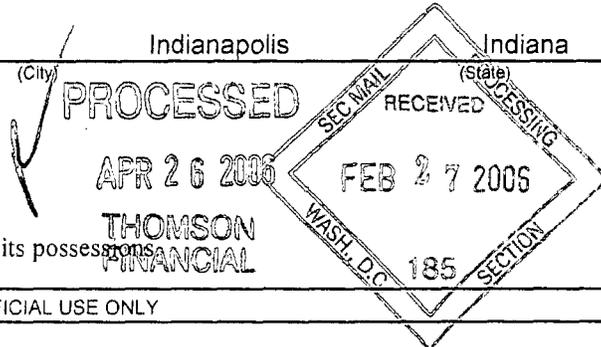
(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions



FOR OFFICIAL USE ONLY

*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 (6-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten signature/initials

OATH OR AFFIRMATION

I, Kenneth D. Norensberg, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Octagon Trading Group, LLC, as of December 31, 20 05, 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:

Kenneth D. Norensberg
Signature

Chief Executive Officer
Title

Edna Vega
Notary Public

EDNA VEGA
Notary Public, State of New York
No. 01VE4092368
Qualified in New York County
Commission Expires March 30, 2007

- This report ** contains (check all applicable boxes):
- (a) Facing page.
 - (b) Statement of Financial Condition.
 - (c) Statement of Income (Loss).
 - (d) Statement of Cash Flows.
 - (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 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.

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



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To the Board of Managers
Octagon Trading Group, LLC

Independent Auditor's Report

We have audited the accompanying statement of financial condition of Octagon Trading Group, LLC as of December 31, 2005, and the related statements of income, changes in member's equity, and cash flows for the fifteen months then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements referred to above present fairly, in all material respects, the financial position of Octagon Trading Group, LLC as of December 31, 2005 and the results of its operations and its cash flows for the fifteen months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedule on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kehlenbrink, Lawrence & Pauckner

February 10, 2006

Octagon Trading Group, LLC

Statement of Financial Condition December 31, 2005

Assets

Cash and cash equivalents	\$ 152,748
Prepaid expenses	<u>1,327</u>

Total Assets	<u><u>\$ 154,075</u></u>
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Liabilities and Member's Equity

Liabilities

Accounts payable	<u>\$ 542</u>
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Member's Equity

	<u>153,533</u>
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Total Liabilities and Member's Equity	<u><u>\$ 154,075</u></u>
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The accompanying notes are an integral part of these financial statements

Octagon Trading Group, LLC

Statement of Income For the Fifteen Months Ended December 31, 2005

Revenues	
Concession income	\$ 123,992
Interest income	1,107
Other income	250
	<hr/>
	125,349
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Operating Expenses	
Regulatory fees	14,651
Legal and professional fees	26,586
Administrative expenses	2,219
	<hr/>
	43,456
	<hr/>
Net Income	<u><u>\$ 81,893</u></u>

The accompanying notes are an integral part of these financial statements

Octagon Trading Group, LLC

Statement of Changes in Member's Equity For the Fifteen Months Ended December 31, 2005

	<u>Member's Equity</u>
Balance December 31, 2004	\$ 51,690
Member contributions	35,000
Member distributions	(15,050)
Net income	<u>81,893</u>
Balance December 31, 2005	<u><u>\$ 153,533</u></u>

The accompanying notes are an integral part of the financial statements.

Octagon Trading Group, LLC

Statement of Cash Flows For the Fifteen Months Ended December 31, 2005

Operating Activities

Net income	\$ 81,893
Adjustments to reconcile income to net cash provided by operating activities:	
Depreciation	968
Changes in operating assets and liabilities:	
Prepays	(927)
Accounts payable	<u>(2,634)</u>
Net Cash Provided by Operating Activities	<u>79,300</u>

Financing Activities

Member distributions	(15,050)
Member contributions	<u>35,000</u>
Net Cash Provided by Operating Activities	<u>19,950</u>

Increase in Cash and Cash Equivalents	99,250
Cash and Cash Equivalents at Beginning of Year	<u>53,498</u>
Cash and Cash Equivalents at End of Year	<u>\$ 152,748</u>

The accompanying notes are an integral part of these financial statements.

