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COMMISSION 49

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

REC MAIL RECEIVED  
 MAR - 1 2007  
 WASH. D.C. 186 SECTION

SEC FILE NUMBER
8-67043

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 01/01/2006 AND ENDING 12/31/2006  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: BATS Trading, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4151 North Mulberry Drive, Suite 275  
(No. and Street)

Kansas City Missouri 64116  
 (City) (State) (Zip Code)

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

Jessi Kingsbury 816-285-9914  
 (Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Mayer Hoffman McCann P.C.  
 (Name - if individual, state last, first, middle name)

11440 Tomahawk Creek Parkway Leawood Kansas 66211  
 (Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
 APR 11 2007  
 THOMSON FINANCIAL

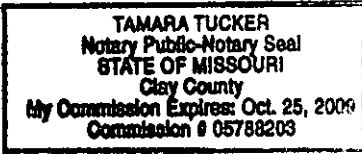
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

ktal3

OATH OR AFFIRMATION

I, Jessi Kingsbury, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BATS Trading, Inc., as of December 31, 2006, 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:



Jessie Kingsbury  
Signature  
Controller  
Title

Tamara Tucker  
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)

**BATS TRADING, INC.**

**Balance Sheet**

December 31, 2006

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 7,205,867
Accounts receivable	12,898,037
Short-term investments, at fair value	9,924,600
Prepaid and other current assets	<u>109,277</u>
<b>TOTAL CURRENT ASSETS</b>	<b>30,137,781</b>

**PROPERTY AND EQUIPMENT, AT COST**

Computer equipment	1,120,580
Furniture and fixtures	167,222
Leasehold improvements	264,081
Property transactions in process	125,554
Purchased and internally developed software	<u>337,472</u>
	2,014,909
Less accumulated depreciation	<u>(573,317)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<b>1,441,592</b>

**OTHER ASSETS** 29,944

**TOTAL ASSETS** \$ 31,609,317

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	\$ 6,081,086
Accrued expenses and other liabilities	<u>556,574</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,637,660</b>

**STOCKHOLDERS' EQUITY**

**CAPITAL CONTRIBUTED**

Common stock - authorized 20 million shares of \$.01 par value; 10,013,333 shares issued and outstanding	100,133
Additional paid-in capital	32,017,294
Accumulated deficit	<u>(7,145,770)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>24,971,657</b>

**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** \$ 31,609,317

See Notes to Financial Statements

**END**