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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden	
hours per response.....	12.00

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

SEC FILE NUMBER
8-66535

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 01/01/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: JAW Trading, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1650 South Dixie Highway Suite 203

(No. and Street)

Boca Raton

(City)

Florida

(State)

33432

(Zip Code)

PROCESSED

MAR 20 2007

**THOMSON
FINANCIAL**

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Angelo Rannazzisi 561-988-2442

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

J. E. Owens & Company, P.A.

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

2731 Silver Star Road

(Address)

Orlando

(City)

Florida

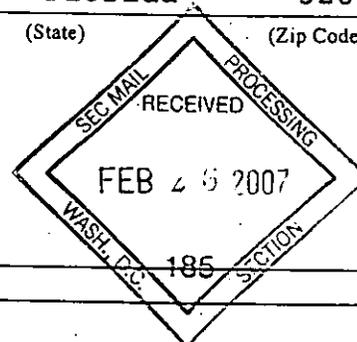
(State)

32808

(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)

Handwritten signature and date: JAW 3/19/07

SEC 1410 (06-02)

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.

OATH OR AFFIRMATION

I, Angelo Rannazzisi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JAW Trading, LLC, as of December 31,, 20 06, 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:

NOTARY PUBLIC-STATE OF FLORIDA
Patima A. Tavares
Commission = DD396998
Expires: FEB. 16, 2009
Bonded Thru Atlantic Bonding Co., Inc.

Angelo Rannazzisi
Signature

president
Title

[Signature] 2/22/07
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 XXXXXXXX~~ Cash Flows
- (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.
- (o) Independent Auditor's Report on Internal Accounting Control.

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members
JAW Trading, LLC
Boca Raton, Florida

We have audited the accompanying statement of financial condition of JAW Trading, LLC, as of December 31, 2006, and the related statements of operations, members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 State 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 JAW Trading, LLC at December 31, 2006 and the result of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information 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 under the Securities Exchange Act of 1934. 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.

J. E. Owens & Company P.A.

Orlando, Florida
February 20, 2007

**JAW TRADING, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006**

ASSETS

Cash	\$ 5,608
Deposits with correspondent clearing broker	295,456
Receivable from correspondent clearing broker	3,354
Prepaid rent and deposit	1,842

TOTAL ASSETS	\$ 306,260
	=====

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 4,695
Payable to correspondent clearing broker	972

TOTAL LIABILITIES	5,667

MEMBERS' EQUITY

Members' contributed capital	568,425
Retained earnings	(267,832)

TOTAL MEMBERS' EQUITY	300,593

TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 306,260
	=====

Read independent auditors' report.
The accompanying notes are an integral part of these financial statements.

**JAW TRADING, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES

Commissions and fees	\$ 252,320
Trading gains (losses)	(16,376)
Interest and dividend income	7,199

TOTAL REVENUES (LOSSES) 243,143

EXPENSES

Clearing fees	187,144
Commissions	30,129
Communications	7,049
Interest	7,198
Licenses and registrations	26,847
Meals and entertainment	261
Occupancy	22,634
Office expense	4,588
Professional services	6,000
Travel	4,093

TOTAL EXPENSES 295,943

NET LOSS \$ (52,800)
=====

Read independent auditors' report.
The accompanying notes are an integral part of these financial statements

**JAW TRADING, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2006**

	MEMBER UNITS	MEMBER AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTALS
	-----	-----	-----	-----	-----
BALANCE, JANUARY 1, 2006	150	\$ 15,000	\$ 579,000	\$ (215,035)	\$ 378,965
Add: Capital Contributions	----	----	-----		-----
Less: Distributions			(25,575)		(25,575)
Less: Net Loss For The Year				(52,800)	(52,800)
	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 2006	150	\$ 15,000	\$ 553,425	\$ (267,835)	\$ 300,590
	=====	=====	=====	=====	=====

Read independent auditors' report.
The accompanying notes are an integral part of these financial statements.

**JAW TRADING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (52,800)
Adjustments to reconcile net loss to cash provided by operating activities:	
Depreciation	-----
Decrease (increase) in assets:	
Deposit with correspondent clearing broker	161,067
Receivable from correspondent clearing broker	1,429
Prepaid rent and deposit	(1,842)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	971
Payable to correspondent clearing broker	(80,835)

Net cash provided (used) by operating activities	27,990

CASH FLOWS FROM FINANCING ACTIVITIES	
None	-----

Net cash provided (used) in financing activities	-----

CASH FLOWS FROM INVESTING ACTIVITIES	
Contributions from members	-----
Distributions to members	(25,575)

Net cash provided (used) in investing activities	(25,575)

NET INCREASE IN CASH	2,415
CASH, BEGINNING OF PERIOD	3,193

CASH, END OF PERIOD	<u><u>\$ 5,608</u></u>

Read independent auditors' report.
The accompanying notes are an integral part of these financial statements.

