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**ANNUAL AUDITED REPORTS AND EXCHANGE COMMISSION
 FORM X-17A-5
 PART III**

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 BRANCH OF REGISTRATIONS
 AND EXAMINATIONS

SEC FILE NUMBER
 8-66143

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SUN TRADING, LLC

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

OFFICIAL USE ONLY
 FIRM I.D. NO.

100 S. WACKER DRIVE, SUITE 225

(No. and Street)

CHICAGO

(City)

IL

(State)

60606

(Zip Code)

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

JOHN J. KIELY

(312) 786-5961

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

JOHN R. STEGER, CPA

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

401 S. LASALLE ST., SUITE 606 CHICAGO

(Address)

(City)

IL

(State)

60605

(Zip Code)

CHECK ONE:

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

PROCESSED
 JUN 09 2006
 THOMSON
 FINANCIAL

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 (06-02)

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OATH OR AFFIRMATION

I, JEFF WIGLEY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sun Trading, 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:



Jeff Wigley
Signature
Managing Member
Title

Valda M. Vitton
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 Proprietors' 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.

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

SUN TRADING, L.L.C.

FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2005

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Members
Sun Trading, L.L.C.
Chicago, Illinois

We have audited the accompanying statement of financial condition of Sun Trading, L.L.C. as of December 31, 2005 and the related statements of operations, changes in Members' capital, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Members. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 Sun Trading, L.L.C. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.


February 27, 2006

SUN TRADING, L.L.C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

Cash	\$ 438,089
Due from clearing organization	9,270,105
Rebate receivable	1,509,491
Interest and dividends receivable	979,158
Marketable securities, at market value	114,933,491
Equipment, net of accumulated depreciation of (\$310,282)	822,654
Note receivable	675,000
Due from related party	<u>25,986</u>
Total assets	\$ <u>128,653,974</u>

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:

Securities sold, not yet purchased, at market value	\$117,088,675
Dividend and other payables	1,153,613
Accounts Payable	<u>39,623</u>
	118,281,911
Members' capital	<u>10,372,063</u>
Total liabilities & members' capital	\$ <u>128,653,974</u>

See Notes to Financial Statements

SUN TRADING, L.L.C.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Sun Trading L.L.C. (The “Company”) was organized under the Limited Liability Company Act of Illinois on April 24, 2003. The business of the Company is to engage in market making activity in the trading of stock and options thereon, on organized exchanges in the United States. The Company has been registered as a Broker/Dealer with the Securities and Exchange Commission (SEC) since 2003 and is a member of the Chicago Stock Exchange (CHX) since 2003.. The Company is exempt from certain filing requirements under SEC Rule 17a-5 since it operates pursuant to Rule 15c3-1(a)(6) and the Company does not trade on behalf of customers, effects transactions only with other broker dealers, and clears and carries its trading accounts with a registered clearing member of the Exchanges.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Securities transactions and related commissions and brokerage, rebate income and expenses are recorded on a trade date basis. Securities owned are reflected at market value with the resulting unrealized gains and losses reflected in income.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities with an original maturity of three months or less to be cash equivalent.

Depreciation and Amortization

Property and equipment are stated at cost and depreciated using the straight-line method over five years.

SUN TRADING, L.L.C.
NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal tax returns of the members and taxed depending on their personal tax situation. The financial statements do not reflect a provision for federal income.

Rebate Receivable

The management of the Company believes that rebate receivables are fully collectible and no allowance for uncollectible accounts is needed.

NOTE 2. CASH FLOW INFORMATION

Interest paid during the year were as follows:

Interest	<u>\$ 2,300,312</u>
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NOTE 3. SECURITIES OWNED AND SOLD, BUT NOT YET PURCHASED

Marketable securities owned and sold, but not yet purchased consist of trading and investment securities at quoted market values, as illustrated below:

	<u>Owned</u>	<u>Sold, not yet Purchased</u>
Equities	<u>\$ 114,933,491</u>	<u>\$ 17,088,675</u>

NOTE 4. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that a ratio of aggregate indebtedness to net capital, both as defined shall not exceed 15 to 1 (and the rule of the applicable exchange also provides that equity capital may not be withdrawn or cash distributions paid if the resulting net capital ratio would exceed 10 to 1). Under this rule, the Company is required to maintain "minimum net capital" equivalent to \$100,000 or 6 2/3% of "aggregate indebtedness," whichever is greater, as these terms are defined. At December 31, 2005 the Company had net capital of \$4,935,875 which was \$4,835,875 in excess of its required capital of \$100,000.

