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

**PART III**  
*revised*  
FACING PAGE

SEC FILE NUMBER
8- 65940

**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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: White Cap Trading LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
55 Fifth Avenue, 18th Floor  
(No. and Street)  
New York NY 10003  
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
James P. Selway III 212.812.9304  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Fleming & Associate CPA, PC  
(Name - if individual, state last, first, middle name)  
275 Water Street New York NY 10038  
(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 21 2008**

<b>FOR OFFICIAL USE ONLY</b>
<b>THOMSON FINANCIAL</b>

\*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)

4/18

OATH OR AFFIRMATION

I, James P. Selway III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of White Cap Trading LLC, as of December 31, 20\_07, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Managing Director  
Title

  
\_\_\_\_\_  
Notary Public

ALYCE P. THOMAS  
Notary Public, State of New York  
No. 03-4830716, Qual. in Bronx Co.  
Certificate filed in New York County  
Commission Expires 6/30/11

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).

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WHITE CAP TRADING LLC  
(SEC I.D No 8-65940)

STATEMENT OF FINANCIAL CONDITION  
AS OF DECEMBER 31, 2007  
AND  
INDEPENDENT AUDITORS' REPORT  
AND  
SUPPLEMENTAL REPORT ON INTERNAL CONTROL

**Fleming & Associate CPA, PC**  
**275 Water Street**  
**New York, NY 10038**

**INDEPENDENT AUDITORS' REPORT**

To the Managing Directors and Members of  
White Cap Trading LLC

We have audited the accompanying statement of financial condition of White Cap Trading LLC (the "Company") as of December 31, 2007 and the related statements of operations, changes in members' interest 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 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 White Cap Trading LLC at December 31, 2007, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for the purpose 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. This schedule is the responsibility of the Company's management. 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.



Fleming & Associate CPA, PC  
April 8, 2008

**White Cap Trading LLC**  
**Statement of Financial Condition**  
**December 31, 2007**

**Assets**

Cash	1,072,872
Deposits with clearing organizations	124,085
Receivables from broker-dealers and clearing organizations	876,453
Furniture and equipment, at cost, less accumulated depreciation and amortization of \$211,966	65,414
Other assets	<u>131,721</u>
<b>Total Assets</b>	<b><u><u>2,270,545</u></u></b>

**Liabilities and Members' Interest**

Accounts Payable, accrued expenses and other liabilities	<u>471,901</u>
<b>Total Liabilities</b>	<b><u>471,901</u></b>
<b>Members' Interest</b>	<b><u>1,798,644</u></b>
<b>Total Liabilities and Members' Interest</b>	<b><u><u>2,270,545</u></u></b>

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

**White Cap Trading LLC**  
**Statement of Operations**  
**For the Year Ended December 31, 2007**

**Revenues**

Commissions	8,506,294
Other Income	35,000
Interest and Dividend Income	<u>48,978</u>

**Total Income** 8,590,272

**Expenses**

Employee compensation and benefits	1,411,995
Brokerage, exchange and clearance fees	3,816,312
Communications and data processing	33,445
Interest	33
Occupancy	164,989
Other expenses	<u>352,053</u>

**Total Expenses** 5,778,827

**Income before other expenses** 2,811,445

Depreciation and amortization 43,240

**Net Income** 2,768,205

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

**White Cap Trading LLC**  
**Statement of Changes in Members' Interest**  
**For the Year Ended December 31, 2007**

Balance at January 1, 2007	1,783,320
Distributions	(2,752,881)
Net Income	<u>2,768,205</u>
Balance at December 31, 2007	<u><u>1,798,644</u></u>

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

**White Cap Trading LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2007**

<b>Cash flows from operating activities:</b>	
Net Income	2,768,205
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	43,240
(Increase) decrease in operating assets and liabilities:	
Deposits with clearing organizations	1,029,045
Net receivable from broker-dealers and clearing organizations	(299,946)
Other Assets	(33,703)
Accounts payable, accrued expenses and other liabilities	<u>265,064</u>
Total adjustments	<u>1,003,700</u>
<b>Net cash provided by operating activities</b>	<u>3,771,905</u>
<b>Cash flows from investing activities:</b>	
Purchase of furniture and equipment	<u>(28,074)</u>
<b>Net cash used in investing activities</b>	<u>(28,074)</u>
<b>Cash flows from financing activities:</b>	
Payment of member distributions	<u>(2,752,881)</u>
<b>Net cash used in financing activities</b>	<u>(2,752,881)</u>
Increase in cash	990,950
Cash at beginning of year	<u>81,922</u>
Cash at end of year	<u><u>1,072,872</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	<u>33</u>
Income taxes - NYC UBT	<u><u>108,248</u></u>

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

**White Cap Trading LLC**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**1. Organization and Nature of Business**

White Cap Trading LLC (the "Company"), a Delaware limited liability company, is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of NYSE Arca Equities Inc. (ARCA), the Financial Industry Regulatory Authority (FINRA), NASDAQ Stock Exchange, LLC (NASDAQ) and the National Stock Exchange, Inc. (NSX). The company is engaged in a single line of business as a securities broker-dealer. The Company provides service to institutional investors through an agency-only brokerage.