**JAW TRADING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

JAW Trading, LLC, (the "Company") a Florida limited liability company, organized on December 15, 2003, began its operations in June, 2004. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Pacific Exchange (PCX). The Company clears securities transactions through a correspondent broker on a fully disclosed basis. The correspondent broker performs all operations for the securities transactions and pays the Company a commission.

Securities Owned and Securities Sold, Not Yet Purchased

Securities transactions are recorded on the settlement date and are stated at market value. The change in unrealized gains or losses on these securities is added or charged to earnings. Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management.

Depreciation

Property and equipment are recorded at cost. Depreciation is provided using the Modified Accelerated Cost Recovery System (MACRS). The results, obtained from the use of these methods, do not differ materially from the depreciation methods required by generally accepted accounting principles. At December 31, 2006, the Company did not own any property and equipment.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the Company's books and records, and any resulting gain or loss is recognized in income for the period.

The cost of maintenance and repairs is charged to income as incurred and significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

Income Taxes

The Company is taxed as a partnership for federal income tax purposes, as outlined in the Internal Revenue Code. Under those provisions, the Company does not pay federal income taxes on its taxable income. Instead, the member is liable for individual federal income taxes on the Company's taxable income.

JAW TRADING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Capital Requirements

Pursuant to the capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital amount. The minimum net capital requirement for the current year is \$100,000. The net capital rules may effectively restrict distributions and repayment of subordinated loans.

Use of Estimates

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

Commissions

Commission revenues and related clearing expenses are recorded on a settlement date basis.

Advertising Costs

The Company expenses the costs of advertising the first time the advertising takes place.

NOTE B – INTEREST EXPENSE PAID

During the fiscal year ended December 31, 2006, the Company paid interest expense in the amount of \$7,198.

JAW TRADING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE C – COMMITMENTS AND CONTINGENCIES

The Company leases office space under an operating lease. The lease began in July, 2006 and expires on June 30, 2006. Rent expense related to this lease was \$22,300 during the fiscal year ended December 31, 2006. Future minimum lease payments required under the lease are, as follows:

Fiscal Year Ended December 31, -----	Amount -----
2007	\$ 6,923
	----- \$ 6,923 =====

NOTE D – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at Bank of America, N.A. The accounts at this institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2006, the Company's cash balances did not exceed the federal depository insurance limits.

In addition, the Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

JAW TRADING, LLC
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AT DECEMBER 31, 2006

NET CAPITAL	
Total stockholder's equity	\$ 300,593
Nonallowable assets	(1,842)
Haircuts on securities owned and securities sold not yet purchased	-----
NET CAPITAL	\$ 298,751
	<u><u> </u></u>
AGGREGATE INDEBTEDNESS	
Liabilities	\$ 5,667
	<u><u> </u></u>
COMPUTATION OF BASIC	
NET CAPITAL REQUIREMENT	\$ 378
	<u><u> </u></u>
NET CAPITAL REQUIREMENT	\$ 100,000
	<u><u> </u></u>
EXCESS NET CAPITAL	\$ 198,751
	<u><u> </u></u>
AGGREGATE INDEBTEDNESS TO NET CAPITAL	.019 to 1.00
	<u><u> </u></u>

Read independent auditors' report.
The accompanying notes are an integral part of these financial statements.

JAW TRADING, LLC
RECONCILIATION OF NET CAPITAL PURSUANT TO RULE 17a5(d)(4)
OF THE SECURITIES AND EXCHANGE COMMISSION
AT DECEMBER 31, 2006

RECONCILIATION WITH THE COMPANY'S COMPUTATION

Net capital, as reported on the Company's Part II (unaudited) FOCUS report:	\$ 298,750
 Rounding Difference	 1 -----
 Net capital	 \$ 298,751 =====

Read independent auditors' report.
The accompanying notes are an integral part of these financial statements.

J. E. OWENS & COMPANY, P. A.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors and Members
JAW Trading, LLC
Boca Raton, Florida

In planning and performing our audit of the financial statements and supplemental schedules of JAW Trading, LLC, (the Company), as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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 consideration of control activities for safeguarding securities. This study included 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 exemption 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 and recordation of differences required by rule 17a-13
2. 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 internal control 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 controls and of the practices and procedures referred to

The Board of Directors and Members
JAW Trading, LLC

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 internal control 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 the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent *limitations* in internal control 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities 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, 2006, to meet the SEC's objectives.

The Board of Directors and Members
JAW Trading, LLC

This report is intended solely for the information and use of the Board of Directors, Members, management, the SEC, and other regulatory agencies that 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.

J. E. Dennis & Company, PA.

Orlando, Florida
February 20, 2007