Octagon Trading Group, LLC

Notes to Financial Statements December 31, 2005

Note 1 - Significant Accounting Policies

Description of Business

Octagon Trading Group, LLC is a registered broker and dealer. As a securities broker and dealer, the Company provides investment banking services involving securities transactions to various companies.

Accounting Method

The accounts of the Company are maintained on the accrual basis of accounting. Transactions related to investment banking are recognized on the trade date of the underlying securities, as if they had settled.

Accounting Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less, to be cash equivalents. The Company does not pay income taxes. The Company did not pay any interest during 2005.

Income Taxes

The Company has elected under the Internal Revenue Code, to be taxed as a one-member limited liability company. Accordingly, the member rather than the Company, will be taxed on income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Note 2 - Concentrations

The Company maintains a money market checking account with a bank. This account is insured by the Federal Deposit Insurance Corporation up to \$100,000.

During 2005, all of the Company's revenues came from only two customers.

Octagon Trading Group, LLC

Notes to Financial Statements December 31, 2005

Note 3 – Related Party Transactions

Snowberry Holdings, LLC, the Company's 100% owner has agreed to pay fixed expenses and some variable expenses of the Company, with no recourse as to future repayment. This agreement was effective October 1, 2005.

Note 4 – Gain Contingency

The Company is contractually due 40,000 non-transferable warrants to purchase shares of Brainstorm Cell Therapeutics, Inc. at \$1.50 per share. These warrants have not been recorded, since management ascribes no value to these warrants.

Note 5 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital required under the rule is the greater of \$5,000 or 6 2/3% of the aggregate indebtedness of the Company. On December 31, 2005, the Company had net capital of \$149,151, which was \$144,151 in excess of its required net capital of \$5,000. The ratio of aggregate indebtedness to net capital was 0.004 to 1.

Note 6 - Control Requirements

There are no amounts, as of December 31, 2005, to be reported pursuant to the possession or control requirements under Rule 15c3-3. The Company is in compliance with the exemptive provisions of Rule 15c3-3 under paragraph (k)(2)(i) and thus is exempt from the provisions of Rule 15c3-3.

Note 7 - Reconciliation Pursuant To Rule 17a-5(d)(4)

Computation of Net Capital Under Rule 15c3-1

There were no reconciling items between the December 31, 2005 revised unaudited Focus report and this report with respect to the computation of net capital.

Octagon Trading Group, LLC

Computation of Net Capital Pursuant to Rule 15c3-1(f) December 31, 2005

Net Capital	
Member's equity	\$ 153,533
Less nonallowable assets	<u>1,327</u>
Net capital before haircuts on security positions	152,206
Haircuts on securities	<u>(3,055)</u>
Net capital	<u><u>\$ 149,151</u></u>
Aggregate Indebtedness	<u>\$ 542</u>
Net capital required based on aggregate indebtedness	<u><u>\$ 36</u></u>
Computation of Basic Net Capital Requirement	
Minimum net capital required (Based on minimum dollar requirement)	<u><u>\$ 5,000</u></u>
Excess Net Capital	<u><u>\$ 144,151</u></u>
Excess Net Capital at 1000% (Net capital less 10% of aggregate indebtedness)	<u><u>\$ 149,097</u></u>
Percentage of Aggregate Indebtedness to Net Capital	<u><u>0.4%</u></u>



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To the Board of Directors of
Octagon Trading Group, LLC

In planning and performing our audit of the financial statements of Octagon Trading Group, LLC for the period ended December 31, 2005, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principals generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Board of Directors of
Octagon Trading Group, LLC
Page Two

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because the Company has limited staff, complete segregation of duties is not possible. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Indianapolis, Indiana
February 10, 2006