**2. Significant Accounting Policies**

**Basis of Presentation**

The financial statements include the accounts of the company. The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Securities Transactions**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Customers' securities transactions are reported on a trade date basis with related commission income reported on a settlement date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition. There is no material difference between settlement date and trade date reporting.

**Commission and Clearing Expenses**

Commission expenses are recorded on a trade-date basis as securities transactions occur while the related clearing expenses are recorded on a trade-date basis. There is no material difference between settlement date and trade date reporting.

**Income Taxes**

The Company is required to file federal, state and local income tax returns. A provision has been made in these financial statements for NYC Unincorporated Business Tax.

**White Cap Trading LLC**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**Property and Equipment**

Property and equipment primarily consist of furniture and technology hardware and software. Property and equipment are reported at historical cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method. Equipment is depreciated over the useful lives of the assets.

**3. Receivable from Broker-Dealers, Clearing Organizations and Institutional Investors**

Amounts receivable from broker-dealers, clearing organizations and institutional investors at December 31, 2007, consist of the following:

Receivable at December 31, 2007	876,453
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The Company clears all of its transactions through another broker-dealer on a fully disclosed basis.

**4. Deposits with Clearing Organizations**

Deposits with exchange clearing organizations at December 31, 2007 consist of:

Short Term Income Fund - Money Market	124,085
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**5. Commitments and Contingencies**

The Company leases office space in New York, NY, under a lease agreement that expires February 29, 2008 with annual increases of 2.5%.

The Company leases office space in Boston, MA, under a twelve-month lease agreement that expires on March 31, 2008.

The Company leases office space in Bryn Mawr, PA, under a twelve-month lease agreement that expires on January 31, 2008.

**6. Off Balance Sheet Transactions**

The Company had no off balance sheet transactions outstanding at December 31, 2007.

**7. Concentrations of Credit Risk**

The Company enters into various transactions with broker-dealers and other financial institutions. In the event these counterparties do not fulfill their obligations, the Company may be exposed to risk. This risk of default depends on the creditworthiness of the counterparties to these transactions. The Company monitors the creditworthiness of each party with which it conducts business. The Company establishes margin requirements and overall credit limits for such activities and monitors compliance with the applicable limits and industry regulations on a daily basis.

**White Cap Trading LLC**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**8. Members' Equity**

The limited liability company operating agreement for White Cap Trading LLC provides for one class of members. Managing directors are also members with varying rights, preferences, privileges and obligations. All members have equal voting rights and authority to manage the operations of the Company. All such actions taken by the members require the majority approval of the members. The Managing Directors have the sole power and authority to carry out such management responsibilities and control the day-to-day management of the Company's operations.

As of December 31, 2007, members' interest balances were \$1,798,644. Members' interest may vary from day to day due to changes in operations, additions, distributions or withdrawals.

**9. Litigation**

In the normal course of business, the Company is subject to litigation relating to its activities as a broker-dealer including civil actions and arbitration. From time to time, the Company is also involved in proceedings and investigations by self-regulatory organizations. Although the ultimate outcome of potential and current litigation involving the Company cannot be predicted with certainty, the Company's management does not expect any litigation to have a material adverse effect on the Company's financial position or results of operations.

**10. Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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 (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, 2007 the Company had a net capital of \$1,577,769, which was in excess of its required net capital of \$100,000. The company had a percentage of aggregate indebtedness to net capital of 13% as of December 31, 2007.

**11. Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c-3-3**

The Company is exempt from the provisions of Rule 15c-3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule.

**12. Control Requirement**

The Company is exempt from the Possession or Control Requirements under paragraph (k)(2)(ii) of SEC Rule 15c3-3.

**13. Subordinated Debt**

The Company does not have any subordinated debt at December 31, 2007.

**SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**AS OF DECEMBER 31, 2007**

**White Cap Trading LLC**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**As of December 31, 2007**

**Net Capital**

Total Members' interest qualified for net capital 1,798,644

Deductions and/or charges:

Non-allowable assets from statement of financial condition:

Furniture and equipment 65,414

Other assets 131,721

Receivables from broker-dealers and clearing organizations 1,200

198,335

Net capital before undue concentration and haircuts on securities positions 1,600,309

Haircuts and undue concentration 22,540

**Net Capital** 1,577,769

**Aggregate Indebtedness**

Accounts payable, accrued expenses and other liabilities 471,902

**Percentage of Aggregate Indebtedness to Net Capital** 30%

**Minimum Net Capital Required** 100,000

**Excess of Net Capital over Minimum Requirements** 1,477,769

Reconciliation with Company's computation (included in Part II of Form X-17A-5  
as of December 31, 2007)

Net Capital, as reported in Company's Part II (unaudited) FOCUS Report 1,582,919

Increase in Members' Equity 90,222

Increase in Other Assets (85,151)

Increase in Fixed Assets (10,221)

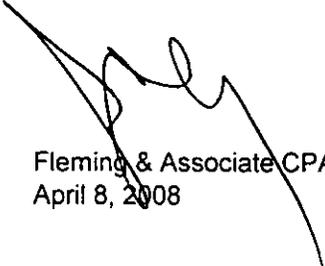
Net Capital per above 1,577,769

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

Our consideration of internal control would not necessarily disclose all matters in internal control 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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. However, we noted no matters involving internal control, including 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, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the FINRA, 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.



Fleming & Associate CPA, PC  
April 8, 2008

**END**