SUN TRADING, L.L.C.
NOTES TO FINANCIAL STATEMENTS

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 119, "Disclosure About Derivative Financial Instruments and Fair Value of Financial Instruments," requires disclosures about the amounts, nature, terms and fair values of derivative financial instruments. The statement also requires that a distinction be made between financial instruments held or issued for trading purposes and financial instruments held or issued for purposes other than trading. The Company enters into transactions involving options or corporate equity securities for trading purposes, or to hedge other positions or transactions. These contracts are marked to market daily and involve elements of market risk in excess of the amounts recognized in the statements of financial instruments held or issued by the Company at December 31, 2005. Securities sold, not yet purchased, represent obligations of the Company to deliver the specified securities and thereby creates a liability to repurchase the securities in the market at prevailing prices. Accordingly, these transactions result in off-balance sheet risk as the Company's ultimate obligation to satisfy the sale of securities sold, not yet purchased, may exceed the amount recognized in the statement of financial condition.

The Company's principal trading activities are primarily with brokers and other market makers on exchanges throughout the United States.

NOTE 6 PRINCIPAL TRANSACTION REVENUES

During 2005 the Company's principal transaction revenues consisted equity (including equity shares) and rebate income from trading activity and sublease office space totaling \$20,737,944.

NOTE 7. OFF BALANCE SHEET CREDIT AND MARKET RISK

The Company is exposed to off balance sheet risk resulting from counter party transactions in securities. Such risk arises in the event that counter parties fail to satisfy their obligation and related collateral is insufficient. Subsequent market fluctuations may require purchasing the securities sold, not yet purchased, at prices that may differ from market values reflected in the statement of financial condition. The Company monitors such risk on a daily basis.

SUN TRADING, L.L.C.
NOTES TO FINANCIAL STATEMENTS

NOTE 8. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of bank balances in excess of Federal Deposit Insurance Corporation limits and accounts receivable. The Company occasionally maintains bank balances in excess of federally insured limits. The Company manages this risk by maintaining its bank balances in high quality financial institutions.

The Company's accounts receivable are maintained by one clearing organization. The Company manages this risk by monitoring the performance of the clearing organizations.

NOTE 9. OPERATING LEASE

The Company leases operating facilities under an operating lease. The lease is a twelve month lease ending December 31, 2005 at currently negotiated rates. Rent expense for the year ended December 31, 2005, was approximately was \$57,834.

NOTE 10. REBATE RECEIVABLE

The amount due from rebate receivable is the Company's share of rebate income from an agreement with Archipelago Exchange (ArcaEx), and other exchanges where the Company receives a rebate based upon the volume of trades executed through these exchanges.

NOTE 11. FINANCIAL INSTRUMENTS

Substantially all the Company's assets and liabilities are considered financial instruments as defined by Statement of Financial Accounting Standards No. 107, and are reflected in the statement of financial condition at market or fair values.

Financial Accounting Standards No. 105 requires disclosure of information about financial instruments with off-balance sheet risk and financial instruments with concentration of credit risk. Under this statement, financial futures contracts and options on financial futures contracts are considered to be financial instruments, while commodity futures and options on commodity futures contracts are not. In the normal course of business, the Company enters into transactions in financial instruments with varying degrees of off-balance sheet risk. These financial instruments include corporate equity securities and options, and

SUN TRADING, L.L.C.
NOTES TO FINANCIAL STATEMENTS

exchange traded financial futures, including options thereon. The trading conducted is in the normal course of a marker's operation on an exchange. See Note 5 regarding derivatives.

NOTE 12. RECEIVABLE FROM CLEARING ORGANIZATION

The amount due from the clearing organization results primarily from the proceeds of stock and option sales and gains from futures. The Company clears all transactions through a clearing organization pursuant to a clearing agreement. At December 31, 2005, substantially all assets of the clearing Company are deposited with the clearing organization.

NOTE 13. RECEIVABLE - RELATED PARTY

Note receivable represents a loan to related party under a \$3,000,000 line of credit and is payable upon demand. Interest income was \$23,794 for 2005.

NOTE 14. RELATED PARTY TRANSACTIONS

Advance made to member's foreign company were \$25,986 and is non interest bearing.